

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS
BENTON DIVISION**

FRANK SISK, Individually, and PRECISION)	
MINE REPAIR, INC., an Illinois Corporation,)	
)	No. 3:11-CV-00264-WDS-SCW
Plaintiffs,)	
)	
v.)	<u>FIRST AMENDED COMPLAINT</u>
)	
STRATA MINE SERVICES, LLC, f/k/a)	JURY TRIAL DEMANDED
STRATA MINE SERVICES, INC., and)	
TITAN ATLAS MANUFACTURING, INC.,)	
)	
Defendants.)	
)	

FIRST AMENDED COMPLAINT

INTRODUCTION

Plaintiffs Frank Sisk and Precision Mine Repair, Inc. (“PMR,” and collectively with Mr. Sisk, “Plaintiffs”), by and through its undersigned counsel, sues Defendants Strata Mine Services, LLC (“Strata”) and Titan Atlas Manufacturing, Inc. (“TAMI”) and states as follows:

1. This is a patent infringement action arising out of Strata’s breach of a distributorship agreement with PMR, which was brought about by TAMI’s tortious interference. Subsequent to TAMI’s inducement of a breach of PMR’s distributorship agreement with Strata, Strata began purchasing TAMI’s products in order to make, use, sell or offer to sell infringing mine ventilation structures embodying the claimed invention of a U.S. patent owned by Mr. Sisk, and exclusively licensed to PMR, that are used in mines in, *inter alia*, this District.

THE PARTIES

2. Mr. Frank Sisk is a citizen of Illinois, having a residence at 330 W. Lane St., Equality, Illinois 62934.

3. PMR is a corporation formed under the laws of Illinois, and having its principal place of business at 705 West Main St., Ridgway, IL 62979.

4. Strata Mine Services, LLC is a limited liability company formed under the laws of Delaware, and maintaining a principal place of business at 8995 Roswell Rd. Ste 200, Sandy Springs, Georgia 30350. Strata is registered to conduct business in the state of Illinois, maintains a registered agent in Illinois, Illinois Corporation Service Co., 801 Adlai Stevenson Drive, Springfield, Illinois 62703, and formerly did business as Strata Mine Services, Inc., a Georgia corporation.

5. TAMI is a corporation formed under the laws of Delaware, and maintaining a principal place of business at 317 Madison Avenue, Suite 814, New York, New York 10017.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a) in that this is an action arising under the patent laws of the United States, more particularly, 35 U.S.C. § 271 *et seq.* This Court also has diversity jurisdiction over the parties pursuant to 28 U.S.C. § 1332, in that Plaintiffs are citizens and residents of Illinois, and defendants are citizens and residents of states other than Illinois, and the amount in controversy exceeds \$75,000. Finally, the Court has supplemental jurisdiction over the non-patent aspects of this action pursuant to 28 U.S.C. § 1367 in that said non-federal causes of action are integrally related to the patent aspects

of this case, and arise from a common nucleus of operative fact such that they form a part of the same cause of action as the federal claims raised herein.

7. This Court has personal jurisdiction over Strata because, Strata is registered to conduct business in the state of Illinois, Strata committed a breach of contract within this state, and Strata regularly conducts business in the State of Illinois and in this judicial district.

8. This Court has personal jurisdiction over TAMI because, on information and belief, TAMI (a) regularly conducts business activities in the state of Illinois and in this judicial district, (b) has induced the installation of infringing mine ventilation structures in the state of Illinois and in this district, and (c) has tortiously interfered with the relationship between Strata and PMR, and thereby caused harm within the state of Illinois, and more particularly within this judicial district.

9. Venue as to Strata is proper in this District pursuant to 28 U.S.C. §§ 1391(b) and 1400 (b) in that Strata resides, or as a result of the above-described activities is deemed to reside, in this District. Venue as to TAMI is proper in this District pursuant to 28 U.S.C. §§ 1391(b) and 1400(b) in that as a result of the above-described activities, TAMI is deemed to reside within this District.

FACTS COMMON TO ALL COUNTS

10. PMR was founded in 1995 by Mr. Sisk, offering services relating to mine construction, excavation, gunite (a type of concrete mixture) and other concrete services.

11. On March 9, 1999, U.S. Patent No. 5,879,231 (“the ‘231 Patent”), entitled “Mine Ventilation Structure,” was duly and legally issued to Mr. Sisk by the United States Patent and Trademark Office. Mr. Sisk is the current and sole owner of the ‘231 Patent. A true and correct copy of the ‘231 Patent is attached hereto as Exhibit A.

