

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

Markem Corporation,
Plaintiff

v.

Zipher Ltd. and
Videojet Technologies, Inc.,
Defendants.

Civil Action No. 1:07-cv-6-SM

FIRST AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL

NOW COMES Plaintiff Markem Corporation, by and through the undersigned attorneys, and complains against Defendants Zipher Ltd. and Videojet Technologies, Inc. (collectively “Defendants”), as follows:

PARTIES

1. Plaintiff Markem Corporation (“Markem”) is a corporation organized and existing under the laws of the State of New Hampshire and having a place of business at 150 Congress Street, Keene, New Hampshire 03431.

2. On information and belief, Defendant Zipher Ltd. (“Zipher”) is a corporation existing under the laws of the United Kingdom, with a principal place of business at 7 Faraday Building, Nottingham Science & Technology Park, University Boulevard, Nottingham NG7 2QP, United Kingdom.

3. On information and belief, Defendant Videojet Technologies, Inc. (“Videojet”) is a Delaware corporation having a principal place of business at 1500 Mittel Blvd., Wood Dale, Illinois 60191.

JURISDICTION AND VENUE

4. Markem seeks a judicial declaration that United States Patent No. 7,150,572 (“the

‘572 Patent’), purportedly assigned to Zipher and exclusively licensed to Videojet, is owned by Markem, is invalid, is unenforceable, and is not and has not been infringed by Markem or its customers.

5. Counts III, IV, and V of this action arise under the patent laws of the United States, 35 U.S.C. §§ 1 *et seq.*, and are based upon an actual and justiciable controversy between the parties with respect to the ownership, validity, enforceability, and infringement of the ‘572 Patent. This Court has subject matter jurisdiction over these Counts under 28 U.S.C. §§ 1331, 1338(a), 2201 & 2202. Counts I and II of this action arise under statutory and common law, and this Court has subject matter jurisdiction over these Counts under 28 U.S.C. § 1367.

6. This Court has personal jurisdiction over Defendants as *inter alia*, on information and belief, Defendants through Videojet regularly conduct business in New Hampshire, maintain a sales presence in New Hampshire, are registered to do business in New Hampshire, have filed annual reports with the New Hampshire Secretary of State since at least 1988, have appointed an agent for service of process in New Hampshire, have sued and effected in-hand service of process on Markem in New Hampshire of a Complaint for alleged infringement of the ‘572 Patent filed in the United States District Court for the Western District of Wisconsin (“the Wisconsin Suit”), and have further alleged infringement by Markem of the ‘572 Patent in Counterclaims and Amended Counterclaims in this action.

7. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1391(b), (c) & (d).

FACTUAL BACKGROUND

8. Markem is in the business of selling thermal transfer printers, including the Markem SmartDate® 5 Coder and 18 Series Coder. Thermal transfer printers are used to print dates, times and barcodes on flexible packaging material.

9. In 1996, Markem acquired Prestek, Ltd., subsequently renamed Markem Technologies, Ltd. (collectively, “MTL”), a U.K.-based manufacturer of thermal transfer printers and barcode label systems.

10. The three named inventors of the ‘572 Patent—Martin McNestry, Keith Buxton and Philip Hart—were each employed by MTL at certain times.

11. Each of Messrs. McNestry, Buxton, and Hart signed a valid and enforceable employment contract with MTL that (1) required him to keep confidential and protect MTL’s trade secrets, business information, and other confidential information; and (2) provided that any intellectual property that he created during the course of and within the scope of his employment belonged exclusively to MTL.

12. While employed at MTL, Messrs. McNestry, Buxton, and Hart, either solely or jointly made the alleged invention that is the subject of the ‘572 Patent. This work was done during the course of and within the scope of each of their employment with MTL.

13. MTL has at all times fully complied with its applicable obligations under its employment contracts with each of Messrs. McNestry, Buxton, and Hart.

14. In 1999, several MTL employees, including Messrs. Buxton and Hart, left to form Zipher. In April 2000, Zipher hired MTL’s Mr. McNestry.

