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FILED
U.S. DISTRICT COURT
DISTRICT OF WYOMING

NOV 10 2008

Stephan Harris, Clerk
Cheyenne

Attorneys for Plaintiff

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

PRESTON, YALE)
)
) Plaintiff,)
v.)
)
MARATHON OIL CO., a Texas)
corporation and its parents and)
subsidiaries; SMITH, THOMAS, a)
resident of Colorado; and JOHN DOES 1-)
10.)

Defendants.

Civil Action No. 08CV 298

COMPLAINT

1. Plaintiff Yale Preston is a resident of Wyoming.

2. Defendant Marathon Oil Company (“Marathon”) is a Texas corporation, authorized to do business in the State of Wyoming, with its principal place of business at 5555 San Felipe, Houston, Texas.

3. Defendant Mr. Thomas Smith is a resident of Colorado and was an employee of Marathon at all times relevant to this action.

JURISDICTION AND VENUE

4. Plaintiff’s principal claims for relief arise under the patent laws of the United States, 35 U.S.C. § 271 *et seq.*

5. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §1331 and § 1338.

6. Plaintiff alleges pendent state claims arising out of the same transactions and occurrences for which this Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367.

7. The matter in controversy, exclusive of any fees and costs, exceeds \$75,000.

8. This Court also has diversity jurisdiction over questions of state law under 28 U.S.C. § 1332, as there is complete diversity of citizenship among the parties and the amount in controversy exceeds the jurisdictional minimum.

9. This Court has personal jurisdiction over Defendants due to Defendants’ activities within the state of Wyoming.

10. Venue is proper with the District of Wyoming pursuant to 28 U.S.C. § 1391.

GENERAL ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF

11. Prior to working for Marathon, Preston invented and owned certain intellectual property described as a methane gas resonating manifold (“CH4 Resonating Manifold”), which promotes the separation of gases and liquids.

12. As a part of Preston’s CH4 Resonating Manifold, Preston invented Baffles and a Baffle System, an apparatus which separates and controls the flow of liquids (i.e. water) and gases (i.e. methane gas).

13. The Baffles and Baffle System are an integral, component part of Preston’s CH4 Resonating Manifold: without the Baffle System the CH4 Resonating Manifold will not separate gases and liquids.

14. Preston has not publically disclosed or published the CH4 Resonating Manifold.

15. Preston has not placed the CH4 Resonating Manifold in public use.

16. Preston has not offered the CH4 Resonating Manifold for sale.

17. Preston maintained and continues to maintain the CH4 Resonating Manifold as a trade secret.

18. In or about March 2001, Preston was employed by Marathon as a relief pumper, for areas in the Powder River Basin of Wyoming.

19. In or about April 2001, Preston notified Marathon that he had invented and owned intellectual property in what Preston disclosed as his “CH4 resonating manifold.”

20. Marathon did not inquire about any design specifics relating to Preston’s CH4 Resonating Manifold or its component parts.

21. Marathon did not investigate or require further explanation by Preston about any specifics of his CH₄ Resonating Manifold.

22. In or about November 2002, Preston confidentially shared his Baffles and Baffle System invention with his local supervisors at Marathon as a proposed solution to down-hole gas locking problems encountered in CBM wells.

23. In or about December 2002, Preston confidentially shared his Baffles and Baffle System invention and design drawings with Thomas Smith, an engineer with Marathon.

24. Thereafter, Preston confidentially shared detailed, specific plans and diagrams of Preston's Baffles and Baffle Systems with Thomas Smith while Smith was in Wyoming.

25. Marathon gave Preston approval to test Preston's baffles in Marathon's gas well.

26. Preston built some of his Baffles and Baffle Systems to confidentially test in Marathon's gas well.

27. Preston installed at least one of his Baffles and Baffle Systems in a Marathon Well for experimental, testing purposes.

28. Preston allowed Marathon to confidentially use his invention in the test wells while he was employed by Marathon as a SCADA operator.

29. The experimental test produced positive results, resolving gas locking and increasing gas production.

30. In or about April 2003, after Preston returned from a company approved vacation, Marathon terminated Preston's employment with Marathon.

