

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF VERMONT**

TRUE VELOCITY AMMUNITIONS, LLC;  
and LONE STAR FUTURE WEAPONS,  
INC,

*Plaintiffs,*

v.

SIG SAUER INC.,

*Defendant.*

**CASE NO. 2:24-cv-522**

**DEFENDANT SIG SAUER INC.'S  
ANSWER, AFFIRMATIVE DEFENSES,  
AND COUNTERCLAIMS**

**DEFENDANT SIG SAUER INC.'S ANSWER, AFFIRMATIVE DEFENSES, AND  
COUNTERCLAIMS**

Defendant SIG Sauer Inc. (“SIG Sauer”) hereby submits its Answer, Affirmative Defenses, and Counterclaims to Plaintiffs’ Complaint. Each of the paragraphs below corresponds to the same-numbered paragraphs or unnumbered paragraphs in the Complaint. SIG Sauer denies all allegations in the Complaint, whether express or implied, including any allegations or legal conclusions made in headings within the Complaint, that are not specifically admitted below. SIG Sauer adopts the headings from Plaintiffs’ Complaint for convenience only and not as an admission of the truth or validity of any allegations contained within any such headings. SIG Sauer also denies that Plaintiffs are entitled to the relief requested or any other relief. Any factual allegation below is admitted only as to the specific admitted facts, not as to any purported conclusions, characterizations, implications, or speculations that arguably follow from the admitted facts. SIG Sauer bases its responses on its knowledge as to its own activities and on information and belief as to all others.

SIG Sauer reserves all rights with respect to Plaintiffs’ allegations in their Complaint, including the right to move to dismiss these allegations pursuant to Federal Rule of Civil Procedure 12(c). SIG Sauer also reserves the right to amend its Answer and reserves all defenses set out in Federal Rule of Civil Procedure 8(c) and any other defenses, at law or in equity, which become applicable after the completion of discovery or otherwise in the course of litigation. SIG Sauer, by and through its attorneys, answers as follows:

### **INTRODUCTION**

1. SIG Sauer admits that Plaintiffs purport to bring an action for trade secret misappropriation under Vermont’s Trade Secrets Act, 9 V.S.A. § 4601 *et seq.* SIG Sauer denies that it has committed any acts of trade secret misappropriation under the VTSA or any other applicable law.

**PARTIES**

2. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 2 and on that basis denies them.

3. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 3 and on that basis denies them.

4. Paragraph 4 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 4, and specifically denies that either True Velocity or Lone Star owns any protectable trade secret rights.

5. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 5 and on that basis denies them.

6. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 6 and on that basis denies them.

7. SIG Sauer admits the allegations of Paragraph 7 except that its correct legal name is “SIG Sauer Inc.,” not “SIG Sauer, Inc.”

8. SIG Sauer denies the allegations of Paragraph 8.

**NATURE OF CASE**

9. SIG Sauer admits that it provides the United States and allied armed forces with military-grade weapons and ammunition. SIG Sauer denies the remaining allegations of Paragraph 9, and specifically denies that it misappropriated Plaintiffs’ alleged trade secrets.

10. SIG Sauer denies that there are any protectable trade secrets at issue in this case. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 10 and on that basis denies them.

11. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 11 and on that basis denies them.

12. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 12 and on that basis denies them.

13. SIG Sauer denies the allegations of paragraph 13 and specifically denies that it misappropriated Plaintiffs' alleged trade secrets and that it has "aggressively recruit[ed] key GD-OTS employees."

14. Paragraph 14 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 14, and specifically denies that it misappropriated Plaintiffs' alleged trade secrets or otherwise competed unfairly.

#### **JURISDICTION AND VENUE**

15. Paragraph 15 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 15, and specifically denies that it misappropriated Plaintiffs' alleged trade secrets or otherwise competed unfairly.

16. SIG Sauer denies that it is subject to personal jurisdiction in Vermont.

17. SIG Sauer denies the allegations of paragraph 17, and specifically denies that it misappropriated Plaintiffs' alleged trade secrets or engaged in any other wrongdoing in Vermont or elsewhere.

18. SIG Sauer denies the allegations of paragraph 18, and specifically denies that it misappropriated Plaintiffs' alleged trade secrets or engaged in any other wrongdoing in Vermont or elsewhere.

