



2. Upon information and belief, The Port Authority infringed and is infringing one or more claims of the patents-in-suit by making, having made, or using the inventions of such claims.

### **PARTIES**

3. TDM is a Nevada limited liability company having a business address at 4570 West Grove Drive, Suite 240, Addison, Texas 75001-5395. TDM is a wholly owned subsidiary of UTEX Holdings, LLC ("UTEX").

4. Upon information and belief, The Port Authority of New York and New Jersey ("The Port Authority") is a body corporate and politic of the States of New York and New Jersey created by a Bi-State compact of April 30, 1921 (N.Y. Unconsol. Laws § 6401 *et. seq.*, N.J. Stat. Ann. § 32 1-1 *et. seq.*) under a clause of the United States Constitution permitting compacts between states with Congressional consent, and has its corporate headquarters at 225 Park Avenue South, New York, New York 10003.

### **JURISDICTION AND VENUE**

5. This is an action for patent infringement arising under the laws of the United States 35 U.S.C. §§ 271 and 284 *et. seq.* This Court has jurisdiction over the action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

6. TDM alleges that this action arises because methods described in and covered by one or more of the claims in the '731, '614, and '862 patents are being and have been made and/or used by or for The Port Authority, without authorization, license or other lawful right from TDM to make or use the same. Thus, this Court has jurisdiction over this action pursuant to 28 U.S.C. § 1498.

7. This Court has personal jurisdiction over The Port Authority because The Port Authority conducts business in the State of New York. Specifically, The Port Authority's

business includes, *inter alia*, dredging of waterways and processing (as defined herein) of contaminated dredged materials, through its contractors, in the State of New York in this judicial district and The Port Authority has committed acts of patent infringement and/or contributed to and/or induced acts of patent infringement by others in this judicial district and elsewhere in the United States.

8. The States of New York and New Jersey waived The Port Authority's sovereign immunity by enacting N.Y. Unconsolidated Laws § 7101 *et. seq.*

9. In April 2005, UTEX served notice upon The Port Authority that, by and through its third-party contractors, The Port Authority was unlawfully making and using patented methods owned by UTEX in treating and processing of dredged material under Port Authority contracts without authorization or license from UTEX.

10. In Fall 2005, UTEX initiated discussions with The Port Authority to potentially mitigate the infringement issues. (See Exhibit A, a letter to Mr. Herbert S. Somewitz, Chief of Contracts, Law Department, of The Port Authority from Garruboo, Capece, D'Arcangelo, Millman & Smith P.C., attorneys for UTEX, again providing notice of the patent infringement claim against The Port Authority).

11. In a Port Authority memorandum dated May 2008, from Richard Larabee, Director of Port Commerce, to Karen E. Eastman, Secretary of The Port Authority, The Port Authority admits to having notice of TDM's claim of patent infringement at least as early as Fall 2005 (the "May 2008 memo"). Specifically, the memorandum states, *inter alia*:

The Port Authority was put on notice in the fall of 2005 of a claim that the handling and treatment employed with regard to dredged material under eight Port Authority contracts infringed upon patents held by UTEX Holdings, LLC and its subsidiary TDM America, LLC. The claimant, through its counsel, indicated that their goal was the purchase of a patent license by The Port

Authority to cover past and future technology use. In order to properly investigate the claim, General Counsel issued a Request for Proposal to patent law firms located in New York and New Jersey. As a result of this process the firm of Lerner, David, Littenberg, Krumholz and Mentlik, LLP of Westfield, New Jersey was retained in the spring of 2006 at a compensation estimated at \$125,000 to conduct a study of the patents, the actual processes and technology employed on the various dredging projects and the claims of UTEX and TDM. After an approximately six month effort the firm concluded that it could not advise that The Port Authority would be fully successful if a patent infringement action was brought against it.

Based at least upon the foregoing, the notice requirements contained in N.Y. Unconsolidated Laws §§ 7107 and 7108 are satisfied.

12. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(b) because The Port Authority is subject to personal jurisdiction in this judicial district, has and continues to regularly conduct business in this judicial district, and certain of the acts complained of herein occurred in this judicial district.

**CLAIMS FOR RELIEF - PATENT INFRINGEMENT  
AND WILLFUL PATENT INFRINGEMENT**

13. On September 25, 2001, the '731 patent was duly, validly and legally issued to Ritchie G. Studer, as inventor.

14. The '731 patent is generally directed to a method for treating materials dredged from a waterway, such as a harbor or channel, and forming a treated material suitable for beneficial reuse as structural fill.

