

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

APS TECHNOLOGY, INC.

Plaintiff,

v.

VERTEX DOWNHOLE, INC.

VERTEX DOWNHOLE, LTD.

Defendants

Civil Action No.: _____

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff APS Technology, Inc. (“Plaintiff” or “APS”), by its attorneys, hereby files this complaint against Vertex Downhole, Inc. and Vertex Downhole, Ltd., (collectively “Defendants” or “Vertex”) for patent infringement, alleging as follows:

NATURE OF THE SUIT

1. This is a claim for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code, involving infringement of patent-in-suit identified by U.S. Patent No. 6,714,138 (“the ‘138 patent”).

JURISDICTION AND VENUE

2. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a). Venue is proper in this District under 28 U.S.C. §1400(b) as Defendant Vertex Downhole, Inc. resides and is incorporated in this District and Defendant Vertex Downhole, Ltd. is a foreign entity doing business in the District by and through its corporate affiliate.

THE PARTIES

3. Plaintiff APS is a Connecticut Corporation with its principal place of business at 7 Laser

Lane, Wallingford, CT 06492.

4. Defendant Vertex Downhole, Inc. is a Delaware corporation with a registered agent in this state for service at 9 E. Loockerman Street, Suite 311, Dover, DE 19901.
5. Defendant Vertex Downhole, Ltd. is an Alberta, Canada limited partnership with its principal place of business in Calgary, Alberta, Canada who may be served by serving the designated Central Authority for Alberta, Canada, the Ministry of Justice and Solicitor General Office of the Sheriff Civil Enforcement, 2nd Floor, 108th Street Building, 994-108 Street Edmonton, Alberta T5K 2J5 Canada in accordance with the Hague Service Convention.
6. Upon information and belief, Defendant Vertex Downhole, Ltd. is a corporate affiliate or parent of Vertex Downhole, Inc.
7. APS owns patents in multiple, primarily oil and gas related fields including telemetry, steerable drilling tools, and drilling system monitoring, it actively practices its technology and offers its products and associated services to customers in the oil and gas industry.
8. Vertex is a heavy tool manufacturer that provides commercial goods in the United States and internationally to customers in the oil and gas industry.

THE TECHNOLOGY AND THE PATENT IN SUIT

9. The patent-in-suit is U.S. Patent No. 6,714,138 (the '138 patent) entitled "Method and Apparatus for Transmitting Information to the Surface from a Drill String Down Hole in a Well" was duly and legally issued by the United States Patent and Trademark office on March 30, 2004. A copy of the '138 patent is attached hereto as Exhibit A.
10. The '138 patent includes apparatus and method claims related to the telemetry of information between the surface and a downhole location in a well.
11. The foregoing patent is valid and enforceable.
12. APS is the exclusive owner of all right, title, and interest in the patent-in-suit. APS practices

its technology and has the right to bring this action to recover damages for any current or past infringement of this patent. Plaintiff APS has never granted Defendants a license to practice the patent-in-suit.

THE ACCUSED PRODUCTS AND SERVICES

13. Vertex makes, uses, sells, offers for sale, and/or import products and services that infringe the patent-in-suit. More specifically, Vertex offers products used in the field of oil and gas drilling that infringe (“the Accused Products and Services”).
14. For example, Vertex manufactures, distributes and sells its “Mudlink MWD Kit” (the “Kit”) in the United States and internationally. Publicly available information about the Kit can be found on the Vertex website at <https://vertexdownhole.com/products/mwd-kit/>.
15. The Kit infringes at least claim 2 of the ‘138 patent as it performs all of the steps required in claim 2 while operating in a drill string in a wellbore with drilling fluid flowing through the drill string.
16. On information and belief, Vertex offers products and services that infringe other claims of the patent-in-suit and other APS patents, and APS reserves the right to pursue such infringement in this lawsuit.

PLAINTIFF’S ATTEMPTS TO CONTACT DEFENDANTS

17. On April 4, 2019, Plaintiff’s attorneys sent a letter by email and Federal Express addressed to Rick Filipovic, President of Defendant Vertex Downhole, Inc. APS’s letter informed Mr. Filipovic and Vertex that it had products that infringe the ‘138 patent. More specifically, APS asserted that Defendant’s Kit, and perhaps other products and services, infringed at least claim 2 of the ‘138 patent.
18. Plaintiff further provided information related to the ‘138 patent, as well as publicly available information related to the Kit. The letter also provided to Vertex a Claim Chart that mapped

the Kit to the '138 patent in more detail. APS provided to Vertex in its letter a proposed Non-Disclosure Agreement and requested dates for a licensing discussion and acknowledgment of the letter within ten (10) days.

