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**

KLEIN TOOLS' OPPOSITION TO PLAINTIFF'S MOTION FOR VOLUNTARY DISMISSAL OF PLAINTIFF'S FIRST AMENDED COMPLAINT WITHOUT PREJUDICE AND DISMISSAL OF DEFENDANT'S COUNTERCLAIMS WITHOUT PREJUDICE AND REQUEST FOR SANCTIONS

[redacted]

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Ex. 2	Email from Maria E. Doukas, dated Feb. 17, 2026 **(Filed Under Seal)**
Ex. 3	TCGP & METCO Amendment, bates stamped as MET-00042399 **(Filed Under Seal)**
Ex. 4	Doug Weick's Resume retrieved from www.linkedin.com/in/doug-weick-cpa-msm-ctp-ba135510
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Ex. 15	Email from Nathaniel Louis DeLucia, dated March 3, 2026
Ex. 16	Complaint titled *Milwaukee Electric Tool Corporation and Keter Home and Garden Products Ltd. v. Klein Tools, Inc.,* Case No. 1:24-cv-04284, Dkt. 1 (N.D. Ill. May 23, 2024)

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Exhibit No.	Description
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Ex. 18	Complaint titled *In the Matter of Certain Storage Containers and Toolboxes, Organizers, Component Boxes, Coolers, and Accessories Used Therewith,* Inv. No. 337-TA-3749, EDIS 822163 (U.S.I.T.C. May 23, 2024)
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Ex. 21	Plaintiffs' Notice of Voluntary Dismissal Without Prejudice filed in *Milwaukee Electric Tool Corporation and Keter Home and Garden Products Ltd. v. Klein Tools, Inc.,* Case No. 1:24-cv-04928, Dkt. 11 (N.D. Ill. Jun. 13, 2024)
Ex. 22	Email from Nathaniel Louis DeLucia, dated Feb. 9, 2026 **(Filed Under Seal)**
Ex. 23	Email from Elsa Doi, dated Jul. 11, 2025
Ex. 24	Letter from Nathaniel Louis DeLucia, dated Jul. 11, 2025
Ex. 25	Excerpt of Plaintiff Milwaukee Electric Tool Corporation's Responses And Objections To Defendant's First Set Of Requests For Production (Nos. 1-79), dated Aug. 15, 2025
Ex. 26	Email from Nathaniel Louis DeLucia, dated Oct. 20, 2025
Ex. 27	Email from Maria E. Doukas, dated Jan. 26, 2026
Ex. 28	Email from Nathaniel Louis DeLucia, dated Jan. 28, 2026
Ex. 29	TCGP & METCO Agreement, bates stamped as MET-00042423 **(Filed Under Seal)**
Ex. 30	Email from Maria E. Doukas, dated Feb. 6, 2026
Ex. 31	Letter from Ryan Kane, P.C., dated Mar. 3, 2026

[redacted]

Exhibit No.	Description
Ex. 32	Letter from Jason C. White, dated Mar. 6, 2026
Ex. 33	Letter from Ryan Kane, P.C., dated Mar. 10, 2026
Ex. 34	Email from Katie Thompson, dated Oct. 24, 2025

[redacted]

For over a year, Klein Tools, Inc. ("Klein") has been forced to defend itself in expensive patent litigation that Milwaukee Electric Tool Corporation ("Milwaukee") had no right to bring. Milwaukee asserted patents it did not own—patents it had assigned years earlier to Techtronic Cordless GP ("TCGP"), another subsidiary of Milwaukee's parent Techtronic Industries ("TTI"). Milwaukee knew this, and yet it pressed forward, forcing Klein to spend millions defending claims that were void from the outset.

Having revealed its lack of ownership nearly a year in, Milwaukee now seeks to shift the burdens of its diligence failures onto Klein. It asks this Court to dismiss without prejudice so it can fix its standing problem, refile, and expand its infringement claims beyond what the Local Patent Rules permit here. Milwaukee thus seeks to weaponize its own misconduct: leverage its inadequate pre-suit investigation into a free preview of Klein's strategy, a do-over on claim selection, and immunity from the Local Patent Rules. The Court should not permit it to do so.

