

1 JOSEPH S. LEVENTHAL (221043)  
joseph.leventhal@dinsmore.com  
2 NICHOLAS R. TRANSIER (265211)  
nick.transier@dinsmore.com  
3 DINSMORE & SHOHL LLP  
4 655 West Broadway, Suite 800  
5 San Diego, California 92101  
6 Ph: 619-400-0500  
7 Fx: 619-400-0501

8 Attorneys for Plaintiff  
LPI, INC.

9  
10 **UNITED STATES DISTRICT COURT**  
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12  
13 LPI, INC.,

14 Plaintiff,

15 v.

16  
17 WATKINS MANUFACTURING  
CORPORATION, INC., CALDERA  
18 SPAS AND BATH RETAIL, LLC, AND  
19 WATKINS WELLNESS, LLC,

20 Defendants.

Case No. '24CV0215 H VET

**COMPLAINT FOR PATENT  
INFRINGEMENT**

**JURY TRIAL DEMANDED**

1 Plaintiff LPI, Inc. (“**LPI**” or “**Plaintiff**”) complains and alleges as follows  
2 against Defendants Watkins Manufacturing Corporation, Inc. (“**Watkins**”), Caldera  
3 Spas & Bath Retail, LLC d/b/a Caldera Spas (“**Caldera**”), and Watkins Wellness, LLC  
4 (“**Wellness**”) (collectively, “**Defendants**” or the “**Watkins Defendants**”).

5 **INTRODUCTION**

6 1. This is an action for patent infringement arising under the patent laws of  
7 the United States, 35 U.S.C. § 100, *et seq.*

8 2. LPI is a global leader in hot tub manufacturing. LPI is a market leader in  
9 the design, development, manufacture, sale and/or distribution of a variety of hot tubs  
10 and spa equipment, and is owner of at least ten subsidiaries in the spa and wellness  
11 industry.

12 3. LPI distributes and sells its products in the United States including from  
13 70 stores across the country.

14 4. LPI was formed in 2012 by David Hatley in Johnson City, Tennessee. LPI  
15 quickly grew to become a leading manufacturer in hot tubs and spa equipment across  
16 the United States. LPI has invested heavily in providing consumers state-of-the-art hot  
17 tubs and related products, with two manufacturing facilities in Johnston City totaling  
18 over 444,000 square feet. In those world-class facilities, LPI manufactures, builds, and  
19 ships all of the products sold under numerous of its brands, including Catalina Luxury  
20 Spas, Dr. Wellness Therapy Spas, and Tuff Spas.

21 5. LPI owns a number of patents covering its many innovative hot tub  
22 designs. One patent specifically covers a combination spa system with a simultaneous  
23 cooling and heating effect in U.S. Patent No. 7,712,161 (the “**161 Patent**” or the  
24 “**Asserted Patent**”). On May 11, 2010, the U.S. Patent and Trademark Office  
25 (“**USPTO**”) duly and lawfully issued the ‘161 Patent, which is entitled “Combination  
26 Spa System with Water Chilling Assembly.” The ‘161 Patent was assigned to LPI on  
27 November 29, 2018 and the assignment was recorded on March 26, 2019.

28



1 14. On information and belief, Wellness is a limited liability company  
2 organized under the laws of the State of California with its principal place of business  
3 at 4826 Santa Cruz Avenue, San Diego, California. On information and belief,  
4 Wellness is wholly owned by Watkins.

5 15. The Watkins Defendants directly or indirectly develop, design,  
6 manufacture, use, distribute, market, offer to sell, and/or sell products in the United  
7 States, including hot tubs and spa equipment.

8 **JURISDICTION AND VENUE**

9 16. This action arises under the patent laws of the United States, 35 U.S.C. §  
10 100, *et seq.*, which are within the subject matter jurisdiction of this federal district court  
11 under 28 U.S.C. §§ 1331 and 1338(a).

12 17. Defendants are subject to personal jurisdiction in this District based upon  
13 their formation under the laws of the State of California, their transactions of business  
14 in this District, and their use, marketing, distributing, offering for sale, and/or sales of  
15 infringing systems, devices and instruments, which has caused LPI harm in this  
16 District.

17 18. Venue is proper in this District under 28 U.S.C. § 1391(b), (c), and/or §  
18 1400(b) at least because Defendants reside in this District and are subject to personal  
19 jurisdiction in this District.