19. SIG Sauer denies the allegations of paragraph 19, and specifically denies that it misappropriated Plaintiffs' alleged trade secrets or engaged in any other wrongdoing in Vermont or elsewhere. SIG Sauer again denies that it is subject to personal jurisdiction in Vermont.

20. SIG Sauer admits that it has marketed and sold certain of its products, though not the machine guns at issue in this case, to Vermont residents. SIG Sauer denies any remaining allegations in Paragraph 20 and denies that it is subject to personal jurisdiction in Vermont.

### **FACTS**

21. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 21 and on that basis denies them.

22. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 22 and on that basis denies them.

23. SIG Sauer admits that recoil mitigation is important to the design of any firearms, including the machine guns at issue in this case. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 23 and on that basis denies them.

24. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 24 and on that basis denies them.

25. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 25 and on that basis denies them.

26. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 26 and on that basis denies them.

27. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 27 and on that basis denies them.

28. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 28 and on that basis denies them.

29. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 29 and on that basis denies them.

30. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 30 and on that basis denies them.

31. SIG Sauer denies that Plaintiffs own or possess any protectable trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 31 and on that basis denies them.

32. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 32 and on that basis denies them.

33. SIG Sauer denies that Plaintiffs own or possess any protectable trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 33 and on that basis denies them.

34. SIG Sauer denies that Plaintiffs own or possess any protectable trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 34 and on that basis denies them.

35. SIG Sauer denies that Plaintiffs own or possess any protectable trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 35 and on that basis denies them.

36. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 36 and on that basis denies them.

37. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 37 and on that basis denies them.

38. SIG Sauer denies that Plaintiffs own or possess any protectable trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 38 and on that basis denies them.

39. SIG Sauer admits that, prior to 2018, it primarily sold pistols and semi-automatic rifles.

40. SIG Sauer denies the allegations of Paragraph 40 and specifically denies that it “targeted” GD-OTS employees involved with any particular program.

41. SIG Sauer admits that, in or about January 2014, it hired David Steimke. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 41 and on that basis denies them.

42. SIG Sauer admits that Mr. Steimke is now a Chief Engineer at SIG Sauer. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 42 and on that basis denies them.

43. SIG Sauer admits that, in or about September 2013, it hired Jason Knight. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 43 and on that basis denies them.

44. SIG Sauer admits that, in or about February 2017, it hired Paul Snyder. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 44 and on that basis denies them.

45. SIG Sauer denies the allegations in Paragraph 45, including that it has hired or recruited former GD-OTS employees to access any alleged GD-OTS confidential information.

46. SIG Sauer admits the allegations of Paragraph 46.

47. SIG Sauer admits the allegations of Paragraph 47.

48. SIG Sauer admits that, in or about October 2018, it debuted its .338 medium machine gun. SIG Sauer admits that Fig. 4 appears to be an image of SIG Sauer's SLMAG .338 medium machine gun. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 48 and on that basis denies them.

49. SIG Sauer admits that the SIG SLMAG was demonstrated at a January 2019 International Special Operations Forces Range Day near Las Vegas, Nevada. SIG Sauer further admits that Mr. Steimke attended the range day on SIG Sauer's behalf. SIG Sauer denies that its SLMAG "utilize[s] the substantially same SRIA technology developed at GD-OTS" or otherwise misappropriated any alleged trade secrets. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 49 and on that basis denies them.

50. SIG Sauer admits that, on or about May 23, 2019, GD-OTS's lawyers sent SIG Sauer a letter inquiring about the alleged potential use of purported GD-OTS proprietary and confidential information in the SIG SLMAG. SIG Sauer further admits that, on or about July 19, 2019, SIG Sauer sent a response letter denying the use of any GD-OTS proprietary or confidential information in the development of any SIG Sauer weapon.

51. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 51 and on that basis denies them.

52. SIG Sauer admits that it has introduced a weapon chambered in 6.8mm. SIG Sauer denies the remaining allegations of Paragraph 52.

53. SIG Sauer admits that it has previously manufactured or is currently manufacturing belt-fed machine guns including the SIG SLMAG, the SIG MMG, the SIG LMG, and the SIG

XM250. SIG Sauer denies the remaining allegations of Paragraph 53 and specifically denies that any of its products incorporate any alleged trade secrets Plaintiffs claim to own or possess.

54. SIG Sauer admits that it competes for contractual opportunities with the U.S. government. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 54 and on that basis denies them.

