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**UNITED STATES DISTRICT COURT  
FOR THE  
DISTRICT OF NEW JERSEY**

ARLINGTON MACHINE AND TOOL  
COMPANY, INC., a New Jersey  
corporation, and TITAN  
TECHNOLOGIES INTERNATIONAL,  
INC., a Delaware corporation,

Plaintiffs,

v.

JMATT PRECISION, LLC, a New Jersey  
limited liability company, PRECISION  
HYDRO TOOLS INC., a New York  
corporation, PHILIP SCHARIA, MARK  
CANCIO, and ABRAHAM MATHEW,

Defendants.

**VERIFIED COMPLAINT**

Plaintiffs Arlington Machine and Tool Company, Inc. (at times, "Arlington") and TITAN Technologies International, Inc. (at times, "TITAN") (at times, collectively, "Plaintiffs"), by their attorneys, LeClairRyan, for their Complaint against JMATT Precision, LLC (at times, "JMATT"), Precision Hydo Tools Inc. (at times, "Precision" or "Precision Hydro Tool"), Philip Scharia (at times, "Scharia"), Mark Cancio (at times, "Cancio"), and Abraham Mathew (at times, "Mathew") (collectively "Defendants"), allege as follows:

### **THE PARTIES**

1. Arlington is a corporation organized and existing under the laws of New Jersey with a principal place of business at 90 New Dutch Lane, Fairfield, New Jersey 07004. Arlington is a specialty contract manufacturer (utilizing computer numerical control ["CNC"] equipment) of close-tolerance precision metal parts for various machine manufacturers or assemblers across a wide range of industries, as well as hydraulic actuator assemblies. By way of illustration, Arlington manufactures parts for medical diagnostic equipment, electronic assembly equipment, military equipment, and aircraft components, as well as parts for hydraulic torque wrench parts for TITAN.

2. TITAN is a corporation organized and existing under the laws of Delaware with a principal place of business at 9001 Jameel Street, Suite 180, Houston, Texas 77040. TITAN designs, manufactures and sells a vast array of high-precision industrial bolting tools, including but not limited to hydraulic torque wrenches and hydraulic bolt tensioners, pneumatic and electric torque tools, as well as customized torque and tensioning tool kits, to a number of businesses in multiple industries. TITAN brand hydraulic torque wrenches are purchased and used by companies for large-size precision

bolting (including, by way of illustration, precision bolting for aircraft, bridges, and petroleum platforms). TITAN backs its products by an exceptional warranty, and provides controlled bolting training on site, product support, customer service, calibration and tool repair. The TITAN name and brand have become synonymous with superior bolting tools for virtually every industry and large-sized application around the world, particularly where tension and/or torque precision are highly critical.

3. Arlington has owned a controlling equity interest in TITAN since 2006.

4. Upon information and belief, JMATT is a limited liability company organized and existing under the laws of New Jersey with a principal place of business at 475 Walnut Street, Norwood, Bergen County, New Jersey 07648. Upon information and belief, JMATT is a start-up (formed on or about July 25, 2011, according to the New Jersey Secretary of State) machine-shop parts manufacturer.

5. Upon information and belief, Cancio is a managing employee and/or equity owner of JMATT.

6. Upon information and belief, Precision is a corporation organized and existing under the laws of New York with a principal place of business at 1 Enterprise Court, Nanuet, New York 10954. Upon information and belief, Precision is in the business of selling hydraulic torque wrenches and other tools and/or parts for industrial and commercial applications.

7. Scharia is, and for a number of years has been, a full-time (or he is supposed to be full-time) employee of Arlington (at Arlington's principal offices in New Jersey) in a manufacturing and sales capacity with respect to government contracts and the TITAN brand hydraulic torque wrench. Upon information and belief, Scharia renders services in

some capacity for Precision and has a financial and/or equity interest in Precision.

8. Upon information and belief, Mathew is an employee and/or agent of Precision, and/or has a financial and/or ownership interest in Precision.

### **SUBJECT MATTER JURISDICTION**

9. This is an action arising under (a) the Patent Laws of the United States, 28 U.S.C. § 271, *et seq.* based upon Defendants' infringement, as set forth in greater detail below, of United States Patent No. D466,783 (at times, "the "'783 Patent") owned by TITAN, and (b) the Lanham Act of 1946, as amended, 15 U.S.C. § 1051, *et seq.* based upon Defendants' infringement of the trademark rights of TITAN (to the trademarked name, "TITAN" under U.S. Trademark Registration No. 3,691,081) (at times, "TITAN Trademark"), as well as other causes of action predicated upon applicable common law and the statutory law of New Jersey.

10. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a), and 15 U.S.C. § 1121(a), as well as supplemental jurisdiction over related state-law claims pursuant to 28 U.S.C. §§ 1338(b) and 1367(a).

### **VENUE**

11. Venue of the within action is properly placed within this District, pursuant to 28 U.S.C. § 1400(b) and 1391(b).

### **FACTUAL ALLEGATIONS COMMON TO ALL CLAIMS**

#### **A. Introduction**

12. This action arises out of Defendants' infringement of TITAN's rights under federal patent and trademark law by (a) Defendants' manufacture and sale of one or more series of hydraulic torque wrenches (or a component part thereof) containing the

“Housing” component part that is embodied in the ’783 Patent, and (b) Defendants’ manufacture and sale of one or more series of hydraulic torque wrenches (or a component part thereof) containing a “Reaction Arm” component part that bears an engraving of the TITAN Trademark. Additionally, based upon the facts and information available to Plaintiffs, in violation of common law and statutory law of New Jersey, while gainfully employed by Arlington as a full-time employee, Scharia (on his own and through his “side business,” Precision) has engaged in activities that are competitive with, and disloyal and harmful to, and otherwise wrongful vis-à-vis, Arlington and TITAN.

13. This additional wrongful conduct includes but is not limited to, upon information and belief, the improper use and theft of proprietary and confidential design drawings/blueprints of TITAN (in the possession of Arlington to facilitate Arlington’s manufacture of component parts for TITAN); actively participating and/or assisting JMATT and Precision to manufacture, solicit and sell, respectively, the infringing component parts and hydraulic torque wrenches, by, among other things, providing them with TITAN’s confidential and proprietary design drawings/blue prints covering TITAN’s various series of hydraulic torque wrench products; and engaging in other disloyal and wrongful actions including soliciting and selling (and/or tools) to branches of the United States Department of Defense, notwithstanding that Scharia’s responsibilities to Arlington include soliciting and selling the various branches of the United States military.

**B. The ’783 Patent**

14. TITAN is the owner of the ’783 Patent – United States Patent No. US D466,783 S duly and legally issued by the United States Patent and Trademark on

December 10, 2002 – by assignment by inventors, James A. Jamra, Peter A. Rosa and Marvin W. Burkhalter, III. A true copy of the Patent and Patent Assignment Abstract of Title are annexed as Exhibits “A” and Exhibit “B,” respectively, to this Verified Complaint.

15. The Patent covers the ornamental design for the “Housing” component for all of TITAN’s hydraulic torque wrench products (“Torque Wrench Products”).

**C. The TITAN Trademark**

16. TITAN is the owner of the TITAN Trademark issued by the United States Patent and Trademark Office with respect to the word mark, “TITAN,” and the following goods and services: “Power tool, namely, hydraulic torque wrenches, pneumatic torque wrenches, hydraulic bolt tensioners, hydraulic pumps, and electric torque wrenches.” [A true copy of the Certificate of Registration of the TITAN Trademark is annexed hereto as Exhibit “C.”] This trademark was registered on October 6, 2009, although TITAN has made use in commerce of the name and brand, “TITAN,” continuously since 2002 (as reflected in Exhibit “C”), if not earlier (closer to the date of incorporation of TITAN on or about February 26, 2001).

**D. The History and Businesses of Arlington and TITAN**

17. The relationship between TITAN and Arlington has resulted in a significant and valuable strategic partnership, in which Arlington not only serves as the primary manufacturer for the array of TITAN-branded tools (handling a significant majority of TITAN’s component manufacturing requirements), but also is among a select few companies around the globe who are authorized resellers/distributors of TITAN tools.

18. Arlington’s manufacture of component parts is a highly technical and

specialized process given the precision tension and/or torque requirements associated with TITAN tools. The process is highly automated, using computer-aided design (CAD) and computer-aided manufacturing (CAM) programs and a variety of equipment. The part-design programs produce a computer file that is interpreted to extract the commands needed to operate a particular machine via a postprocessor, and then loaded into the CNC machines for production. The complex series of steps involved in producing any given component part is highly computer-automated, and produces a part that, by necessity, closely matches the original CAD design.