20 **FACTUAL BACKGROUND**

21 19. For almost fifteen years, customers looking to enjoy a temperature-  
22 controlled tub, either to relax and for recreational purposes, or to soothe sore muscles  
23 and for medical purposes, have turned to the hot/cold tubs manufactured and sold by  
24 LPI (hereafter, “**LPI Hot/Cold Tubs**”) and LPI’s related spa products. Customers  
25 interested in investing in LPI products can visit one of its 70 stores where most products  
26 are fully stocked. Alternatively, customers can purchase certain products based on  
27 availability online or through other channels.

28

1           20. LPI also sells its products through a number of subsidiaries, including  
2 Aqua Living Factory Outlets, Atera Spas, Catalina Spas, Dr. Wellness Providing  
3 Therapy for Life, Tuff Spas, Plug and Power Spas, Hudson Bay Spas, Pinnacle Spas,  
4 Hydro Spas, Signature Spas, Energy Saver Spa Equipment, and Wholesale Spa Covers.

5           21. Many of LPI’s subsidiaries have a long history of offering hot tubs and  
6 related products. For example, Catalina Spas has been in operation since 1977.

7           22. Many features of various of the LPI Hot/Cold Tubs are covered by claims  
8 included in the ‘161 Patent. All LPI Hot/Cold Tubs are marked indicating their features  
9 are covered by patents owned by LPI. Several of the LPI Hot/Cold Tubs are marked  
10 indicating their features are covered by claims included in the ‘161 Patent.

11           23. The USPTO has favorably reviewed the validity of the ‘161 Patent,  
12 declining to institute *inter partes* review. A true and correct copy of the USPTO’s  
13 decision is attached hereto as **Exhibit B**.

14           24. Defendants’ business is focused on hot tubs and spa equipment.

15           25. Defendants market a spa system with a CoolZone™ feature that  
16 purportedly helps customers “find the best summer hot tub temperature setting.”  
17 Defendants tell customers that, “with CoolZone™, available only from Watkins  
18 Wellness®, you can tweak your hot tub temperature setting to refreshing cool  
19 temperatures in warm weather,” as depicted below.

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**“It’s over 100°F outside, and we are staying cool in our Caldera® spa.”**

With the CoolZone™ hot tub cooling system, your Caldera spa can both heat and cool the water – something that is not possible in most hot tubs. This easy to use innovation expands your hot tub use, so you and your family can enjoy hot tubbing more, all year long.

**Figure 2<sup>2</sup>**

27. Defendants offer at least one hot tub with the infringing CoolZone™ feature in its Caldera CoolZone™ Hot Tub Cooling System (the “**Caldera Hot Tub**” or “**Accused Product**”), as depicted below. On information and belief, Defendants have earned profits by virtue of their commercialization of the infringing feature.



**Figure 3<sup>3</sup>**

28. Defendants provide instructions to third parties, including customers, such as consumers of hot tub, spa, and related equipment, on how to use the Accused Product

<sup>2</sup> *Be cool in your hot tub!*, Caldera Spas, <https://www.calderaspas.com/hot-tub-accessories/cold-water-hot-tub> (last accessed December 5, 2023).

<sup>3</sup> *Caldera Spas Blog Post*.

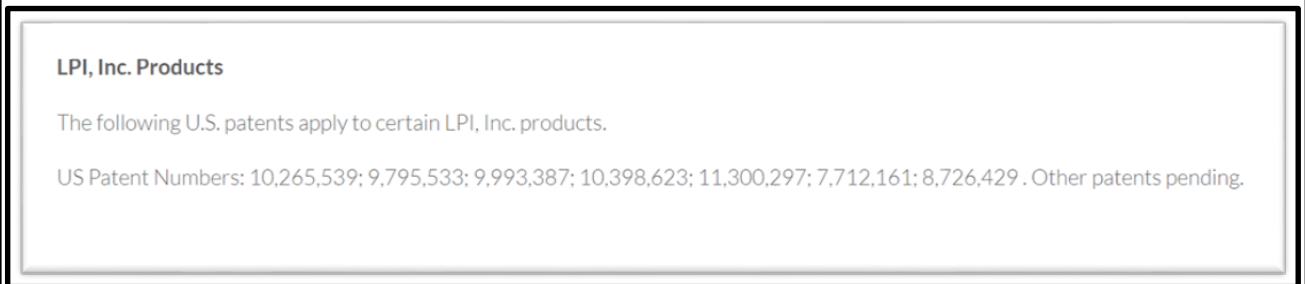
1 through publications including user guides. An example of one such user guide is  
2 attached hereto as **Exhibit C**.