12. PMR is the exclusive licensee of the '231 Patent.

13. On or about August 26, 2007, PMR and Strata Mine Services, Inc., Strata's predecessor in interest, executed a distributorship agreement ("the Distributorship Agreement") at PMR's office in Ridgway, Illinois relating to mine ventilation structures, including the right to "purchase, distribute, sell and construct" such structures. Addendums to the Distributorship Agreement were executed on September 25, 2007 and July 3, 2008. The Distributorship Agreement and Addendums are attached hereto as Composite Exhibit B.

14. While the distributorship agreement recites that it is "non-exclusive" as to Strata, thereby allowing PMR to bring on other distributors, it grants Strata Mine Services, Inc. certain exclusive rights, including "exclusive Distributorship Rights" to mine sites where Strata Mine Services, Inc. has contracted or installed mine ventilation structures.

15. The Distributorship Agreement is binding on Strata as a successor-in-interest and assignee of Strata Mine Services, Inc.

16. On information and belief, sometime prior to December 31, 2010, Strata began purchasing mine ventilation structure products from TAMI, whereby TAMI would provide Strata with panels and other materials for distribution as substitute goods for the materials provided by PMR for mine ventilation structures.

17. On or about December 31, 2010, PMR first learned that Strata was purchasing substitute goods for the materials it provided under the Distributorship Agreement from another manufacturer, and that Strata had shipped some non-PMR manufactured panels for use in mine ventilation structures to the Enlow Fork Mine located in Pennsylvania.

18. In a letter dated January 3, 2011, PMR reminded Strata of PMR's rights under the '231 Patent, advised Strata that Strata's purchase of substitute goods breached the Distributorship Agreement, and, pursuant to the Distributorship Agreement, provided Strata with thirty (30) days to cure its breach. A copy of the January 3, 2011 letter is attached hereto as Exhibit C.

19. In a letter dated January 16, 2011, Strata notified its customers that it had secured a new supplier, TAMI, and that TAMI manufactured panels made "on the identical machine as the previously supplied panels" would henceforth be installed in the mine ventilation structures. The January 16, 2011 letter is attached hereto as Exhibit D.

20. On January 17, 2011, after the date of the letter notifying its customers of its change in manufacturers, Strata emailed a letter to PMR, alleging that the TAMI panels were ordered solely for limited use, admitting that at least 16 panels were shipped to the McElroy Mine, located in West Virginia, for use as stoppings (a type of mine ventilation structure used to control air flow), and purporting to be willing to resolve its differences with PMR. A copy of the January 17, 2011 letter is attached hereto as Exhibit E.

21. In a letter dated February 14, 2011, PMR notified Strata that, as a result of Strata's breach, and pursuant to the Distributorship Agreement, PMR was terminating the Distributorship Agreement, except as to certain ongoing projects. The February 14, 2011 letter has been attached as Exhibit F.

22. In an email dated February 16, 2011, Strata emailed its January 16, 2011 letter to several customers, notifying these customers that TAMI would be providing Strata with substitute goods made on the "identical machine" as the PMR mine ventilation structure products. At least

two of the customers the email was sent to are located in, or own or operate coal mines in, Illinois and in this District. A copy of the February 16, 2011 email is attached hereto as Exhibit G.

23. On February 17, 2011, unbeknownst to Mr. Sisk or PMR, TAMI filed an action against Mr. Sisk individually in the Western District of Virginia (“the W.D.Va. Action”), seeking declaratory relief that the ‘231 Patent is invalid and unenforceable. Neither PMR nor Strata are named as parties in the W.D.Va. Action. A copy of the Complaint in the W.D.Va. Action is attached hereto as Exhibit H.

24. On March 2, 2011, still unaware of the existence of the W.D.Va. Action, Plaintiffs sent a letter to Strata providing formal notice of Plaintiffs’ rights under the ‘231 Patent and of Strata’s infringement of at least claims 1 and 2 of the ‘231 Patent. A copy of the March 2, 2011 letter is attached hereto as Exhibit I.

25. On March 14, 2011, almost a month after it was filed, TAMI served the Complaint on Mr. Sisk. This was Plaintiffs’ first knowledge of the W.D.Va. Action. Under the Federal Rules, Plaintiff had until April 4, 2011 to answer or otherwise respond to the Complaint in the W.D.Va. Action.

26. On March 31, 2011, Mr. Sisk’s counsel contacted TAMI’s counsel to request for a 30-day extension of time in which to answer or otherwise respond to the complaint in the W.D.Va. Action. TAMI’s counsel did not respond until the day the response to the Complaint in the W.D.Va. Action was due, April 4, 2011, and after Plaintiffs’ counsel presented this Court with the instant case and requested that this case be opened and assigned a case number.