55. SIG Sauer admits that it was awarded a contract to compete in the NGSW program and that, in or about September 2019, it was selected to continue competing in that program. SIG Sauer lacks knowledge or information sufficient to form a belief as to the remaining allegations of Paragraph 55 and on that basis denies them.

56. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 56 and on that basis denies them.

57. SIG Sauer lacks knowledge or information sufficient to form a belief as to the allegations of Paragraph 57 and on that basis denies them.

58. SIG Sauer admits that, in or about April 2022, it was awarded the NGSW production contract, and that the maximum value of the production contract is \$4.5 billion.

59. SIG Sauer denies the allegations of Paragraph 59.

60. SIG Sauer admits that it has delivered a .338 medium machine gun prototype to the U.S. military for evaluation. SIG Sauer denies that its submission incorporated any alleged trade secrets Plaintiffs claim to own or possess.

### **CAUSES OF ACTION**

#### **TRADE SECRET MISAPPROPRIATION IN VIOLATION OF VERMONT TRADE SECRETS ACTS (VTSA) 9 V.S.A. §§ 4601-4609**

61. No response is required to Paragraph 61. To the extent a response is deemed required, SIG Sauer repeats and re-alleges its responses to Paragraphs 1-60.

62. Paragraph 62 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 62, and specifically denies that either True Velocity or Lone Star owns any protectable trade secret rights.

63. Paragraph 63 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 63, and specifically denies that either True Velocity or Lone Star owns any protectable trade secret rights.

64. Paragraph 64 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 64, and specifically denies that either True Velocity or Lone Star owns any protectable trade secret rights.

65. Paragraph 65 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 65, and specifically denies that it misappropriated any alleged trade secrets Plaintiffs claim to own or possess.

66. Paragraph 66 contains legal conclusions to which no response is required. To the extent that a response is deemed required, SIG Sauer denies the allegations in Paragraph 66, and specifically denies that it misappropriated any alleged trade secrets Plaintiffs claim to own or possess.

#### **PRAYER FOR RELIEF**

This unnumbered paragraph of the Complaint sets forth the statement of relief requested by Plaintiffs, to which no response is required. SIG Sauer denies that Plaintiffs are entitled to any of the requested relief (or any other relief) and denies any allegations contained therein.

**JURY DEMAND**

SIG Sauer admits that Plaintiffs demand a trial by jury of all issues properly triable. SIG Sauer likewise demands a trial by jury of all issues so triable.

**AFFIRMATIVE DEFENSES**

SIG Sauer undertakes the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are identified below. SIG Sauer expressly reserves the right to plead additional affirmative and other defenses should any such defenses be revealed by discovery in this case or any other means. For its affirmative defenses, SIG Sauer states as follows:

**FIRST AFFIRMATIVE DEFENSE**

**(No Personal Jurisdiction)**

Plaintiffs' claims, in whole or in part, are barred because this Court lacks personal jurisdiction over SIG Sauer.

**SECOND AFFIRMATIVE DEFENSE**

**(Failure to State a Claim)**

Plaintiffs' Complaint, in whole or in part, fails to state a claim against SIG Sauer upon which relief can be granted.

**THIRD AFFIRMATIVE DEFENSE**

**(No Trade Secrets)**

Plaintiffs' claims, in whole or in part, are barred because none of the information Plaintiffs assert as a trade secret qualifies as a trade secret. Plaintiffs fail to sufficiently meet their burden to identify their alleged trade secrets should they exist. Information Plaintiffs claim as a trade secret is not confidential, not secret, and not even Plaintiffs' information. That information also does not

constitute a trade secret because, among other reasons, it does not have actual or potential economic value because of secrecy; Plaintiffs failed to take reasonable measures to protect its secrecy; and it was readily ascertainable by proper means.

**FOURTH AFFIRMATIVE DEFENSE**

**(No Misappropriation)**

Plaintiffs' claims, in whole or in part, are barred because SIG Sauer did not misappropriate any information Plaintiffs claim as trade secrets through improper means.

**FIFTH AFFIRMATIVE DEFENSE**

**(No Damages)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs have suffered no injury or damages.

**SIXTH AFFIRMATIVE DEFENSE**

**(Failure to Protect Alleged Trade Secrets)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs did not take reasonable measures to protect their alleged trade secrets.

