

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
ABINGDON DIVISION**

**TITAN ATLAS MANUFACTURING  
INC. and STRATA MINE SERVICES,  
LLC,** )

Plaintiffs, )

v. )

**FRANK A. SISK and PRECISION MINE  
MINE REPAIR, INC.,** )

Defendants. )

Case No. 1:11CV00012

**FRANK A. SISK and PRECISION MINE  
REPAIR, INC.,** )

Plaintiffs, )

v. )

**TITAN ATLAS MANUFACTURING  
INC. and STRATA MINE SERVICES,  
INC.,** )

Defendants. )

Case No. 1:11CV00068

**OPINION AND ORDER**

*Jonathan T. Blank and Lisa M. Lorish, McGuire Woods LLP,  
Charlottesville, Virginia, and Mark Varboncouer, McGuire Woods LLP, Chicago,*

*Illinois, for Strata Mine Services, LLC; Mark D. Loftis, Woods Rogers PLC, Roanoke, Virginia, and James A. Gale and Javier Sobrado, Feldman Gale, P.A., Miami, Florida, and Gregory L. Hillyer and Michael P. Hogan, Feldman Gale, P.A., Philadelphia, Pennsylvania, for Frank Sisk and Precision Mine Repair, Inc.*

In these consolidated patent and contract cases, for the reasons that follow, I will grant a motion to amend and deny a reciprocal motion for summary judgment on the issue of inequitable conduct.

## I

Strata Mine Services, LLC (“Strata”) moves to amend its First Amended Complaint for Declaratory Judgment, along with its Answer and Affirmative Defenses to the Third Amended Complaint of Frank Sisk (“Sisk”) and Precision Mine Repair, Inc. (“PMR”), to allege (1) patent invalidity due to inequitable conduct, and (2) unenforceability of a restrictive covenant. Sisk and PMR argue that I should deny the motion to amend because amendment would be futile and because the late assertion of a new affirmative defense would prejudice them. In the alternative, in the event that I grant the motion to amend, Sisk and PMR move for summary judgment on the issue of inequitable conduct.

## II

Rule 15(a)(2) of the Federal Rules of Civil Procedure provides that courts should freely give leave to amend pleadings when justice so requires. Fed. R. Civ. P. 15(a)(2). I may only deny a motion to amend a pleading where there is prejudice to the opposing party, bad faith on the part of the moving party, or futility of the proposed amendment. *Laber v. Harvey*, 438 F.3d 404, 426-27 (4th Cir. 2006).

Sisk and PMR argue that Strata's proposed addition of averments related to inequitable conduct would be futile because the standard for inequitable conduct is high and the new averments do not satisfy that high standard. In particular, Strata alleges that Grace Fishel withheld material information from the patent examiner with a specific intent to deceive the examiner, while Sisk and PMR assert that there is no evidence of any deceptive intent. This dispute of fact does not bear upon Strata's ability to amend its pleadings. Strata's asserted theory of inequitable conduct requires proof of Fishel's intent, which is inherently a fact issue to be decided by the jury. *See M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co.*, 439 F.3d 1335, 1339-40 (Fed. Cir. 2006). Sisk and PMR have not shown that the proposed amendment would be futile. Therefore, I will grant Strata's motion to amend to add allegations relating to inequitable conduct. Because there is a

disputed issue of material fact relating to the theory of inequitable conduct, I will also deny the motion of Sisk and PMR for summary judgment on that issue.

Sisk and PMR also argue that Strata should not be permitted to amend its pleadings to assert the unenforceability of a restrictive covenant in the contract at issue because Strata has not shown good cause for deviating from the schedule set forth in my Scheduling Order, and because Sisk and PMR would be prejudiced by the late addition of an affirmative defense. In response, Strata argues that Sisk and PMR would not be prejudiced by the proposed amendment because Sisk and PMR have always had the burden of proving the enforceability of the restrictive covenant; thus, Sisk and PMR should have realized that discovery on the issue might have been necessary. Strata contends that Sisk and PMR will not suffer any prejudice if Strata is permitted to amend its pleadings to assert that the covenant is unenforceable.

I agree with Strata that Sisk and PMR will not be prejudiced by the proposed amendment. A party seeking to enforce a restrictive covenant bears the burden of proving that the covenant is enforceable. *See, e.g., Brown & Brown, Inc. v. Ali*, 592 F. Supp. 2d 1009, 1044 (N.D. Ill. 2009); *Cambridge Eng'g, Inc. v. Mercury Partners 90 BI, Inc.*, 879 N.E.2d 512, 523 (Ill. App. Ct. 2007).<sup>1</sup> Here, Sisk and

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<sup>1</sup> I have previously ruled that Illinois law governs the contract dispute portion of these cases. *Titan Atlas Mfg., Inc. v. Sisk*, Nos. 1:11CV00012, 1:11CV00068, 2011 WL 5041322 at \*1 (W.D. Va. Oct. 22, 2011).

PMR seek to enforce the restrictive covenant contained in the distributorship agreement; therefore, they must carry the burden of proving the covenant's enforceability. The proposed amendment thus does not create any new issues on which Sisk and PMR would be required to take discovery. While the proposed amendment does not appear to have a significant substantive effect on Strata's pleadings, that is not a reason to deny leave to amend. Because Sisk and PMR have not established prejudice, bad faith, or futility, I grant Strata's motion to amend its pleadings to add allegations regarding unenforceability of the restrictive covenant.

### III

For the foregoing reasons, it is **ORDERED** as follows:

1. The Motion to Amend (ECF No. 183) is **GRANTED**;
2. Strata shall forthwith file the Second Amended Complaint and Amended Answer and Affirmative Defenses and Counterclaims;
3. The Motion for Summary Judgment of No Inequitable Conduct (ECF No. 193) is **DENIED**; and
4. Sisk and PMR must file responsive pleadings to the Second Amended Complaint and Counterclaims within 7 days of the date of entry of this Opinion and Order.

ENTER: October 17, 2012

/s/ James P. Jones  
United States District Judge