

**UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA**

OTICON A/S AND OTICON, INC.,

Plaintiffs,

v.

GN HEARING A/S,

Defendant.

Case No. 17-499

JURY TRIAL DEMANDED

COMPLAINT

Plaintiffs Oticon A/S and Oticon, Inc. (“Plaintiffs” or, collectively, “Oticon”), for their Complaint against Defendant GN Hearing A/S (“Defendant,” or “GN”), state and allege as follows:

NATURE OF ACTION

1. This is an action seeking Declaratory Judgment that United States Patent No. 9,446,233 (“the ’233 patent”), attached as Exhibit 1, is invalid and/or unenforceable.
2. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, and the Patent Laws of the United States, 35 U.S.C. § 101 *et seq.*

THE PARTIES

3. Plaintiff Oticon A/S is a corporation organized under the laws of Denmark, with a corporate headquarters located at Kongebakken 9, 2765 Smørum, Denmark.
4. Plaintiff Oticon, Inc. is a corporation organized under the laws of California, with its principal place of business at 580 Howard Avenue, Somerset, New Jersey 08873-6724.

5. On information and belief, Defendant GN Hearing A/S is a corporation organized under the laws of Denmark, with a corporate headquarters located at Lautrupbjerg 7, 2750 Ballerup, Denmark.

JURISDICTION AND VENUE

6. The Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201, and 2202.

7. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(b) and 1400(b).

8. Defendant GN Hearing A/S is subject to personal jurisdiction in this District. Defendant GN Hearing A/S owns 100% of the stock of GN U.S. Holdings, Inc., which in turn owns 100% of the stock of GN Hearing Care Corporation, a California corporation with its principal place of business in Bloomington, MN. GN Hearing A/S is engaged in the sale and distribution of hearing aids and hearing aid-adjacent goods and services in Minnesota sufficient to establish personal jurisdiction, including via its control of Bloomington-based GN Hearing Care Corporation. On information and belief, GN Hearing A/S generally directs the operation and U.S. business activities of GN Hearing Care Corporation, including in this District. GN Hearing A/S was formerly known as GN ReSound A/S, and under that name it previously litigated patent infringement actions in this District, and acknowledged that it does business in the District of Minnesota. *See, e.g.,* Answer ¶ 9, *Oticon A/S v. GN ReSound A/S*, No. 0:15-cv-2066-PJS-HB (D. Minn. filed June 15, 2015) (“GN ReSound conducts business in this judicial district.”), ECF #14.

FACTUAL BACKGROUND

9. Oticon designs, manufactures, and sells hearing aid devices, including the Oticon Opn™ miniRITE hearing aid. Introduced in the United States in April 2016, the Oticon Opn™ miniRITE combines world-leading sound processing with the first-ever “dual-wireless communication system,” permitting it to not only provide a high-quality binaural listening experience, but also to connect to smartphones and other devices via 2.4 GHz Bluetooth Smart direct streaming.

10. GN is one of Oticon’s direct competitors in the United States and elsewhere in sales of hearing aids.

11. Throughout 2014 and 2015, Oticon and GN were involved in a series of intellectual property disputes in the United States and abroad, including U.S. patent litigation in this District. *See, e.g., Oticon A/S v. GN ReSound A/S*, No. 0:15-cv-2066-PJS-HB (D. Minn. filed Apr. 21, 2015); *Oticon A/S v. GN ReSound A/S*, No. 0:15-cv-2801-PJS-HB (D. Minn. filed June 25, 2015). On January 7, 2016, Oticon and GN entered into a confidential settlement agreement, pursuant to which those litigations were terminated.

12. On September 21, 2016, Martin Sick Nielsen, Vice President of Intellectual Property Rights at GN sent an email to Christian Hauge, Vice President of Group IP at William Demant Holding A/S, the parent company of Oticon A/S. Mr. Nielsen’s email attached a copy of U.S. Patent No. 9,446,233 (“the ’233 patent”), and indicated that the patent was owned by GN Hearing A/S. *See* Ex. 1 (’233 patent). The ’233 patent is titled BEHIND-THE-EAR (BTE) PROSTHETIC DEVICE WITH ANTENNA. In the

September 21 email, Mr. Nielsen specifically alleged that the Oticon Opn™ miniRITE hearing aid employed an antenna technology falling within the claims of the '233 patent.