31. Preston's consent for Marathon to experiment with his invention in the test wells ended upon his employment being terminated by Marathon.

32. On or about June 5, 2003, Preston filed a patent application with the United States Patent and Trademark Office, patent application number 10/455,562, claiming his Baffle System, for Two-Phase Annular Flow, invention.

33. The Baffle System, for Two-Phase Annular Flow, is the subject matter of United States Patent No. 6,959,764 B2 ("764 Patent"), issued by the United States Patent and Trademark Office to Preston in compliance with law on November 1, 2005. A true and correct copy of the '764 Patent is attached hereto as Exhibit A.

34. Preston is the sole-inventor and owner of the '764 Patent.

35. Upon information and belief, on or about June 14, 2004, Marathon, caused patent application 10/867,528 to be filed with the United States Patent and Trademark Office.

36. Upon information and belief, on or about June 14, 2004, Thomas Smith together with Marathon, caused patent application 10/867,528 to be filed with the United States Patent and Trademark Office.

37. Upon information and belief, Marathon caused Smith to be listed as an inventor on the 10/867,528 patent application.

38. Upon information and belief, Marathon caused Preston to be listed as a co-inventor on the 10/867,528 patent application.

39. The 10/867,528 patent application claimed a method and system for producing gas and liquid in a subterranean well, using Preston's Baffles and Baffle System.

40. Upon information and belief, Smith was listed as an inventor so that Marathon could cause the 10/867,528 patent application to be filed and prosecuted before the United States Patent and Trademark Office.

41. The 10/867,528 patent application claimed Preston's invention.

42. Preston did not give Smith authority to disclose or claim any part of Preston's invention.

43. Preston did not give Marathon authority to disclose or claim any part of Preston's invention.

44. On or about April 24, 2007, the United State Patent and Trademark Office issued United States Patent No. 7,207,385 B2 ("385 Patent"). The '385 Patent is attached hereto as Exhibit B.

45. The '385 Patent claims Preston's invention.

46. Thomas Smith is listed as an inventor of the claims in the '385 Patent.

47. Thomas Smith was not an inventor of any invention claimed in the '385 Patent.

48. Preston is listed as a co-inventor on the '385 Patent.

49. Preston is the sole inventor of the invention claimed in the '385 Patent.

50. Preston is the rightful owner of the '385 Patent.

51. Marathon is listed as the assignee of the '385 Patent.

52. Upon information and belief, Smith executed an assignment of the '385 patent to Marathon.

53. Upon information and belief, without valid authority Marathon caused the '385 Patent to be assigned to Marathon.

54. Preston has not assigned the '385 Patent to Marathon.

55. Smith did not have the right, title or authority to execute any assignment of the '385 Patent to Marathon.

56. The assignment of the '385 Patent to Marathon is void or otherwise invalid.

57. At no time did Preston give Defendants permission, license, assignment or authorization to apply for a patent covering Preston's invention.

58. At no time did Preston give Defendants permission, license, assignment or authorization to use any invention claimed in Preston's '764 Patent.

59. At no time did Preston give Defendants permission, license, assignment or authorization to use any invention claimed in the '385 Patent.

CLAIM I: PATENT INFRINGEMENT

60. All preceding allegations are incorporated and re-alleged herein.

61. Upon information and belief, Marathon has and continues to make and/or use the invention claimed in Preston's '764 Patent.

62. Upon information and belief, Marathon has induced the infringement of one or more claims of the '764 Patent by causing others to make, use, sell or offer for sale, the items described in one or more claims of the '764 Patent and accordingly is infringing one or more claims of the '764 Patent.

63. Pursuant to 35 U.S.C. § 271, Marathon's use, manufacture, sale, offer to sell, importation, and/or distribution of the accused apparatus and/or system infringes upon Preston's '764 Patent.

64. Upon information and belief, Marathon has and continues to make and/or use the invention claimed in Preston's '385 Patent.

65. Upon information and belief, Marathon has induced the infringement of one or more claims of the '385 Patent by causing others to make, use, sell or offer for sale, the items described in one or more claims of the '385 Patent and accordingly is infringing one or more claims of the '385 Patent.

