

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

Civil Action No. _____

NAUTILUS, INC.,

Plaintiff,

v.

KEYS FITNESS PRODUCTS, LP

Defendant.

COMPLAINT

Plaintiff, Nautilus, Inc. (Nautilus), alleges as follows:

I. Introduction

1. This is an action against Defendant Keys Fitness Products, Inc. (Keys) , for patent infringement relating in part to Defendant's distribution, use and/or sale of fitness products, specifically including certain types of exercise bicycles.

2. Nautilus is a leading producer of fitness products, including exercise bicycles, sold in the United States. Not only does Nautilus currently market fitness products in several forms to many different customers, but it has also spent a significant amount of time and money in developing new and improved forms of fitness products. Nautilus has sought protection for innovations related to fitness products from the United States Patent Office and has received patents protecting these innovations.

3. Defendants infringe patents owned by Nautilus by at least selling and distributing exercise bicycles that fall within the scope of those patents.

II. The Parties

4. Plaintiff, Nautilus, Inc. (Nautilus), is a corporation organized and existing under the laws of the State of Delaware and is qualified to do business in Colorado.

5. Upon information and belief, Defendant, Keys is a limited partnership organized and existing under the laws of the State of Texas with its principal place of business at 4009 Distribution Drive, Suite 250, Garland, Texas 75041.

III. Jurisdiction and Venue

6. This is a claim of patent infringement arising under the Acts of Congress relating to patents, 35 U.S.C. §§ 271, 282-285.

7. This Court has jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

8. Under 28 U.S.C. §§ 1391(c) and 1400(b), venue is proper in Colorado because Defendant has committed infringing acts and transacts and conducts business in Colorado.

IV. Nautilus's Patent Rights

9. On October 5, 1999, United States Patent No. 5,961,424 (the '424 patent) entitled Free Wheel Clutch Mechanism for Bicycle Drive Train was duly and legally issued to Schwinn Cycling & Fitness, Inc. (Schwinn) as assignee of the inventors Patrick Warner, Michael H. Harding and Mu-Chuan Wu.

10. Schwinn has assigned the '424 patent to Nautilus such that Nautilus is now the owner of the entire right, title and interest in and to the '424 patent. A true and correct copy of the '424 patent is attached as Exhibit A.

11. On May 6, 2003, United States Patent No. 6,557,679 (the '679 patent) entitled Free Wheel Clutch Mechanism for Bicycle Drive Train was duly and legally issued to Nautilus as assignee of the inventors Patrick Warner, Michael H. Harding and Mu-Chuan Wu. A true and correct copy of the '679 Patent is attached hereto as Exhibit B.

12. On November 4, 2003, United States Patent No. 6,641,507 (the '507 patent) entitled Free Wheel Clutch Mechanism for Bicyclic (sic) Drive Train was duly and legally issued to Nautilus as assignee of the inventors Patrick Warner, Michael H. Harding and Mu-Chuan Wu. A true and correct copy of the '507 Patent is attached hereto as Exhibit C.

13. The '424, '679 and the '507 patents (collectively, the Nautilus patents) all encompass, among other things, exercise bicycles known as "spinning bikes."

14. Spinning bikes are a type of exercise bicycle which includes a flywheel driven by a person exercising. The fly wheel has a variable resistance which is overcome by the person exercising to achieve a workout. A crank with peddles is directly connected to the fly wheel through a drive train. The person's feet fit into the peddles and a peddling motion rotates the fly wheel.

15. Prior to innovations covered by the Nautilus patents, there was no mechanism for person exercising to slow the rotational speed of the fly wheel once it was rotating. The person exercising would lower their peddling speed and the rotational speed of the crank, resisting the momentum of the fly wheel and slowly lowering its rotational speed. Particularly at high rotational speeds, the inability to quickly stop peddling increased the possibility of injury by tying the person exercising to the speed of the rapidly rotating fly wheel.

16. As more specifically described and claimed in the Nautilus patents, Nautilus's

inventions include a free wheel clutch interconnecting the fly wheel to the drive train. Once the person exercising resists the rotation of the fly wheel with a certain amount of break force, the clutch force connecting the drive train to the fly wheel is overcome, releasing their connection and allowing the crank and peddles to rotate independent of the flywheel.

17. In a letter from Nautilus to Defendant dated May 30, 2006, Defendant received notice of the Nautilus patents and pending published patent applications, also related to free wheel clutch inventions, owned by Nautilus.

V. Defendant's Infringing Activities

18. Upon information and belief, and as will likely have evidentiary support after a reasonable opportunity for further investigation and discovery, Defendant has made, had made, distributed, used, offered for sale, imported, marketed, and/or sold exercise bicycles made in conformance claimed inventions such that these actions infringe one or more claims of the Nautilus patents.

19. Upon information and belief, and as will likely have evidentiary support after a reasonable opportunity for further investigation and discovery, Defendant sells spinning bikes under the name IRONMAN.