**SEVENTH AFFIRMATIVE DEFENSE**

**(Independent Development)**

Plaintiffs' claims, in whole or in part, are barred because the accused material is the product of SIG Sauer's independent development.

**EIGHTH AFFIRMATIVE DEFENSE**

**(License)**

Plaintiffs' claims, in whole or in part, are barred because SIG Sauer has an express or implied license to Plaintiffs' alleged trade secrets.

**NINTH AFFIRMATIVE DEFENSE**

**(Government Rights)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs gave the government rights to their alleged trade secrets, including rights that were inconsistent with any supposed trade secret protection, and/or rights that were conveyed by the government to SIG Sauer.

**TENTH AFFIRMATIVE DEFENSE**

**(Federal Government Contractor)**

Plaintiffs' claims, in whole or in part, are barred because, for any materials delivered to the federal government pursuant to a contract, SIG Sauer acted at all relevant times pursuant to a duty to the federal government.

**ELEVENTH AFFIRMATIVE DEFENSE**

**(Federal Sovereign Immunity)**

Plaintiffs' claims, in whole or in part, are barred because, for any materials delivered to the federal government pursuant to a contract, SIG Sauer acted at all relevant times at the behest of the federal government and is thus protected under its sovereign immunity.

**TWELFTH AFFIRMATIVE DEFENSE**

**(Lack of Standing)**

Plaintiffs' claims, in whole or in part, are barred by Plaintiffs' lack of standing.

**THIRTEENTH AFFIRMATIVE DEFENSE**

**(Unclean Hands)**

Plaintiffs' claims, in whole or in part, and/or its requests for relief (including equitable relief), in whole or in part, are barred by the doctrine of unclean hands.

**FOURTEENTH AFFIRMATIVE DEFENSE**

**(Waiver, Estoppel, and Acquiescence)**

Plaintiffs' claims, in whole or in part, are barred by the doctrines of waiver, implied waiver, acquiescence, and/or estoppel, including the doctrines of equitable estoppel or promissory estoppel.

**FIFTEENTH AFFIRMATIVE DEFENSE**

**(No Injunctive Relief)**

Plaintiffs are not entitled to injunctive relief because any injury to Plaintiffs is not irreparable, Plaintiffs have an adequate remedy at law, the balance of hardships does not warrant a remedy in equity, and the public interest would be disserved by an injunction.

**SIXTEENTH AFFIRMATIVE DEFENSE**

**(Bad Faith)**

Plaintiffs' claims, in whole or in part, are barred because they are frivolous, brought in bad faith, and/or brought for an improper purpose.

**SEVENTEENTH AFFIRMATIVE DEFENSE**

**(Assumption of the Risk)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs voluntarily and with knowledge assumed the risk of all damages of which Plaintiffs complain.

**EIGHTEENTH AFFIRMATIVE DEFENSE**

**(Failure to Mitigate)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs failed to take reasonable efforts or make reasonable expenditures to mitigate and/or avoid the damages of which Plaintiffs complain.

**NINETEENTH AFFIRMATIVE DEFENSE**

**(No Proximate Cause)**

Plaintiffs' claims, in whole or in part, are barred because Plaintiffs cannot establish that SIG Sauer caused any of the harm for which Plaintiffs seek redress.

**TWENTIETH AFFIRMATIVE DEFENSE**

**(Good Faith)**

Plaintiffs are barred from recovery for any claim, including any claim resting on allegations of improper means or wrongful misappropriation, as well as any claim of willful infringement of any right, in whole or in part, because the actions taken by SIG Sauer, if any, with respect to Plaintiffs were based on an honest, reasonable, and good faith belief in the facts as known and understood at the time.

**TWENTY-FIRST AFFIRMATIVE DEFENSE**

**(Statute of Limitations)**

Plaintiffs' claims, in whole or in part, are barred because the applicable statute of limitations has lapsed with respect to such claims.

**TWENTY-SECOND AFFIRMATIVE DEFENSE**

**(Laches)**

Plaintiffs' claims, in whole or in part, are barred by the doctrine of laches.

**RESERVATION OF RIGHTS**

SIG Sauer reserves the right to assert additional defenses, including those based on additional information learned or obtained during discovery.

### **DEMAND FOR JURY TRIAL**

SIG Sauer hereby demands trial by jury for all causes of action, claims, or issues in this action that are triable as a matter of right to a jury.

