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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MONTANA
MISSOULA DIVISION**

ADELLOS, INC.,

Plaintiff,

vs.

HALLIBURTON ENERGY SERVICES,
INC.,

Defendant.

) **FIRST AMENDED COMPLAINT**
) **FOR PATENT INFRINGEMENT**
) **AND CONVERSION**

) **JURY TRIAL DEMANDED**

) Case No. 9:16-cv-00119-DLC
)
)
)

Pursuant to this Court's Order (Dkt. No. 67), granting Plaintiff Adelos, Inc. ("Plaintiff" or "Adelos") leave to amend its conversion claim, Adelos submits this Amended Complaint against Defendant Halliburton Energy Services, Inc. ("Defendant" or "Halliburton"). Consistent with the Court's Order (Dkt. No. 67), the only changes in this Amended Complaint relate directly to Adelos's conversion claim (Count IV) or the removal of references to parties that have been previously dismissed from this action. The remainder of the substantive allegations remain unchanged. Adelos hereby demands a jury trial and alleges as follows:

I. INTRODUCTION

1. Adelos brings this action as a result of Defendant's unlawful scheme to obtain improper access to and misappropriate its proprietary technology developed out of its work with the United States Navy's BLUE ROSE technology. Under the guise of developing a business relationship, Defendant obtained Adelos' technical information, tried clandestinely to obtain a patent on it, and falsely claimed and marketed it as their own without any notice to Adelos or the United States Navy.

2. Adelos' technology turns ordinary fiber optic cable into a highly adept sensing device. The United States Navy developed the first generation of this technology for deployment in a highly classified and effective anti-submarine warfare program. The United States Navy ultimately saw the incredible

commercial potential of this technology in such diverse industries as oil and gas exploration and homeland security and decided to declassify and patent it.

3. Adelos was selected by the United States Navy to be its world-wide exclusive licensee to market and commercialize the BLUE ROSE technology. In addition to the four United States Patents originally granted to the United States Navy,¹ Adelos has spent considerable time, effort and resources in making significant advances to this technology. Many of these advances are contained within more than a dozen pending patent applications covering various aspects of this novel technology, providing for a fiber optic sensor array that can detect real-time, location-specific changes along an optical fiber, such as sound, pressure and temperature. The Navy Patents, the related pending patent applications, the technical information regarding the technology, and the advances made to this technology by Adelos are collectively referred to herein as “the Adelos Proprietary Technology.”

4. The Adelos Proprietary Technology has been commercially successful, with Adelos securing significant contracts with the Department of

¹ Adelos is the exclusive licensee of United States Patent No. 7,030,971 (the “971 Patent”) (attached hereto as Exhibit A); United States Patent No. 7,268,863 (the “863 Patent”) (attached hereto as Exhibit B); United States Patent No. 7,271,884 (the “884 Patent”) (attached hereto as Exhibit C); and United States Patent No. 7,274,441 (collectively, the “Navy Patents”). In this action, Adelos is asserting the ‘971 Patent, the ‘863 Patent, and the ‘884 Patent (collectively, the “Asserted Patents”).

Energy and the United States Air Force Nuclear Weapons Center, resulting in significant revenue for Adelos.

5. In late 2011, Halliburton approached the United States Navy and expressed a strong desire in acquiring rights to the BLUE ROSE technology. The United States Navy referred Halliburton to Adelos. Halliburton then began discussions with Adelos and represented that it was interested in acquiring rights to the Adelos Proprietary Technology.

6. From early 2012 through late 2014, Halliburton proceeded to extract detailed information regarding the Adelos Proprietary Technology, which included convincing Adelos to perform testing for Defendant at Adelos' headquarters in Montana so that they could observe the technology in action. Believing that Halliburton was acting in good faith in developing a business relationship with Adelos, Adelos provided a wealth of technical information to Halliburton.

7. In August 2013, Halliburton secretly filed a foreign "PCT" application (PCT/US13/054588) (attached hereto as Exhibit D) that disclosed the very same technology that is the heart and soul of the Adelos Proprietary Technology.