15. On August 6, 1996, the '614 patent was duly, validly and legally issued to Irfan A. Toor, as inventor.

16. The '614 patent is generally directed to an apparatus and method for chemically and physically stabilizing waste material including dredged materials.

17. On August 18, 1998, the '862 patent was duly, validly and legally issued to Irfan A. Toor, as inventor.

18. The '862 patent is generally directed to an apparatus and method for chemically and physically stabilizing waste material including dredged materials. The '862 patent is a continuation of application serial no. 193,449 which issued as the '614 patent.

19. TDM is the owner of all right, title and interest in and to the '731, '614 and '862 patents with full and exclusive rights to bring suit to enforce these patents, including the rights to recover for past infringement. Each of the patents-in-suit is valid and enforceable, including each and every claim therein.

20. The patents-in-suit are further directed to the treatment, processing, stabilization and/or remediation (collectively, "processing") of contaminated dredged materials so that the processed dredged materials are suitable for, *inter alia*, disposal upland of the waterways from which they were dredged and/or beneficial reuse.

21. Upon information and belief, The Port Authority, through the actions of its contractors and within six years preceding the filing of this complaint, caused and continues to cause the making and/or use of the methods described in and covered by claims of the '731, '614 and '862 patents, without authorization, license or other lawful right from TDM. Such actions constitute infringement of the patents-in-suit by or for The Port Authority and is in violation of 35 U.S.C. § 271.

22. Upon information and belief, The Port Authority has entered, and continues to enter, into numerous contracts with third-party contractors for, *inter alia*, the processing of contaminated dredged materials from waterways in New York and New Jersey, wherein the

processed dredged materials are suitable for, *inter alia*, disposal upland of the waterways from which they were dredged and/or beneficial reuse.

23. Upon information and belief, in violation of 35 U.S.C. § 271, The Port Authority contributes to or induces infringement of the patents-in-suit.

24. Upon information and belief, The Port Authority was notified of its infringement of the '731, '614 and '862 patents during the six years preceding the filing of this action.

25. Upon information and belief, The Port Authority, since April 2005, engaged in discussion and negotiations with TDM, through UTEX.

26. On or about November 13, 2006, UTEX and The Port Authority entered into an "Agreement Governing The Exchange of Information For Settlement Purposes with Non-Disclosure" (the "Standstill Agreement") which provided, *inter alia*, that, while good faith negotiations continued, UTEX would not initiate any direct actions against The Port Authority and its contractors for infringement relating to non-federal dredging activities. (Exhibit B).

27. Thereafter, on or about April 19, 2007, UTEX and The Port Authority, by their attorneys, entered into a "Second Addendum to Agreement Governing The Exchange of Information for Settlement Purposes with Non-Disclosure" (the "Second Addendum"). (Exhibit C).

28. The Second Addendum provided, *inter alia*:

In consideration of the ongoing settlement discussions between the parties, the parties herein consent to extend the Agreement (effective as of November 13, 2006) until settlement discussions terminate by joint written agreement by the parties or by any party providing ten (10) days written notice terminating the agreement.

All parties agree that the period beginning with the effective date of the Agreement until its termination (the "Period") may not be used by one party against the other party in reference to any defense of laches, estoppel or other failure to litigate this

matter during settlement discussions in the event litigation is initiated at a later date.

(Exhibit C).

29. As per the Second Addendum, settlement discussions continued between the parties as described below.

30. The discussions described above led to preparation of a settlement agreement and other agreements to resolve the claims herein. The Port Authority, through its Board of Commissioners, resolved to approve these agreements on May 22, 2008 and even finalized these agreements on July 28, 2008. On September 14, 2008, UTEX sent notice to the Port Authority requesting that the agreements be executed. The Port Authority, however, failed to execute these agreements.

31. Thus, upon information and belief, The Port Authority actions described herein were merely to delay TDM and UTEX from commencing this action.

32. Upon information and belief, The Port Authority has and continues to willfully and intentionally infringe the '731, '614 and '862 patents.

33. As a result of The Port Authority's unlawful acts of infringement of the patents-in-suit, TDM suffered and will suffer monetary and other damages.

34. Upon information and belief, The Port Authority's acts of infringement of the '731, '614 and '862 patents will continue after service of this complaint unless enjoined by this Court.

35. The exact amount of lost profits, royalties and/or other compensation due TDM from The Port Authority for use of the inventions described in and claimed by the '731, '614 and '862 patents is not currently known by TDM and cannot be stated definitely until TDM has been

provided with the necessary data in the possession of The Port Authority and others, but upon information and belief, is no less than \$100 million.