15. Beginning on September 11, 2000, Zipher caused to file a series of four patent applications in the United Kingdom naming Messrs. McNestry, Buxton, and Hart as co-inventors. Zipher asserted ownership of these patent applications, and the ‘572 Patent at issue in this action is based on, and claims priority from, one or more of these patent applications. Zipher asserts sole ownership of the ‘572 Patent.

16. In 2002, Markem, MTL and Zipher entered into litigation in the United Kingdom

over ownership of certain patent rights, including the rights to the patent application that matured into the '572 patent. On May 20, 2004, the High Court of Justice, Chancery Division, Patents Court in that action decided ownership of the '572 Patent in favor of MTL. While that decision was subsequently reversed by the Court of Appeal, which decided ownership in favor of Zipher in April 2005, Markem contends that that reversal was based on non-substantive grounds and should not govern or otherwise affect this action.

17. Markem is the owner by assignment of all inventions made by Messrs. McNestry, Buxton, and/or Hart while at MTL concerning the subject matter of the '572 patent.

18. The '572 Patent issued on December 19, 2006, and is entitled "Tape Drive And Printing Apparatus."

19. On December 19, 2006, just over an hour after the '572 Patent issued, Zipher and Videojet filed the Wisconsin Suit.

20. In the Wisconsin Suit, Zipher and Videojet allege that Markem has offered to sell and sold SmartDate®5 Coders in the Western District of Wisconsin.

21. Between the issuance of the '572 Patent and the filing of the Wisconsin Suit, Markem did not sell or offer for sale any SmartDate® 5 Coders anywhere in the United States.

22. In this action, Zipher and Videojet allege through their Amended Counterclaim that Markem "has directly infringed, contributorily infringed, and/or actively induced infringement of the '572 patent – literally and/or under the doctrine of equivalents – by making, using, importing, offering for sale, and/or selling thermal transfer printers in the United States, including but not limited to, the SmartDate®5 Coder and 18 Series Coder[.]"

23. Through this action, Markem seeks a declaration of the Parties' respective rights and obligations with regard to the '572 Patent, the SmartDate® 5 Coder, and the 18 Series

Coder.

COUNT I

(Declaratory Judgment Regarding Ownership of the '572 Patent)

24. Markem incorporates by reference the allegations of the preceding paragraphs as if fully set forth herein.

25. By operation of both contract rights and applicable law, all right, title and interest in and to the subject matter of the '572 Patent is fully vested in and is the exclusive property of Markem.

26. Given that Zipher contends that it owns the '572 Patent, an actual and justiciable controversy exists between Markem and Defendants over the ownership of the '572 Patent.

27. Pursuant to 28 U.S.C. § 2201 et seq., Markem requests a declaration that Markem is the rightful owner of all right, title and interest in the '572 Patent.

COUNT II

(Conversion)

28. Markem incorporates by reference the allegations of the preceding paragraphs as if fully set forth herein.

29. On information and belief, Zipher unlawfully misappropriated alleged inventions, including the subject matter of the '572 Patent, originally owned by MTL, and now owned by Markem.

30. Markem has been damaged by reason of Zipher's unlawful misappropriation and conversion of Markem's property. Zipher and Videojet have also been unjustly enriched by such misappropriation and conversion.

COUNT III

(Declaratory Judgment Regarding Noninfringement of the ‘572 Patent)

31. Markem incorporates by reference the allegations of the preceding paragraphs as if fully set forth herein.

32. An actual and justiciable controversy exists between Markem and Defendants over the alleged infringement of the ‘572 Patent.

33. Defendants allege that the Markem SmartDate® 5 Coder and 18 Series Coder infringe the ‘572 Patent, and that Markem has contributorily infringed and induced infringement of the ‘572 Patent.