13. On information and belief, GN Hearing A/S plans to file suit in the United States at some time and place yet to be revealed, alleging that Plaintiffs infringe the '233 patent. On information and belief, said suit will contend that Oticon A/S and/or Oticon, Inc. should be held liable to GN Hearing A/S for infringement of the '233 patent.

14. For the reasons discussed herein, and to be developed in this litigation, Plaintiffs dispute that they have any liability whatsoever to GN under the '233 patent, including because the '233 patent is invalid and unenforceable.

15. The facts alleged herein show that a substantial controversy exists between Plaintiffs and GN, parties having adverse legal interests, regarding Plaintiffs' potential liability under the '233 patent, and that this controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

**COUNT I — DECLARATORY JUDGMENT OF
INVALIDITY OF U.S. PATENT NO. 9,446,233**

16. Plaintiffs restate and reallege the allegations of the previous paragraphs of this Complaint.

17. An actual and justiciable controversy exists between Plaintiffs and GN regarding the invalidity of the '233 patent under 35 U.S.C. §§ 102, 103, 111, 112, and/or 115.

18. The '233 patent is invalid under 35 U.S.C. §§ 102, 103, 111, 112, and/or 115.

19. Plaintiffs are entitled to judgment declaring that U.S. Patent No. 9,466,233 is invalid.

**COUNT II — DECLARATORY JUDGMENT OF
UNENFORCEABILITY DUE TO INEQUITABLE CONDUCT**

20. Plaintiffs restate and reallege the allegations of the previous paragraphs of this Complaint.

21. An actual and justiciable controversy exists between Plaintiffs and GN as to whether the doctrine of inequitable conduct precludes any attempt by GN to enforce the '233 patent due to inequitable conduct during that patent's prosecution.

Background: GN's IPR Against Oticon's '863 Patent

22. Plaintiff Oticon A/S is the assignee and owner of all right, title, and interest in and to U.S. Patent No. 8,300,863 ("the '863 patent"), titled HEARING DEVICE AND METHOD FOR A WIRELESS RECEIVING AND/OR SENDING OF DATA. *See* Ex. 2 ('863 patent).

23. In October of 2014, GN ReSound A/S (the former name of GN Hearing A/S) filed two petitions with the U.S. Patent & Trademark Office seeking *inter partes* review ("IPR") of the '863 patent. *See* Ex. 3 (Petition, *GN ReSound A/S v. Oticon A/S*, No. IPR2015-00103 (PTAB filed Oct. 21, 2014)); Ex. 4 (Petition, *GN ReSound A/S v. Oticon A/S*, No. IPR2015-00104 (PTAB filed Oct. 21, 2014)).

24. GN's petitions urged that that certain claims of the '863 patent were invalid as obvious over the prior art. For these contentions, GN relied on two primary prior art

references, urging that each of these demonstrated that the technology in the '863 patent claims was obvious by the time of Oticon's claimed invention.

25. The first primary reference GN relied on was a published U.S. patent application from 2008: U.S. Patent Application Publication No. 2008/0304686 (filed June 2, 2008) to Werner Meskens et al. ("Meskens 2008"), attached hereto as Exhibit 5. In its petitions, GN urged that a person of ordinary skill in the art would have found various claims in the '863 patent obvious over Meskens 2008 in view of various secondary references. *See, e.g.*, Ex. 3 at 15–33; Ex. 4 at 16–36.

26. The secondary primary reference GN relied on was a U.S. patent from 1950: U.S. Patent No. 2,535,063 to W.S. Halstead ("Halstead"), attached hereto as Exhibit 6. In its petitions, GN urged that a person of skill would have found various claims in the '863 patent obvious over Halstead in view of a secondary reference, U.S. Patent 7,027,608 to Robert Fretz et al. ("Fretz"), attached hereto as Exhibit 7, as well as other secondary references. *See, e.g.*, Ex. 3 at 34–53; Ex. 4 at 36–52.