19. In response to Plaintiff's letter, on May 6, 2019, Vertex sent a letter through counsel that challenged the validity of the patent-in-suit and summarily denied infringement. As a result, APS has filed this action for patent infringement. Based upon Defendants' continued sales of its infringing Kit, and possibly other products, and its conduct in denying infringement allegations in the face of substantial evidence, Defendants' actions are willful and deliberate in the face of Plaintiff's warnings.

COUNT I – INFRINGEMENT OF THE '138 PATENT

20. Paragraphs 1 through 19 are incorporated by reference as if fully stated herein.

21. Defendants have directly infringed and continue to directly infringe under 35 U.S.C. § 271(a) one or more claims of the '138 patent either literally and/or under the doctrine of equivalents, by making, using, selling, and/or offering for sale in the United States the Accused Products and Services that infringe one or more claims of the '138 patent.

22. Third parties, including Defendant's customers, have directly infringed, and continue to directly infringe under 35 U.S.C. § 271(a), one or more claims of the '138 patent, either literally and/or under the doctrine of equivalents, by making, using, selling, and/or offering for sale the Accused Products and Services in the United States that infringe one or more claims of the '138 patent.

23. Defendants have had prior knowledge and notice of the '138 patent and its infringement through prior correspondence from counsel for APS to Defendant and its President and through the filing and service of the Complaint in this action.

24. Defendants have induced infringement and continue to induce infringement under 35 U.S.C. §

271(b). Defendants have actively, knowingly, and intentionally induced, and continue to actively, knowingly, and intentionally induce, infringement of the '138 patent by selling or otherwise supplying the Accused Products and Services with the knowledge and intent that third parties will use, sell, and/or offer for sale in the United States, for their intended purpose to infringe the '138 patent, and with the knowledge and intent to encourage and facilitate infringement through the dissemination of the Accused Products and Services and/or the creation and dissemination of documentation and technical information to customers and prospective customers related to the Accused Products and Services.

25. Defendants have contributed and continue to contribute to the infringement by third parties, including its customers, of one or more claims of the '138 patent, including at least claim 2, under 35 U.S.C. § 271(c), by selling and/or offering for sale in the United States knowing that those products constitute a material part of the inventions of the '138 patent, knowing that those products are especially made or adapted to infringe the '138 patent, and knowing that those products are not staple articles of commerce suitable for substantial non-infringing use.

26. APS has been and continues to be damaged by Defendants' infringement of the '138 patent. APS has no adequate remedy at law.

27. Having had prior knowledge of the '138 patent, Defendants knew or should have known that, without taking a license to the patents-in-suit, its actions continue to infringe one or more claims of the '138 patent. Therefore, Defendant has willfully infringed the '138 patent and continues to do so.

28. The conduct by Defendants in infringing the '198 patent renders this case exceptional within the meaning of 35 U.S.C. § 285.

PRAYER OF RELIEF

WHEREFORE, APS Technology, Inc. prays for judgment against Defendants Vertex Downhole, Inc. and Vertex Downhole, Ltd., jointly and severally as follows:

- A. That Defendants have infringed the patent-in-suit;
- B. That APS be awarded all damages adequate to compensate it for Defendants' infringement of the patent-in-suit, such damages to be determined by a jury with pre-judgment and post-judgment interest;
- C. A judgment that the infringement was willful and that such damages be trebled pursuant to 35 U.S.C. § 284;
- D. An order permanently enjoining Defendants and its officers, agents, servants and employees, privies, and all persons in concert or participation with it, from further infringement of the patent-in-suit;
- E. That this case be declared an exceptional case within the meaning of 35 U.S.C. § 285 and that APS be awarded its attorney's fees, costs, and expenses incurred relating to this action; and
- F. That APS be awarded such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

APS Technology, Inc. hereby demands a trial by jury on all issues so triable.

Dated: June 21, 2019

Respectfully submitted,

OFFIT KURMAN P.A.

By: /s/ Anthony N. Delcollo

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