36. TDM is entitled to recover from The Port Authority damages sustained by TDM as a result of The Port Authority's wrongful acts of patent infringement.

37. TDM is entitled to recover from The Port Authority treble damages sustained by TDM as a result of The Port Authority's willful and intentional acts of patent infringement.

**JURY DEMAND**

38. Pursuant to 28 U.S.C. § 28 1861, TDM demands a trial by jury.

**PRAYER FOR JUDGMENT**

**WHEREFORE, TDM** prays for judgment that:

- A. The Port Authority infringed the '731 patent;
- B. The Port Authority infringed the '614 patent;
- C. The Port Authority infringed the '862 patent;
- D. The Port Authority's infringement of the '731, '614 and '862 patents has been willful;
- E. As a result of The Port Authority's acts of infringement, plaintiff TDM suffered and will suffer monetary and other harm;
- F. As a result of The Port Authority's acts of infringement, TDM is entitled to an accounting and to recover damages from The Port Authority pursuant to 35 U.S.C. § 284 in an amount subject to proof at trial;
- G. TDM is entitled to a trebling of the damages pursuant to 35 U.S.C. § 284 resulting from The Port Authority's willful infringement of the '731, '614 and '862 patents;
- H. TDM be awarded its costs incurred in this suit, including reasonable attorney fees pursuant to 35 U.S.C. § 285;



I. TDM be awarded prejudgment interest;

J. The Port Authority, its officers, agents and employees, and those persons and/or entities acting in active concert or in participation with them, and their successors and assigns be enjoined from further infringement of the patents-in-suit pursuant to 35 U.S.C. § 283; and

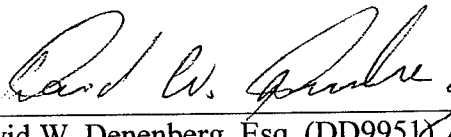
K. TDM be awarded such other and further relief as this Court may deem just and proper.

Dated: New York, New York  
November 21, 2008

Respectfully submitted,

**DAVIDOFF MALITO & HUTCHER LLP**  
*Attorneys for Plaintiff*

By:

  
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605 Third Avenue - 34<sup>th</sup> Floor  
New York, New York 10158  
(212) 557-7200  
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## Garrubbo, Capece, D'Arcangelo, Millman & Smith, P.C.

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\*\* ALSO MEMBER OF PA BAR  
\*\*\* ALSO MEMBER OF NY BAR

October 12, 2005

Mr. Herbert S. Somewitz  
Chief of Contracts Law Department  
Port Authority of NY & NJ  
225 Park Ave., South, 14<sup>th</sup> Floor  
New York, NY 10003

RE: UTEX Dredge Treatment Patents

Dear Mr. Somewitz:

In response to our meeting on September 29<sup>th</sup>, we have assembled the enclosed data for your review. Enclosed you will find:

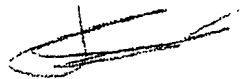
- Five copies of Gibbons, Del Deo, Dolan, Griffinger & Vecchine's opinion and analysis of various patents owned by UTEX Holdings, LLC through its wholly owned subsidiary TDM America, LLC. Specifically, the patent analysis and resulting opinion confirms that dredging and treatment methods being employed by contractors providing services to Port Authority under their issued contracts have literally infringed on UTEX owned technology. Included with the opinion letter are copies of the referenced patents and related patents owned by TDM America LLC, a UTEX wholly owned company. The correspondence are applicable to Port issued and managed contracts.
- Five copies of Port Authority's Dredging Fact Sheet evidencing some 26 separate berth dredging contracts completed from 1999 through 2004. We believe most of these contracts are subject to the referenced patent opinion letter.
- Copies of eight Port Authority contracts that evidence specific upland disposal and treatment subject to the enclosed patent infringement opinion letter. (One complete and 4-pertainant reference copies)
- A copy of initial noticing correspondence to the Port Authority in September of 1997, which was the initial petitioning for intellectual patent pending status on what later became issued patent 6,293,731.

As you maybe aware, in April of this year we presented similar data to the Army Corp of Engineers. We currently have initiated dialogue with counsel of the ACE involving their contracts within the federal channels of the Port. It is our understanding the ACE is currently evaluating their position on this matter. What is unclear to us is if the ACE is representing the Port Authority's interest in the Federal Contract – Federal Channels. We would appreciate your confirmation pertaining to the ACE's representations on these matters.