8. In this application, Halliburton purported to disclose, for the first time, the very same technology that Halliburton was simultaneously seeking information on from Adelos. The application falsely claimed that agents of Halliburton were the sole inventors of the disclosed technology. Halliburton never revealed to

Adelos or the United States Navy that it had filed, or intended to file, this application and likewise failed to disclose the Navy Patents in this application.

9. In January 2016, six months after it broke off discussions with Adelos, Halliburton again attempted to convert the Adelos Proprietary Technology by secretly filing a United States patent application (No. 14/903,503), again claiming that agents of Halliburton were the sole inventors. Halliburton never disclosed to Adelos or the United States Navy that it had filed, or intended to file, this application.

10. In addition to the filing of these patent applications that converted the Adelos Proprietary Technology, Halliburton also began to incorporate the technology disclosed in the Asserted Patents in its own products and services without the permission of Adelos or the United States Navy. These Halliburton products and services infringe the Asserted Patents.

11. Under the guise of negotiating and establishing a business relationship with Adelos, Halliburton induced Adelos to divulge information related to the Adelos Proprietary Technology. Defendant then misappropriated that information and surreptitiously filed patent applications covering this technology, falsely claiming that agents of Halliburton had invented the technology, when they did not. In addition, Halliburton began to incorporate the technology disclosed in the Asserted Patents into its own products and services. At no time did Defendant

disclose to Adelos or the United States Navy its efforts to convert the Adelos Proprietary Technology or its infringement of the Asserted Patents.

12. As a result of Halliburton's improper and illegal behavior, Adelos now brings this suit for conversion and patent infringement.

II. NATURE OF ACTION

13. This is a civil action for Defendant's conversion of the Adelos Proprietary Technology, as well as for Defendant's infringement of the '971 Patent, the '863 Patent, and the '884 Patent, arising under Montana law and the patent laws of the United States, 35 U.S.C. § 1, *et seq.*

14. Adelos is the exclusive licensee of the Navy Patents, and any patents issuing thereon, with all right, title and interest necessary to bring this action and recover all amounts due thereon. Adelos additionally has all rights, title, and interest in any reissue, divisional and continuation patent applications resulting from the Navy Patents.

15. As set forth in detail herein, Defendant acquired under false pretenses access to the Adelos Proprietary Technology and secretly claimed it as their own in patent applications. Additionally, Defendant has made, used, imported, offered to sell or sold – and continue to make, use, import, offer to sell or sell – the technology claimed in the Asserted Patents. Defendant's infringement of the Asserted Patents has been, and continues to be, willful.

16. Adelos seeks damages, including punitive damages, for Defendant's conversion of the Adelos Proprietary Technology, as well as damages under 35 U.S.C. §§ 284-285 for Defendant's infringement of each of the Asserted Patents. Adelos also seeks a preliminary, and thereafter a permanent, injunction preventing Defendant from continuing to benefit from the Adelos Proprietary Technology.

III. THE PARTIES

17. Plaintiff Adelos, Inc. is a Nevada corporation with its principal place of business located at 145 Southlake Crest, Suite 2, Polson, Montana 59860. Adelos, Inc. is a subsidiary of S&K Technologies, Inc. S&K Technologies, Inc. is a federally-chartered corporation owned by the Confederated Salish and Kootenai Tribes.

18. Adelos is an advanced fiber optic sensor development company that has specialized in marketing and commercializing its fiber optic sensor products for over a decade. Adelos and its predecessors have collaborated with specialized groups at the United States Navy, the Idaho National Laboratory, and the Department of Defense on projects related to this fiber optic sensing technology.