### **COUNTERCLAIMS**

Defendant-Counterclaim Plaintiff SIG Sauer, Inc. alleges against Plaintiffs-Counterclaim Defendants as follows.<sup>1</sup>

### **NATURE OF THE ACTION**

1. This is an action for declaratory judgment of non-infringement of U.S. Patent No. 8,919,238.

### **THE PARTIES**

2. Defendant-Counterclaim Plaintiff SIG Sauer is a Delaware corporation with its principal place of business at 72 Pease Boulevard, Newington, New Hampshire 03801. SIG Sauer manufactures a variety of firearms and firearm-related products, both for civilian use and for the United States Armed Forces.

3. On information and belief, Plaintiff-Counterclaim Defendant True Velocity Ammunitions, LLC is a Texas limited liability corporation with its principal place of business at 1036 Nicholson Road, Garland, Texas 75042.

4. On information and belief, Plaintiff-Counterclaim Defendant Lone Star Future Weapons, Inc. is a Delaware corporation with its principal place of business at 2735 Forest Lane, Garland, Texas 75042.

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<sup>1</sup> SIG Sauer brings these counterclaims in the event its personal jurisdiction defense against Plaintiffs' claims is ultimately unsuccessful. SIG Sauer does not waive its personal jurisdiction defense or any other applicable rights or defenses by bringing these counterclaims and expressly reserves its defense that this Court does not have personal jurisdiction over it.

### **JURISDICTION AND VENUE**

5. This action arises under the Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq.*, and under the patent laws of the United States, Title 35 of the United States Code.

6. This Court has specific personal jurisdiction over Plaintiffs-Counterclaim Defendants because they have purposefully availed themselves of the laws of Vermont by, among other things, bringing this lawsuit against SIG Sauer in this Court alleging violations of the Vermont Trade Secrets Act.

7. This Court has subject matter jurisdiction over this action under 28 U.S.C. §§ 1331, 1338(a), and 2201(a).

8. An immediate, real, and justiciable controversy exists between SIG Sauer and Plaintiffs-Counterclaim Defendants regarding whether SIG Sauer's products are infringing or have infringed the '238 patent at least because, as described in more detail below, Plaintiffs-Counterclaim Defendants have sued SIG Sauer in Germany for alleged infringement of a counterpart patent involving much of the same technology but having a narrower claim scope, and Plaintiffs-Counterclaim Defendants have attempted to use its actual and threatened lawsuits against SIG Sauer to unfairly compete against SIG Sauer for government contracts and other business.

### **JURY DEMAND**

9. Counterclaim Plaintiff SIG Sauer hereby demands a trial by jury on all issues so triable.

### **FACTUAL BACKGROUND**

10. U.S. Patent No. 8,919,238, issued on December 20, 2014, is entitled "Weapon system with short recoil impulse average operating group."

11. The '238 patent is a counterpart to European Patent No. 2,748,552.
12. The '238 Patent was originally assigned to General Dynamics-OTS, Inc.
13. On information and belief, Plaintiffs are or claim to be the owners and/or exclusive licensees of the '238 patent, and they have or claim to have all substantial rights to the '238 patent, including the right to enforce the '238 patent.

14. The '238 patent has two independent claims, claim 1 and claim 13.

15. Claim 1 of the '238 patent recites:

A weapon system for firing a round, comprising:

a receiver;

an operating group configured to operate the weapon system through a charged condition, a firing condition, and a recoil condition, the operating group comprising

a barrel extension at least partially housed within the receiver and arranged to axially translate relative to the receiver;

an operating rod (op-rod) assembly at least partially housed and arranged to axially translate within the barrel extension in the charge condition, the firing condition, and the recoil condition; and

a bolt assembly coupled to the op-rod assembly and at least partially housed and arranged to axially translate within the barrel extension;

a barrel coupled to the barrel extension and defining a chamber;

a gas accelerator with a first end coupled to the barrel and a second end coupled to the op-rod assembly; and

a buffer assembly comprising a drive spring having a first end coupled to the receiver and a second end coupled to the op-rod assembly,

wherein, in the charged condition, the op-rod assembly and the bolt assembly are retracted against the drive spring;

wherein, in the firing condition, the op-rod assembly and bolt assembly are driven by the drive spring such that the round is guided into the

chamber and the op-rod assembly and bolt assembly are locked to the barrel extension and a forward momentum of the op-rod assembly is imparted to the operating group and the round is fired, wherein a portion of an impulse of the fired round stops the forward momentum of the operating group; and

wherein, in the recoil condition, the operating group is driven rearward by the remaining portion of the impulse of the fired round, the gas accelerator imparts additional rearward momentum to the op-rod assembly and bolt assembly and stops rearward momentum of the barrel and barrel extension, and the op-rod assembly and the bolt assembly are stopped by the drive spring.