66. Pursuant to 35 U.S.C. § 271, Marathon's use, manufacture, sale, offer to sell, importation, and/or distribution of the accused apparatus and/or system infringes upon Preston's '385 Patent.

67. Defendants have actual and constructive notice of Preston's invention and property rights.

68. Defendants have actual and constructive notice of Preston's invention and Preston's '764 Patent.

69. Defendants have actual and constructive notice of Preston's invention and Preston's '385 Patent.

70. Marathon has willfully and wantonly infringed on Preston's '764 Patent.

71. Marathon has willfully and wantonly infringed on Preston's '385 Patent.

72. Marathon's continued actions of manufacturing, using, selling, offering for sale, importing, and/or distributing the accused apparatus and/or system have caused, are causing, and will cause irreparable harm to Preston, requiring preliminary and permanent injunctive relief.

73. Marathon has acted willfully and wantonly and in reckless disregard of Preston's intellectual property and patent rights, demonstrated in particular by Marathon's termination of Preston's employment in order to misappropriate and use Preston's intellectual property.

74. Preston is entitled to an injunction prohibiting Marathon from further infringement.

75. Marathon's infringement has caused Preston damages in an amount to be determined at trial.

76. Marathon's willful infringement entitles Preston to treble damages under 35 U.S.C. § 285.

77. Due to the special circumstances of this case, including but not limited to Marathon's plan to misappropriate and use Preston's intellectual property by terminating Preston's employment, Preston is entitled to an award of attorneys' fees and costs under 35 U.S.C. § 285.

Wherefore, Plaintiff demands that:

(1) Plaintiff be adjudged the sole inventor and rightful owner of all right, title, and interest in and to the '764 Patent;

(2) Plaintiff be adjudged the sole inventor and rightful owner of all right, title, and interest in and to the '385 Patent;

(3) The '764 Patent be adjudged to be good and valid in law and to have been infringed by Marathon;

(4) The '385 Patent be adjudged to be good and valid in law and to have been infringed by Marathon;

(5) Marathon be directed to take all necessary actions to transfer ownership of the '385 Patent to Preston;

(6) Marathon, their officers, directors, servants, employees, and attorneys be temporarily enjoined pending this action against further infringement against the '764 Patent;

(7) Marathon, their officers, directors, servants, employees, and attorneys be temporarily enjoined pending this action against further infringement against the '385 Patent;

(8) That after hearing such injunctions be made permanent;

(9) Marathon, their officers, directors, servants, agents, employees, and attorneys be ordered to deliver up to this Court for destruction of all products infringing upon, directly or indirectly or otherwise, any claim of the '764 Patent;

(10) Marathon, their officers, directors, servants, agents, employees, and attorneys be ordered to deliver up to this Court for destruction of all products infringing upon, directly or indirectly or otherwise, any claim of the '385 Patent;

(11) The Court order Marathon to account for all sales, revenues, and profits derived from the sale and use of the infringing systems;

(12) Preston be awarded damages adequate to compensate him for Marathon's infringement, together with prejudgment interest and costs under 35 U.S.C. § 284;

(13) Marathon be ordered to deliver and pay over to plaintiffs all profits or income derived from their wrongful infringement;

(14) Preston's damages be trebled because of the willful and deliberate character of Marathon's infringement, as provided by 35 U.S.C.A. § 284;

(15) Preston be awarded attorneys' fees, as provided by 35 U.S.C.A. § 285, and the costs of this action; and

(16) Preston be granted such other and further relief as the Court deems just and equitable.

CLAIM II: DECLARATORY JUDGMENT AND AFFIRMATIVE RELIEF

78. All preceding allegations are incorporated and re-alleged herein.

79. Preston did not participate in nor did he engage in any deceptive intention or fraud concerning the incorrect naming of Smith as an inventor of the '385 Patent.

80. Preston is entitled to declaratory relief that he is the sole inventor of the '385 Patent.

81. Preston is entitled to declaratory relief that he is the owner of the '385 Patent.

82. Pursuant to 35 U.S.C. § 256, Preston is entitled to a Court order correcting the Inventorship of the '385 Patent, to remove Smith as an inventor and name Preston as the sole inventor of the '385 Patent.

