

JUDGE KAPLAN

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UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK  
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DISTRICT COURT SDNY

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Michael Joaquin Grey, Individual :  
Plaintiff, :  
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 :  
-against- :  
 :  
 :  
Michael Neuman, Individual :  
Defendant. :  
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Civil Action No.  
04 CV 9060

JURY TRIAL DEMANDED  
ECF

ECF CASE

**COMPLAINT**

Plaintiff Michael Joaquin Grey, by its attorneys, Law Office of Robert L. Powley, P.C., for its complaint against defendant Michael Neuman, alleges as follows:

**INTRODUCTION**

1. This is an action for a declaratory judgment that United States Patent No. 6,744,974 B2 (the "Dynamic Variation of Output Media Signal in Response to Input Media Signal Patent"), attached hereto as Exhibit A, is invalid and unenforceable and not infringed, in whole or in part by Mr. Grey, either directly or as an inducing or contributory infringer for the reasons alleged below.

2. This action arises out of Defendant's efforts to enforce an invalid, unenforceable and non-infringed patent against Mr. Grey. Defendant has begun a campaign of threats, including imminent threats of litigation, and other tactics designed to harm Mr. Grey as well as his business relationships with third parties.

### **PARTIES**

3. Mr. Grey is a natural person domiciled in New York, New York.

4. Upon information and belief, Defendant is a natural person domiciled in San Francisco, California.

### **JURISDICTION AND VENUE**

5. This action arises under the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, as an actual, substantial and continuing justiciable controversy exists between Mr. Grey and Defendant that requires a declaration of rights by this Court.

6. This court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1338, 35 U.S.C. §1 et seq.

7. This Court has personal jurisdiction over Defendant by virtue of the fact that, among other things, Defendant has availed himself to the privileges of conducting activities in New York and the claims contained herein arise from the activities conducted by Defendant in this jurisdiction.

8. Venue is proper in this district pursuant to 28 U.S.C. § 1391.

### **BACKGROUND AND FACTS COMMON TO THE COUNTS**

9. Mr. Grey is a renowned artist, designer and inventor, who explores the relationship between natural phenomena and art; particularly art and processes which capture time and time displacement, while also capturing critical moments in media via algorithms and automatic filmmaking. Mr. Grey has also created systems for automatic synaesthetic media.

10. Mr. Grey's work has earned him a distinguished Ars Electronica Golden Nica Award for developing and visualizing autonomous software based systems. These prestigious awards are given in the categories of Interactive Art; Cybergeneration; Digital Musics; Computer Animation and Visual Effects; and Net Vision and Net Excellence.

11. Mr. Grey's work includes the creation of art and technology, and in this instance, a model and computer readable sequence, which can interpret one type of input signal into another type of output signal. Such technology may also change the sequence of such signals and/or shift the sequence to achieve desired results.

12. By way of background, Defendant worked sporadically as an independent contractor between 1996-1999, doing production design for Mr. Grey's toy and media company named Primordial. On or about the beginning of 2000, Defendant started a company, named Research Studios that focused its work on the design service business and asked Mr. Grey to serve as the Creative Director. Although Mr. Grey declined the employment offer with Research Studios, he agreed to occasionally help Defendant pitch concepts for new business as an independent consultant for Research Studios.

13. Mr. Grey and Defendant continued a dialog regarding their own work between 1999-2001. During this time, both parties experimented and discussed ideas, independently and collaboratively including methods for the synchronization of media, including sound, image, and biological signals. This lead to the joint development of several concepts and methods for synchronizing signals, automatic filmmaking and editing systems.

14. On or about the summer of 2000, Defendant requested the input of Mr. Grey regarding a video project entitled, "Mini" (hereinafter "Mini Project"), which was a work included on a promotional reel produced for third party viewing to generate business opportunities. The Mini Project involved known software and technology that serves as prior art for the patent at issue. In addition to discussing the Mini Project with Mr. Grey, Defendant showed the Mini Project to several third parties to solicit business as early as the summer of 2000.

15. Beginning on or about March 2001, Mr. Grey and Defendant began to formalize their efforts to work together on a joint project incorporating the parties' work for a process to synchronize signals including sound, biological systems, and image into an automatic editing system.

