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 CHIP-MENDER, INC.

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UNITED STATES DISTRICT COURT

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NORTHERN DISTRICT OF CALIFORNIA

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<p>CHIP-MENDER, INC., a California corporation,</p>	<p>CASE NO. 05-CV-3465 (PJH)</p>
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Plaintiff,

**FIRST AMENDED COMPLAINT FOR
PATENT INFRINGEMENT**

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v.

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<p>THE SHERWIN-WILLIAMS COMPANY, an Ohio corporation,</p>	<p>DEMAND FOR JURY TRIAL</p>
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Defendant.

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AND RELATED COUNTERCLAIMS

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Plaintiff Chip-Mender, Inc. (“Plaintiff” or “Chip-Mender”) hereby alleges for its First
 21 Amended Complaint against Defendant The Sherwin-Williams Company (“Sherwin-Williams”
 22 or “Defendant”), on personal knowledge as to its own activities and on information and belief as
 23 to the activities of others, as follows:

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The Parties

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1. Chip-Mender is a California corporation with its principal place of business in
 26 Livermore, California. Chip-Mender is in the business of selling its proprietary automotive paint
 27 touch-up paint pens which are protected by, in part, United States Patent No. 6,254,299 (“the
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1 ‘299 Patent’). Chip-Mender owns the ‘299 Patent which was invented and assigned by Chip-
2 Mender founder Timothy M. Russo (“Russo”). The ‘299 Patent is attached as Exhibit A hereto.

3 2. Sherwin-Williams is an Ohio corporation with its headquarters in Cleveland,
4 Ohio. Sherwin-Williams competes with Chip-Mender by manufacturing, distributing, and
5 selling automotive paint touch-up pens called the Dupli-Color Scratch Fix 2-in-1 Pens (“Dupli-
6 Color Pens”) in violation of the ‘299 Patent.

7 **Jurisdiction and Venue**

8 3. This Court has jurisdiction over the subject matter of this action pursuant to 28
9 U.S.C. § 1331 and 1338(a), as the action arises under the patent laws of the United States.

10 4. Venue is proper in this Court pursuant to 28 U.S.C. § 1391, as this is a judicial
11 district in which a substantial part of the events giving rise to the claims occurred.

12 **Intradistrict Assignment**

13 5. This action is properly filed in the San Francisco Division of the United States
14 District Court for the Northern District of California pursuant to Civil Local Rules 3-2 (c) and (e)
15 because a substantial part of the events giving rise to the claims set forth in this Complaint
16 occurred in San Francisco County.

17 **Factual Background**

18 6. The ‘299 Patent issued in 2001. At least one Sherwin-Williams product, the
19 Dupli-Color Pen, is in violation of the ‘299 Patent.

20 7. Sherwin-Williams has been aware of the ‘299 Patent since at least October 3,
21 2002. On October 3, 2002, Sherwin-Williams filed an application for U.S. Patent No. 6,776,548
22 B2 which specifically lists the ‘299 Patent as prior art. Further, on May 22, 2003, Chip-Mender
23 informed Sherwin-Williams that it had obtained the ‘299 Patent covering its proprietary
24 automotive paint touch-up pens. In this correspondence, Chip-Mender explained the success of
25 its patented pens at automotive dealerships, informed Sherwin-Williams that it had sold
26 thousands of Chip-Mender Pens, and explained that it had created consumer awareness and
27 market demand for the protected product. Finally, Chip-Mender offered to license the ‘299
28

1 Patent to Sherwin-Williams in its May 22, 2003 letter. Chip-Mender's May 22, 2003
2 correspondence went unanswered.

3 8. Despite its knowledge of the '299 Patent, Sherwin-Williams launched its
4 infringing Dupli-Color Pen in October 2003.

5 **FIRST CAUSE OF ACTION**

6 (Infringement of U.S. Patent No. 6,254,299 under 35 U.S.C. § 271)

7 9. Chip-Mender repeats and re-alleges the allegations of paragraphs 1 through 8 of
8 the Complaint as if fully set forth herein.

9 10. Chip-Mender is the sole owner and assignee of the '299 Patent, entitled Paint
10 Applicator System, which originally issued on July 3, 2001, to Russo.

11 11. Sherwin-Williams has infringed and is continuing to infringe the '299 Patent, in
12 violation of 35 U.S.C. § 271, by manufacturing, making, using, importing, offering for sale
13 and/or selling automotive paint touch-up pens that are covered by one or more claims of the '299
14 Patent, and by contributing to and inducing others to infringe the '299 Patent.

15 12. The activities of Sherwin-Williams have been without express or implied license
16 from Chip-Mender.

17 13. Sherwin-Williams continues to infringe the '299 Patent and, unless enjoined by
18 this Court, will continue to infringe the '299 Patent, and Chip-Mender has suffered and will
19 continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly,
20 Chip-Mender is entitled to temporary, preliminary, and/or permanent injunctive relief against
21 such infringement pursuant to 35 U.S.C. § 283.

22 14. As a result of Sherwin-Williams' infringement of the '299 Patent, Chip-Mender
23 has been and will be damaged, and is entitled to be compensated for such damages pursuant to
24 35 U.S.C. § 284 in an amount that cannot presently be ascertained, but that will be determined at
25 trial.

26 15. Chip-Mender is informed and believes that Sherwin-Williams' past and
27 continuing infringement of the '299 Patent has been deliberate and willful, and this case is

1 therefore an exceptional case which warrants an award of treble damages and attorneys' fees in
2 accordance with 35 U.S.C. § 285.

3 **Prayer for Relief**

4 WHEREFORE, Chip-Mender requests entry of judgment in its favor and against
5 Sherwin-Williams as follows:

6 A. Declaring that the '299 Patent is valid and enforceable and that Sherwin-Williams
7 has infringed one or more claims of the '299 Patent;

8 B. Granting temporary, preliminary, and permanent injunctive relief enjoining
9 Sherwin-Williams, its officers, agents, representatives, distributors, wholesalers, retailers,
10 licensees, servants, employees, attorneys, parent or subsidiary corporations, and affiliates, and all
11 persons in active concert or participation with Sherwin-Williams, from engaging in further acts
12 of infringement, contributing to or inducing the infringement of the '299 Patent;

13 C. Awarding Chip-Mender damages in an amount adequate to compensate Chip-
14 Mender for Sherwin-Williams' acts of infringement, together with interest thereon, in an amount
15 to be proven at trial, in accordance with 35 U.S.C. § 284;

16 D. Increasing the damages to three times the amount found or assessed by virtue of
17 the deliberate and willful nature of Sherwin-Williams' infringement, in accordance with 35
18 U.S.C. § 285;

19 E. Awarding Chip-Mender its costs incurred in this action, together with reasonable
20 attorneys' fees, in accordance with 35 U.S.C. § 285; and

21 F. Awarding such other and further relief as the Court deems just and proper.

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23 November 8, 2006

PERKINS COIE LLP

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By _____ /s/
Kenneth B. Wilson

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Attorneys for Plaintiff and Counterclaim-Defendant
CHIP-MENDER, INC.

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DEMAND FOR JURY TRIAL

Plaintiff Chip-Mender, Inc. hereby demands a trial by jury of this action.

November 8, 2006

PERKINS COIE LLP

By _____ /s/ _____
Kenneth B. Wilson

Attorneys for Plaintiff and Counterclaim-Defendant
CHIP-MENDER, INC.