16. SIG Sauer does not directly or indirectly infringe claim 1 of the '238 patent by making, using, importing, selling, and/or offering for sale at least SIG Sauer's current medium machine guns or light machine guns ("the SIG Sauer machine guns"), either literally or under the doctrine of equivalents, for at least the following reasons.

17. First, the SIG Sauer machine guns do not include a "buffer assembly comprising a drive spring having a first end coupled to the receiver and a second end coupled to the op-rod assembly." In the SIG Sauer machine guns, the drive spring is not coupled to the receiver. Instead, the drive spring is coupled to the buffer and the barrel extension via a connection element.

18. Second, the SIG Sauer machine guns do not operate in a manner where the "forward momentum of the op-rod assembly is imparted to the operating group and the round is fired." In the SIG Sauer machine guns, the op-rod assembly does not pass on any forward momentum to the barrel extension, a component of the operating group. Rather, the buffer alone moves the barrel extension to its forward-most position. The barrel extension is therefore moved forward to its forward-most position independently of the movement of the op-rod assembly. Only after the barrel extension has been stopped in this way does the bolt, driven forward by the op-rod assembly, run into the barrel extension, thereby stopping the bolt. As a result, the op-rod assembly's forward

movement cannot be passed on to the barrel extension, because the barrel extension had already been stopped at its forward-most position.

19. Third, the SIG Sauer machine guns do not operate in a manner where “an impulse of the fired round stops the forward momentum of the operating group.” This principle is commonly called “runout,” and the SIG Sauer machine guns do not fire on runout. Rather, the SIG Sauer machine guns operate on a fundamentally different principle whereby the barrel extension, bolt, bolt carrier, and operating rod are stopped prior to firing a round. Thus, there is no forward momentum of these components that would be stopped by the impulse of a fired round. Instead, in the SIG Sauer machine guns, all components of the operating group are directly or indirectly stopped by the machine gun’s receiver prior to the firing of a round.

20. Fourth, the SIG Sauer machine guns do not operate in a manner where “the gas accelerator imparts additional rearward momentum to the op-rod assembly and bolt assembly and stops rearward momentum of the barrel and barrel extension.” Of note, the claim requires the gas accelerator to “**stop**[] rearward momentum of the barrel and barrel extension,” not merely slow those components down or decelerate them. In the SIG Sauer machine guns such a complete stoppage of the rearward momentum of the barrel and barrel extension does not occur.

21. SIG Sauer does not directly or indirectly infringe claims 2-12 of the ’238 patent by making, using, importing, selling, and/or offering for sale the SIG Sauer machine guns, either literally or under the doctrine of equivalents, at least because they depend from claim 1 of the ’238 patent.

22. Claim 13 of the ’238 patent recites:

A method for firing a weapon, comprising:

retracting a bolt assembly and an operating rod (op-rod) assembly relative to a barrel extension against a drive spring;

driving the bolt assembly and the op-rod assembly with a forward momentum within the barrel extension such that the bolt assembly chambers a round and contacts the barrel extension, imparting forward momentum to the op-rod assembly, the bolt assembly and the barrel extension such that the round is fired, whereby the firing of the round stops the forward momentum and imparts an impulse of rearward momentum on the op-rod assembly, the bolt assembly, and the barrel extension,

wherein the driving step includes securing the bolt assembly to the op-rod assembly in the charged condition until the bolt assembly engages the barrel extension, wherein the driving step includes releasing the bolt assembly from the op-rod assembly when the bolt assembly engages the barrel extension, wherein the driving step includes securing the bolt assembly to the barrel extension during the contact with the barrel extension;

guiding gases from the round with a gas accelerator to drive the op-rod assembly rearward and to stop the rearward momentum of the barrel extension; and

absorbing the rearward momentum of the op-rod assembly with the drive spring.

23. SIG Sauer does not directly or indirectly infringe claim 13 of the '238 patent by making, using, importing, selling, and/or offering for sale the SIG Sauer machine guns, either literally or under the doctrine of equivalents, for at least the following reasons.