The facts are straightforward. [redacted] Milwaukee executed agreements transferring [redacted] the Asserted Patents—to TCGP. Milwaukee's [redacted] signed the agreements. And its outside counsel, which has represented both Milwaukee and TCGP in prior cases, was well aware that TTI had a practice of transferring patents between its subsidiaries. Yet when Milwaukee sued Klein in 2025, it represented to this Court that it "own[ed] by assignment all rights, title, and interests" in the Asserted Patents. That representation, as Milwaukee now admits, was not true.

Milwaukee's post-filing conduct only compounded the problem. Despite obligations under the Federal and Local Patent Rules to produce ownership documents, Milwaukee produced nothing beyond publicly available patent records. It missed deadlines, delayed production until threatened with court intervention, and repeatedly failed to produce the [redacted] Agreements that would

have revealed its standing defect. Milwaukee "discovered" its lack of standing only after Klein uncovered Milwaukee's inequitable conduct—intentional withholding of anticipatory prior art tape measures from the Patent Office—and amended its Answer to assert counterclaims. The timing speaks for itself. Milwaukee's explanation—or rather, its lack of one—is also telling. Its motion is silent on what pre-suit investigation it conducted, and it refused to explain how any such investigation could have missed agreements Milwaukee itself signed.

Klein does not oppose dismissal. It opposes Milwaukee's attempt to shift the costs onto Klein while reaping a windfall from its own wrongdoing. To mitigate the prejudice and to prevent circumvention of the Local Patent Rules, the Court should condition any dismissal on terms preserving the status quo: the same contentions, discovery, and procedural posture. Alternatively, the Court should require Milwaukee to pay Klein's reasonable attorneys' fees and costs expended in this case as a condition of dismissal or sanction for its reckless disregard of pre-filing and discovery obligations.

I. BACKGROUND

A. Milwaukee Did Not Have Rights in the Asserted Patents When It Sued Klein

Milwaukee is a subsidiary of TTI, a Hong Kong-based conglomerate that owns many other entities, including TCGP.

Milwaukee concedes the covers the Asserted Patents. Br. at 5.

[redacted]

B. Prior to This Suit, Milwaukee Knew that TCGP Possessed [redacted] Rights in [redacted] Milwaukee's [redacted] Intellectual Property

Milwaukee knew it lacked rights in the Asserted Patents when it filed this case: Milwaukee [redacted] signed the assignments transferring [redacted] to TCGP. Ex. 3 at -2401 [redacted][1] Indeed, in other patent infringement cases that post-date the TCGP assignment, Milwaukee's same outside counsel pled that TCGP possessed ownership interests in asserted patents despite the publicly available assignment information not mentioning TCGP at all.

- January 29, 2021: TCGP sues QEP Co., Inc. for patent infringement. *One World Techs., Inc. d/b/a Techtronic Indus. Power Equip. v. Q.E.P. Co., Inc.*, DDE-1:21-cv-00117. TCGP, through the same outside counsel here, including the same lead counsel, pled that it owned the rights to all asserted patents despite the public recorded assignments listing different TTI entities. Ex. 5 (Complaint) at 1, 4, 23; Exs. 6–8 (PTO assignments).

- May 23, 2022: TCGP sues Lowe's Companies, Inc. for patent infringement. *TTI Consumer Power Tools, Inc. v. Lowe's Cos., Inc.*, DDE-1:22-cv-00673. TCGP, through the same outside counsel here, including the same lead counsel, pled that TCGP is the exclusive economic licensee despite no mention of TCGP in the publicly recorded assignments. Ex. 9 (Complaint) at 1, 6, 19; Ex. 10 (PTO assignments).

It cannot be seriously disputed that TTI and its subsidiaries, as well as its outside counsel, were aware of TTI's practice of making non-public patent assignments amongst its various entities, including TCGP. Indeed, in another litigation Milwaukee itself pled that TCGP had an interest in asserted patents despite the public assignment records only listing Milwaukee. *Milwaukee Elec. Tool Corp. et al v. Snow Joe, LLC*, DNJ-3:21-cv-16140, Ex. 11 (Complaint) at 1–2, 7–8 ("Together Plaintiffs [i.e., Milwaukee, TCGP, and another TTI entity] possess all rights necessary to bring this suit for infringement."); Exs. 12–14 (PTO assignments) (no mention of TCGP).