19. Arlington has been in business since 1963. It is, in significant part, the result of the vision of one man – John Staudinger, Sr. (“John, Sr.”), the father of the current Chief Operating Officer, John J. Staudinger – who immigrated to the United States from Hungary in 1956 in order to escape the Hungarian Revolution. John, Sr. brought with him to this country little more than his technical engineering degree and know-how, and determination. The business of Arlington began in 1963 in John Sr.’s basement on Arlington Avenue, with a \$700 small Atlas lathe. Over the years, the business and reputation of Arlington grew. John Sr. literally moved the business from his basement to a four thousand (4,000) square foot facility on Getty Avenue, Clifton, New Jersey that he designed and essentially built. Ten (10) years after the opening of the Getty Avenue facility, it grew an additional eighteen thousand (18,000) square feet to accommodate additional business. Then in 1998, Arlington moved into a fifty six thousand five hundred (56,500) square foot facility in Fairfield, New Jersey.

19. Arlington has grown to a team of over one hundred (100) individuals, with CNC services centered on extensive state-of-the-art equipment: eighty (80) CNC

machining centers and six (6) computer measuring machines (CMM), as well as over fifty (50) machining Centers, twenty (20) CNC lathes, CNC Wire EDM (an electrical discharge machine, whereby a desired shape is manufactured using electrical discharges or sparks), CNC Waterjet (which produces shapes by cutting sheet material using a high pressure stream of water containing abrasive particles), and six (6) coordinate measuring machines (a three (3)-dimensional device for measuring the physical geometrical characteristics of an object). Additionally, Arlington's Quality System is certified to ISO 9001:2008 and EN/JISQ/ AS9100:2004 by Det Norske Veritas (DNV), an independent accredited Aerospace Quality Registrar. This accreditation signifies that Arlington's Quality System is certified to manufacture to Aerospace Industry standards for: "The Manufacture of Precision Machined Parts and Assemblies, Including Hydraulic Tools and Assemblies."

20. This advanced technology in the manufacture of parts distinguishes Arlington from start-up machine shops (such as Defendant JMATT), and in part, also distinguishes TITAN branded Torque Wrench Products from other hydraulic torque wrenches on the market (such as those apparently being manufactured and sold by Defendant Precision, utilizing parts manufactured by JMATT, which based upon Plaintiffs' investigation addressed below, has only a CNC lathe and two (2) CNC milling machines, but no computer measuring machines, which among other things test with speed and accuracy the quality of manufactured component parts against the computer-generated designs for the parts).

**E. Discovery of Defendants' Actions Serving as the Basis for This Lawsuit**

21. TITAN's website administrator, a company named Adhere, recently advised



Plaintiffs that it had received an anonymous communication that a business named JMATT was manufacturing TITAN brand hydraulic torque wrenches. Adhere provided Arlington with pictures of pages from JMATT's Internet website. The JMATT website in and of itself reflects that JMATT is manufacturing and soliciting the sale or distribution of many parts for TITAN's Torque Wrench Products, including but not limited to the patented Housing for TITAN's Torque Wrench Products. This is readily visible from a comparison of the shape and design of the Housing depicted on the JMATT website and images of the TITAN Housing.

22. On July 13, 2012, at the direction of Arlington's Chief Operating Officer (and Chairman of the Board of TITAN), John J. Staudinger, Benjamin Ladanyi (at times, "Ladanyi"), an employee of Arlington (as well as a business development manager of TITAN) visited JMATT's facility at 475 Walnut Street, Norwood, New Jersey, posing as a potential buyer of machined parts. While there, Ladanyi saw a number of design drawings/blueprints for parts. Ladanyi saw that the design drawings had the precise format of TITAN's proprietary and confidential parts design drawings, except that the name, "PRECISION HYDRO TOOLS Inc." appeared in title block in the exact location that TITAN's name appears. Ladanyi was told by Defendant Cancio of JMATT that various plainly visible Reaction Arm parts and Housing parts were being sold to a company named Precision Hydro Tools Inc.

23. Ladanyi also observed during his visit to JMATT on July 13, 2012 various parts manufactured by Arlington for TITAN – specifically, the Housing (which is the subject of the Design Patent issued to TITAN), the Square Drive Reaction Arm, and the Drive Pawl, all of which are component parts of TITAN's T-Tool Series of branded TITAN Torque Wrench Products.