19. Defendant Halliburton Energy Services, Inc. is a Delaware corporation with its principal place of business located at 3000 North Sam Houston Parkway East, Houston, Texas 77032. Halliburton Energy Services, Inc. is a wholly owned subsidiary of Halliburton Company. Defendant Halliburton Energy

Services, Inc. is registered to do business in Montana and, on information and belief, regularly and systematically conducts business throughout the United States, including Montana. Halliburton Energy Services, Inc. can be served with process through its registered agent, Capitol Corporate Services Inc., at 26 W. Sixth Ave., Helena, Montana 59601-0000.

IV. JURISDICTION AND VENUE

20. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a) because this action arises under the patent laws of the United States. This Court has supplemental jurisdiction over Adelos' state law conversion claim pursuant to 28 U.S.C. § 1367 because this claim arises from the same case or controversy as Adelos' patent claims.

21. This Court has personal jurisdiction over Defendant, significant providers of products and services to the energy industry around the world, including throughout the United States. Defendant markets their products and services throughout the entire United States, including Montana.

22. This Court has personal jurisdiction over Defendant pursuant to the Montana Long-Arm Statute (Mont. R. Civ. P. § 4B(1)) because Defendant has transacted business within Montana and have purposefully directed, and continue to purposefully direct, infringing activities at the state of Montana. Defendant has also committed, and continue to commit, torts within Montana.

23. Defendant is also subject to this Court's personal jurisdiction because Defendant: (1) has committed, and continue to commit, acts of patent infringement and conversion in Montana; (2) has directed their acts of patent infringement and conversion at the state of Montana; (3) has regularly conducted, and continue to conduct, business in Montana; (4) has engaged in continuous and systematic activities in Montana; (5) has solicited business within the state of Montana; and (6) has derived, and continue to derive, substantial revenue from goods and services provided to companies and individuals in Montana.

24. Venue is proper in this district under 28 U.S.C. §§ 1391(b), 1391(c) and 1400(b). Defendant Halliburton Energy Services, Inc. is registered to do business in this district and on information and belief, Defendant: (1) has transacted and continue to transact business in this district, (2) has committed and continue to commit acts of infringement of the Navy Patents and conversion of the Adelos Proprietary Technology in this district, and/or (3) a substantial part of the events giving rise to these claims occurred in this district.

V. SUMMARY OF THE TECHNOLOGY AT ISSUE

25. The Adelos Proprietary Technology turns ordinary fiber optic cable into a highly adept sensing device. Dr. Robert Michael Payton invented the first generation of this technology for the United States Navy at the Naval Undersea

Warfare Center, which in the 1990s had begun exploring the use of fiber optic sensors for submarine and surface ship towed “listening” arrays.

26. Originally conceived as a way to locate enemy submarines, Dr. Payton and the United States Navy spent years and millions of dollars developing their approach. This work matured into what would become known as the Battlescape Land Undersea Extensible Rayleigh Optical Sensor Electronics project, or BLUE ROSE, for short. For years, BLUE ROSE was deployed by the United States Navy in a highly classified and effective anti-submarine warfare program.

27. The Adelos Proprietary Technology includes utilizing fiber optic cable laid out across long distances or placed in deep wellbores, such that the fiber optic cable itself becomes a sensing device for detecting phenomena (*e.g.*, acoustic changes, temperature changes, or pressure changes) at virtually any point along the fiber optic cable. This is accomplished by sending optical signals down the fiber optic cable and then analyzing various optical signals reflected back (typically called back-scattering) from the fiber optic cable. By conditioning the initial optical signals with known patterns of code (typically called modulating), an analysis of the reflected optical signals results in greater accuracy and better signal resolution for detected phenomena. The patterns of code allow for the analysis to pinpoint locations of phenomena and to decipher specific characteristics, such as a

precise acoustic change, a precise temperature change, or a precise pressure change at the pinpointed location.

28. While this fiber optic sensing technology was initially developed by the United States Navy for submarine sensing applications, as the United States Navy continued to make improvements on the technology over time, it saw the incredible commercial potential of additional applications of the BLUE ROSE technology. This included applications in such diverse industries as oil and gas exploration and homeland security, and as a result, the United States Navy decided to declassify the BLUE ROSE technology in an effort to pursue patent protections for these novel applications. In fact, the current market for distributed fiber optic sensing technology is estimated at \$586 million annually, and that market is expected to double over the next three years.