3 29. Defendants, directly and/or indirectly, manufacture, market, offer for sale,  
4 sell, use and/or distribute in the United States hot tubs, spa and related equipment  
5 which, alone or together, infringe the ‘161 Patent.

6 30. On information and belief, at all relevant times to this action, Defendants  
7 knew of and/or were willfully blind to the ‘161 Patent.

8 31. Certain facts indicate Defendants had knowledge of the ‘161 Patent. For  
9 example, LPI and Defendants are direct and active competitors.

10 32. The ‘161 Patent is also identified alongside a number of LPI’s patents on  
11 LPI’s homepage (<https://lpiinc.com/>).



12  
13  
14  
15  
16  
17 **Figure 4**

18 33. Notably, Defendants filed for a patent entitled “Portable spa monitoring  
19 and control circuitry” (U.S. Patent No. 9,658,256) almost **ten years after** LPI filed for  
20 the ‘161 Patent.

21 34. Defendants boasted about its technology for achieving the “ideal hot tub  
22 temperature” almost **fifteen years after** LPI filed for the ‘161 Patent  
23 ([https://www.calderaspas.com/wellness-blog/how-coolzone-can-help-you-find-the-](https://www.calderaspas.com/wellness-blog/how-coolzone-can-help-you-find-the-best-summer-hot-tub-temperature-setting)  
24 [best-summer-hot-tub-temperature-setting](https://www.calderaspas.com/wellness-blog/how-coolzone-can-help-you-find-the-best-summer-hot-tub-temperature-setting)).

25 35. Defendants had knowledge of LPI’s patents at least by the date of LPI’s  
26 cease-and-desist letter to Defendants with the subject line “Infringement of U.S. Patent  
27 No. 7,712,161, Owned by LPI Inc,,” sent on August 25, 2023. A true and correct copy  
28 of the cease-and-desist letter is attached hereto as **Exhibit D**.



1 36. Defendants have additional knowledge of the ‘161 Patent upon receipt of  
2 this complaint.

3 37. LPI has suffered, and continues to suffer, damages as a result of  
4 Defendants’ infringement of the ‘161 Patent.

5 **FIRST CAUSE OF ACTION**  
6 **(Infringement of U.S. 7,712,161)**

7 38. LPI incorporates the foregoing paragraphs by reference as though set forth  
8 fully herein.

9 39. Defendants have directly infringed, and continue to directly infringe,  
10 literally or under the doctrine of equivalents, at least claim 1 of the ‘161 Patent by  
11 making, using, offering to sell, and/or selling within the United States, and/or by  
12 importing into the United States, certain products, including the Accused Product,  
13 and/or induced infringement, pursuant to 35 U.S.C. § 271(b), and/or contributed to  
14 infringement, pursuant to 35 U.S.C. § 271(c), of the ‘161 Patent by others, such as  
15 distributors or consumers of hot tubs.

16 40. On information and belief, the Accused Product meets every limitation,  
17 literally or under the doctrine of equivalents, of at least claim 1 of the ‘161 Patent, and  
18 Defendants’ making, using, offering for sale, selling, and/or importing into the United  
19 States of the Accused Product directly infringes at least claim 1 of the ‘161 Patent  
20 pursuant to 35 U.S.C. § 271(a).

21 41. LPI provides the following example to show that the Accused Product  
22 infringes claim 1 of the ‘161 Patent.