24. In his subsequent visits on July 16 and 17, 2012 to the facility of JMATT, Ladanyi observed finished tool pieces – Reaction Arms – bearing the name, “TITAN TECHNOLOGIES,” awaiting packaging and sale or delivery by JMATT.

25. On July 19, 2012, Ladanyi returned to the JMATT site for the purposes of receiving a copy of the Quotation that JMATT and Cancio had indicated would be provided to him with respect to the two parts that Cancio and JMATT agreed to “reverse engineer” for Ladanyi. JMATT and Cancio provided what was, in sum and substance, a reverse-engineering quote with respect to unrelated parts, thus evidencing their penchant for reverse engineering. Additionally, during Ladanyi’s visit to the JMATT facility on July 19, 2012, Ladanyi observed various Reaction Arms bearing the name, TITAN TECHNOLOGIES, as well as unfinished Housing components of TITAN’s Torque Wrench Products.

26. JMATT’s Internet Website (at least, when it was accessible prior to the filing of this Verified Complaint) made statements to the effect that JMATT specializes in reverse engineering. Additionally the JMATT Internet Website contained pictures of various TITAN products or their components, including but not limited to TITAN’s T-Tool Housing (the housing for the torque wrench series of products, which is a patented component), the “Square Drive” part, the “Reaction Arm” part, and the “Drive Pawl” part. The Housing and Reaction Arm are highly significant components impacting the functionality of the Torque Wrench Products of TITAN. They are also prominent in the appearance of the Torque Wrench Products sold to the marketplace.

27. Upon learning this, Plaintiffs attempted to find out who is behind the entity known as “Precision Hydro Tools.” An Internet search revealed the following contact information, among other things:

Precision Hydro Tools Inc.  
1 Enterprise Ct  
Nanuet, New York  
10954-3107  
Telephone (845) 215 9444

**Contact: Philip Scharia**

28. A search of the New York Department of State Internet website (shows that Precision Hydro Tools Inc. was incorporated in the State of New York on October 12, 2005, and that it is an active corporation, whose contact for the purposes of service of process by the New York Department of State is Abraham V. Mathew, 50 N. Harrison Avenue, Suite 8, Congers, New York.

**F. Scharia's Extensive History with Arlington and TITAN**

29. Scharia has had an extensive history with Arlington (as with TITAN through Arlington) – a history that he apparently is attempting to use to his secret benefit and to the significant harm of Arlington and TITAN). Scharia worked as a contract consultant for Arlington for approximately nine (9) months in the late 1980s, focusing his time on securing contracts with the United States Department of Defense. After Scharia's first employment with Arlington ended, he remained in the industry, working for among other companies, the Jetyd Division of Hytorc – a large manufacturer and seller of hydraulic torque wrenches.

30. In 2003, Scharia contacted Arlington, stating that he had lost his job and was looking for full-time employment with Arlington. Scharia was initially hired as a Quality Engineer. After serving in this position for a period of time, Scharia approached Arlington about having greater involvement in sales, and was of assistance in introducing Arlington to torque wrench customers given his relationships with various tool

companies (including two (2) that had been started by former Hytorc employees), as well as greater involvement in Arlington's defense contract business because of his experience through earlier employment elsewhere in securing military contracts.

31. After speaking with Scharia about his experience and anticipated contributions, Arlington shifted Scharia's full-time job functions and responsibilities from a general Quality Engineer position to a senior marketing/product quality position focused on Arlington's and TITAN's significant torque wrench business and defense contract business. Scharia assisted in Arlington's and TITAN's continuing growth in the torque wrench business, as well as contributing to Arlington's and TITAN's successful efforts in obtaining several large United States Department of Defense military hardware contracts over the last eight (8) years. Scharia was compensated well for what we believed were his full time and efforts on behalf of our companies, as he was among the highest paid managers at Arlington.