34. Markem denies infringement. Even though Markem is the lawful owner of the ‘572 Patent, it has elected not to utilize, and in fact does not utilize, the claimed invention of the ‘572 Patent, as is the lawful right of any patent owner. The manufacture, use, sale, offer to sell, and/or importation of the Markem accused products do not infringe any claim of the ‘572 Patent. The manufacture, use, sale, offer to sell, and/or importation of the Markem SmartDate® 5 Coder and 18 Series Coder also do not contribute to or induce the infringement of any claim of the ‘572 Patent; nor has Markem ever contributed to or induced the infringement of any such claim. Markem has the right to make, use, sell, offer to sell, and import the SmartDate® 5 Coder and 18 Series Coder, unhampered and unmolested by Zipher and Videojet.

35. Pursuant to 28 U.S.C. § 2201 et seq., Markem requests a declaration that Markem and its SmartDate® 5 Coder and 18 Series Coder do not infringe any claim of the ‘572 Patent.

COUNT IV

(Declaratory Judgment Regarding Invalidity of the ‘572 Patent)

36. Markem incorporates by reference the allegations of the preceding paragraphs as

if fully set forth herein.

37. An actual and justiciable controversy exists between Markem and Defendants regarding the validity of the '572 Patent.

38. In the Wisconsin Suit and in this action, Defendants allege that the '572 Patent was "duly and legally issued by the United States Patent And Trademark Office."

39. Markem denies that the '572 Patent was duly and legally issued. The claims of the '572 Patent are invalid for failure to comply with one or more of the following provisions of the Patent Laws of the United States of America: 35 U.S.C. §§ 102, 103, 112 and 116.

40. Pursuant to 28 U.S.C. § 2201 et seq., Markem requests a declaration that all claims of the '572 Patent are invalid.

COUNT V

(Declaratory Judgment Regarding Unenforceability of the '572 Patent)

41. Markem incorporates by reference the allegations of the preceding paragraphs as if fully set forth herein.

42. An actual and justiciable controversy exists between Markem and Defendants regarding the enforceability of the '572 Patent.

43. In the Wisconsin Suit and in this action, Defendants attempt to enforce the '572 Patent against Markem.

44. Markem denies that the '572 Patent is enforceable against Markem. The '572 Patent is unenforceable against Markem, including for reasons of shop-rights and because Markem is the true lawful owner of the '572 Patent.

45. Pursuant to 28 U.S.C. § 2201 et seq., Markem requests a declaration that the '572 Patent is unenforceable.

PRAYER FOR RELIEF

WHEREFORE, Markem respectfully requests that this Court enter judgment in Markem's favor against Zipher and Videojet, and issue an order:

- A. Declaring that Markem is the exclusive and rightful owner to all right, title and interest in the '572 Patent;
- B. Directing Zipher to effect assignment of the '572 Patent to Markem;
- C. Directing the PTO to correct its records to reflect that all intellectual property rights to the '572 Patent are owned by Markem;
- D. Imposing a constructive trust for the benefit of Markem over the '572 Patent, and ordering an appropriate accounting;
- E. Awarding Markem all damages sustained as a result of Defendants' unlawful misappropriation and conversion of the '572 patent as well as for Defendants' unjust enrichment for such misappropriation and conversion;
- F. Declaring that neither Markem nor its SmartDate® 5 Coder nor its 18 Series Coder infringes or has infringed any of the claims of the '572 Patent under any subsection of 35 U.S.C. § 271;
- G. Declaring that the claims of the '572 Patent are invalid;
- H. Declaring that the '572 Patent is unenforceable against Markem;
- I. Awarding Markem's costs and attorneys' fees incurred in bringing this action; and
- J. Awarding any such other and further relief as is just and proper.

JURY DEMAND

Markem hereby demands a trial by jury for all issues so triable.

Dated: August 17, 2007

By: /s/ Daniel M. Deschenes

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing FIRST AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL was served on the following parties by ECF:

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Zipher Ltd. and Videojet Technologies,
Inc.

on August 17, 2007.

/s/ Daniel M. Deschenes
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