[redacted] Klein asked whether Milwaukee's other pending cases suffered the same defect, including a 2024 NDIL action against Klein and parallel

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[1] [redacted]

[redacted]

ITC investigation (the "2024 Cases") in which Milwaukee is represented by the same outside counsel. Ex. 15 at 1; *see* Exs. 16–19. Milwaukee responded that the 2024 Cases had no standing problem because Milwaukee had entered into subsequent agreements (not produced here) transferring ownership from TCGP back to Milwaukee. Ex. 15 at 1. The circumstances of the 2024 Cases further confirm that Milwaukee knew, and a reasonably careful attorney would have known after appropriate inquiry, that Milwaukee lacked rights here. In a striking parallel, the 2024 Cases were filed only for Milwaukee to dismiss them without prejudice and refile materially identical complaints within two days, suggesting similar standing issues could have existed. Exs. 16–21. While Milwaukee refused to disclose when the unproduced TCGP-Milwaukee agreements relating to the 2024 Cases were signed and generally has not been forthcoming about Milwaukee's related transfers and investigations, it admitted that here, Milwaukee intended to transfer the Asserted Patents from TCGP back to Milwaukee and refile because that is "how it's been done in the past." Ex. 15 at 1; Ex. 22 at 1.

C. Milwaukee Sued Klein with Patents It Did Not Own in an Apparent Effort to Create Leverage, and then Failed to Diligently Participate in the Case

1. Milwaukee Files Suit Just Before a Scheduled Meeting Between the Parties, and Incorrectly Pleads It Owns the Asserted Patents

By spring 2025, the parties were involved in multiple patent disputes and had scheduled an in-person meeting for May 1, 2025. Two days before the meeting, Milwaukee filed a Complaint using its long-time counsel—apparently to try and create leverage—asserting infringement of claim 1 of the '067 patent and pleading that it "own[ed] by assignment all rights, title, and interests in and to … the '067 Patent." Dkt. 1, ¶ 9. Milwaukee filed an Amended Complaint on May 6, 2025, adding claims 1 and 16 of the '064 patent and repeating the same ownership representation. Dkt. 11, ¶¶ 9, 14. As Milwaukee now concedes, those statements were untrue.

2. Milwaukee Violates the Local Patent Rules and Fails to Diligently

[redacted]

Participate in Discovery, Exacerbating Its Prefiling Investigation Failures

In discovery, Milwaukee blew deadlines and produced significant documents only after Klein indicated it would seek Court assistance. Milwaukee's discovery failures extended to obligations that would have surfaced its prefiling investigation defects months earlier.

Initial Disclosures. On July 11, 2025, Klein produced nearly 1,400 documents, followed by rolling productions. Milwaukee produced ***six documents***, all public: the Asserted Patents, file histories, and PTO assignments. Exs. 23, 24. Milwaukee did not produce the [redacted] Agreements.

LPR 2.1(a)(4). Despite the requirement to produce "all documents concerning ownership of the patent rights by the party asserting patent infringement" under this Rule, Milwaukee did not produce the [redacted] Agreements.

RFP No. 13. On July 11, 2025, Klein served RFP No. 13, seeking documents "concerning any Person's or any entity's alleged rights to or ownership of the Patents-in-Suit and Related Applications." Despite agreeing to produce such documents, Milwaukee did not produce the [redacted] Agreements. Ex. 25 at 16.

Initial Infringement Contentions. Milwaukee missed the deadline; Klein consented to an extension. Dkt. 35. On July 30, 2025, Milwaukee continued to assert only claim 1 of the '067 patent and claims 1 and 16 of the '064 patent. Klein timely served its initial contentions. Dkt. 38.

October 24, 2025. Milwaukee made its first meaningful production after Klein stated it would seek Court assistance and just two weeks before an inventor deposition. *See* Ex. 26 at 1; Ex. 34. Milwaukee did not produce the [redacted] Agreements.

3. Klein Uncovers Milwaukee's Inequitable Conduct, Amends Its Answer to Add Counterclaims, and Milwaukee "Discovers" Lack of Standing

On November 7, 2025, Klein deposed Mr. Khangar, the named inventor of the '067 patent.