Wherefore, Plaintiff demands that:

(1) The Court declare Preston to be the sole inventor of the '385 Patent and owner of all right, title, and interest in and to the '385 Patent;

(2) The Court enter an order correcting the Inventorship of the '385 Patent, to remove Smith as an inventor and name Preston as the sole inventor, and directing the Director to issue a certificate accordingly;

(3) The Court declare any assignment of the '385 Patent to Marathon to be invalid and of neither force nor effect;

(4) Preston be awarded attorneys' fees, as provided by 35 U.S.C.A. § 285, and the costs of this action;

(5) Preston be granted such other and further relief as the Court deems just and equitable.

CLAIM III: UNJUST ENRICHMENT/QUANTUM MERUIT & INJUNCTIVE RELIEF

83. All preceding allegations are incorporated and re-alleged herein.

84. Preston was employed by Marathon as a relief pumper, then pumper, and then as a SCADA operator in the Powder River Basin of Wyoming.

85. Preston was not employed by Marathon to investigate or resolve any issues with gas locking in gas wells.

86. Preston was not employed by Marathon to investigate or resolve any issues with increasing production in gas wells.

87. Preston was not hired by Marathon to invent or design any products or methods.

88. Marathon did not compensate Preston for any of Preston's ideas, intellectual property, inventions or designs of any products or methods relating to gas locking or increasing production in gas wells.

89. Preston invented his Baffles and Baffle System prior to his employment with Marathon.

90. Preston discovered the applicability of his intellectual property to solve down-hole gas locking problems and increase well production outside of any employment with Marathon.

91. Preston disclosed his services, ideas, invention, and intellectual property to Marathon as a potential solution to Marathon's gas locking problems and to increase well production.

92. Preston disclosed his intellectual property to Marathon for the sole purposes of testing the invention in Marathon's gas well, while Preston was employed by Marathon.

93. Marathon used the services, ideas, and intellectual property of Preston to build Preston's Baffles and Baffles System to test in a specific Marathon well.

94. Preston's services, ideas, intellectual property, and Baffles and Baffles System proved to resolve gas locking problems and increasing well production in the test well.

95. Shortly after Preston disclosed his ideas, intellectual property, and Baffles and Baffle System to Marathon, and Preston's services, ideas, intellectual property, and invention proved positive results in the test well, Marathon terminated Preston's employment.

96. Preston's authorization for Marathon to use and test Preston's intellectual property and invention ended upon Marathon terminating Preston's employment.

97. Marathon has enjoyed increased gas production from its gas wells as a direct result of the use of Preston's services, ideas, and intellectual property.

98. Marathon used and continues to use Preston's intellectual property.

99. Upon information and belief, Marathon continues to use Preston's intellectual property in gas wells.

100. Upon information and belief, Marathon continues to enjoy increased gas production as a direct result of the use of Preston's intellectual property.

101. Marathon received valuable services from Preston, which were outside the scope of Preston's employment and job duties as a SCADA operator with Marathon.

102. Marathon accepted, used, and enjoyed such services.

103. Preston notified Marathon that Preston would expect significant compensation for such services and use of his intellectual property, including Preston's Baffles and Baffle Systems.

104. Preston was not and has not been compensated for his services, ideas, or the use of his intellectual property and Baffles and Baffle Systems.

105. Marathon terminated Preston's employment in order to wrongfully take and use Preston's ideas, intellectual property, and invention without compensation.

106. Preston did not provide permission, license, or authorization to Marathon to use his ideas, intellectual property, or invention or to continue the use of his ideas and invention.

107. Marathon was and continues to be unjustly enriched through its use of Preston's services, ideas, and intellectual property.

108. Preston is entitled to payment for services rendered and use of his services, ideas, and intellectual property, in an amount to be determined at trial.

109. Due to the exceptional nature of Marathon's willful and wanton misconduct, Preston is entitled to punitive damages as well as attorneys' fees and costs.