With respect to contracts issued by the Port Authority for dredging that involved upland treatment and disposal, we have enclosed evidence of historical and current use of UTEX's technologies by Port Authority contractors. It is apparent that through the development of dredge treatment methodologies, UTEX's patented techniques and methods have been found to be the most environmentally sound and of the lowest cost alternative for upland disposal of contaminated sediments. It is our desire to continue to make our treatment methods available to the Port Authority through a joint dispute resolution process which could include an agreed stand down period with reservation of all rights. We will make ourselves available to you and your staff as you research these matters. We are prepared to employ and maintain an open dialogue as we search for a resolution that is historically fair for UTEX and beneficially helpful as the Port Authority moves forward.

It is our desire to establish a time frame for furthering these discussions and as such we would appreciate understanding what would be the appropriate steps for continuing the dialog.

Sincerely,

A handwritten signature in black ink, appearing to read 'Frank G. Capece', with a stylized flourish at the end.

Frank G. Capece Esq.

Cc: Ritchie G. Studer  
Rick R. Redle



**AGREEMENT GOVERNING THE EXCHANGE  
OF INFORMATION FOR SETTLEMENT  
PURPOSES WITH NON-DISCLOSURE**

WHEREAS TDM America LLC ("TDM") and the Port Authority of New York and New Jersey (the "Port Authority") wish to engage in a dialogue and exchange of technical and other information to resolve their issues concerning claims of patent infringement made by TDM against the Port Authority in connection with the Port Authority's involvement with dredging activities;

WHEREAS the parties desire that all settlement discussions and all information exchanged between the parties, whether verbally, electronically or in written form (the "Information"), remain confidential and subject to non-disclosure;

WHEREAS in the course of such discussions, the parties desire that the information exchanged between the parties be governed pursuant to Fed. R. Evid. 408;

WHEREAS each disclosing party desires to protect all settlement discussions and all information from being used or disclosed in any court or other legal forum against the disclosing party as a statement or an admission against interest or for any purpose other than for the purpose of settlement discussions as contemplated herein; and

WHEREAS TDM and the Port Authority desire to establish a mechanism to keep the settlement discussions and the disclosure of the information confidential;

IT IS HEREBY AGREED THAT this agreement shall govern any settlement discussions and disclosure and/or exchange of information, as follows:

1. The time frame for settlement discussions pursuant to this agreement shall be for a period of sixty (60) days as of the effective date of this agreement or until such time that one of the parties provides written notice to the other party that it believes further settlement

discussions are unlikely to resolve this matter, whichever is shorter (the "Period"), or a longer period of time if the parties agree, in writing, to extend their settlement discussions.

2. No party shall initiate any litigation or other legal proceeding against the other party with respect to charges of patent infringement or any related subject matter during the Period.

3. The parties shall use their best efforts to openly express and exchange their respective views and positions to resolve their differences.

4. All exchanges of Information, whether in written, verbal or electronic form, are made solely to further settlement discussions between the parties and shall be subject to Fed. R. Evid. 408.

5. In addition to Section 4 above, Information (a) shall not be disclosed to any person or entity except as provided in Section 6 below, (b) must be maintained in strict confidence by the receiving party, and (c) shall be used exclusively for settlement purposes and for no other purpose.

6. Information shall not be given, shown, made available or communicated in any way to any person or entity other than to:

(a) Outside litigation counsel for TDM, namely, (1) Davidoff Malito & Hatcher LLP, located at 605 Third Avenue, 34<sup>th</sup> Floor, New York, New York 10158-3499; and (2) Garubbo, Capece, D'Arcangelo, Milman & Smith PC, located at 53 Cardinal Drive, Westfield, New Jersey 07090-1097.

(b) Outside litigation counsel for the Port Authority, namely, Lerner David Littenberg Krumholz & Mentlik LLP located at 600 South Avenue West, Westfield, New Jersey 07090;

(c) Employees and support staff of the above outside litigation counsel assigned to assist such outside counsel including, without limitation, associate attorneys, legal assistants, stenographic and secretarial personnel, and word processing operators;

(d) Any person that originally authored or received the document, or gained knowledge of Information in the regular and ordinary course of business; and

(e) The following employees of each of the parties as listed below:

For TDM:

1. Rick Redle – Principal, UTEX Holdings, LLC; Senior Vice President, UTEX Environmental Services, LLC; and Manager TDM America, LLC.
2. Ritchie G. Studer – Principal, UTEX Holdings, LLC; Chief Executive Officer, UTEX Environmental Services, LLC; and inventor.
3. Dr. Ifan Toor – Senior Vice President, UTEX Environmental Services, LLC and inventor.
4. Scott Crawford – Director Engineering Services, UTEX Environmental Services, LLC; Coordinator Contract Management for USACE; projects and project specifications (technical information and material preparations).
5. Ted Johnson – Director, Principal and Chief Financial Officer, UTEX Holdings, LLC; Manager TDM America, LLC.
6. Steve M. Peterson – Director, Principal and President, UTEX Holdings, LLC.
7. F. W. Gay – a Kensington Investments shareholder in UTEX Holdings, LLC.
8. Robert C. Gay – Chairman, Director, Principal, UTEX Holdings, LLC.
9. Alison Mosca – Principal, Kensington Investments LP; Shareholder in Kensington Investments LP.