16. In order to maintain the separate contributions of Mr. Grey and Defendant, the parties created an entity entitled the Sound of Time, Inc., which was created to ensure that any joint work would be deemed separate from any work owned by Research Studios, Mr. Grey and/or Defendant in their individual capacities. At no time did Mr. Grey have any obligation to assign and/or transfer any work to Research Studios and/or Defendant; or was any of Mr. Grey's work commissioned under a work for hire status.

17. Prior to August 2001, Mr. Grey and Defendant co-authored and copyrighted a work that involved the integration of a film and a sound recording using a known computer program.

18. Subsequently, Mr. Grey and Defendant developed a computer readable program and related technology, which can interpret one type of input signal into another type of input signal to output a third signal (hereinafter "Technology").

19. Upon information and belief, both parties jointly contributed to the Technology, in that Mr. Grey contributed at the very least to the subject matter related to the sequencing and resequencing of the signals and frames, as well as subject matter directed at automatic editing in real time and the processing of multiple signals, which would be incorporated in the claims of a provisional patent and the patent in suit. Upon information and belief, Defendant did not feel that some of the subject matter was novel and/or inventive because of his awareness of the prior art in the relevant industries.

20. As further evidence of the parties intent to keep the joint venture separate from the work of Research Studios, on or about August 1, 2001, the parties engaged the law firm of Dergosits & Noah, LLP in San Francisco, California to prepare a provisional patent application for the technology created and entitled The Sound of Time, which incorporated the novel invention of shifting and changing the sequence of signals for sound and image.

21. On or about September 14, 2001, Mr. Grey and Defendant jointly filed a provisional patent application identifying the Technology and claiming both parties as inventors. This provisional application was assigned Provisional Application No. 60/322,944.

22. As the Technology involves the manipulation of signals, it is useful in the art, entertainment, health and multimedia industries. It is also particularly useful as it allows for the correlation of a sound track with a moving image and vice versa. This Technology has multiple applications in media, film, video games, and computer applications. Such applications are also of particular interest to new media artists and

have significant commercial benefit in the field of advertising, film, and television. This Technology and similar computer programs have received considerable media attention.

23. Mr. Grey and Defendant commercially utilized the Technology by providing services to third parties, including a contractual relationship with a New York advertising agency, where both Mr. Grey and Defendant were identified as owners and inventors of the Technology, and payment for the services was provided to Mr. Grey, who deposited payment into the Sound of Time Inc.'s account.

24. Prior to September 2002, the parties ceased to work together, with the understanding that each party could use the Technology independently.

25. On or about September 13, 2002, Defendant unilaterally filed a non-provisional patent application, claiming the benefit of Provisional Application No. 60/322,944. Upon information and belief, this patent application was assigned U.S. Application No. 10/242,447 and issued on June 1, 2004 to U.S. Patent No. 6,733,974 B2 (hereinafter the "974 Patent"), entitled "Dynamic Variation of Output Media Signal in Response to Input Media Signal."

26. Upon the filing of the non-provisional application, and despite the duty of good faith and candor, Defendant falsely and/or incorrectly claimed that Mr. Grey did not contribute to the subject matter of the non-provisional application which matured into the '974 Patent. Further, Defendant falsely and/or incorrectly claimed to be the sole inventor of all subject matter of the application, which matured into the '974 Patent.

27. Upon information and belief, Defendant also withheld prior art from the Examiner at the U.S. Patent Office during the pendency of the '974 Patent application; and failed to disclose that Defendant's contribution to the '974 Patent application

consisted only of subject matter previously known in the art regarding changing and switching the frame rate. Several types of software including NATO; Image/ine; Max/MSP; Amova Software; Media Streams; and Adobe After Effects can produce the desired effect as that contributed to the Technology and the '974 Patent by Defendant. Each of these software programs was known and used in the art prior to the filing of the Provisional Patent Application, which matured into the '974 Patent.

28. Beginning on or about April 2002, Defendant began sending harassing and false letters to Mr. Grey, his business associates and personal contacts in the art, technology and entertainment industries regarding the Technology, and the joint works of the parties and the prior relationship of the parties.

