IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

MILWAUKEE ELECTRIC TOOL CORPORATION, Plaintiff, v. KLEIN TOOLS, INC., Defendant.	Case No. 1:25-cv-04689 **JURY TRIAL DEMANDED**

MEMORANDUM IN SUPPORT OF PLAINTIFF'S OPPOSED MOTION FOR VOLUNTARY DISMISSAL OF PLAINTIFF'S FIRST AMENDED COMPLAINT WITHOUT PREJUDICE AND DISMISSAL OF DEFENDANT'S COUNTERCLAIMS WITHOUT PREJUDICE

TABLE OF CONTENTS

Page(s)

I. INTRODUCTION 1

II. FACTUAL BACKGROUND 2

III. ARGUMENT 4

A. Milwaukee's First Amended Complaint Should be Dismissed Under Fed. R. Civ. P. 41(a)(2) Without Prejudice 4

B. The Court Should Reject Any Attempt by Klein to Impose Conditions on Dismissal and/or Sanctions 6

C. Klein's Counterclaims Should Also Be Dismissed Without Prejudice under Fed. R. Civ. P. 12(b)(1) 8

IV. CONCLUSION 9

TABLE OF AUTHORITIES

Page(s)

Cases

Abraxis Bioscience, Inc. v. Navinta LLC,
625 F.3d 1359 (Fed. Cir. 2010).....4

Applications in Internet Time, LLC v. Salesforce, Inc.,
No. 25-2026, slip op. (Fed. Cir. Mar. 16, 2026).....5

H.R. Techs., Inc. v. Astechnologies, Inc.,
275 F.3d 1378 (Fed. Cir. 2002).....5, 8

Sanyo Elec. Co., Ltd v. Intel Corp.,
No. CV 18-1709-RGA, 2019 WL 1650067 (D. Del. Apr. 17, 2019).....8

Schreiber Foods, Inc. v Beatrice Cheese, Inc.,
402 F.3d 1198 (Fed. Cir. 2005).....5

Univ. of Pittsburgh v. Varian Med. Sys., Inc.,
569 F.3d 1328 (Fed. Cir. 2009).....6

Other Authorities

Fed. R. Civ. P. 12(b)(1).....8

Fed. R. Civ. P. 41(a)(2).....4, 8

LPR 3.4.....3, 7

I. INTRODUCTION

At the time Plaintiff Milwaukee Electric Tool Corporation ("Milwaukee") filed this lawsuit it believed it had ownership of the Asserted Patents and thus standing. During fact discovery, Milwaukee analyzed additional assignment agreements and determined that a related entity held ownership of the Asserted Patents. Thus, Milwaukee lacked ownership and standing at the time this lawsuit was filed. As a result, this Court lacks subject matter jurisdiction, and this lawsuit must be dismissed without prejudice. Milwaukee promptly informed Defendant Klein Tools, Inc. ("Klein") about this issue, and both parties agree that at the time Milwaukee filed this lawsuit it did not have standing. Thus, the appropriateness of Milwaukee's dismissal request does not appear to be a disputed issue.

Milwaukee and the related entity recently entered into a new agreement such that Milwaukee now has ownership of the Asserted Patents and standing to assert them against Klein. Thus, once this current lawsuit is dismissed, Milwaukee intends to refile as a new lawsuit.

Despite these facts, Klein has refused to consent to dismissal unless Milwaukee accepts Klein's laundry list of conditions and pays its costs as a supposed sanction. Klein argues its demands are required to mitigate the prejudice it has suffered. But Klein has failed to articulate a reasonable basis for any alleged undue prejudice.

First, the allegations-at-issue in this litigation will be the same in the new lawsuit such that all work from the current lawsuit will be reused. *Second*, any change in scope in the new lawsuit with respect to the Asserted Patents is not unduly prejudicial, especially because Klein chose to expand the scope of this lawsuit very recently by filing counterclaims against unasserted patent claims (and did so without meeting-and-conferring with Milwaukee). Klein cannot now argue that it is prejudiced because Milwaukee intends to assert some of the same claims that Klein recently added to the lawsuit. *Third*, any addition by Milwaukee of new patents in the new lawsuit is not

prejudicial because Milwaukee has always had a right to assert new patents in a new lawsuit. Klein does not appear to dispute this issue. Moreover, including new patents in the new lawsuit is judicially efficient. Put simply, Klein has failed to justify its refusal to consent to dismissal, particularly given Klein's admission that constitutional standing did not exist at the time of filing such that this Court lacks subject matter jurisdiction.