27. Thus, GN's Petitions argued that the prior art contained at least two paths to the technology addressed by the '863 claims. First, GN argued that the technology in question had been disclosed sufficiently in Meskens 2008 that a person of skill would have viewed any difference between Meskens 2008 and the '863 claims to be obvious. Second, GN argued that the same technology had been disclosed sufficiently in Halstead that a person of skill would have viewed any difference between Halstead and the '863 claims to be obvious.

28. In support of its Petitions, GN tendered declarations by one Bruce McNair, setting forth various opinions in support of GN's arguments. *See* Ex. 8 (-103 McNair Declaration); Ex. 9 (-104 McNair Declaration). Specifically, Professor McNair described how, in his view, the technology addressed by various claims of the '863 patent was obvious. Like GN's argument, Professor McNair's analysis relied on two principal references—Meskens 2008 and Halstead—and a variety of secondary references. Professor McNair opined that the technology addressed by the '863 claims had been disclosed sufficiently in Meskens 2008 that a person of skill would have viewed any difference between Meskens 2008 and the '863 claims to be obvious. *See, e.g.*, Ex. 8 at 21–30; Ex. 9, at 21–30. Second, Professor McNair opined that the same technology had been disclosed sufficiently in Halstead that a person of skill would have viewed any difference between Halstead and the '863 claims to be obvious. *See, e.g.*, Ex. 8 at 30–39; Ex. 9 at 30–40.

29. On information and belief, individuals at GN responsible for communicating with IPR counsel and for overall coordination of GN's IPR strategy were aware of the content of these submissions—GN's Petitions and the McNair Declaration. Specifically, such individuals were aware that these materials set forth detailed arguments that the subject matter claimed in the Oticon '863 patent was separately rendered obvious by Meskens 2008 and Halstead as primary references.

30. Following GN's Petitions, the Patent Trial & Appeal Board instituted two IPR proceedings, docket numbers IPR2015-00103 (“the -103 IPR”) and IPR2015-00104 (“the -104 IPR”). The PTAB terminated the -103 IPR a few months later on an

unopposed motion by Oticon. It terminated the -104 IPR in January 2016 on a joint motion by Oticon and GN, who had entered into a confidential settlement agreement.

GN's Failure to Disclose Its -103 and -104 IPR Arguments to the Patent Office While Prosecuting a Continuation Patent Application Derived from Meskens 2008

31. At the same time GN was making assertions to the PTAB about Meskens 2008, it was also the owner of a continuation patent application derived from Meskens 2008. GN first became involved in prosecution of this application in May of 2014, when its outside patent counsel Gerald Chan authorized payment of certain fees in connection with the application, but entered neither a power of attorney identifying himself as authorized to prosecute the application, nor a notice of assignment to GN. Subsequent to that, on August 12, 2014, the initial assignee of the application assigned it to GN, and GN was responsible for its prosecution before the Patent Office from that time forward, at the latest. *See* Ex. 10 (Assignment of Patent Applications). As can be seen in Exhibit 1, the '233 patent claims priority to U.S. Patent Application No. 12/131,867 (which published as Meskens 2008), and to two provisional applications filed on May 31, 2007. *See* Ex. 1 at (60), (63).

32. During prosecution of the application that became the '233 patent, GN pursued claims that were broader than those in Oticon's '863 patent—i.e., broader than the claims GN had attacked as obvious in IPR. By way of illustration only, and not to limit the scope of GN's misconduct, a comparison of '233 patent claim 20 and '863 patent claim 1 reveals that the *'233 claim is in several respects broader* than its counterpart in the '863 patent, and is *not narrower in any significant way*:

GN's '233 claim 20	Oticon's '863 claim 1
1 A hearing device, comprising:	A hearing device, comprising:
2 a first portion configured to be arranged at a head of a user and to provide a signal to a second portion;	a first portion configured to be arranged at a user and to provide a signal to a second portion;
3 the second portion configured to be arranged in an ear or an ear canal of the user and to provide acoustic output to the user, the second portion including a transducer for converting the signal into the acoustic output;	the second portion configured to be arranged in an ear canal of said user and to provide acoustic output to said user, the second portion including an output transducer for converting said signal into said acoustic output;
4 a coupling element coupling the first portion and the second portion, the coupling element configured to transmit the signal from the first portion to the second portion, the coupling element including an electrically conducting element;	a coupling element coupling said first portion and said second portion and transmitting said signal to said output transducer, the coupling element including an electrically conducting element;
5	<i>an antenna; and</i>
6	<i>a wireless interface for receiving and/or sending data through said antenna;</i>
7 wherein the electrically conducting element in the coupling element is configured to operate as a part of an antenna for wireless communication, and wherein the electrically conducting element is configured for electromagnetic signal emission and/or electromagnetic signal reception.	wherein said electrically conducting element <i>comprises two balanced wires that transmit said signal to said output transducer, said two balanced wires being operatively coupled to said wireless interface</i> and functioning as at least a part of said antenna by wirelessly receiving or transmitting RF signals, such that said two balanced wires function both as a link for transmitting said signal to said output transducer and as an antenna for wireless reception or transmission of RF signals.

See Ex. 1, cl.20; Ex. 2, cl.1 (emphasis added to highlight additional limitations).¹

¹ The latest version of claim 1 of Oticon's '863 patent—the version that was at issue in GN's IPR petitions—is in the Ex Parte Reexamination Certificate appended to Exhibit 2.

33. Notwithstanding that it was pursuing claims that were plainly broader than the claims it had attacked as obvious during IPR, GN did not bring its IPR-related arguments and evidence, including the McNair Declarations, to the attention of the examiner during prosecution of the application that became the '233 patent.

34. From the time it became involved in prosecuting the application that became the '233 patent, GN filed eight Information Disclosure Statements, attached hereto as Exhibits 11–18. None of these Statements disclosed, or mentioned in any way, the IPR petitions GN had submitted to the PTAB seeking review of Oticon's '863 patent. Nor did they disclose, or mention in any way, the McNair Declarations. This is particularly notable given that GN in its Information Disclosure Statements disclosed dozens other communications with patent offices both in the United States and abroad. *See, e.g.*, Ex. 11 (IDS of Jan. 14, 2015) at 8 (“Chinese Office Action and Search Report dated Dec. 4, 2013 for related CN Patent Application No. 201110317229.4.”).

35. The McNair Declarations report the expert opinions of Professor McNair that the claimed subject matter—which is unambiguously narrower than the subject matter being pursued by GN in the application that issued as the '233 patent—would have been obvious over Halstead in view of secondary references, including the Fretz reference (Exhibit 7), which is also prior art to the '233 patent. By way of illustration, *see* the following excerpts from Exhibit 8 (-103 McNair Declaration):

- Paragraph 43: “From a large device that could barely be carried by the user, to shirt pocket devices, wired to an earpiece, to devices that fit behind the ear, to devices that fit entirely within the ear, a recurring goal in the development of

hearing assistant devices design has been the creation of a device that is as unnoticeable as possible while providing the needed amplification and a frequency response tailored to the specific user. In all of these evolving designs, power consumption and the capacity of small batteries have been significant constraints.”

- Paragraph 76: “Fretz describes another hearing device in which a behind-the-ear hearing aid case includes sizes of 2.16 cm x 0.81 cm x 0.61 cm. Fretz further describes that coupling elements commonly vary in length to accommodate the different sized ears of users, ranging from about 4.4 cm to 5.15 cm.”
- Paragraph 77: “Accordingly, a person of ordinary skill in the art before the ‘863 patent would have been motivated to combine the teachings of Fretz with Meskens to produce a hearing device that is small and light weight. As discussed above, a recurring factor in hearing aid design is the decrease of device sizes, and reducing a behind-the-ear hearing aid case to a size of 0.61-2.16 cm furthers the goal of being less and less noticeable and obtrusive to the wearer and to others.”
- Paragraph 90: “The teachings of Fretz, as discussed in Section IX.A.4 above, are in the same field of endeavor as Halstead. In particular, Fretz teaches that behind-the ear hearing aid cases includes sizes of 2.16 cm x 0.81 cm x 0.61 cm. Fretz further describes that coupling elements commonly vary in length to accommodate the different sized ears of users, ranging from about 4.4 cm to 5.15 cm”
- Paragraph 91: “A person of ordinary skill in the art before the ‘863 patent would have been motivated to combine the teachings of Fretz with Halstead to produce a hearing device that is small and light weight. As discussed above, a recurring