23 42. Claim 1 of the ‘161 Patent recites (reference numerals have been  
24 interlineated in bracketed red text for easy of reference):

25 **[1.0]** A spa system, comprising:

26 **[1.1]** a tub; and

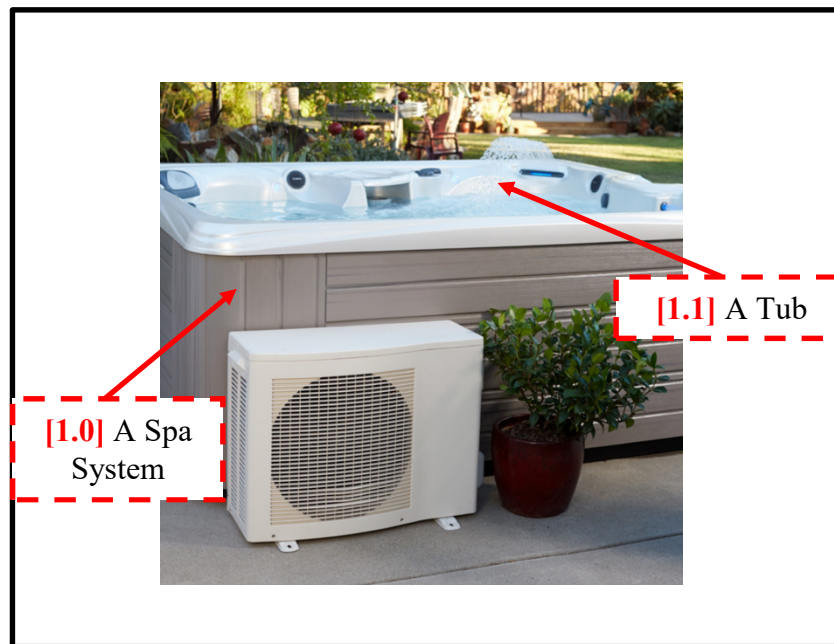
27 **[1.2.1]** water heating and cooling devices operatively coupled in  
28 series to a **[1.2.2]** water circulating system adapted to withdraw and return  
water relative to the tub **[1.2.3]** to convey water from the tub in series first

1 to one of the water heating and cooling devices and then to the other of  
2 the waterheating and cooling devices and then back to the tub, [1.2.4] the  
3 water heating device operative to heat water passing through the  
4 circulating system, and [1.2.5] the water cooling device operative to chill  
5 water passing through the circulating system; and

6 [1.3.1] a thermostat operatively coupled to both the heating and  
7 cooling devices, the thermostat operative to control the operation of both  
8 the heating and cooling devices to set a desired temperature of water  
9 passing through the circulating system.

10 43. The Accused Product is a spa system that includes *a tub*.

11 44. For example, the Accused Product includes:



21 **Figure 5<sup>4</sup>**

22 45. The Accused Product is a spa system that includes *a water heating and*  
23 *cooling devices operatively coupled in series to a water circulating system adapted to*  
24 *withdraw and return water relative to the tub to convey water from the tub in series*  
25 *first to one of the water heating and cooling devices and then to the other of the water*  
26 *heating and cooling devices and then back to the tub.*

27  
28  
<sup>4</sup> Caldera Spas Blog Post.

46. For example, the Accused Product’s User Guide explains:

[1.2.5] Water Cooling Device Operative to Cool Water

TO CHILL YOUR SPA WATER	
COOLZONE MODE	WHY/WHEN TO USE
Chill	Chills the water, but will not heat the water back up if it drops below the set temperature. Great for when air temperature is hotter than desired water temperature. (Recommended setting for cooling your spa water)
Auto Saver	Chills the water, and will heat the water back up using the efficient* CoolZone unit if it drops below the set temperature.
Auto with Boost	Chills the water, and will heat the water back up using the efficient* CoolZone unit and the spa heater if it drops below the set temperature.
TO HEAT YOUR SPA WATER	
COOLZONE MODE	WHY/WHEN TO USE
Heat Saver	Heats the water and maintains the temperature using the efficient* CoolZone unit. (Recommended setting for heating your spa water)
Heat with Boost	Heats the water and maintains the temperature using the efficient* CoolZone unit and the spa heater. Great for when you want to heat the water back up to your desired temperature setting quickly, after chilling it.