29. Now protected by four United States Patents (the Navy Patents), as well as more than a dozen pending patent applications, this novel technology provides for a fiber optic sensor array that can detect real-time, location-specific changes along an optical fiber, such as sound, pressure and temperature. These four United States Patents were issued to inventor Robert Michael Payton and assigned to The United States of America represented by the Secretary of the Navy.

30. In an effort to market and commercialize the technology disclosed in the Navy Patents more effectively and to enforce its rights under the Navy Patents, the United States Navy selected Adelos to be their partner and exclusive licensee to the Navy Patents.

VI. FACTUAL BACKGROUND

A. The Adelos Proprietary Technology Has Achieved Commercial Success

31. Adelos develops fiber optic sensor systems for use by the Department of Defense and Department of Energy, as well as in the oil and gas, perimeter security, and environmental monitoring industries, among others. The Adelos Proprietary Technology is able to detect and identify more quickly and accurately conditions of interest, track objects across space in real-time, and identify naturally occurring “false positive” events.

32. Adelos has been successful in further developing the United States Navy’s technology. For example, Adelos has created systems directed toward perimeter and homeland security applications, where the sensitive detector can “hear” intruder or troop movements along vast borders. Adelos has also developed the capability of the system to “listen” to geological features and movements, opening the capability to “hear” down oil well bores and extract valuable data about underground gas and petroleum conditions.

33. This technical superiority has resulted in commercial success for Adelos, as it has received multiple contracts for the use of its fiber optic sensing technology. By way of example, the Department of Energy Idaho National Laboratory – National Security Test Range partnered with Adelos to be its primary advanced testing center. The United States Air Force Nuclear Weapons Center also chose Adelos' systems for its critical defense systems to help guard the Nation's nuclear-tipped inter-continental ballistic missiles.

B. Defendant's Attempts to Acquire the Adelos Proprietary Technology

34. In late 2011, Halliburton contacted the United States Navy and expressed an interest in acquiring rights to its BLUE ROSE fiber optic sensing technology. The United States Navy directed Halliburton to contact Adelos, the exclusive licensee of the Navy Patents, about their interest in acquiring rights to this technology.

35. Shortly thereafter, Halliburton and Adelos began discussions regarding Halliburton's interest in the Adelos Proprietary Technology. Halliburton expressed its disappointment with its current fiber optic sensing system and represented that it was interested in establishing a business relationship with Adelos.

36. During the next couple of years, from early 2012 through late 2014, Halliburton proceeded to extract detailed technical information about the Adelos

Proprietary Technology. Believing that Halliburton was acting in good faith and intending to enter into a business relationship with Adelos, Adelos provided details related to the Adelos Proprietary Technology to Halliburton in an effort to facilitate this potential business relationship.

37. In addition to its numerous requests to Adelos for technical information, Halliburton also demanded that it be allowed to observe multiple tests of Adelos' fiber optic sensing systems. In May 2012, Christopher Stokely and David Barfoot, agents of Halliburton, visited the headquarters of Adelos near Polson, Montana for two days of intense, detailed technical discussion regarding the Adelos Proprietary Technology, to observe the technology in action, as well as to extract more technical data from Adelos.

38. During discussions with Adelos, Halliburton expressed its disappointment with its current fiber optic sensing system, and after witnessing the superior functionality and performance of the Adelos Proprietary Technology, Halliburton agent Christopher Stokely referred to the Adelos system as "a unique type of distributed acoustic sensor" and expressed interest in performing additional field tests.

39. As Halliburton continued to induce Adelos to disclose information, Adelos continued to attempt to engage in negotiations with Halliburton regarding the Adelos Proprietary Technology as well as entering into a potential business

relationship. Halliburton encouraged these negotiations as a means of justifying its demands for more and more detailed technical information.

