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Attorney(s) for Plaintiff FLIR Systems, Inc.

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

PORTLAND DIVISION

FLIR SYSTEMS, INC., an Oregon
corporation,

Plaintiff,

vs.

THOMAS L. GAMBARO, an individual d/b/a
PATENT ENFORCEMENT COMPANY;
MOTIONLESS KEYBOARD COMPANY, an
Oregon corporation.

Defendants.

Case No. CV 10-0231-BR

FIRST AMENDED COMPLAINT FOR
DECLARATORY JUDGMENT OF NON-
INFRINGEMENT AND INVALIDITY OF
PATENT

DEMAND FOR JURY TRIAL

Plaintiff FLIR Systems, Inc. (“FLIR”) files this First Amended Complaint For Declaratory Judgment Of Non-Infringement And Invalidity Of Patent, on personal knowledge as to its own actions and on information and belief as to all other matters, as follows:

I.

PRELIMINARY STATEMENT

1. Over the last seven months, defendants Thomas Gambaro and his company, Motionless Keyboard Company (together, “Defendants”), have threatened to sue FLIR based on their erroneous allegations that certain of FLIR’s products—namely, the i5, i7, i40, i50, i60, b40, b50, and b60 thermal imagers (together, the “Accused Devices”)—infringe United States Patent No. 5,332,322 (the “‘322 Patent”).¹ None of the Accused Devices infringe any valid and enforceable claim of the ‘322 Patent. This is confirmed by application of the prior construction of the ‘322 Patent claims by this Court that was upheld by the United States Court of Appeals for the Federal Circuit (the “Federal Circuit”) in a case involving Microsoft Corporation and others. Accordingly, FLIR seeks a declaration that the ‘322 Patent, which expired on January 12, 2010, is invalid and is not directly or indirectly infringed by the Accused Devices that FLIR makes, uses, or sells within the United States.

II.

THE PARTIES

A. FLIR And Its Business

2. FLIR is a corporation duly organized and operating under the laws of the State of Oregon, with its principal place of business at 27700 SW Parkway Avenue, Wilsonville, Oregon 97070. FLIR is a world leader in the design, manufacture, and marketing of thermal imaging

¹ A true and correct copy of the ‘322 Patent is attached to this Complaint as Exhibit A.

and stabilized camera systems for a wide variety of international and domestic applications in the commercial, industrial, and government markets. An important aspect of FLIR's thermography business is the design and manufacture of hand-held thermal imaging systems capable of detecting and measuring small temperature differences, which are useful for a wide variety of industrial and commercial applications.

B. Defendants

3. Defendant Thomas Gambaro ("Gambaro") is an individual who resides at 2014 SE 12th Street, #305, Portland, Oregon 97214-0741. Gambaro is the sole named inventor of the '322 Patent, entitled "Ergonomic Thumb-Actuable Keyboard for a Hand-Grippable Device." The '322 Patent discloses a hand-held device that frees the thumb to actuate the keys in multiple and different ways. The '322 Patent was issued on July 26, 1994, and expired on January 12, 2010.

4. Patent Enforcement Company ("PEC") is an assumed business name registered in the State of Oregon with its principal place of business located at P.O. Box 14741, Portland, Oregon 97293-0741. PEC was registered with the Oregon Secretary of State on March 30, 2010. Gambaro and/or MKC purportedly assigned the expired '322 Patent to PEC on March 31, 2010—*i.e.*, 30 days after the initiation of the instant action. Gambaro is the purported authorized representative and registrant of PEC.

5. Defendant Motionless Keyboard Company ("MKC") is a domestic business corporation incorporated in the State of Oregon with its principal place of business located at 2014 SE 12th Street, #305, Portland, Oregon 97214-0741. Gambaro initially assigned the '322 Patent to MKC, and is a significant shareholder of MKC.

III.

JURISDICTION AND VENUE

6. The Court has subject matter jurisdiction over this action pursuant to 35 U.S.C. §§ 1 *et seq.*, as well as 28 U.S.C. §§ 1331, 2201, and 2202. FLIR seeks a declaration that the Accused Devices do not infringe any claim of the ‘322 Patent and that all claims of the ‘322 Patent are invalid.

7. The Court has personal jurisdiction over Defendant Gambaro (and PEC, his assumed business name) because he is a resident of Oregon, and over Defendant MKC because it was incorporated in Oregon and has its principal place of business in Oregon.

8. Pursuant to 28 U.S.C. §§ 1391(b), 1391(c), and 1400(b), venue is proper in this Court because Defendants reside in this district and a substantial part of the events giving rise to the claims presented herein occurred in this district.

IV.