[1.2.4] Water Heating Device Operative to Heat Water

[1.2.1] Water Cooling and Heating Device

Figure 6<sup>5</sup>

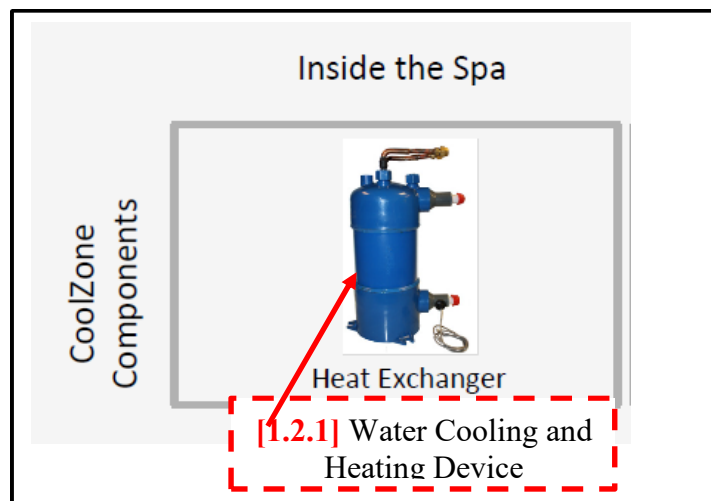


Figure 7<sup>6</sup>

<sup>5</sup> Exhibit C, *Caldera Hot Tub User Guide*, pg. 4.