40. In September 2012, after having provided Halliburton with the technical information it requested, the testing that it had requested, and demonstrating the technology to Halliburton's agents in person, Halliburton informed Adelos that due to budget concerns it would have to postpone any further discussions until the beginning of 2013.

41. In early 2013, rather than approaching Adelos, Halliburton instead approached the United States Navy concerning a potential business relationship involving the Adelos Proprietary Technology. Once again, the United States Navy directed Halliburton to speak with Adelos.

42. Shortly thereafter, Adelos and Halliburton restarted discussions. Halliburton agent Christopher Stokely again requested additional field testing of this technology. Following these requests for additional testing, and despite numerous attempts over the next few months, Adelos was unable to get in touch with Mr. Stokely, or any other agent of Halliburton, for further discussions.

43. On August 12, 2013, Halliburton surreptitiously filed an international patent application (PCT/US13/054588) (attached hereto as Exhibit D) entitled "Systems and Methods for Spread Spectrum Distributed Acoustic Sensor

Monitoring.” This patent application disclosed the technology that is the heart and soul of Adelos’ fiber optic sensing technology.

44. The technology in this Halliburton patent application disclosed some of the very same technology Halliburton had requested information about from Adelos and about which Halliburton had represented that it was negotiating a business relationship in good faith.

45. Halliburton falsely claimed in this application that its agents, including Christopher Stokely, were the sole inventors of the technology.

46. Halliburton also did not disclose in this application any of the Navy Patents, the same patents that had been at the center of the potential business relationship and discussions between Halliburton and Adelos for over a year.

47. Halliburton likewise never advised Adelos or the United States Navy that it had filed, or intended to file, this international patent application.

48. On May 19, 2014, in the issued Written Opinion of the International Searching Authority (attached hereto as Exhibit E), all claims (Claims 1-24) of Halliburton’s pending international patent application (PCT/US13/054588) were effectively deemed to be no different than the technology invented by the United States Navy and disclosed in at least one of the Navy Patents (the ‘971 Patent).

49. The opinion stated that the claims did not disclose any patentable technology separate and distinct from what was disclosed in the ‘971 Patent, and

that any minor differences were obvious in light of the disclosures in the '971 Patent. Thus, the International Searching Authority confirmed that Halliburton was merely attempting to patent the Adelos Proprietary Technology.

50. After its attempts to convert the Adelos Proprietary Technology by filing an international patent application were rejected, Halliburton and Adelos briefly reopened negotiations for the Adelos Proprietary Technology in early 2015.

51. Not long after reopening discussions, Halliburton and Adelos executed a Non-Disclosure Agreement so that the parties could continue their discussions. This agreement applied only to confidential materials disclosed after the March 24, 2015 effective date. After dragging their feet for months, Halliburton executed the Non-Disclosure Agreement in April 2015.

52. Almost immediately after executing the Non-Disclosure Agreement, all discussions with Halliburton stopped. Halliburton formally broke off "negotiations" with Adelos several weeks later, stating, "[T]he ROI is just not there." There was ultimately no performance pursuant to this agreement as no technical information was shared and no documents were marked confidential pursuant to it.

53. In January 2016, six months after it broke off discussions with Adelos, Halliburton once again took the Adelos Proprietary Technology and attempted to claim it as their own in a United States patent application (No.

14/903,503) entitled “Systems and Methods for Spread Spectrum Distributed Acoustic Sensor Monitoring” (attached hereto as Exhibit F).

54. This application was published on May 26, 2016 and disclosed technology that is the heart and soul of Adelos’ fiber optic sensing technology.

55. Unlike Halliburton’s PCT application, this United States patent application disclosed the ‘971 Patent as containing similar subject matter. The ‘971 Patent is the same Navy Patent referenced in the International Searching Authority’s Written Opinion, which stated that Halliburton’s international patent application did not disclose an invention separate and distinct from what was already invented and disclosed in the ‘971 Patent.