24. First, the SIG Sauer machine guns do not operate in a manner where “the bolt assembly chambers a round and contacts the barrel extension, imparting forward momentum to the op-rod assembly, the bolt assembly and the barrel extension such that the round is fired.” In contrast, the SIG Sauer machine guns operate in a manner where the bolt assembly does not pass on any forward momentum to the barrel extension. The buffer alone moves the barrel extension to its forward-most position. The barrel extension is therefore moved forward to its forward-most position independently of the movement of the bolt assembly. Only after the barrel extension has been stopped in this way does the bolt, driven forward by the op-rod assembly, run into the barrel

extension, thereby stopping the bolt. As a result, the bolt assembly's forward movement cannot be passed on to the barrel extension, because the barrel extension had already been stopped and is stationary by the time the bolt contacts it.

25. Second, the SIG Sauer machine guns do not operate in a manner where “the firing of the round stops the forward momentum and imparts an impulse of rearward momentum on the op-rod assembly, the bolt assembly, and the barrel extension.” This principle is commonly called “runout,” and the SIG Sauer machine guns do not fire on runout. Rather, the SIG Sauer machine guns operate on a fundamentally different principle whereby the barrel extension, bolt, bolt carrier, and operating rod are stopped prior to firing a round. Thus, there is no forward momentum of these components that would be stopped by the impulse of a fired round. Instead, in the SIG Sauer machine guns, all components of the operating group are directly or indirectly stopped by the machine gun's receiver prior to the firing of a round.

26. Third, the SIG Sauer machine guns do not operate in a manner “wherein the driving step includes releasing the bolt assembly from the op-rod assembly when the bolt assembly engages the barrel extension.” Instead, in the SIG Sauer machine guns, the op-rod is connected to the bolt actuator (which is a component of the bolt assembly) at all times via a connector element. Therefore, at no point, let alone during a driving step when the bolt assembly engages the barrel extension, does the bolt assembly release from the op-rod in the SIG Sauer machine guns.

27. Fourth, the SIG Sauer machine guns do not operate with a “gas accelerator to drive the op-rod assembly rearward and to stop the rearward momentum of the barrel extension.” Of note, the claim requires the gas accelerator to “**stop**[ ] the rearward momentum of the barrel and barrel extension,” not merely slow those components down or decelerate them. In the SIG Sauer

machine guns, such a complete stoppage of the rearward momentum of the barrel and barrel extension does not occur.

28. SIG Sauer does not directly or indirectly infringe claims 14-17 of the '238 patent by making, using, importing, selling, and/or offering for sale the SIG Sauer machine guns, either literally or under the doctrine of equivalents, at least because they depend from claim 13 of the '238 patent.

29. SIG Sauer does not indirectly infringe any claims of the '238 patent at least because, as explained above, there is no underlying act of direct infringement. SIG Sauer also does not indirectly infringe any claims of the '238 patent at least because SIG Sauer has at all times acted without intent to encourage infringement of the '238 patent.

30. SIG Sauer does not infringe any claims of the '238 patent under the doctrine of equivalents at least because, as explained above, the SIG Sauer machine guns operate in a fundamentally different way than is described in the claims of the '238 patent. They thus do not perform substantially the same function in substantially the same way as the limitations recited in the patent.

31. Nonetheless, Plaintiff-Counterclaim Defendant LoneStar filed suit against SIG Sauer on May 29, 2024 in Germany for alleged infringement of EP 2,748,552. Plaintiffs-Counterclaim Defendants seek an injunction preventing SIG Sauer from selling its light and medium machine guns to U.S. allied governments.

32. Plaintiffs-Counterclaim Defendants also filed suit against SIG Sauer in the Netherlands on September 9, 2024 for alleged infringement of EP 2,748,552. Plaintiffs-Counterclaim Defendants seek damages and an injunction preventing SIG Sauer from selling its light and medium machine guns to U.S. allied governments.

33. Plaintiffs-Counterclaim Defendants also sued SIG Sauer in this Court for alleged misappropriation of trade secrets that appear to be closely related to the “short recoil impulse averaging” technology of the ’238 and ’552 patents.

34. Plaintiffs-Counterclaim Defendants have also repeatedly and improperly sought to use their actual and threatened lawsuits against SIG Sauer as a tool to threaten SIG Sauer’s customer relationships.