27. By virtue of having presented the original Complaint to this Court, a case number was assigned, the case was opened on April 4, 2011, and it became available to the public on both the

“advance sheets,” and on PACER that day. As a result of this public filing, the next day, on April 5, 2011, Defendants TAMI and Strata jointly filed an Amended Complaint in the W.D.Va. Action and, for the first time, named Strata as an additional plaintiff, and PMR as an additional defendant so as to attempt to “mirror” the parties in this action. A copy of the amended complaint in the Western District of Virginia Action is attached hereto as Exhibit L.

28. Almost contemporaneously with the Defendants’ filing of an Amended Complaint in the W.D.Va. Action, Mr. Sisk filed a Motion to Dismiss, Stay or Transfer the original Complaint in the W.D.Va. Action, in favor of the instant action, on a number of grounds, including that there is no personal jurisdiction over Mr. Sisk in any state or federal court in Virginia. A copy of the Mr. Sisk’s Motion to Dismiss, Stay or Transfer the W.D.Va. Action is attached hereto as Exhibit M.

29. Strata had actual knowledge of the ‘231 Patent prior to January 3, 2011.

30. On information and belief, TAMI had actual knowledge of the ‘231 Patent prior to January 3, 2011.

31. All conditions precedent necessary to the filing of this action have been performed, waived or excused.

COUNT I

(Breach of Contract by Strata)

32. Plaintiffs repeat and incorporate herein Paragraphs 1 through 31 of this Complaint.

33. The Distributorship Agreement executed by PMR and Strata on or about August 26, 2007, and as amended on September 25, 2007 and July 3, 2008 is and was a valid and enforceable contract as of the time of its breach by Strata.

34. Strata breached the Distributorship Agreement by purchasing substitute and competing goods from TAMI, thereby breaching its duties and obligations under the Distributorship Agreement, including duties and obligations imposed by, *inter alia*, Article 2 of the Illinois Commercial Code.

35. As a result of Strata's breach, Plaintiffs have been damaged.

COUNT II

(Tortious Interference with a Contractual Relationship or Business Expectancy by TAMI)

36. Plaintiffs repeat and reincorporate herein Paragraphs 1 through 31 of this Complaint.

37. PMR had a valid and enforceable contract, the Distribution Agreement, pursuant to which it had legal rights, with Strata.

38. PMR also had a valid and lawful business expectancy that Strata would continue to purchase mine ventilation structure products exclusively from PMR.

39. TAMI had actual knowledge of PMR's contractual relationship with Strata, and knowledge that PMR had been, and expected to continue being, Strata's exclusive provider of mine ventilation structure products.

40. TAMI intentionally and unjustifiably, and through improper means, interfered, and continues to interfere with, PMR's contractual and business relationship and expectancy with PMR.

41. TAMI's interference induced Strata to breach its contractual relationship with PMR, and prevented the realization of PMR's contractual and business expectancy that would have otherwise resulted, absent TAMI's interference with PMR's contract with Strata.

42. Plaintiffs have been damaged as a result of TAMI's interference.

COUNT III

(Patent Infringement by Strata)

43. Plaintiffs repeat and incorporate herein Paragraphs 1 through 31 of this Complaint.

44. Strata makes, uses, sells, offers for sale or imports mine ventilation structures that infringe the '231 Patent, which are not licensed, including without limitation, their line of Spray Panel Overcasts (or undercasts or stoppings), Sprayed Panel Overcasts (or undercasts or stoppings), S.P. Overcasts (or undercasts or stoppings) made with products provided by manufacturers other than PMR, and related products using 3-D Panels and embodying the invention claimed in the '231 Patent (collectively, the "Accused Products"). Examples of Strata's advertisements for the Accused Products, Strata's website and brochure for its SP Overcast are attached hereto as Exhibits J and K, respectively.

45. Strata has infringed and is infringing the '231 Patent by making, using, selling, offering for sale or importing the Accused Products.

46. Strata had actual knowledge of the '231 Patent prior to January 3, 2011, and knew that the Accused Products embodied the invention claimed in the '231 Patent.

47. Strata knew or should have known that there was an objectively high likelihood that its actions constituted infringement of the presumptively valid patent, and engaged in these actions despite that risk. Therefore Strata's infringement was and is willful. Indeed, Strata advertises the Accused Products using descriptions and modified figures copied out of the '231 Patent, including its S.P. Overcasts website and brochure. Exhibits J and K.

48. Strata's infringement has damaged Plaintiffs, and such infringement should be permanently enjoined by this Court.

COUNT IV

(Inducement of Patent Infringement by TAMI)

49. Plaintiffs repeat and incorporate herein Paragraphs 1 through 31 and 43 through 48 of this Complaint.

50. On information and belief, TAMI had actual knowledge of the '231 Patent prior to January 3, 2011.

51. Strata's making, using, selling, offering for sale or importing the Accused Products infringes the presumptively valid '231 Patent.