<sup>6</sup> *Id.*

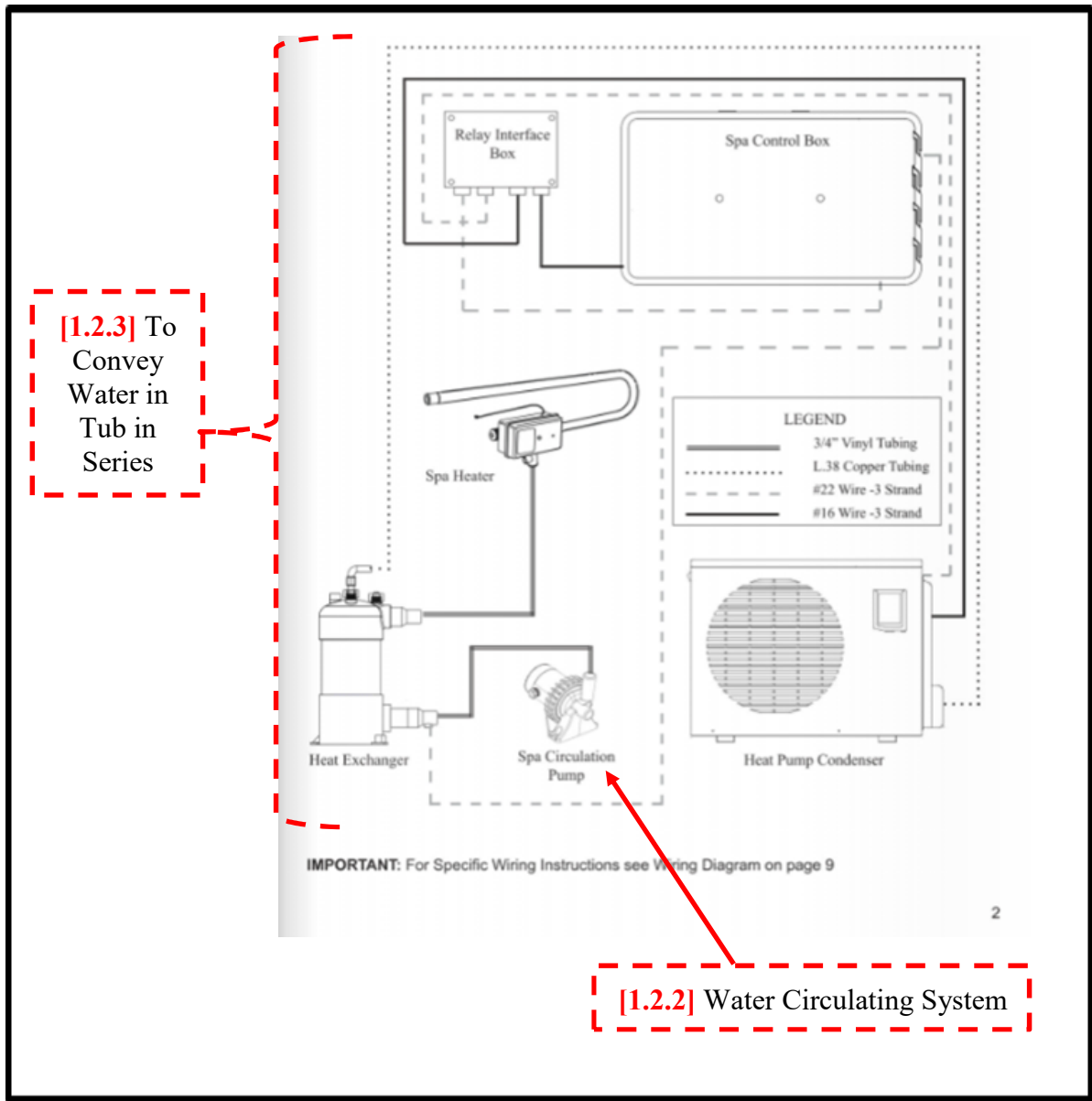
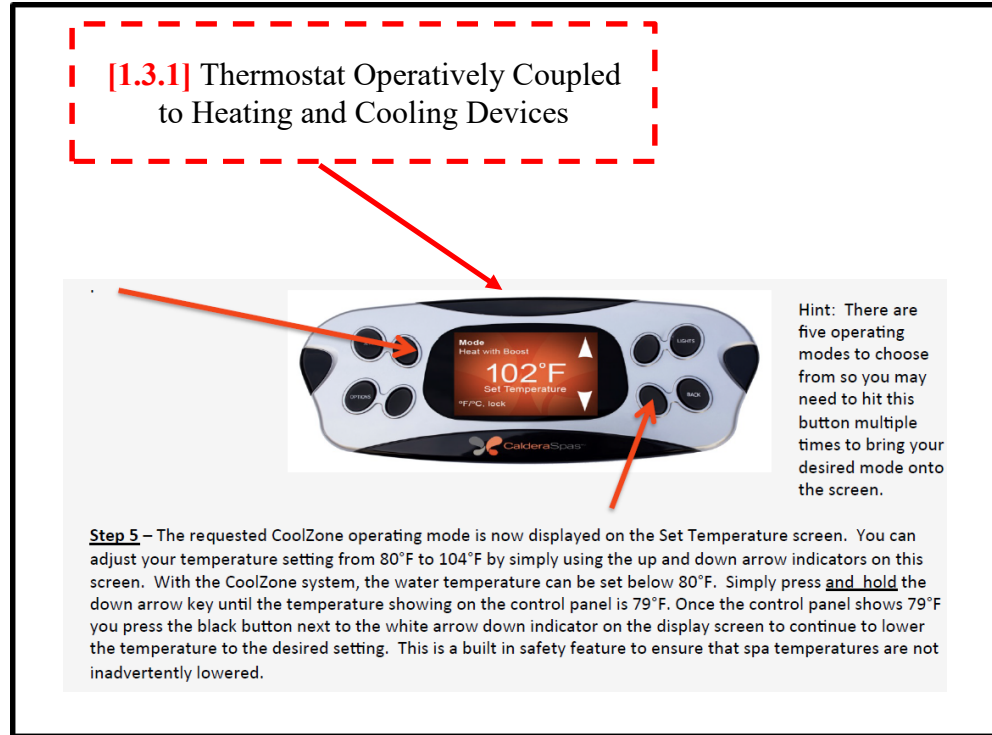


Figure 8<sup>7</sup>

47. The Accused Product is a spa system that includes *a thermostat operatively coupled to both the heating and cooling devices, the thermostat operative to control the operation of both the heating and cooling devices to set a desired temperature of water passing through the circulating system.*

<sup>7</sup> COOLZone Install Instructions Caldera, November 17, 2021, <https://www.flipsnack.com/F985EEDD75E/coolzone-install-instruction-caldera.html> (last accessed December 5, 2023).

1 48. For example, the Accused Product’s User Guide explains that a thermostat  
2 allows heating and cooling, and specifically depicts and instructs:



17 **Figure 9<sup>8</sup>**

18 49. Unless enjoined by this Court, Defendants will continue to infringe the  
19 ‘161 Patent and, as a direct result, LPI will continue to suffer harm, including  
20 irreparable harm for which there is no adequate remedy at law. Accordingly, LPI is  
21 entitled to injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

22 50. LPI has suffered and will continue to suffer damage as a direct and  
23 proximate result of Defendants’ infringement of the ‘161 Patent. Thus, in addition to  
24 injunctive relief, LPI is entitled to recover damages for such infringement pursuant to  
25 35 U.S.C. § 284 in an amount to be proven at trial.

