



Portfolio Media, Inc. | 111 West 19th Street, 5th floor | New York, NY 10011 | www.law360.com
Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Inventor Settles \$89M Licensing Row Over Nuclear Technology

By **Carolina Bolado**

Law360, Miami (July 31, 2017, 8:06 PM EDT) -- An Italian inventor who sued in Florida federal court over an \$89 million licensing agreement for an energy catalyzer patent has settled the dispute with licensee Cherokee Investment Partners LLC over technology for a low-energy nuclear reactor called the E-Cat.

Inventor Andrea Rossi and Cherokee told the court July 5 that they had settled the lawsuit, ending the dispute one week into a planned five-week trial.

Details of the deal were not made public. Attorneys for the parties did not respond to requests for comment.

Under the terms of the \$100 million agreement at the heart of the dispute, Industrial Heat LLC, which was created by Cherokee, was supposed to make three payments: first, a \$1.5 million payment to buy the E-Cat equipment, then a \$10 million fee for the technology, and finally an \$89 million payment once the equipment passed performance tests after 400 days of operation.

In **opening statements** on June 30, Rossi's attorney Brian Chaiken of Annesser & Chaiken PLLC told jurors that Rossi and his Leonardo Corp. are owed \$89 million from the licensees, which boasted about acquiring the technology for the E-Cat through the 2012 agreement but failed to live up to their end of the deal.

At one point, in an investment memorandum, Industrial Heat said the future success of the company was dependent on one key individual: Rossi, according to Chaiken.

But Industrial Heat changed its tune in May 2015, he said, when it successfully sold 4 percent of the company for \$50 million. After that investment, Chaiken said the narrative changed, and the company began to say that Rossi was unreliable and that the test results of his E-Cat technology were unreliable.

Christopher Pace of Jones Day — who represents Industrial Heat, Cherokee, its founder Thomas Darden and manager John T. Vaughn — told jurors a different story, one in which his clients were deliberately lied to regarding the performance of the E-Cat.

That performance test allegedly took place in a warehouse in Doral, Florida, but Pace told jurors the whole thing was a sham.

He said his clients let Rossi take the equipment from North Carolina, where the defendants are located, to Florida because Rossi said he had found a customer that wanted to use the E-Cat and could test it in a real-world scenario. Rossi told them the customer, JM Products, was an affiliate of Johnson Matthey, a U.K.-based multinational chemical company.

But Pace said his clients later discovered that JM Products was a sham company set up by third-party defendant Henry Johnson at the direction of Rossi.

Pace told jurors that his clients tried to gain access to JM Products' warehouse but were blocked and

told that the company was engaged in a secretive manufacturing process. When Industrial Heat finally got an engineer into the warehouse, they found problems, he said.

Leonardo and Rossi are represented by John W. Annesser and Brian Chaiken of Annesser & Chaiken PLLC and John C. Lukacs Sr. of Hinshaw & Culbertson LLP.

The defendants are represented by Christopher R.J. Pace, Christopher M. Lomax and Christina Mastrucci of Jones Day.

The case is Andrea Rossi et al. v. Thomas Darden et al., case number 1:16-cv-21199, in the U.S. District Court for the Southern District of Florida.

--Editing by Orlando Lorenzo.

All Content © 2003-2020, Portfolio Media, Inc.