factor in hearing aid design is the decrease of device sizes, and reducing a behind the-ear hearing aid case to a size of 0.61-2.16 cm furthers the goal of being less and less noticeable and obtrusive to the wearer and to others.”

36. The IPR petitions relied on this evidence from Professor McNair, and contained extensive argument and characterization of the prior art relative to subject matter that GN was seeking to claim during prosecution of the application leading to the '233 patent. Specifically, GN's IPR petitions described in detail, including by relying on the above-quoted passages from Professor McNair (and similar passages in Professor McNair's declaration in the -104 IPR), GN's view that the disclosures in the sixty-year-old Halstead reference rendered obvious the material recited in the Oticon '863 claims. *See, e.g.,* Ex. 3 at 34–53; Ex. 4 at 36–52. ***Because the claims GN was pursuing in the application that became the '233 patent were unambiguously broader than the Oticon '863 claims, GN's obviousness arguments over Halstead would have read with equal, if not greater, force on the claims GN was pursuing.***

37. For example, and merely as illustration and not limiting the scope of GN's misconduct, for claim 1 of the '863 patent, during the -104 IPR GN had argued that the claim was obvious over Halstead in view of Fretz as the secondary reference. Ex. 4 at 37–41. GN submitted claim charts purporting to identify exactly where the relevant disclosure in Halstead and in Fretz could be found. *Id.* But when prosecuting the application that led to the '233 patent, GN failed to disclose those charts, nor any of its IPR argument. Nor did it disclose the Declarations of Professor McNair, which GN had

offered as evidence in support of its invalidity arguments. *See* Ex. 8 at 30–38 (offering opinion that ’863 claim 1 was obvious over Halstead in view of Fretz).

38. On information and belief, the individuals at GN responsible for communicating with prosecution counsel and for overall coordination of GN’s patent prosecution strategy were, or should have been, aware of the content of GN’s IPR Petitions and the McNair declarations filed therewith, as discussed above. As discussed above, that information was and is highly material to the alleged patentability of the claims GN was prosecuting, and which ultimately issued in the ’233 patent, as they describe in detail—in GN’s own words—how claims *narrower* than the ones GN was pursuing were obvious over the prior art. Indeed, GN tacitly conceded the materiality of this information by citing voluminous submissions and communications with foreign patent offices regarding related patents.

39. On information and belief, the absence of any reference whatsoever to GN’s IPR Petitions, or to the McNair Declarations filed therewith, in GN’s submissions to the Patent Office during prosecution of the application that became the ’233 patent was the result of an intentional decision by one or more individuals at GN to withhold such material from the PTO. Such withholding was for the purpose of misleading the PTO and causing issuance of the ’233 patent, which would not have issued otherwise.

40. The ’233 patent is unenforceable due to inequitable conduct.

41. Plaintiffs are entitled to judgment declaring that the ’233 patent is unenforceable due to inequitable conduct.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully pray for entry of judgment as follows:

- A. Declaring that U.S. Patent No. 9,446,233 is invalid;
- B. Declaring that U.S. Patent No. 9,446,233 is unenforceable due to inequitable conduct;
- C. Finding this to be an “exceptional case” within the meaning of 35 U.S.C. § 285 and awarding to Plaintiffs their attorneys’ fees and costs incurred in this action; and
- D. Awarding Plaintiffs such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a trial by jury of any and all issues on which a trial by jury is available under applicable law.

Dated: February 17, 2017

Respectfully submitted,

/s/ Robert Courtney

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