56. This United States application likewise falsely claims that Halliburton agents, including Christopher Stokely, were the sole inventors of the technology it disclosed. Halliburton again failed to disclose to either Adelos or the United States Navy that it had filed, or intended to file, this United States patent application.

C. Defendant’s Infringement of the Navy Patents

57. During its discussions with Adelos, Halliburton expressed its displeasure with the performance of its own distributed sensing system. After witnessing the superior functionality of Adelos’ own distributed sensing systems, Halliburton defrauded Adelos under the guise of entering into a business relationship. Without notice, and without the permission of Adelos, Halliburton

began to incorporate the technology disclosed in the Asserted Patents into its own products and services.

58. Defendant has been infringing, and continue to infringe, the technology disclosed in the Asserted Patents through its distributed sensing products and services marketed under various trade names, including but not limited to Pinnacle, Optiphase, and SensorTran. These infringing products include Defendant's DAS and DTS products, which include but are not limited to the: Halliburton DAS and DTS Interrogator systems, Pinnacle DAS and DTS Interrogator systems, Optiphase DAS Interrogator systems, SensorTran DTS Interrogator systems, and FiberWatch systems. Defendant's infringing services include those services that incorporate any of Defendant's infringing products, and include but are not limited to: Defendant's FiberWatch, StimWatch, FlowWatch, FiberCoil, FiberView, and FiberLog services. Collectively, these infringing products and services are herein referred to as the "Accused Distributed Sensing Products and Services."

59. As a result of Defendant's infringement, Adelos has suffered irreparable harm due to the loss of potential customers and contracts, the loss of market share, and the deterioration of its goodwill, and will continue to suffer such harm until and unless such infringement by Defendant is enjoined. Moreover, there is no other adequate remedy at law other than an injunction.

60. Additionally, as a result of Defendant's infringement, Adelos has suffered significant monetary damages.

VII. CAUSES OF ACTION

COUNT I

INFRINGEMENT OF U.S. PATENT NO. 7,030,971

61. Adelos re-alleges and incorporates the allegations in Paragraphs 1 through 60 of this Complaint, as if fully set forth herein.

62. Defendant has infringed, and continue to infringe, one or more of the claims of the '971 Patent in violation of 35 U.S.C. § 271(a), literally and/or under the doctrine of equivalents, by making, using, selling and/or offering for sale within the United States, and/or importing into the United States, the Accused Distributed Sensing Products and Services.

63. By way of example, Defendant's infringement of claim 22 of the '971 Patent is illustrated in the preliminary infringement claim chart attached hereto as Exhibit G.

64. On information and belief, Defendant's infringement of the '971 Patent is willful and intentional because Defendant has had knowledge of the '971 Patent since at least as early as 2011, yet continue to infringe the '971 Patent by committing the acts described above.

65. Adelos is entitled to monetary damages resulting from Defendant's acts of infringement of the '971 Patent pursuant to 35 U.S.C. §§ 284 and 285, including pre-judgment and post-judgment interest.

66. Defendant's infringement of the '971 Patent has caused, and continues to cause, irreparable harm to Adelos, and there is no adequate remedy other than an injunction. Adelos will continue to suffer damage and irreparable harm unless and until Defendant's infringing conduct is preliminarily, and thereafter permanently, enjoined by this Court.

COUNT II

INFRINGEMENT OF U.S. PATENT NO. 7,268,863

67. Adelos re-alleges and incorporates the allegations in Paragraphs 1 through 66 of this Complaint, as if fully set forth herein.

68. Defendant has infringed, and continue to infringe, one or more of the claims of the '863 Patent in violation of 35 U.S.C. § 271(a), literally and/or under the doctrine of equivalents, by making, using, selling and/or offering for sale within the United States, and/or importing into the United States, the Accused Distributed Sensing Products and Services.

69. On information and belief, Defendant's infringement of the '863 Patent is willful and intentional because Defendant has had knowledge of the '863

Patent since at least as early as 2011, yet continue to infringe the '863 Patent by committing the acts described above.