FACTUAL BACKGROUND

A. Defendants Wrongfully Accuse FLIR Of Infringing The ‘322 Patent

9. On or about November 3, 2009, Gambaro wrote to FLIR that “FLIR may have used U.S. Patent No. 5,332,322 . . . in the FLIR B-Series products and use of the IP may extend as far back as five years.”² With that correspondence to FLIR, Gambaro also forwarded a chart purporting to demonstrate that “all” elements of the ‘322 Patent were “structurally or equivalently” present in the Accused Devices.

² A true and correct copy of the e-mail from Thomas Gambaro to William Powell III, dated November 3, 2009, (with attached claim chart) is attached to this Complaint as Exhibit B.

10. Following an internal investigation of Gambaro's allegations, on or about November 11, 2009, FLIR notified Defendants that none of its Accused Devices infringe any claim of the '322 Patent.³

B. The Court Construed The Claims Of The '322 Patent In Prior Litigation – Based On Those Constructions The Accused Devices Do Not Infringe The '322 Patent.

11. FLIR's conclusion that the Accused Devices do not infringe any claim of the '322 Patent was based, in part, on application of the construction of the '322 Patent claims by this Court in *Motionless Keyboard Co. v. Microsoft Corp.*, No. Civ. 04-180-AA, 2005 WL 1113818, at *19 (D. Or. May 6, 2005). MKC commenced that lawsuit against Microsoft Corporation, Saitek Industries, Ltd., and Nokia Inc. The Federal Circuit upheld this Court's construction of the '322 Patent claims on May 29, 2007. *See Motionless Keyboard Co. v. Microsoft Corp.*, 486 F.3d 1376, 1380-82 (Fed. Cir. 2007).

12. The Court construed the disputed terms of the '322 Patent claims, and in particular the phrase "a concavity in said housing at said key actuation position, and a thumb-associable cluster of keys forming a keyboard within said concavity . . ." to mean "that the concavity must be formed by a depression in the housing of the device, and that all keys comprising the keyboard must be contained entirely within the concave area and sunk below the surface of the housing, so that the thumb movement occurs within the concave area." *See Motionless Keyboard Co.*, 2005 WL 1113818, at *19. The Federal Circuit affirmed that claim construction. *See* 486 F.3d at 1380-82. Accordingly, as a matter of law, the Court's prior construction of the disputed claim terms in the '322 Patent is binding on MKC.

³ A true and correct copy of the letter from William Powell III to Thomas Gambaro, dated November 11, 2009, is attached to this Complaint as Exhibit C.

13. Based on that claim construction, by letter dated on or about November 11, 2009, FLIR informed Defendants that the Accused Devices do not infringe the '322 Patent because “there is no depression, or concavity, created in the housings of these imagers,” and “the keys positioned on the angular portion extend above the upper extent of the housing” and “protrud[e] above that plane.”

14. In that same letter, FLIR informed Defendants that the Accused Devices do not infringe under the doctrine of equivalents because “[t]he Federal Circuit found in the previous litigation that devices which have keys raised above the housing do not permit thumb movement to actuate the keys within the cavity.”

C. Defendants Refuse To Acknowledge This Court’s Prior Claims Constructions And Continue To Wrongfully Threaten FLIR Of Infringing The ‘322 Patent.

15. On or about November 18, 2009, Defendant Gambaro (on MKC letterhead) responded to FLIR by stating that the prior judicial construction of the claims of the '322 Patent had “no basis in physical reality,” and “the previous rulings of the District Court and Federal Court will crumble when the actual evidence of the physical embodiments is brought to light.” Gambaro also continued to allege that FLIR is willfully infringing the '322 Patent.⁴

16. On or about November 20, 2009, Defendants Gambaro and MKC reiterated that the prior construction of the claim terms of the '322 Patent was in error, and that “the rulings were far outside of the scope of the patent claims.” Defendants Gambaro and MKC also asserted definitions of certain key claim terms—including the term “concavity”—that were expressly rejected by this Court and affirmed on appeal by the Federal Circuit. Specifically, Defendants Gambaro and MKC purported to define “concavity” to mean “a hollowed or indented region

⁴ A true and correct copy of the letter from Thomas Gambaro to William Powell III, dated November 18, 2009, is attached to this Complaint as Exhibit D.

extending along one or two axes,” even though this Court and the Federal Circuit had previously rejected that claim construction.⁵

17. On or about November 23, 2009, Defendants Gambaro and MKC demanded that FLIR pay \$750,000 to settle its alleged willful infringement of the ‘322 Patent.⁶

18. On or about December 7, 2009, Defendants Gambaro and MKC notified FLIR that they had retained counsel in Dallas, Texas to negotiate “a settlement agreement between our companies.”⁷