26 51. On information and belief, the infringement of the ‘161 Patent by  
27 Defendants has been and continues to be willful and deliberate.

28 \_\_\_\_\_  
<sup>8</sup> Exhibit C, *Caldera Hot Tub User Guide*, pg. 5.

1 52. Defendants have committed and continue to commit all of the above acts  
2 of infringement without license or authorization from LPI.

3 53. On information and belief, Defendants have had knowledge of the ‘161  
4 Patent and knowledge that the Accused Product is covered by the ‘161 Patent.

5 54. Defendants have had knowledge of the ‘161 Patent and of the Accused  
6 Product’s infringement of the ‘161 Patent at least since LPI e-mailed Defendants a  
7 cease-and-desist letter on August 25, 2023 outlining LPI’s rights and position and  
8 Defendants’ infringement. *See* Exhibit D.

9 55. Defendants confirmed receipt of the cease-and-desist letter and refused to  
10 engage in meaningful efforts to resolve the matter despite their knowledge of LPI’s  
11 patents.

12 56. Defendants have copied and made, offered for sale and sold the Accused  
13 Product knowing the risk of infringement and/or in view of a risk of infringement that  
14 was sufficiently obvious that it should have been known to Defendants.

15 57. Defendants’ infringing actions have been and continue to be willful,  
16 entitling LPI to increased damages pursuant to 35 U.S.C. § 284.

17 58. Defendants’ egregious conduct justifies an increase of three times the  
18 damages to be assessed pursuant to 35 U.S.C. § 284, and further qualifies this action  
19 as an exceptional case supporting an award of reasonable attorneys’ fees pursuant to  
20 35 U.S.C. § 285.

21 **PRAYER FOR RELIEF**

22 WHEREFORE, LPI respectfully prays for judgment in its favor against  
23 Defendants as follows:

24 A. a judgment adjudging Defendants to have infringed the ‘161 Patent  
25 pursuant to 35 U.S.C. § 271(a), (b) and/or (c);

26 B. an order that Defendants and each of their officers, employees, agents,  
27 attorneys, all of their parent, subsidiary, and affiliate corporations, other of their related  
28 business entities, and any persons in active concert, participation or in privity with one



1 or more of the foregoing, and each of their successors and assigns, be permanently  
2 restrained and enjoined from continued acts of infringement of the ‘161 Patent;

3 C. an award of damages sustained as a result of Defendants’ infringement of  
4 the ‘161 Patent in an amount to be determined at trial as provided pursuant to 35 U.S.C.  
5 § 284 that is adequate to compensate LPI for Defendants’ infringement;

6 D. an order requiring the impounding and destruction of all products  
7 infringing the ‘161 Patent;

8 E. an order trebling damages pursuant to 35 U.S.C. § 284 as a result of  
9 Defendants’ willful infringement;

10 F. a finding adjudging that this is an exceptional case pursuant to 35 U.S.C.  
11 § 285;

12 G. an award to LPI of its costs and attorneys’ fees and expenses in this action,  
13 as provided by 35 U.S.C. § 284;

14 H. an accounting for infringing sales not presented at trial and an award by  
15 the Court of additional damages for any such infringing sales;

16 I. an award of pre-judgment and post-judgment interest and costs; and

17 J. such other relief as this Court may deem just and proper.

18  
19 Respectfully submitted,

20 Dated: January 31, 2024

DINSMORE & SHOHL LLP

21  
22  
23 By: /s/ Joseph S. Leventhal  
24 JOSEPH S. LEVENTHAL  
25 NICHOLAS R. TRANSIER  
26 *Counsel for Plaintiff*  
27 LPI, Inc.  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**DEMAND FOR JURY TRIAL**

LPI demands a trial by jury under Rule 38 of the Federal Rules of Civil Procedure on all issues in this action so triable.

Respectfully submitted,

Dated: January 31, 2024

DINSMORE & SHOHL LLP

By: /s/ Joseph S. Leventhal  
JOSEPH S. LEVENTHAL  
NICHOLAS R. TRANSIER  
*Counsel for Plaintiff*  
LPI, Inc.