20. Upon information and belief, and as will likely have evidentiary support after a reasonable opportunity for further investigation and discovery, at least the IRONMAN spinning bikes models mCT and 112M include a free wheel clutch interconnecting a drive train to a flywheel, which connection is overcome when a break free force is applied to a crank of the drive train by the person exercising.

COUNT I
(PATENT INFRINGEMENT OF
UNITED STATES PATENT NO. 5,961,424)

21. Nautilus incorporates the allegations contained in paragraphs 1 through 20 above as though fully set forth herein.

22. Defendant has been, and are, directly or indirectly infringing one or more claims of the '424 patent in violation of 35 U.S.C. § 271(a), (b), (c) and/or (f), by making, using, importing, offering to sell or selling, and/or causing others to make or use exercise bicycles as claimed in the '424 patent in the United States.

23. Defendant has derived and received, and in the future will derive and receive, gains, profits, and advantages from the infringement of '424 patent in an amount to be proven at trial.

24. Additionally, Nautilus has been damaged in a manner that cannot be fully measured or compensated in economic terms and for which there is no adequate remedy at law. The actions of Defendant have irreparably harmed and will continue to irreparably harm Nautilus's business, market, reputation, and good will unless Defendant's infringing acts are enjoined.

25. No later than receipt of the May 30, 2006 letter, Defendant knew of Nautilus's '424 patent and Nautilus's right under the patent, yet willfully and intentionally continued its infringement.

COUNT II
(PATENT INFRINGEMENT OF
UNITED STATES PATENT NO. 6,557,679)

26. Nautilus incorporates the allegations contained in paragraphs 1 through 25 above as though fully set forth herein.

27. Defendant has been, and are, directly or indirectly infringing one or more claims of the '679 patent in violation of 35 U.S.C. § 271(a), (b), (c) and/or (f), by making, using, importing, offering to sell or selling, and/or causing others to make or use exercise bicycles as claimed in the '679 patent in the United States.

28. Defendant has derived and received, and in the future will derive and receive, gains, profits, and advantages from the infringement of '679 patent in an amount to be proven at trial.

29. Additionally, Nautilus has been damaged in a manner that cannot be fully measured or compensated in economic terms and for which there is no adequate remedy at law. The actions of Defendant has irreparably harmed and will continue to irreparably harm Nautilus's business, market, reputation, and good will unless Defendant's infringing acts are enjoined.

30. On information and belief, no later than receipt of the May 30, 2006 letter, Defendant knew of Nautilus's '679 patent and Nautilus's right under the patent, yet willfully and intentionally continued its infringement.

COUNT III
(PATENT INFRINGEMENT OF
UNITED STATES PATENT NO. 6,641,507)

31. Nautilus incorporates the allegations contained in paragraphs 1 through 30 above as though fully set forth herein.

32. Defendant has been, and are, directly or indirectly infringing one or more claims of the '507 patent in violation of 35 U.S.C. § 271(a), (b), (c) and/or (f), by making, using, importing, offering to sell or selling, and/or causing others to make or use exercise bicycles as claimed in the '507 patent in the United States.

33. Defendant has derived and received, and in the future will derive and receive, gains, profits, and advantages from the infringement of '507 patent in an amount to be proven at trial.

34. Additionally, Nautilus has been damaged in a manner that cannot be fully measured or compensated in economic terms and for which there is no adequate remedy at law. The actions of Defendant has irreparably harmed and will continue to irreparably harm Nautilus's business, market, reputation, and good will unless Defendant's infringing acts are enjoined.

34. On information and belief, no later than receipt of the May 30, 2006 letter, Defendant knew of Nautilus's '507 patent and Nautilus's right under the patent, yet willfully and intentionally continued its infringement.

PRAYER FOR RELIEF

WHEREFORE, Nautilus prays for the following relief:

- a. A judgment that Defendant have infringed, induced the infringement of, and contributed to the infringement of or supplied components from outside the United States to infringe United States Patent Nos. 5,961,424; 6,557,679; and 6,641,507;
- b. An injunction enjoining and restraining Defendant, and related officers, directors, agents, servants, employees, attorneys and all others acting under or through it, directly or

indirectly, from infringing, inducing the infringement of, and contributing to the infringement of United States Patent Nos. 5,961,424; 6,557,679; and 6,641,507;

c. A judgment and order requiring Defendants to pay damages under 35 U.S.C. § 284, including treble damages for willful infringement as provided by 35 U.S.C. § 284, with interest both pre-judgment and post-judgment;

d. A judgment and order directing Defendant to pay the costs of this action (including all disbursements) and attorney fees as provided by 35 U.S.C. § 285, with interest;

e. The Plaintiff be awarded pre-judgment and post-judgment interest; and

f. Such other and further relief as this Court may deem just and equitable.

Demand for Jury Trial

Nautilus hereby demands that all issues be determined by jury.

Dated this 22nd day of December, 2006.

s/Gregg I. Anderson
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