70. Adelos is entitled to monetary damages resulting from Defendant's acts of infringement of the '863 Patent pursuant to 35 U.S.C. §§ 284 and 285, including pre-judgment and post-judgment interest.

71. Defendant's infringement of the '863 Patent has caused, and continues to cause, irreparable harm to Adelos, and there is no adequate remedy other than an injunction. Adelos will continue to suffer damage and irreparable harm unless and until Defendant's infringing conduct is preliminarily, and thereafter permanently, enjoined by this Court.

COUNT III

INFRINGEMENT OF U.S. PATENT NO. 7,271,884

72. Adelos re-alleges and incorporates the allegations in Paragraphs 1 through 71 of this Complaint, as if fully set forth herein.

73. Defendant has infringed, and continue to infringe, one or more of the claims of the '884 Patent in violation of 35 U.S.C. § 271(a), literally and/or under the doctrine of equivalents, by making, using, selling and/or offering for sale within the United States, and/or importing into the United States, the Accused Distributed Sensing Products and Services.

74. On information and belief, Defendant's infringement of the '884 Patent is willful and intentional because Defendant has had knowledge of the '884

Patent since at least as early as 2011, yet continue to infringe the '884 Patent by committing the acts described above.

75. Adelos is entitled to monetary damages resulting from Defendant's acts of infringement of the '884 Patent pursuant to 35 U.S.C. §§ 284 and 285, including pre-judgment and post-judgment interest.

76. Defendant's infringement of the '884 Patent has caused, and continues to cause, irreparable harm to Adelos, and there is no adequate remedy other than an injunction. Adelos will continue to suffer damage and irreparable harm unless and until Defendant's infringing conduct is preliminarily, and thereafter permanently, enjoined by this Court.

COUNT IV

CONVERSION

77. Adelos re-alleges and incorporates the allegations in Paragraphs 1 through 76 of this Amended Complaint, as if fully set forth herein.

78. Adelos has ownership rights over the property converted by Halliburton.

79. Adelos has a right of possession over the property converted by Halliburton.

80. Halliburton's conduct, as described herein, constitutes unauthorized control over Adelos's property.

81. Halliburton exercised unauthorized control over Adelos proprietary technical information related to its fiber optic sensing systems that is not disclosed in Adelos's patents and patent applications. Halliburton misappropriated Adelos's proprietary technical information, including but not limited to information that is merged in the following documents: (1) Adelos DSP Theory of Operation (Feb. 23, 2010); (2) Adelos 1.1 FPGA Architecture (Oct. 30, 2009); (3) Adelos 1.5 Software Diagram – Planned Configuration (08/09/10); (4) Adelos S4 Sensory Array Chart (Oct. 2010); (5) Adelos S4 Genesis Presentation (2011); (6) Adelos S4: Fiber Optic Sensor Array for Advanced Border Surveillance-Intelligence, Sensor Fusion, and Target Analytics (Nov. 2010); (7) Advanced Fiber Optic Sensor System Applied Analytics – Pipeline Monitoring Solution (Nov. 15, 2011); (8) S3 Workflow Diagram; and (9) Adelos S4 Architecture presentation. The technical information contained in these documents, as well as the documents themselves, are not available to the public.

(a) As part of the negotiations between the parties, representatives from Halliburton, including Christopher Stokely and David Barfoot, visited Adelos in Montana in May 2012 to see a demonstration of Adelos's fiber optic sensing system, which utilizes Adelos proprietary technology in addition to what is disclosed in Adelos's patents and patent applications. Information regarding this proprietary technology is disclosed in at least the documents described above.

(b) This visit included observing, in person, an actual Adelos system, the setup of the Adelos system, the performance of testing done to demonstrate the capabilities of the system, including but not limited to tone tests, walking tests and localization tests, as well as detailed discussions regarding the Adelos system's frequency range capabilities, sensitivity, and noise levels. The performance of these tests also included an explanation of what was occurring during the demonstration and how the Adelos system was able to achieve the results it was capable of obtaining.