35. On September 24-27, 2024, the National Defense Industrial Association (NDIA) hosted a Future Force Capabilities Conference & Exhibition in Virginia Beach, Virginia.

36. At the Exhibition, representatives from Plaintiff-Counterclaim Defendant True Velocity approached a representative of the Dutch Ministry of Defence who was in attendance—Mr. Aldo Sluga, Asset Manager for Small Arms and Defence for the Dutch Ministry of Defence. Mr. Sluga was approached by Mr. Dave Moran, Director of Engineering for Weapon Development at True Velocity, who was participating at the Exhibition as a presenter.

37. On information and belief, Mr. Moran informed Mr. Sluga of the pending lawsuits in Europe, as well as made other remarks regarding SIG Sauer, in an improper attempt to create doubt within the Dutch Ministry of Defense as to the viability/feasibility of contracting with SIG Sauer in the future, at least in part to make True Velocity (and LoneStar) seem a more viable alternative partner.

38. On information and belief, Mr. Sluga was also approached at the NDIA Conference by an individual claiming to be a representative of the law firm Bird & Bird, which is the firm that represents True Velocity and LoneStar in the European patent infringement suits against SIG Sauer.

39. Craig Etchegoyen is the chairman of Plaintiff-Counterclaim Defendant LoneStar.

40. Mr. Etchegoyen has made a lucrative career of acquiring patents invented by others and asserting those patents against operating companies in courts around the world, and otherwise improperly using lawsuits as leverage for business purposes.

41. Despite admitting that its predecessor GD-OTS was on notice of the alleged misappropriation in 2019, Plaintiffs-Counterclaim Defendants did not bring their lawsuit for trade secret misappropriation (or even contact SIG Sauer about the subject matter of the lawsuit) until April 14, 2024—the day before military personnel tested SIG Sauer’s NGSW weapons at a New Equipment Training event at Fort Campbell, Kentucky. Just three days later, a Military Times story directly quoted a True Velocity spokesperson discussing the lawsuit.

42. Thus, Plaintiffs-Counterclaim Defendants’ worldwide litigation campaign against SIG Sauer appears to be nothing more than an effort to unfairly compete with SIG Sauer. Absent a declaratory judgment of non-infringement, SIG Sauer expects U.S. patent litigation to become part of that improper campaign.

### **COUNTERCLAIM I**

#### **Declaratory Judgment of Noninfringement of the ‘238 Patent**

43. SIG Sauer incorporates by reference the allegations in the above Paragraphs.

44. A substantial, immediate, and real controversy exists between SIG Sauer and Plaintiffs-Counterclaim Defendants regarding whether SIG Sauer infringes the ‘238 patent by making, using, importing, selling, and/or offering for sale its light and medium machine guns because at least (1) Plaintiffs-Counterclaim Defendants have sued SIG Sauer in this Court and other courts for alleged infringement/misappropriation of the same or similar technology; (2) Plaintiffs-Counterclaim Defendants have improperly sought to use those lawsuits to gain an unfair competitive advantage against SIG Sauer; and (3) Plaintiff-Counterclaim Defendant LoneStar’s

chairman is known to use patent litigation as a business strategy. A judicial declaration is necessary to determine the parties' respective rights regarding the '238 patent.

45. SIG Sauer seeks a judgment declaring that SIG Sauer does not infringe, either literally or under the doctrine of equivalents, one or more claims of the '238 patent by making, using, importing, selling, and/or offering for sale its medium and light machine guns, either directly under 35 U.S.C. § 271(a), or indirectly under 35 U.S.C. §§ 271(b) and (c).

**PRAYER FOR RELIEF**

Wherefore, SIG Sauer prays that the Court enter judgment in its favor as follows:

- (a) declaring that SIG Sauer does not infringe, either directly or indirectly, any claim of the '238 patent, either literally or under the doctrine of equivalents, by making, using, importing, selling, and/or offering for sale the SIG Sauer machine guns, and that therefore it is not liable for damages or injunctive relief as a result of these activities;
- (b) finding that this is an exceptional case under 35 U.S.C. § 285;
- (c) awarding SIG Sauer its costs of suit, including reasonable attorneys' fees, as provided by law; and
- (d) granting SIG Sauer such other, further, and different relief as the nature of the case may require or that the Court may deem just and proper.

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