29. On information and belief, Defendant continued to send these harassing letters to Mr. Grey's contacts and colleagues in the art, technology, entertainment and related industries after the issuance of the '974 Patent, falsely claiming that he was the sole author of the parties' joint works and the sole inventor and owner of the Technology without knowledge of Mr. Grey's relationship with the contact and/or colleagues. Defendant also continued to send these harassing letters without the opinion of counsel that Mr. Grey's relationships infringed any rights of Defendant. Defendant further incorrectly and mistakenly claimed that he alone was the inventor of the '974 Patent and accused Mr. Grey of infringing one or more of the claims contained therein.

30. Beginning on or about March of 2003, Mr. Grey exhibited a work jointly authored by Mr. Grey and Defendant using known technologies available prior to the filing of Provisional Patent Application No. 60/322,944 as well as the patent application which matured into the '974 Patent, entitled "The Blink" at the Bitforms Gallery in New

York, New York (hereinafter “The Blink Exhibition”). Mr. Grey provided Defendant full attribution for this joint authorship.

31. Beginning on or about the Spring of 2003 through the Fall of 2004, Mr. Grey continued to display The Blink Exhibition at museums and galleries in the United States and abroad.

32. Defendant’s harassing letters also falsely indicated that the Technology covered in the ‘974 Patent and The Blink Exhibition was Defendant’s sole property and that any use by either by any third-party would be infringement.

33. As a result of Defendant’s letters, Defendant has interfered with Mr. Grey’s business enterprises. Specifically, Defendant has sufficiently threatened numerous third-parties such as choreographers, museums, art galleries, advertising agencies, professional organizations and societies, schools and universities, and companies and individuals in the art, technology, and entertainment industries, so that these third parties have stopped working on or altered joint projects and ventures with Mr. Grey for fear in part of being unfairly sued or other concerns. Parties such as The Eyebeam Atelier, Inc.; Steven Petronio Dance Company; CCAP; Nocture Productions; Adobe; Bitforms Gallery in New York; and several others have stopped business dealings and joint artistic projects with Mr. Grey as of result of Defendant’s letters.

34. Defendant through his counsel sent a letter dated October 18, 2004 demanding that Mr. Grey cease and desist displaying The Blink Exhibition and practicing the subject matter claimed in the ‘974 Patent.

35. As a result of the aforementioned letters and the threats made therein, Mr. Grey has a reasonable fear and apprehension that Defendant will commence an action for



patent infringement against him in the United States. An actual and justiciable controversy therefore exists between the parties.

### **FIRST CAUSE OF ACTION**

#### **Declaratory Judgment for Patent Invalidity**

36. Mr. Grey repeats and re-alleges each and every allegation of paragraph 1-35 as though fully set forth herein.

37. This is an action for declaratory judgment of the invalidity of any and all claims of the '974 Patent.

38. Mr. Grey has an objectively reasonable apprehension that Defendant will continue to pursue his allegations of infringement against Mr. Grey and/or third parties who are currently doing business with Mr. Grey.

39. The '974 Patent is invalid for failure to comply with the requirements of Part II of Title 35, U.S.C.

40. Defendant had already publicly discussed and disclosed the Technology more than one-year prior to the filing date of the provisional application, which issued into the '974 Patent.

41. Prior to September 2000, the material contributed by Defendant to the '974 Patent and the underlying application and provisional applications, was known to Mr. Grey and in the art more than one (1) year prior to the filing date of the provisional application which issued to the '974 Patent based upon Defendant'

42. Accordingly, the '974 Patent is invalid and void because the alleged invention was disclosed more than one year prior to the filing date of the application that matured into the '974 Patent.

43. Accordingly, there exists an actual justiciable controversy between Mr. Grey and Defendant concerning whether the claims of the '974 Patent are invalid.

44. Mr. Grey desires and requests a judicial determination and declaration of the respective rights and duties of the parties based on the disputes recited above. Such a determination and declaration is necessary and appropriate at this time so that the parties may ascertain their respective rights and duties regarding the invalidity of the '974 Patent.

## **SECOND CAUSE OF ACTION**

### **Declaratory Judgment for the Inequitable Conduct and Fraud on the United States Patent and Trademark Office**

45. Mr. Grey repeats and alleges each an every allegation of Paragraphs 1-44 as though fully set forth herein.

46. This is an action for declaratory judgment of the unenforceability of all claims of the '974 Patent.

47. Mr. Grey has an objectively reasonable apprehension that Defendant will continue to pursue his allegations of infringement against Mr. Grey and/or third parties who are currently doing business with Mr. Grey.