Milwaukee respectfully asks this Court to (i) grant Milwaukee's motion to voluntarily dismiss the First Amended Complaint without prejudice; (ii) reject Klein's attempt to impose conditions on dismissal; (iii) reject any attempt by Klein to impose sanctions/costs on Milwaukee or its counsel; and (iv) dismiss Klein's counterclaims without prejudice as those counterclaims can be raised in the new lawsuit, which maintains judicial efficiency of having one lawsuit.

II. FACTUAL BACKGROUND

Milwaukee filed its Original Complaint on April 29, 2025 (Dkt. 1) and its First Amended Complaint on May 6, 2025 (Dkt. 11). The First Amended Complaint asserts infringement of U.S. Patent No. 11,656,067 ("the '067 Patent") and U.S. Patent No. 11,857,064 ("the '064 Patent") (collectively, "the Asserted Patents"). Dkt. 11. Klein filed its Answer to Milwaukee's Amended Complaint on June 27, 2025, and Klein did not assert any Counterclaims (Dkt. 24). Then, seven months later and without notice or meeting-and-conferring with Milwaukee, on January 22, 2026, Klein filed its First Amended Answer and Counterclaims, which expanded the lawsuit by asserting: (i) Declaratory Judgment of Unenforceability of all claims of the '067 Patent; (ii) Declaratory Judgement of Invalidity of all claims of the '067 Patent; and (iii) Declaratory Judgment of Invalidity of all claims of the '064 Patent. Dkt. 55.

Milwaukee initiated this lawsuit and filed its First Amended Complaint with the good faith belief that it had constitutional standing. The inventors initially assigned all of their rights to Milwaukee. However, in mid-January 2026, Milwaukee and counsel learned that intercompany

agreements existed that potentially affected the ownership of the Asserted Patents and whether Milwaukee had constitutional standing. Although Milwaukee and counsel were still assessing this information, Milwaukee notified Klein on January 26, 2026, and the parties discussed this issue on January 27, 2026.

Milwaukee's analysis subsequently confirmed it lacked constitutional standing and, on February 9, 2026, Milwaukee produced relevant portions of these agreements to Klein via email and then formally produced the full agreements to Klein on February 13, 2026. On February 16, 2026, Milwaukee entered into a new intercompany agreement that assigned all right, title, and interest in the Asserted Patents back to Milwaukee. On February 17, 2026, Milwaukee requested a meet-and-confer to discuss Milwaukee's intent to move to voluntarily dismiss this lawsuit without prejudice and then refile with constitutional standing corrected. The parties met-and-conferred on March 3, 2026, and Milwaukee explained its intent to re-file the current lawsuit and re-use the existing discovery in the new lawsuit for efficiency.

Klein followed up with a letter that night. Klein agreed that Milwaukee lacked constitutional standing at the time the lawsuit was filed, which necessitates dismissal of this lawsuit. However, Klein also conditioned its willingness to agree to Milwaukee's motion on Milwaukee accepting numerous terms for the new lawsuit based on its assertion of prejudice, including (i) adhering to the Protective Order and ESI Order entered in this lawsuit; (ii) porting discovery, including document production, discovery requests, requests for admission, deposition testimony, and interrogatories over to the new lawsuit; (iii) preventing Milwaukee from asserting new claims in the Asserted Patents and/or accusing additional products of infringement without first seeking leave of the court under LPR 3.4; (iv) preventing Milwaukee from seeking damages

for any infringement before February 16, 2026; and (v) requiring Milwaukee to pay all of Klein's costs.

Milwaukee responded on March 6, 2026, and attempted to reach resolution without requiring Court intervention. Specifically, as previously offered to Klein, Milwaukee agreed that (i) the parties would work in good faith to re-use the Protective Order and ESI Order entered in this lawsuit; (ii) no documents need to be reproduced in the new lawsuit; and (iii) deposition testimony and as-served written discovery requests and responses would be considered served and available for use in the new lawsuit. However, Milwaukee declined to accept Klein's demands that sought to substantively limit the scope of the new lawsuit and impose costs on Milwaukee.

On March 10, 2026, Klein responded and rejected Milwaukee's offer to resolve the dispute, renewing its arguments about prejudice and asserting it would seek conditions on the dismissal and sanctions/costs. Notably, Klein admitted that Milwaukee is not barred from filing a lawsuit against Klein with different patents and appears to agree that there is no prejudice based on current allegations about the Asserted Patents. Despite this, Klein maintains its position that it would be prejudiced if Milwaukee is permitted to include new allegations about the Asserted Patents, even though Klein is the party that added those same claims to the case when it filed its Counterclaims.