Wherefore, Plaintiff requests that:

(1) Marathon, their officers, directors, servants, employees, and attorneys be temporarily enjoined pending this action against further using Preston's services and property;

(2) That after hearing such injunction be made permanent;

(3) Marathon, their officers, directors, servants, agents, employees, and attorneys be ordered to deliver up to this Court for destruction all products relating to Preston's services and property;

(4) The Court order Marathon to account for all sales, revenues, and profits derived from the sale and use of Preston's services, ideas, and property;

(5) Preston be awarded damages adequate to compensate him for Marathon's use of his services and property, together with prejudgment interest and costs;

(6) Marathon be ordered to deliver and pay over to Preston all profits or income derived from its use of Preston's service and property;

(7) Marathon be ordered to pay punitive damages in an amount to be proven at trial, for Marathon's willful and wanton misconduct;

(8) Preston be awarded attorneys' fees and the costs of this action; and

(9) Preston be granted such other and further relief as the court deems just and equitable.

CLAIM IV: CONVERSION

110. All preceding allegations are incorporated and re-alleged herein.

111. At the time of the conversion, Preston was the rightful owner of his intellectual property.

112. At the time of the conversion, Preston had possession or right to possession of the subject intellectual property.

113. Marathon exercised dominion over the subject intellectual property in a manner which denied Preston his right to use and enjoy such property and to exclude others from using such property.

114. Preston has suffered damages by Marathon's conversion in an amount to be determined at trial.

115. Due to the exceptional nature of Defendants' recklessness and willful, wanton conduct, Plaintiff is entitled to punitive damages as well as attorneys' fees and costs.

Wherefore, Plaintiff demands that:

(1) Marathon, their officers, directors, servants, employees, and attorneys be temporarily enjoined pending this action against further using Preston's intellectual property;

(2) That after hearing such injunction be made permanent;

(3) Marathon, their officers, directors, servants, agents, employees, and attorneys be ordered to deliver up to this Court for destruction all products relating to Preston's intellectual property;

(4) The Court order Marathon to account for all sales, revenues, and profits derived from the use of Preston's services, ideas, and intellectual property;

(5) Preston be awarded damages adequate to compensate him for Marathon's conversion of Preston's intellectual property, together with prejudgment interest and costs;

(6) Marathon be ordered to deliver and pay over to Preston all profits or income derived from its use of Preston's intellectual property;

(7) Marathon be ordered to pay punitive damages in an amount to be proven at trial, for Marathon's willful and wanton misconduct;

(8) Preston be awarded attorneys' fees and the costs of this action; and

(9) Preston be granted such other and further relief as the court deems just and equitable.

CLAIM V: BREACH OF IMPLIED CONTRACT
&
DUTY OF GOOD FAITH AND FAIR DEALING

116. All preceding allegations are incorporated and re-alleged herein.

117. While Preston was employed with Marathon, Marathon encouraged Preston to share the details of Preston's intellectual property and invention with Marathon.

118. Preston shared the details of Preston's intellectual property and invention with Marathon in good faith reliance that Marathon would maintain the shared information in strict confidentiality.

119. Preston would not have shared the details of Preston's intellectual property and invention with Marathon if he knew that it would not be kept confidential.

120. Preston shared the details of Preston's intellectual property and invention with Marathon in good faith reliance that Marathon would significantly compensate Preston in relation to the positive results Preston's intellectual property and invention demonstrated in resolving the gas locking problem and increasing gas production in wells.

121. Preston would not have shared the details of Preston's intellectual property and invention if he knew that Marathon was not going to compensate him for the information.

122. Marathon accepted the information from Preston as confidential and proprietary information.

123. Marathon encouraged Preston to build his Baffles and Baffle Systems to test in Marathon's gas well.

124. Preston built his Baffles and Baffle Systems to test in Marathon's gas well in good faith reliance that Marathon would maintain the Baffles and Baffle Systems being tested in strict confidentiality.

125. Marathon accepted the Baffles and Baffle Systems from Preston as confidential and proprietary information.

126. Preston would not have built his Baffles and Baffle Systems to test in Marathon's well if he knew that it would not be kept confidential.

127. Preston shared his built Baffles and Baffle Systems to test in Marathon's well in good faith reliance that Marathon would significantly compensate Preston in relation to the positive results Preston's Baffles and Baffle System demonstrated in resolving the gas locking problem and increased gas production from the well.