19. On or about December 29, 2009, FLIR informed Defendants that it does not believe that any of the Accused Devices infringe any claim of the ‘322 Patent and, thus, it was not interested in discussing a settlement or acquiring a license. FLIR reiterated that none of the Accused Devices “contain a bowl-like depression in the housing within which the keyboard cluster is positioned.”⁸

20. On or about January 15, 2010, Defendants responded by reiterating their prior infringement allegations and claim constructions that were inconsistent with the prior claim constructions made by this Court and affirmed by the Federal Circuit. In addition, Defendants stated that they were “currently viewing the pattern of conduct of FLIR Systems, Inc. as a threat like an act of domestic technological terrorism . . . [f]urther dishonesty on the part of FLIR

⁵ A true and correct copy of the letter from Thomas Gambaro to William Powell III, dated November 20, 2009, is attached to this Complaint as Exhibit E.

⁶ A true and correct copy of the letter from Thomas Gambaro to William Powell III, dated November 23, 2009, is attached to this Complaint as Exhibit F.

⁷ A true and correct copy of the letter from Thomas Gambaro to William Powell III, dated December 7, 2009, (with attached claim chart) is attached to this Complaint as Exhibit G.

⁸ A true and correct copy of the letter from William A. Brewer III to Thomas Gambaro, dated December 29, 2009, is attached to this Complaint as Exhibit H.

Systems, Inc. representatives may expand the scope of what could become a jury trial and possibly a test case that may be known as *Motionless v. FLIR, et al.*”⁹

21. On February 14, 2010, Defendants sent a letter to counsel for FLIR stating that the evidence is “clear and convincing” that “FLIR is and has been infringing on my patent. . . . I strongly suggest you review your legal position and begin dialog [sic] toward settlement of these issues before we are forced to take additional steps to resolve this situation that may cost FLIR millions.” Defendants also stated that they would proceed with their “next steps” unless FLIR responded to their settlement demands “one way or another” within two weeks. Finally, Defendants threatened that:

FLIR has considerable revenues from military contracts so let me leave you with some perspective on continued denial of the facts in this case. I will mention that I have military training and experience from 5/69 to 11/70 and this training and experience is with the U.S. Army in Artillery. You may consider that I am now “**An Army Of One**”.

Artillery causes damage to an enemy from a distance. **Does FLIR and the Board of Directors want to be at war with “An Army Of One”?** It would be possible to cause millions of dollars of damage to FLIR without leaving my home and without filing a case in Federal Court where 85% of jury trials find in favor of the independent inventor(s).¹⁰

22. Based on Defendants’ repeated threats, and final ultimatum, FLIR sought declaratory relief that none of the Accused Devices infringe the ‘322 Patent by initiating this action on March 1, 2010.

⁹ A true and correct copy of the letter from Thomas Gambaro to William A. Brewer III, dated January 15, 2010, is attached to this Complaint as Exhibit I.

¹⁰ A true and correct copy of the letter from Thomas Gambaro to William A. Brewer III, dated February 14, 2010, is attached to this Complaint as Exhibit J.

23. Defendants sent a letter (on MKC letterhead) to FLIR on March 10, 2010, threatening that “additional actions will now be taken to financially damage FLIR and all of the above named firms representing FLIR for aiding a corporation practicing patent infringement.”¹¹ In addition, Defendants continued to reiterate the prior constructions by stating that “[t]he claim constructions of the original proceedings are [] erroneous and examples of puffery.” Furthermore, Defendants stated that:

A further reason is that the testimony of the presiding judge of the *Motionless Keyboard Co. v. Microsoft Corp.* indicates she was not “skilled in the art” of the invention titled “ERGONOMIC THUMB-ACTUABLE KEYBOARD FOR HAND GRIPPABLE DEVICE” and therefore should not have presided over the case in the first place.

24. Notwithstanding the fact that Defendants were placed on notice of FLIR’s patent misuse claim, Defendants continued to demand future royalty payments for alleged infringement of the ‘322 Patent. On March 15, 2010 – after wrongfully demanding future royalties on the ‘322 Patent for almost six months – Defendants conceded that they could not pursue claims of future royalties because the ‘322 Patent had expired. Specifically, Gambaro admitted that he “had forgotten about the terminal disclaimer that was required for the ‘322 Patent to issue and [he] thought there was an additional two years left on the patent.” Defendants thereafter reduced their settlement demand to \$500,000.00 by eliminating future royalties.¹²

25. On March 15, 2010, Defendants forwarded FLIR a video that they had posted on the Youtube.com website that purportedly shows an “Internet jury member” how each element of

¹¹ A true and correct copy of the letter from Thomas Gambaro to William A. Brewer III, dated March 10, 2010, is attached to this Complaint as Exhibit K.