III. ARGUMENT

A. Milwaukee's First Amended Complaint Should be Dismissed Under Fed. R. Civ. P. 41(a)(2) Without Prejudice

"Standing is a constitutional requirement pursuant to Article III and it is a threshold jurisdictional issue." *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1363 (Fed. Cir. 2010). Klein does not dispute that at the time Milwaukee filed its Original and First Amended Complaint it lacked Article III standing because it did not have all substantial ownership rights in the Asserted Patents. As confirmed by the Federal Circuit again this week, because this is a

jurisdictional defect that cannot be cured after the inception of the lawsuit, Milwaukee's First Amended Complaint must be dismissed. *See Applications in Internet Time, LLC v. Salesforce, Inc.*, No. 25-2026, slip op., at 11 (Fed. Cir. Mar. 16, 2026) ("'A court may exercise jurisdiction only if a plaintiff has standing to sue on the date it files suit.'") (internal citations omitted); *see also Schreiber Foods, Inc. v Beatrice Cheese, Inc.*, 402 F.3d 1198, 1203 (Fed. Cir. 2005).

[redacted]

The impact of this amendment is that Milwaukee's First Amended Complaint must be dismissed and, as the Federal Circuit has repeatedly stated, such dismissal should be without prejudice. *See, e.g.*, *H.R. Techs., Inc. v. Astechnologies, Inc.*, 275 F.3d 1378, 1384 (Fed. Cir. 2002) ("Because lack of standing is not an issue that goes to the merits of the underlying patent issues, a

dismissal of a complaint for lack of standing would not normally be expected to be made with prejudice."); *Univ. of Pittsburgh v. Varian Med. Sys., Inc.*, 569 F.3d 1328, 1333 (Fed. Cir. 2009) (noting the "court's repeated statements that a dismissal for lack of standing should generally be without prejudice so as to permit the filing of a new action by a party with proper standing").

Klein does not dispute that dismissal is required and cannot credibly claim dismissal should be made with prejudice.[1]

B. The Court Should Reject Any Attempt by Klein to Impose Conditions on Dismissal and/or Sanctions

As explained in Section II, *supra*, during the parties' discussion about Milwaukee's motion to voluntarily dismiss this lawsuit, Klein provided a letter listing numerous demands that it stated Milwaukee must accept before Klein would agree to dismissal. Klein's stated rationale for this conditional dismissal was that it had suffered prejudice that would be "mitigate[d]" by Milwaukee accepting its demands.[2] Klein's correspondence, however, fails to articulate a reasonable basis for its allegation of undue prejudice.

First, with respect to the allegations in the current lawsuit, while Klein states it has spent "substantial sums defending patent infringement claims for almost ten months on patents Milwaukee did not even own," it cannot reasonably claim prejudice when Milwaukee (i) now owns the patents and intends to refile the lawsuit alleging infringement of the ***same*** patent claims; (ii) has

[1] Although the scope and terms of the original and amended agreements are not disputed, Milwaukee can file them under seal, or provide copies *in camera*, should the Court seek to review.

[2] While Klein provided a laundry list of demands in one letter during the parties' back-and-forth regarding Milwaukee's motion for voluntary dismissal, Klein's last correspondence before Milwaukee filed this motion generally stated that Klein would seek conditions on dismissal and sanctions but did not specify precisely which conditions it would seek to impose or the basis for any sanctions. As such, Milwaukee reserves its right to address in its reply any arguments Klein makes in its Opposition regarding the imposition of conditions and sanctions.

agreed to refile the lawsuit before this Court and the Honorable Judge Tharp; and (iii) has agreed that discovery already conducted in this lawsuit would be considered served and available for use in the refiled lawsuit. Not only do these facts undercut Klein's claims to prejudice but they also undermine Klein's assertion that Milwaukee wants to "ditch its current litigation positions and hit reset." Dkt. 68. Put simply, discovery will be re-used and little to none of the current work in the current lawsuit will have been wasted by either party.

