

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

**SCORPION SECURITY PRODUCTS,
INC.,**

Plaintiff,

-vs-

INVUE SECURITY PRODUCTS, INC.,

Defendant.

Civil Action No. 3:17-CV-1062 (BKS/DEP)

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Scorpion Security Products, Inc. (“Scorpion”), by its attorneys, Barclay Damon LLP, as and for its Complaint against the defendant, InVue Security Products, Inc. (“InVue”), alleges as follows:

Nature of Action

1. This is a declaratory judgment action brought under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 *et seq.* and the Patent Laws of the United States, 35 U.S.C. § 1 *et seq.* Scorpion seeks a declaration of non-infringement of U.S. Patent Nos. 9,552,708 (the “’708 Patent”) and 9,728,054 (the “’054 Patent). True and correct copies of the ’708 and ’054 Patents are attached hereto as Exhibits A and B, respectively.

Parties

2. Scorpion is a corporation organized and existing under the laws of the State of New York, with its principal place of business at 330 N Jensen Road, Vestal, New York 13850.

3. Upon information and belief, InVue is a corporation organized and existing under the laws of the State of Ohio, with its principal place of business at 9201 Baybrook Lane, Charlotte, North Carolina 28277.

Jurisdiction and Venue

4. This Court has subject matter jurisdiction over the asserted claims pursuant to 28 U.S.C. §§ 1331, 1338, 2201, and 2202.

5. This Court has personal jurisdiction over InVue because InVue is registered to do business in New York and has appointed an agent for service of process. InVue has also committed the acts alleged in this Complaint in New York and within this District, including sending threatening correspondence to Scorpion, as discussed more fully below. Upon information and belief, InVue also regularly engages in extensive business transactions and solicitations, and has contracted to supply goods and services, in New York and within this District.

6. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims occurred in this District and InVue is subject to the Court's personal jurisdiction.

Factual Allegations

7. Scorpion is the leader in anti-theft devices for retail.

8. Scorpion invests a substantial amount of capital in product development and improvement to maintain its position as the leader in anti-theft devices for retail.

9. Scorpion recently introduced a product called Scorpion Wireless Intelligent Security ("SWIS"), which is a software-based application technology that utilizes wireless communication between a "Comfort Zone" and a handheld device (*e.g.*, a phone or a tablet).

The “Comfort Zone” is a predefined, parameter-based area that is determined by the size and shape of the merchandise layout (*e.g.*, a kiosk or a store).

10. SWIS provides a low-cost security solution for retailers confronted with the potential theft of handheld devices. It allows operations teams to quickly verify live handheld devices on display, monitor theft patterns, and deter future incidents, resulting in significant cost savings.

11. On or about September 20, 2017, InVue sent a threatening letter to Scorpion in New York wrongfully accusing SWIS of infringing InVue’s patents. A copy of the letter is attached as Exhibit C. InVue specifically identified the ’708 and ’054 Patents in the letter, and provided copies of the patents with the letter. InVue also specifically identified Scorpion’s SWIS product, and demanded that Scorpion “provide [its] reasons why the SWIS product does not violate some of the patent claims.”

12. The allegations made by InVue in its letter give rise to a justiciable controversy as to whether Scorpion is infringing any claims of the ’708 or ’054 Patents.

13. InVue’s allegations threaten actual and imminent injury to Scorpion that can be redressed by judicial relief, and that injury is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. Absent a declaration of non-infringement, InVue’s continued wrongful assertion of infringement related to Scorpion’s SWIS product will cause Scorpion harm.

14. Scorpion’s SWIS product does not infringe any claims of the ’708 or ’054 Patents. Accordingly, Scorpion respectfully requests that the Court issue a declaratory judgment confirming that Scorpion’s SWIS product does not infringe any claims of the ’708 or ’054 Patents.

The '708 and '054 Patents

15. Upon information and belief, InVue holds title (by assignment) to the '708 Patent, entitled "Systems and Methods for Protective Retail Display Merchandise from Theft," issued on January 24, 2017.

16. Upon information and belief, InVue holds title (by assignment) to the '054 Patent, entitled "Systems and Methods for Protective Retail Display Merchandise from Theft," issued on August 8, 2017.