His testimony, together with documents produced by third party Stanley Black & Decker in December 2025 and January 2026, confirmed that the named inventors and their prosecution counsel committed inequitable conduct by deliberately withholding material prior art tape measures from the Patent Office.

Pursuant to Fed. R. Civ. P. 15(a)(2) and paragraph 6(e) of the Parties' Planning Meeting Report (Dkt. 28), Klein filed its First Amended Answer and Counterclaims on January 22, 2026.[2] Klein alleged, among other things, that the '067 patent inventors and their prosecution counsel committed inequitable conduct by "deliberately conceal[ing] and withh[olding] from the USPTO" that the Stanley Fat Max FMHT33502 and DeWalt Tough Tape DWHT33924 prior art tape measures achieved standout greater than 150 inches—the only limitation of claim 1 of the '067 patent the inventors had not already admitted was known in the art. Dkt. 55 ¶¶ 17, 175-178, 192.

Only after nine months of litigation and Klein's discovery of Milwaukee's inequitable conduct did Milwaukee disclose that it had "bec[o]me aware of a potential standing issue." Ex. 27. When the parties first conferred on January 27, 2026, Milwaukee still had not produced the Agreements because it was "still looking into" the issue. Ex. 28 at 1. Milwaukee ultimately concluded it lacked standing and, on February 16, 2026, executed a new agreement with TCGP purportedly transferring the Asserted Patents back to Milwaukee. Ex. 29.

In parallel, Milwaukee indicated for the first time that it would seek leave to add claims 2–5, 7–8, and 10–12 of the '067 patent and additional accused products. Ex. 28 at 1; Ex. 30 at 1. Under LPR 3.4, Milwaukee can do so only with good cause, which it lacks, since it admits the new allegations rest on public information available before the case was filed. Ex. 28 at 1. By March,

[2] Although Milwaukee asserts Klein filed without notice to Milwaukee, Milwaukee provided written consent to amend per Fed. R. Civ. P. 15(a)(2) in the Planning Meeting Report. Dkt. 28.

[redacted]

Milwaukee abandoned any effort to seek leave and instead announced it would seek dismissal without prejudice, file a new case, and add the claims and products there, arguing that any limits in this case would not apply to a newly filed case. Ex. 15 at 1.

D. Klein Suffered Significant Prejudice Due to Milwaukee's Inadequate Prefiling Investigation and Subsequent Conduct

Klein has spent significant time and millions of dollars defending itself in a case Milwaukee had no right to file. In 12 months, Klein diligently developed a strategy and participated in discovery. It propounded 85 RFPs, 15 interrogatories, and 21 RFAs, and answered 71 RFPs, 12 interrogatories, and 16 RFAs. In response to Milwaukee's three asserted claims, Klein served 1,459 pages of invalidity and non-infringement contentions and charts. Klein also issued third-party subpoenas, produced thousands of documents, negotiated a Protective Order and ESI Order, and deposed a named inventor of the '067 patent. None of this should have occurred.

Klein provided a proposal to Milwaukee to help mitigate the harm Milwaukee's actions caused Klein, in short, asking that Milwaukee agree that if it should refile, the new case would have the same scope, posture, contentions, agreed-to protective and ESI orders, and discovery. Ex. 31. Because Milwaukee did not own the Asserted Patents when it sued and never gave notice as the true patent owner, Klein also asked Milwaukee to acknowledge it could not recover damages predating the TCGP-Milwaukee 2026 assignment. *Id.* Finally, Klein requested its costs under Rule 41 and 28 U.S.C. § 1919 as Klein would have to expend those amounts twice. *Id.* Milwaukee rejected the proposal. Ex. 32. By Milwaukee's logic, because it improperly filed this case, it gets an unfettered do-over—with the bonus of previewing Klein's strategy and Klein footing the bill.