48. The '974 Patent is unenforceable because of inequitable conduct by the Defendant, who unilaterally claimed invention of the '974 Patent.

49. The Defendant was involved in the preparation and prosecution of the '974 Patent and had a duty of candor and good faith, including a duty to disclose information that was material and known to be material to the United States Patent Office during the examination of the application that matured into the '974 Patent.

50. Defendant intentionally misled and deceived the United States Patent Office by failing to disclose Mr. Grey's contribution to the application that matured into the '974 Patent, and by fraudulently stating that Mr. Grey did not contribute to the subject matter of this application and the resulting patent.

51. Upon information and belief, Defendant caused the application which matured into the '974 Patent to be filed with full knowledge that the subject matter of the this application was co-invented with Mr. Grey. Defendant therefore breach the duties owed to the United States Patent Office by persons involved in the preparation and prosecution of the '974 Patent and the corresponding application, with the intent to deceive and/or mislead the United States Patent Office.

52. On information and belief, the United States Patent Office relied on the material acts, omissions, and/or representations recited above and was thereby persuaded to improperly allow the application that matured into the '974 Patent.

53. On information and belief, as a result of the aforementioned acts, omissions, and/or misrepresentations cited above involved in the preparation and prosecution of the '974 Patent, the '974 Patent is unenforceable because of inequitable conduct.

54. Accordingly, there exists and actual justiciable controversy between Mr. Grey and Defendant concerning whether the claims of the '974 Patent are unenforceable.

55. Mr. Grey desires and requests a judicial determination and declaration of the respective rights and duties of the parties based on the disputes recited above. Such a determination and declaration are necessary and appropriate at this time so that the

parties may ascertain their respective rights and duties regarding the unenforceability of the '974 Patent.

### **THIRD CAUSE OF ACTION**

#### **Declaratory Judgment for Determination of Correction of Inventorship**

56. Mr. Grey repeats and re-alleges each and every allegation of Paragraphs 1-55 as though fully set forth herein.

57. Mr. Grey is the co-inventor of the patentable Technology, which was covered in the '974 Patent.

58. Mr. Grey and Defendant were named as co-authors of Provisional U.S. Patent No. 60/322,944, which was fully incorporated in the application which issued as the '974 Patent.

59. Upon information and belief, the '974 Patent should be corrected pursuant to 35 U.S.C. 256 to correct the inventorship of the '974 Patent.

60. Accordingly, there exists an actual justiciable controversy between Mr. Grey and Defendant concerning correction of the inventorship of the '974 Patent.

61. Mr. Grey desires and requests a judicial determination and declaration of the respective rights and duties of the parties based on the disputes recited above. Such a determination and declaration are necessary and appropriate at this time so that the parties may ascertain their respective rights and duties regarding the inventorship of the '974 Patent.

#### **FOURTH CAUSE OF ACTION**

##### **Declaratory Judgment for Non-Infringement**

62. Mr. Grey repeats and alleges each and every allegation of Paragraphs 1-61 and as though fully set forth herein.

63. Mr. Grey has an objectively reasonable apprehension that Defendant will continue to pursue his allegations of infringement against Mr. Grey and/or third parties who are currently doing business with Mr. Grey. Defendant has already sent very threatening cease-and-desist letters.

64. The parties work, displayed The Blink Exhibition in venues in New York, and several other cities in the United States and abroad, contains significant differences from the invention claimed in the '974 Patent. Specifically, the Blink Exhibition was created prior to the subject matter included in the provisional application which matured into the '974 Patent as well as the '974 Patent itself, and Mr. Grey was a joint author of The Blink Exhibition.

65. Despite Defendant's claims, Mr. Grey, has not directly infringed, induced the infringement of, or contributed in the infringement of, any of the claims of the '974 Patent.

66. Accordingly, there exists an actual justiciable controversy between Mr. Grey and Defendant concerning whether the claims of the '974 Patent are not infringed.

67. Mr. Grey desires and requests a judicial determination and declaration of the respective rights and duties of the parties based on the disputes recited above. Such a determination and declaration is necessary and appropriate at this time so that the parties

may ascertain their respective rights and duties regarding the non-infringement of the '974 Patent.