Count I

(Declaratory Judgment of Non-Infringement of the '708 Patent)

17. Scorpion repeats and reasserts all allegations contained in the paragraphs above as if they were stated in full herein.

18. An actual and substantial controversy has arisen and now exists between the parties concerning whether Scorpion's manufacture, use, sale, offer for sale, or importation of its SWIS product infringes any claim of the '708 Patent, either directly or indirectly, literally, under the doctrine of equivalents, or otherwise.

19. By way of example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because Scorpion does not provide the claimed item of merchandise (*e.g.*, cellular phone) required by several of the claims of the '708 Patent.

20. By way of further example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because the wireless communication circuitry of the protected item of merchandise, which is not even provided by Scorpion, does not transmit the location of the item of merchandise in response to a distance traveled by the item of merchandise exceeding at least one threshold distance from a home

position as those terms are defined and understood in the '708 Patent and as is required by several of the claims of the '708 Patent.

21. By way of a still further example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because the wireless communication circuitry of the protected item of merchandise, which is not even provided by Scorpion, does not communicate with the security monitoring device in response to at least one variable exceeding at least one threshold variable as those terms are defined and understood in the '708 Patent and as is required by several of the claims of the '708 Patent.

22. Scorpion expressly reserves the right to assert additional grounds of non-infringement after it conducts discovery and the Court construes the claims of the '708 Patent.

23. Scorpion seeks a declaratory judgment that making, using, offering for sale, selling, or importing its SWIS product does not and will not infringe any claim of the '708 Patent.

Count II
(Declaratory Judgment of Non-Infringement of the '054 Patent)

24. Scorpion repeats and reasserts all allegations contained in the paragraphs above as if they were stated in full herein.

25. An actual and substantial controversy has arisen and now exists between the parties concerning whether Scorpion's manufacture, use, sale, offer for sale, or importation of its SWIS product infringes any claim of the '054 Patent, either directly or indirectly, literally, under the doctrine of equivalents, or otherwise.

26. By way of example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because Scorpion does not provide the claimed item of merchandise (*e.g.*, cellular phone) required by several of the claims of the '054 Patent.

27. By way of further example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because the security monitoring device does not activate at least one output device based upon a failure to receive a return signal from the wireless communication circuitry of the item of merchandise as those terms are defined and understood in the '054 Patent and as is required by several of the claims of the '054 Patent.

28. By way of a still further example and without limiting the grounds of non-infringement that may be asserted, Scorpion's SWIS product does not infringe because the product does not include a cradle configured to wireless communicate with the wireless communication circuitry of the item of merchandise or to activate at least one output device based upon a failure to receive a return signal from the wireless communication circuitry of the item of merchandise as those terms are defined and understood in the '054 Patent and as is required by several of the claims of the '054 Patent.

29. Scorpion expressly reserves the right to assert additional grounds of non-infringement after it conducts discovery and the Court construes the claims of the '054 Patent.

30. Scorpion seeks a declaratory judgment that making, using, offering for sale, selling, or importing its SWIS product does not and will not infringe any claim of the '054 Patent.

Jury Demand

Scorpion demands a trial by jury on all issues so triable.

Request For Relief

WHEREFORE, Scorpion respectfully requests that the Court grant the following relief:

- A. Entry of judgment declaring that making, using, offering for sale, selling, or importing Scorpion's SWIS product does not and will not infringe any claim of the '708 Patent;

- B. Entry of judgment declaring that making, using, offering for sale, selling, or importing Scorpion's SWIS product does not and will not infringe any claim of the '054 Patent;
- C. Entry of judgment that preliminarily and/or permanently enjoins InVue from enforcing the '708 Patent as against Scorpion;
- D. Entry of judgment that preliminarily and/or permanently enjoins InVue from enforcing the '054 Patent as against Scorpion;
- E. A determination that, pursuant to 35 U.S.C. § 285, this is an exceptional case;
- F. An award of its attorneys' fees and costs in this action; and
- G. Such other and further relief as is just and proper.

Date: September 22, 2017

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