II. LEGAL STANDARD

A. Fed. R. Civ. P. 41(a)(2)

Milwaukee seeks to voluntarily dismiss under Fed. R. Civ. P. 41(a)(2), but under Rule 41,

the Court "may condition its order dismissing the case upon such terms and conditions the court deems proper." Fed. R. Civ. P. 41(a)(2); *Madison St. Props., LLC v. Marcus Corp.*, 2022 WL 16553182, at *2 (N.D. Ill. Oct. 31, 2022). Seventh Circuit courts generally consider four factors in determining whether, and under what conditions, voluntary dismissal without prejudice is appropriate: "(1) the defendant's effort and expense of preparation for trial; (2) excessive delay and lack of diligence on the part of the plaintiff in prosecuting the action; (3) insufficient explanation for the need to take dismissal; and (4) the fact that a dispositive motion has been filed by the defendant." *Id.* (citing *Pace v. Southern Exp. Co.*, 409 F.2d 331, 334 (7th Cir. 1969)). The factors are "simply a guide," and "all factors need not be present." *August Storck KG v. Nabisco, Inc.*, 1996 WL 634116, at *2 (N.D. Ill. Oct. 30, 1996) (imposing conditions based on two factors).

B. The Court's Inherent Power to Impose Sanctions

A court may impose sanctions under its inherent authority where a party "acted in bad faith, vexatiously, wantonly, or for oppressive reasons." *Methode Elecs., Inc. v. Adam Techs., Inc.*, 371 F.3d 923, 928 (7th Cir. 2004) (quoting *Chambers v. NASCO, Inc.*, 501 U.S. 32, 33 (1991)). Bad faith "can be recklessly making a frivolous claim." *Egan v. Pineda*, 808 F.3d 1180, 1180 (7th Cir. 2015) (internal quotations omitted). Courts apply the same recklessness standard for inherent sanctions as 28 U.S.C. § 1927, a "reckless indifference to the law: pursu[ing] a path that a reasonably careful attorney would have known, after appropriate inquiry, to be unsound." *Xped LLC v. Entities Listed on Exhibit 1*, 690 F. Supp. 3d 831, 853 (N.D. Ill. 2023) (internal quotations omitted). Courts have awarded reasonable attorneys' fees, costs, and expenses for defending "against claims and allegations which should never have been filed" because the plaintiff lacked standing. *Sub Zero Franchising, Inc. v. Frank Nye Consulting, LLC*, 2018 WL 1999093, at *4 (D. Utah Apr. 27, 2018).

III. ARGUMENT

Klein spent the past year defending against claims of infringement on patents Milwaukee did not own. When asked how it would mitigate the prejudice—millions in fees and a preview of Klein's strategy—Milwaukee answered that it would not. Worse, Milwaukee seeks to compound the prejudice from its failure to conduct an adequate prefiling investigation (and subsequent lack of diligence in discovery) by bringing additional claims in a new case it could not assert here without good cause and leave of Court. The Court can and should impose conditions on dismissal to mitigate Klein's prejudice, including holding Milwaukee to its contentions for the Asserted Patents. Alternatively, the Court should order Milwaukee to pay Klein's reasonable attorneys' fees and costs for this case to ensure the costs of Milwaukee's conduct are not shifted to Klein.[3]

A. The Court Should Impose Reasonable Conditions on Milwaukee's Dismissal to Mitigate the Unfair Prejudice to Klein of Defending Against Patents Milwaukee Had No Right to Assert

Whether intentional or merely reckless, Milwaukee's actions forced Klein to spend millions defending itself against claims Milwaukee had no right to bring. §I.D. Any reasonable investigation, or even good faith participation in discovery, would have surfaced the issue nine to twelve months ago. §I.A–C.

Milwaukee's lack of diligence caused serious unfair prejudice to Klein in time, money, and a preview of its litigation strategy. To mitigate that prejudice, the Court should condition any dismissal on the terms Klein previously proposed. Ex. 31;[4] *Webb v. Altec Indus., Inc.,* 1994 WL

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[3] Should the Court determine that an award of Klein's reasonable attorneys' fees and costs is appropriate, Klein will submit a separate accounting of the specific amounts at such time and in such manner as the Court directs. *E.g.*, *Madison St. Props.*, 2022 WL 16553182, at *3.