Second, with respect to new allegations about the Asserted Patents, any allegation by Klein that it would be prejudiced likewise fails. As Klein acknowledges in its correspondence, if the present lawsuit had continued, Milwaukee could have sought leave under LPR 3.4 to amend its infringement contentions. Milwaukee would have had good cause to assert these new claims for multiple reasons. On January 22, 2026—two weeks ***after*** Milwaukee served its stage one final infringement contentions—Klein unilaterally chose to expand this lawsuit by asserting for the first time declaratory judgment counterclaims of invalidity directed to every claim of the Asserted Patents. Klein also filed *inter partes* review petitions challenging the validity of every claim of the Asserted Patents. As such, Klein recently made the voluntary choice to expand the current lawsuit by putting all claims of the Asserted Patents at issue. On this basis alone, Milwaukee would have had good cause to assert infringement of the ***exact same claims*** that Klein chose to put at issue.[3]

Discovery is still in the early stages, which further buttresses this fact. Milwaukee served its stage one final infringement contentions identifying asserted claims on January 7, 2026, but has not served stage two final infringement contentions. Only one deposition has been taken, the

[3] Milwaukee put Klein on notice of additional claims and products it intended to add to the lawsuit on February 6, 2026, but, given the constitutional standing defect, did not move to amend.

parties still need to exchange information under the ESI Protocol and subsequently collect and produce emails, and there are still months of fact discovery remaining during which the parties can serve written discovery, take depositions, and produce documents. Claim construction exchanges have not started. There are no scheduled dates for re-opened fact discovery[4], expert discovery, or trial. Put simply, adding allegations based on the same claims that Klein put at issue at this early stage of the lawsuit is not unduly prejudicial to Klein, and Milwaukee would have good cause to do so.

Third, with respect to new patent infringement allegations, the parties appear to agree there is no undue prejudice to Klein. As Klein stated, Milwaukee is not barred from filing a lawsuit against Klein with different patents.

In short, Klein's claims of undue prejudice are unfounded.

For these reasons, Milwaukee's First Amended Complaint should be dismissed without prejudice pursuant to Fed. R. Civ. P. 41(a)(2) and without conditions or sanctions/costs, such that Milwaukee, who has now corrected the constitutional standing defect, can file a new lawsuit.

C. Klein's Counterclaims Should Also Be Dismissed Without Prejudice under Fed. R. Civ. P. 12(b)(1)

Because Milwaukee lacks constitutional standing to maintain its First Amended Complaint, Klein cannot maintain its counterclaims of declaratory judgment of unenforceability of the '067 Patent and declaratory judgment of invalidity of both of the Asserted Patents. *See, e.g.*, *H.R. Techs., Inc. v. Astechnologies, Inc.*, 275 F.3d 1378, 1386 (Fed. Cir. 2002) (stating district court correctly dismissed counterclaims of non-infringement after dismissing plaintiff's infringement claim for lack of standing); *Sanyo Elec. Co., Ltd v. Intel Corp.*, No. CV 18-1709-

[4] The parties agreed to stay all deadlines and discovery due to this standing issue. Dkt. 68 at 4.

RGA, 2019 WL 1650067, at *10 (D. Del. Apr. 17, 2019) (noting defendant lacked standing to seek declaratory judgment of invalidity when plaintiff lacked standing to bring infringement lawsuit). Thus, Klein's counterclaims should be dismissed without prejudice on this basis alone.

Even putting aside the lack of standing, Klein's counterclaims should also be dismissed without prejudice in the interest of judicial economy.[5] As Milwaukee intends to refile its infringement allegations against the Asserted Patents, it would be unduly burdensome for the Court, as well as the parties, to maintain two (2) different pending lawsuits related to the same patents and including some of the same allegations. Thus, in the interests of judicial economy, Klein's counterclaims should be dismissed without prejudice, which can be reasserted in the new lawsuit, should Klein choose to make those allegations.

IV. CONCLUSION

For the foregoing reasons, Milwaukee respectfully requests the Court dismiss Milwaukee's First Amended Complaint without prejudice and without the imposition of conditions or sanctions/costs. Milwaukee further respectfully requests the Court dismiss Klein's Counterclaims without prejudice.

[5] Milwaukee still believes that Klein's counterclaim of unenforceability of the '067 Patent is improper (Dkt. 62), but the viability of this counterclaim can be addressed via motion practice in the new lawsuit, if Klein decides to re-assert this counterclaim.

Dated: March 18, 2026

Respectfully submitted,

/s/ Scott D. Sherwin

Jason C. White
Scott D. Sherwin
MORGAN, LEWIS & BOCKIUS LLP
110 N. Wacker Drive, Suite 2800
Chicago, IL 60601-5094
Telephone: 312.324.1000
Fax: 312.324.1001
jason.white@morganlewis.com
scott.sherwin@morganlewis.com

Attorneys for Plaintiff Milwaukee Electric Tool Corporation