For the Port Authority:

2. Herb Somerwitz, Esq. - In-house counsel for the Port Authority.
3. Keith Harris, Esq. - In-house counsel for the Port Authority.
4. Frank Pana, Esq. - In-house counsel for the Port Authority.
5. Darrell Bachbinder, Esq. - In-house counsel for the Port Authority.
6. Frank Wong - Technical Party for the Port Authority.
7. Erick Peterson - Technical Party for the Port Authority.
8. Peter Jacobson - Technical Party for the Port Authority.
9. Renee Barrios - Consultant, CH2MHILL.
10. Peter Dunlop - Consultant, Gahagan and Bryant.

7. Within thirty (30) days of a settlement, or within thirty (30) days of when the Period expires, each of the parties shall promptly return to the other party all written information provided to the other party. Outside litigation counsel identified in paragraphs 6(a) and 6(b) may retain a copy of such documents in their records, provided that for the period that such counsel retains such documents, the provisions of paragraphs 8 and 9 herein remain in effect.

8. In the event any party inadvertently discloses information to another entity or party that is not authorized to receive the information under the terms of this agreement, the party making the inadvertent disclosure shall, upon learning of the disclosure:

(a) Promptly notify the person or entity to whom the disclosure was made that the disclosure constitutes confidential information and request such person or entity to refrain from any further dissemination of the information;

(b) Promptly make all reasonable and necessary efforts to obtain the return of and preclude any further dissemination or use of the Information by the person or entity to whom the disclosure was inadvertently made; and

(c) Promptly notify the producing party of the identity of the person or entity to whom the disclosure was made, the circumstances surrounding the disclosure, and the steps that have been taken and will be taken to ensure against further dissemination or use of the Information.

9. The restrictions and obligations set forth herein relating to the Information shall not apply to any Information that: (a) the parties agree, or a court rules, is already public knowledge; or (b) has come or hereafter comes into the receiving party's legitimate possession without any confidentiality restrictions and independently of the producing party. The restrictions and obligations set forth herein shall not prohibit discussions with any person or entity regarding any Information if said person or entity already has legitimate possession thereof and the Information is not governed by any other non-disclosure agreement.

10. In the event any party shall violate, or threaten to violate, any terms of this agreement, the parties hereto agree that the aggrieved party may immediately apply to obtain injunctive relief against any such party, and in the event the aggrieved party shall do so, the respondent party, shall not employ as a defense thereto or claim that the aggrieved party possesses an adequate remedy at law.

11. Nothing in this agreement shall bar or otherwise restrict any attorney from rendering advice to a party-client or, in the course thereof, relying upon his or her knowledge of information; provided, however, that in rendering such advice the attorney shall not disclose any information received from another party or third party to unauthorized persons.

12. This agreement is effective as of October \_\_, 2006.

Dated: 11.13.06, 2006

By: *Rich Redh*  
TDM AMERICA LLC *Manager*

Dated: November 13, 2006

Arnold H. Krumholz

By: *[Signature]*  
THE PORT AUTHORITY OF NY AND NJ

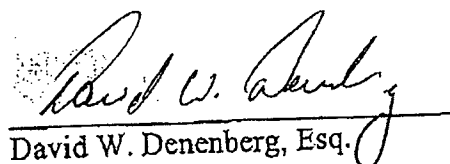
**Exhibit C**

**SECOND ADDENDUM TO AGREEMENT GOVERNING  
THE EXCHANGE OF INFORMATION FOR  
SETTLEMENT PURPOSES WITH NON-DISCLOSURE**

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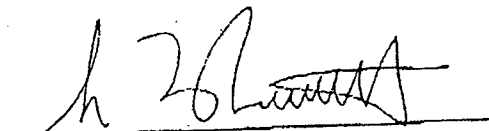
Dated: 4/20/07



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Tel: 212.558.7200  
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Attorneys for TDM AMERICA, LLC

Dated: 4/19/07



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