## **FIFTH CAUSE OF ACTION**

### **Defamation**

68. Mr. Grey repeats and alleges each and every allegation of Paragraphs 1-67 as though fully set forth herein

69. Upon information and belief, Defendant began sending letters to individuals and business associates of Mr. Grey. These letters falsely indicated that Mr. Grey was illegally incorporating Defendant's intellectual property in work done by Mr. Grey and by the parties jointly in association with particular projects for these individuals and business associates. The false statements in these letters have damaged the reputation of Mr. Grey, who is a renowned artist in digital media and related fields, and these statements have defamed him.

70. Upon information and belief, Defendant has also made statements in such letters that disparaged Mr. Grey's professional abilities and provided false information concerning Mr. Grey's employment history and professional experience

71. As a proximate and direct result of the false statements contained in the letters sent by Defendant to multiple third parties, Mr. Grey's reputation has been irreparably damaged.

## SIXTH CAUSE OF ACTION

### **Tortious Interference with Business Relations**

72. Mr. Grey repeats and alleges each and every allegation of Paragraphs 1-71 as though fully set forth herein.

73. Upon information and belief, Defendant has and continues to send threatening letters to third parties falsely indicating the Mr. Grey is illegally using Defendant's intellectual property, allegedly covered either in the '974 Patent and/or the jointly authored work created by both parties. In addition, Defendant has contacted third parties working with and/or considering working with Mr. Grey on projects which do not involve the Technology and/or any joint works prepared and/or co-authored by the parties, making similar false and damaging allegations. Defendant has knowledge of Mr. Grey's associates from the time that the parties worked jointly on the Technology and their earlier dealings.

74. The acts of the Defendant have interfered with the business relationships established by Mr. Grey. The acts of the Defendant caused significant business losses to Mr. Grey and forced him to cover the costs for projects where parties have withdrawn due to Defendant's threatening letters.

75. Defendant acted and continues to act with the sole purpose of harming Mr. Grey and his reputation. Defendant has utilized false statements as well as dishonest means to try to ruin Mr. Grey's relationship with his business associates in the art and entertainment industries.

76. Upon information and belief, Defendant's actions in sending these letters are for the sole purpose of harming Mr. Grey's business relationships.

**PRAYER FOR RELIEF**

WHEREFORE, Mr. Grey preys that the Court enter judgment that:

- A) The '974 Patent is invalid;
- B) The '974 Patent is not infringed by Mr. Grey;
- C) The '974 Patent is unenforceable and without any force or effect against Mr. Grey and/or any of this customers, contractors, and licensees;
- D) Mr. Grey has not committed any act of infringement of Defendant's Patent with respect to works of art and technology made, used or sold by Mr. Grey with regard to the '974 Patent;
- E) Defendant and all of his agents, employees, representatives and counsel, and all persons in active concert or participation with any of them, directly or indirectly, be enjoined from charging infringement and/or instituting any action for infringement of the '974 Patent against Mr. Grey or any of his customers, contractors, and licensees;
- F) If the Patent is deemed valid that inventorship be corrected to properly list Mr. Grey as a co-inventor of the '974 Patent;
- G) Defendant be enjoined from sending further letters to third parties falsely accusing Mr. Grey of infringement;
- H) This is an exceptional case, pursuant to 35 U.S.C. §285. Mr. Grey therefore specifically requests that the Court increase its damage award by a factor of three;

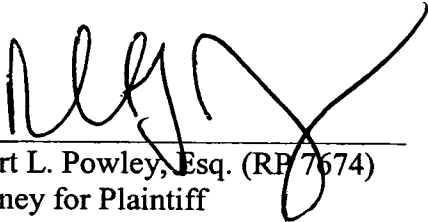


- I) Temporary and permanent injunctive relief precluding the Defendant from engaging in any of the conduct complained of herein or any similar conduct;
- J) Pre-Judgment and Post-Judgment interest, costs, and reasonable attorney's fees incurred as a result of this action; and
- K) Such other and further relief as the Court deems just and proper.

**JURY TRIAL DEMANDED**

Mr. Grey demands a trial by jury as to all issues and causes of action so triable herein, pursuant to Federal Rule of Civil Procedure 38.

November 16, 2004

By:   
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