¹² A true and correct copy of the letter from Thomas Gambaro to William A. Brewer III, dated March 15, 2010, is attached to this Complaint as Exhibit L.

claim 1 of the '322 Patent is infringed by the Accused Device(s). That video adopted claims constructions that were previously rejected by the Court.

26. By letter dated March 31, 2010, Defendants informed FLIR that the '322 Patent had been transferred from MKC and assigned to PEC.¹³

V.

CLAIMS FOR RELIEF

A. Count One: Declaratory Relief That FLIR Does Not Infringe The '322 Patent.

27. FLIR repeats each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

28. Defendants contend that FLIR infringes their '322 Patent. On the other hand, FLIR contends that none of the Accused Devices infringe any claim of that patent. Accordingly, a justiciable controversy exists.

29. FLIR requests a judicial declaration that none of the Accused Devices infringe, directly or indirectly, any claim of the '322 Patent.

B. Count Two: Declaratory Relief That The '322 Patent Is Invalid.

30. FLIR repeats each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

31. Defendants contend that FLIR infringes the '322 Patent. On the other hand, FLIR contends that none of the Accused Devices infringe any claim of the '322 Patent and each claim of the '322 Patent is invalid. Accordingly, a justiciable controversy exists between the parties.

32. FLIR requests a judicial declaration that each claim of the '322 Patent is invalid.

¹³ A true and correct copy of the letter from Thomas Gambaro to William A. Brewer III, dated March 31, 2010, is attached to this Complaint as Exhibit M.

C. Count Three: FLIR Is Entitled To An Award Of Attorneys' Fees.

33. FLIR repeats each and every allegation set forth in the preceding paragraphs as if fully set forth herein.

34. Defendants have knowingly made, and continue to knowingly make, wrongful assertions that the Accused Devices infringe the '322 Patent notwithstanding, among other things, the prior constructions of the claim terms of the '322 Patent that were upheld by the Federal Circuit and that are binding on MKC.

35. Accordingly, pursuant to 35 U.S.C. § 285, this is an exceptional case entitling FLIR to an award of its attorneys' fees for prosecuting this action.

D. Count Four: Declaratory Relief That The '322 Patent Is Unenforceable For Patent Misuse.

36. FLIR repeats each and every allegation in the preceding paragraphs as if fully set for the herein.

37. Defendants' '322 Patent expired on January 12, 2010. Defendants' actions in seeking future royalties from FLIR on the expired '322 Patent—even after Defendants were placed on notice regarding the expiration of the '322 Patent—is an attempt to impermissibly broaden the temporal scope of Defendants' patent rights and therefore constitutes patent misuse.

38. In addition, this Court's construction of the terms of the '322 Patent in the *Microsoft* Action, affirmed by the Federal Circuit, are binding on Defendants. Defendants' allegations that FLIR infringes the '322 Patent based on claim constructions that were expressly rejected by this Court constitutes patent misuse. Furthermore, Defendants' posting of a video on the Internet alleging infringement based on claim constructions that were rejected by the Court also constitutes patent misuse.

39. Accordingly, FLIR seeks a declaratory judgment that the '322 Patent is unenforceable due to Defendants' patent misuse in: (i) attempting to extract future royalties on the expired patent; and (ii) alleging patent infringement based on claim constructions that have been rejected by the Court and binding on Defendants.

VI.

JURY DEMAND

40. FLIR requests a trial by jury.

VII.

REQUEST FOR RELIEF

41. WHEREFORE FLIR requests that the Court enter judgment against Defendants, awarding FLIR the following relief:

- a. A judicial declaration that the Accused Devices do not directly or indirectly infringe any claim of the '322 Patent;
- b. A judicial declaration that each claim of the '322 Patent is invalid;
- c. An award to FLIR of its reasonable attorneys' fees and costs;
- d. Pre-judgment and post-judgment interest at the highest lawful rates; and
- e. Such other and further relief that this Court may deem just and proper.

Dated: April 29, 2010

By: *s/ Christopher Lewis*

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Attorneys for Plaintiff FLIR Systems, Inc.

CERTIFICATE OF SERVICE

The undersigned certifies that on this 29th day of April, 2010, a true and correct copy of the foregoing document was served via first class mail, postage prepaid, as follows:

Mr. Thomas Gambaro
Patent Enforcement Company
and
Motionless Keyboard Company
P.O. Box 14741
Portland, OR 97293-0741

s/ Christopher Lewis

Christopher Lewis