52. On information and belief, TAMI actively offered to sell and indeed sold products, including 3-D panels, to Strata so as to induce Strata to make, use, sell or offer for sale the Accused Products.

53. On information and belief, TAMI knew or should have known that Strata intended to use the products it purchased from TAMI in the Accused Products and that the Accused Products infringed the '231 Patent.

54. On information and belief, TAMI sold its products to Strata with the intent and purpose that Strata would use such products to manufacture, use, sell or offer to sell the Accused Products, and TAMI thereby encouraged Strata's infringement.

55. TAMI knew or should have known that its actions would induce actual infringement of the '231 Patent by Strata.

56. As a result of TAMI's inducement of Strata's infringement of the '231 Patent, Plaintiffs have been damaged.

57. Accordingly, TAMI's inducement of Strata's infringement should be permanently enjoined by this Court.

COUNT V

(Inducement of Patent Infringement by Strata and TAMI)

58. Plaintiffs repeat and incorporate herein Paragraphs 1 through 31 and 43 through 57 of this Complaint.

59. On information and belief, Strata and TAMI had knowledge of the '231 Patent prior to January 3, 2011.

60. The Accused Products made or used by mines, that were made from the non-PMR products sold or used by Strata and TAMI, including the stoppings made from the 16 TAMI 3-D panels installed by Strata, infringe the '231 Patent.

61. On information and belief, Strata actively (a) made, sold or offered for sale the Accused Products, or (b) sold non-PMR products to be used in making and using the Accused Products.

62. On information and belief, TAMI actively offered to sell and indeed sold products, including 3-D Panels, to Strata to be made, used, sold or offered for sale as Accused Products that would be made or used by mines.

63. Strata knows or should have known that the making or use of the Accused Products by mines would infringe the '231 Patent, and that its actions making or selling such Accused Products, or selling non-PMR products to these mines for use in making or using such Accused Products, would induce infringement of the '231 Patent by these mines.

64. On information and belief, TAMI knew or should have known that its actions selling products, including 3-D panels, to Strata to be made, used, sold or offer for sale as Accused Products that would be made or used by mines, would induce infringement of the '231 Patent by these mines.

65. On information and belief, Strata (a) made or sold Accused Products, or (b) sold non-PMR products to be made or used in Accused Products with the intent and purpose that the mines would make or use the Accused Products.

66. On information and belief, TAMI sold its products to Strata with the intent that Strata would then make or sell Accused Products, or resell the TAMI products to mines to be made into or used as Accused Products.

67. Strata and TAMI knew or should have known that their actions would induce actual infringement by various mines.

68. As a result of Strata and TAMI's inducement of infringement by such customer mines, Plaintiffs have been damaged.

69. Accordingly Strata and TAMI's inducement of infringement by mines should be permanently enjoined by this Court.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs Frank Sisk and Precision Mine Repair, Inc. respectfully request the following relief:

(a) That the Court find that Strata breached the Distributorship Agreement and award damages to the Plaintiffs as a result thereof;

(b) That the Court find that TAMI tortiously interfered with PMR's contractual and business relationship with Strata and award compensatory and punitive damages as a result of such conduct;

(c) That the Court find that Strata has infringed and/or is infringing the '231 Patent and award damages resulting therefrom;

(d) That the Court find that TAMI induced Strata's infringement of the '231 Patent and award damages resulting therefrom;

(e) That the Court find that Strata and TAMI induced infringement of the '231 Patent by mines and award damages resulting therefrom;

(f) That the Court grant Plaintiffs injunctive relief enjoining Strata and/or TAMI from manufacturing, using, selling, offering for sale, using, and/or importing Accused Products;

(g) That the Court grant Plaintiffs injunctive relief enjoining TAMI from inducing further infringement by Strata;

(h) That the Court grant Plaintiffs injunctive relief enjoining Strata and TAMI from inducing further infringement by mines;

(i) That the Court grant Plaintiffs all appropriate monetary relief, including an award of treble damages against Strata and TAMI;

(j) That the Court find that this is an exceptional case under 35 U.S.C. §285;

(k) That the Court award Plaintiffs their attorneys fees, costs and interest incurred in this action; and

(l) That the Court grant Plaintiffs any additional relief, either in law or equity, as the Court determines is just and equitable.

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a jury trial as provided by law.

Respectfully Submitted,

Frank Sisk and Precision Mine Repair, Inc.,
Plaintiffs

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