[4] While Milwaukee is not entitled to damages, including any alleged damages from before the TCGP-Milwaukee 2026 assignment at least under 35 U.S.C. § 287(a), *AT & T Corp. v. Microsoft Corp.*, 290 F. Supp. 2d 409, 412 (S.D.N.Y. 2003) (notice from affiliate insufficient; notice "must

[redacted]

162815, at *2 (N.D. Ill. Apr. 25, 1994) ("Dismissals are granted under the terms and conditions necessary to protect other parties from prejudice."); *Uhrlaub v. Abbott Lab'ys*, 2017 WL 2130028, at *2 (S.D. Ill. May 17, 2017) ("[T]he terms and conditions must be for the defendant's benefit.") (internal quotations omitted). Other courts have required plaintiffs to refile an identical complaint and limited discovery in any future filing as a Rule 41(a)(2) condition. *Epps v. Dart*, 2022 WL 1316547, at *7 (N.D. Ill. May 3, 2022); *Parker v. Freightliner Corp.*, 940 F.2d 1019, 1022 (7th Cir. 1991) (affirming expert-testimony bar "would remain in effect in any refiled action").

Milwaukee downplays the prejudice and asks the Court to impose no conditions, yet fails to address any of the *Pace* factors that guide the Court's discretion. *Pace*, 409 F.2d at 334. That is unsurprising as three of the four factors strongly favor conditions.

First, Milwaukee offers ***no*** explanation for why it only discovered the standing issue now. Its brief is silent as to what pre-suit investigation it conducted, if any, and it refused to explain how any such investigation could have missed the agreements. Ex. 15 at 1. The reality is Milwaukee knew, and a reasonably careful attorney would have known, about the [redacted] Agreements: Milwaukee is a signatory and in various litigations filed after the TCGP transfer (including cases with the same outside counsel as here) TCGP has been identified as having an interest in various asserted patents. §I.B. Milwaukee also had multiple opportunities to surface the issue earlier had it diligently engaged in discovery, §I.C.2, and offers no explanation for failing to do so.

Milwaukee also provides no real explanation for why it should not face dismissal with conditions. In its brief, Milwaukee acts as if it seeks only an administrative fix, suggesting conditions are unwarranted. Dkt. 71 at 6–7. Not so. If it truly wanted only to fix standing, it would

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be an affirmative act on the part of the patentee"), Klein will address any alleged damages in any new case (should Milwaukee bring a case and seek such damages), not as a condition of dismissal.

[redacted]

accept Klein's proposed conditions, which simply ensure any new case picks up where this one leaves off. Milwaukee's refusal confirms that it intends to use dismissal to circumvent the schedule and Local Rules to add claims it could not otherwise assert, all while previewing Klein's strategy. Inadequate prefiling investigation, regret over strategic choices, and a desire to evade court-ordered contention deadlines are not acceptable explanations for unconditioned dismissal.

August Storck is instructive. There, the plaintiff missed its expert-report deadline and "absent a dismissal without prejudice, [it] would be barred from presenting such reports at a later date." 1996 WL 634116, at *4. The court held that desire to serve a precluded report was "an unacceptable basis" for voluntary dismissal and required the plaintiff to pay all of defendants' costs and fees as a condition of dismissal. *Id.* at *4, *6; *Webb*, 1994 WL 162815, at *1 (denying voluntary dismissal motion unless *with* prejudice where "new suit would circumvent the discovery rulings made by the court"). Here, Milwaukee chose to assert only claim 1 of the '067 patent and claims 1 and 16 of the '064 patent in its Complaint, initial contentions, and Stage 1 final contentions. Under LPR 3.4, it can add claims only upon showing good cause, which it lacks: its only proffered basis is expert testing on Klein products that were publicly available before this case was filed. Ex. 28 at 1; Ex. 30 at 1; *Beijing Choice Elec. Tech. Co. v. Contec Med. Sys. USA Inc.*, 2023 WL 11991941, at *4 (N.D. Ill. Apr. 24, 2023) ("the relevant inquiry is not when the party learned about the information, but when it could have made the discovery").

Milwaukee's newest excuse—raised for the first time in its motion—is that Klein's counterclaims supposedly "injected" new claims, which Milwaukee asserts provides "good cause" under LPR 3.4. But Milwaukee's new argument is a *post hoc* attempt to justify its request for a redo. It has no bearing on whether dismissal should be without conditions and does not address Klein's prejudice. And if Milwaukee truly believed it had good cause, it would accept Klein's

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conditions, which allow Milwaukee to seek leave to amend pursuant to LPR 3.4. Its refusal is an implicit admission that it lacks the good cause required by LPR 3.4.