(c) During the visit, the representatives from Halliburton were also given a tour of the facility that manufactures Adelos's fiber optic sensing systems.

(d) This in-person visit by Halliburton also included detailed discussions regarding Adelos's systems and the underlying technology. These discussions included the disclosure of information including but not limited to Adelos's noise mitigation strategies, laser coherence, the layout for the optical components of Adelos's systems, and other proprietary information contained in at least the documents listed above. Adelos disclosed this proprietary information as well as information from at least the documents described based on Halliburton's representations that it was operating in good faith.

(e) Based on Halliburton's representations that its own fiber optic sensing technology was many years behind others in the field, negotiations between the parties continued, and Halliburton, on a number of occasions,

requested that actual field testing be performed using Adelos's systems. Adelos performed these tests, and the data and details of that testing was disclosed to Halliburton. The data and results of the tests requested by Halliburton were contained in test reports provided to Halliburton.

(f) These ongoing negotiations included frequent correspondence and phone discussions with multiple Halliburton representatives, including Christopher Stokely, David Barfoot, Etienne Samson, and Casey Giron, over the course of more than two years regarding Adelos's systems and the potential of entering into a business relationship.

(g) Altogether, this valuable "know how" provided Halliburton with an unfair competitive advantage in the fiber optic sensing market, a market that Halliburton admitted it had fallen years behind in. Adelos's demonstrations and discussions concerning how its system operated, the system's capabilities including the advances that Adelos had developed over many years, as well as detailed discussions regarding the system's architecture, provided Halliburton with sufficient information to make an end run around having to expend the substantial time and resources to develop this technology on their own and/or having to obtain a license for it.

82. Halliburton exercised unauthorized control of Adelos's technical information and incorporated it into its own products.

83. Halliburton's conversion of Adelos's property, as described above, has resulted in damage to Adelos and Adelos is entitled to monetary damages plus interest for Halliburton's conduct.

84. Halliburton's conversion of Adelos's property was committed with actual fraud and/or malice, and as a result, Adelos is entitled to punitive damages for Halliburton's conduct.

85. Halliburton's conversion of the Adelos Proprietary Technology has caused, and continues to cause, irreparable harm to Adelos, and there is no adequate remedy other than an injunction. Adelos will continue to suffer damage and irreparable harm unless and until Halliburton's conduct is preliminarily, and thereafter permanently, enjoined by this Court.

VIII. REQUEST FOR RELIEF

WHEREFORE, Plaintiff respectfully requests the following relief:

1. An award to Adelos of damages resulting from Defendant's acts of infringement in accordance with 35 U.S.C. § 284.
2. An award of treble damages resulting from Defendant's willful infringement in accordance with 35 U.S.C. § 284.
3. An award to Adelos of its costs and reasonable attorneys' fees in accordance with 35 U.S.C. § 285.

4. An award of damages resulting from Defendant's unlawful conversion, including interest.

5. An award of punitive damages resulting from Defendant committing the tort of conversion with actual fraud and/or malice.

6. An award to Adelos of pre-judgment and post-judgment interest.

7. A judgment that:

(a) Defendant has directly infringed the asserted claims of the Asserted Patents;

(b) Defendant has willfully infringed the asserted claims of the Asserted Patents;

(c) Defendant has unlawfully converted the property of Adelos;

(d) Defendant's conversion of the property of Adelos was committed with actual fraud and/or malice.

8. A preliminary, and thereafter permanent injunction pursuant to 35 U.S.C. § 283 and Fed. R. Civ. P. 65 enjoining Defendant and their officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries, parents and all other actors acting in concert therewith from continuing to infringe the Asserted Patents.

9. Any and all other relief that the Court deems just and proper.

IX. JURY DEMAND

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Adelos respectfully demands a trial by jury of all issues so triable.

Respectfully submitted, this 28th day of July, 2017.

BOONE KARLBERG P.C.

/s/ Randy J. Cox

Randy J. Cox

Attorney for Plaintiff Adelos, Inc.