128. Preston would not have built Preston's Baffles and Baffle System to test in Marathon's well if he knew that Marathon was not going to compensate him for resolving the gas locking problem and increasing production in the gas well.

129. An implied contract was created between Preston and Marathon whereby Marathon was obligated to keep Preston's intellectual property and invention confidential.

130. Marathon owed Preston a duty to keep Preston's intellectual property and invention confidential.

131. Marathon filed and prosecuted a patent application that resulted in the '385 Patent, disclosing Preston's confidential intellectual property and invention.

132. Preston did not give Marathon permission or authority to disclose Preston's confidential intellectual property and invention in any manner.

133. Marathon breached its obligation and duty to keep Preston's intellectual property and invention confidential.

134. Preston has suffered damages as a result of Marathon's disclosure of Preston's intellectual property and invention in an amount to be proven at trial.

135. An implied contract was created between Preston and Marathon whereby Marathon was obligated to compensate Preston based upon the resolving the gas locking problem and increasing gas production in wells.

136. Marathon has breached its contract with Preston by failing to compensate Preston for resolving the gas locking problem and increasing gas production in wells.

137. Preston has suffered damages as a result of Marathon's failure to compensate Preston in an amount to be proven at trial.

138. Marathon owed a duty of good faith and fair dealing through the above implied contracts.

139. Marathon breached its duty of good faith and fair dealing by disclosing the confidential information, failing to compensate Preston, and by terminating Preston's employment.

140. Marathon's breach of its duty of good faith and fair dealing was willful and wanton.

Wherefore, Plaintiff demands that:

(1) Marathon be directed to take all necessary actions to transfer ownership of the '385 Patent to Preston;

(2) The Court order Marathon to account for all sales, revenues, and profits derived from the use of Preston's services, ideas, and intellectual property;

(3) Preston be awarded damages adequate to compensate him for Marathon's breach of contract, together with prejudgment interest and costs;

(4) Preston be awarded damages adequate to compensate him for Marathon's breach of its duty of good faith and fair dealing, together with prejudgment interest and costs;

(5) Marathon be ordered to pay punitive damages for its willful and wanton misconduct in an amount to be proven at trial;

(6) Preston be awarded attorneys' fees and the costs of this action; and

(7) Preston be granted such other and further relief as the Court deems just and equitable.

CLAIM VI: MISAPPROPRIATION OF TRADE SECRETS

141. All preceding allegations are incorporated and re-alleged herein.

142. Preston's intellectual property was unique to Preston.

143. Preston's intellectual property was sufficiently unknown to competitors.

144. Preston's intellectual property had and has significant economic value.

145. Preston made reasonable efforts to maintain the confidentiality of Preston's intellectual property.

146. Marathon improperly disclosed Preston's trade secrets through applying for and prosecuting the '385 Patent.

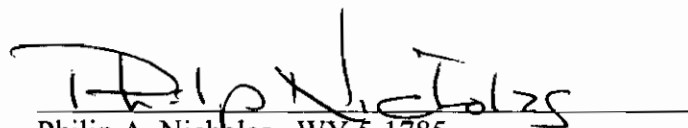
147. Marathon is improperly using Preston's trade secrets after authorization to use the trade secrets was terminated upon termination of Preston's employment.

148. Marathon willfully and maliciously misappropriated and participated in the misappropriation of Preston's trade secrets.

Wherefore, Plaintiff demands that:

- (1) Marathon be adjudged to have misappropriated Preston's trade secrets;
- (2) Marathon, their officers, directors, servants, employees, and attorneys be enjoined from using Preston's trade secrets;
- (4) Preston be awarded damages, in an amount to be proven at trial, adequate to compensate Preston for Marathon's misappropriation;
- (5) Preston be awarded damages, in an amount to be proven at trial, equal to the unjust enrichment caused by Marathon's misappropriation;
- (6) Preston be awarded damages equal to a reasonable royalty for Marathon's misappropriation;
- (6) Plaintiffs' damages be doubled because of the willful and malicious character of Marathon's misappropriation;
- (7) Preston be awarded attorneys' fees and the costs of this action;
- (8) Preston be granted such other and further relief as the Court deems just and equitable.

DATED this 10 day of November, 2008.



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