Milwaukee's gambit also fails on the facts. Klein ***did not*** seek a declaratory judgment of invalidity on unasserted claims. The counterclaims consistently allege invalidity of the limitations of the ***asserted*** claims. Dkt. 55 ¶¶ 211, 230, 249, 268–69, 273–76. While two paragraphs reference "each and every claim," *id.* ¶¶ 270, 277, context makes clear they refer to each ***asserted*** claim, as the surrounding allegations all address the asserted claims. *Id.* ¶¶ 268–69, 275–76. Klein's initial invalidity contentions targeted only the asserted claims, and Klein has never sought to amend to add unasserted claims. Tellingly, in the two months between Klein's counterclaims and Milwaukee's motion, Milwaukee never suggested Klein's allegations targeted anything else—until it needed an excuse for its brief. *E.g.*, Ex. 28 at 1. Had Milwaukee done so, Klein could have made clear, unequivocally, that its counterclaims alleged invalidity of only asserted claims.

Second, with respect to delay and lack of diligence, Milwaukee had multiple opportunities to discover its standing defect early but failed to engage diligently in discovery. Instead, its conduct was marked by missed deadlines and tardy document production, punctuated by last-minute document dumps to avoid court intervention. §I.C.2. Milwaukee's failure to produce the [redacted] Agreements when it should have prevented Klein from uncovering the issue earlier.

Third, on Klein's effort and trial preparation, Milwaukee attempts to minimize Klein's efforts by labeling the case as "early." Dkt. 71 at 7. And while it is true that Milwaukee never diligently participated in discovery, Klein produced thousands of documents, obtained third-party discovery, deposed a named inventor, developed invalidity and inequitable conduct positions, and negotiated protective and ESI orders. §§I.C.2, I.D. Milwaukee's claim that "[Klein] appears to agree that there is no prejudice based on current allegations about the Asserted Patents" (Br. at 4)

[redacted]

is false, and Milwaukee knows it, having been corrected when it previously made similar statements. Ex. 31 at 1; Ex. 32 at 2; Ex. 33 at 1. That Milwaukee forced Klein to undertake these tasks for patents Milwaukee did not even own is unfair prejudice. *Madison St. Props.*, 2022 WL 16553182, at *3 (allowing plaintiff "to simply drop the case without compensation for [defendant's] defense efforts would cause 'plain legal prejudice.'").

Simply reusing materials from this case, as Milwaukee suggests, does not erase the prejudice to Klein. To start, the prejudice has already occurred: Milwaukee had no right to sue Klein, which resulted in Klein expending time, effort, and money defending itself against improper claims. Milwaukee also seeks to end-around the Local Patent Rules by adding claims from the Asserted Patents that it could not add here absent good cause. Milwaukee's proposed expansion shows why all the conditions are necessary, not just some of them. Klein would have to (i) renegotiate protective and ESI orders; (ii) revise the discovery plan to account for the new scope; (iii) re-do initial disclosures; (iv) prepare new contentions; (v) re-depose the inventor; (vi) modify and re-serve third-party subpoenas; and (vii) reconsider its litigation strategy. That Milwaukee may file a new case with additional patents does not erase this prejudice; it adds to it.

B. Alternatively, Milwaukee Should Pay Klein's Reasonable Attorneys' Fees and Costs as a Condition for Dismissal or a Sanction

The Court may impose payment of Klein's reasonable attorneys' fees and costs as either a condition of dismissal or a sanction. *Madison St. Props.*, 2022 WL 16553182, at *2 ("Dismissals without prejudice are 'usually granted only if the plaintiff pays expenses incurred by the defendant in defending the suit up to that point.'") (internal quotations omitted); *Sub Zero Franchising*, 2018 WL 1999093, at *4 (awarding attorneys' fees, costs, and expenses incurred defending "against claims and allegations which should never have been filed" because plaintiff lacked standing); *Xped*, 690 F. Supp. 3d at 847, 859–60 (awarding fees as sanction pursuant to inherent power).

[redacted]

1. The Court Should Require Milwaukee to Pay Klein's Reasonable Attorneys' Fees and Costs as a Dismissal Condition

As shown above, three of the four *Pace* factors strongly support imposing conditions. §III.A. Milwaukee had no right to bring this case, and Klein was further prejudiced by revealing its strategy and incurring substantial fees defending itself. §III.A.

If Milwaukee is not held to its litigation choices—it should be—then it should pay Klein's reasonable attorneys' fees and costs to offset what it improperly imposed on Klein. Such a condition is common in the Seventh Circuit, where dismissals without prejudice are "usually granted only if the plaintiff pays expenses incurred by the defendant in defending the suit." *Madison St. Props.*, 2022 WL 16553182, at *2 (internal quotations omitted). The Court should do so here, as allowing Milwaukee to "simply drop the case without compensation for [Klein's] defense efforts would cause 'plain legal prejudice.'" *Id.*, at *3.

2. The Court Should Require Milwaukee to Pay Klein's Reasonable Attorneys' Fees and Costs as a Sanction

Sanctions are warranted and well within the Court's power. For example, in *Xped*, the court awarded fees as inherent-power sanctions based in part on the plaintiff's and counsel's misrepresentation that the plaintiff was based in Chicago. 690 F. Supp. 3d at 853. The court found "objective bad faith" because "a reasonably careful attorney in [plaintiff's counsel's] position would have known [] his client's principal place of business." *Id.* The court further explained that, although the conduct also violated Rule 11, "Rule 11's procedures are inadequate" because the harm—subjecting the defendant to a TRO—had already occurred, and "[w]ithdrawing its false allegations…would do nothing to…remedy the harm it inflicted on [defendant]." *Id.* at 847–848. Likewise, in *Sub Zero*, the court imposed sanctions under Rule 11 and § 1927 for failing to conduct "a reasonable pre-suit investigation" of patent ownership, demonstrating a "reckless indifference" that forced "Defendants to defend against claims and allegations which should never have been

[redacted]

filed" because the plaintiff lacked standing. 2018 WL 1999093, at *2–4.

The same reasoning applies here. As in *Xped* and *Sub Zero*, any reasonable pre-suit investigation would have revealed Milwaukee's lack of standing. §I.B. Milwaukee also represented that it had standing for almost a year despite both the Local Rules and Klein's discovery requests obligating it to investigate the Asserted Patents' ownership. §§I.B, I.C.1–2. Milwaukee cannot deny it knew it did not own the Asserted Patents—it signed the [redacted] Agreements. §I.A–B. Prior pleadings, including from Milwaukee and TCGP (using the same outside counsel), confirm a reasonably careful attorney "would have known, after appropriate inquiry," about the standing issue, which suffices for sanctions. *Xped*, 690 F. Supp. 3d at 853; *Sub Zero*, 2018 WL 1999093, at *2; *see also Xped*, 690 F. Supp. 3d at 854 (sanctioning party for counsel's actions because "[a] litigant bears the risk of errors made by his chosen agent.").

Allowing Milwaukee to merely withdraw the Complaint would not redress Klein's prejudice: a year of costly litigation that never should have been filed. *Sub Zero*, 2018 WL 1999093, at *4; *Xped*, 690 F. Supp. 3d at 853. Indeed, Milwaukee intends to leverage its deficient pre-suit investigation to bring claims it otherwise could not, compounding the harm. The Court should thus order Milwaukee to pay Klein's reasonable attorneys' fees and costs for this case under the Court's inherent authority.[5]

IV. CONCLUSION

The Court should condition any dismissal on the terms Klein proposed, or, alternatively, order Milwaukee to pay Klein's reasonable attorneys' fees and costs for this case.

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[5] Costs are also justified under 28 U.S.C. § 1919. *WiNet Labs LLC v. Motorola Mobility, LLC*, 2021 WL 4929220, at *3–4 (N.D. Ill. Sept. 22, 2021) (ordering costs when party lacked standing).

[redacted]

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Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing sealed filing has been served on counsel of record via email on May 8, 2026.

/s/ Ryan Kane, P.C.
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