32. In his functions and job responsibilities, Scharia had full and unfettered access to TITAN's design drawings/blueprints (including but not limited to those relating to the patented Housing for TITAN's series of Torque Wrench Products). Plaintiffs suspect, and have reason to believe that formal discovery will support the well-founded suspicions, (a) that Scharia has furnished a copy of various confidential and proprietary TITAN design drawings/blueprints to JMATT for production of tool parts to be delivered to Precision Hydro Tool and used by Precision Hydro Tool in the sale of hydraulic torque wrenches (containing TITAN's patented Housing component and the Reaction Arm engraved with TITAN's trademarked name) and possibly other tools bearing either the engraved trademarked name of TITAN; (b) that Scharia has used, and furnished to

Precision Hydro Tools, a copy of various confidential and proprietary TITAN design drawings/blueprints for use by Precision Hydro Tool in the manufacture (including assembling component parts manufactured by JMATT and/or others) and sale of hydraulic torque wrenches and possibly other tools bearing the engraved trademarked name of TITAN.

33. Any and all such action by Scharia constitute a violation of various provisions of Arlington's Employee Manual in effect presently and at all times since 2005 governing the conduct of employees of Arlington such as Scharia. By way of example only:

(a) subsection m) on page 14 prohibits an Arlington employee's "Theft, misuse, inappropriate removal, wrongful possession of, or failure to properly store Company property or tools...."

(b) Subsection aa) on page 14 prohibits an Arlington employee's "Unauthorized disclosure of business 'secrets' or confidential information."

(c) Subsection v) on page 14 prohibits an Arlington employee's "Engaging in conduct on Company premises which is in violation of any existing laws, ordinances, regulations."

(d) Subsection ee) on page 14 prohibits "Any other act [by an Arlington employee] which the Company, in its sole discretion, considers detrimental to the legitimate business interests of the Company."

(e) The Section on page 16, entitled, "Non-Disclosure," which states:

"Employees of Arlington Machine are expected to keep in confidence and prevent the use (except for purposes of pursuing a mutually acceptable business arrangement) or the disclosure to any person or persons outside of AMT

[Arlington], of all data received by a customer, supplier or business affiliate which is designated in writing, or marked by an appropriate stamp or legend, by the disclosing part, to be proprietary or confidential nature.

34. TITAN and Arlington have at all times treated the design drawings/blueprints of TITAN, which have been entrusted to Arlington in connection with the manufacture of component parts for TITAN, to be proprietary to TITAN and confidential. TITAN routinely affixes a confidentiality stamp on its design drawings/blueprints shared with Arlington. Arlington stores TITAN's design drawings/blueprints in a locked cabinet, and instructs its employees to keep the design drawings/blueprints locked and secured when they are not actively used.

35. TITAN has invested hundreds of thousands of dollars in the engineering and development of the parts and tools depicted in TITAN's drawings/blueprints. A parts machine shop or hydraulic wrench manufacturer making use of TITAN's design drawings/blueprints would not only have the unfair competitive advantage of not having to invest capital in the engineering and development of parts and tools, or the cost of purchasing the component parts, but would save enormous time in going far more expeditiously to market in selling parts and tools.

36. Additionally, and equally significant, separate and apart from the financial and business consequences to Plaintiffs resulting from Defendants' actions in effectively stealing sales of "TITAN" branded tools, the sale by JMATT of component parts and by Precision Hydro Tools of hydraulic torque wrenches containing a significant and prominent component part (the Reaction Arm) bearing the trademarked brand name of "TITAN" (as well as TITAN's patented Housing component part, which is a unique and

distinctive design element of TITAN Torque Wrench Products) presents extensive and irreparable harm and risk to TITAN, including but not limited to the following:

(a) Injury to the trademark, brand, name, reputation and goodwill of TITAN as a result of component parts manufacturing by a start-up company (JMATT) with insufficient and/or inferior equipment (JMATT does not have various equipment utilized by Arlington in the manufacture of hydraulic wrench component parts), insufficient manpower, and unknown quality-control procedures and policies and practices. To illustrate the point, Arlington has six (6) computer measuring machines (CMM) that allow Arlington to test and verify within a matter of minutes the quality of its manufactured component parts against computer-generated designs for these parts. The site visit of Ladanyi showed that the start-up machine shop, JMATT, does not have a single CMM. Putting aside human factors such as human error and occasional employee indifference, assuming that a human being can be the equivalent of a computer in the world of component parts quality testing (a significant assumption), it would take roughly eight (8) to ten (10) man-hours for a person to verify the quality of a Reaction Arm of a hydraulic torque wrench against the computer-generated designs. Not only does JMATT not have this sort of manpower, as observed by Ladanyi upon his site visits to JMATT on July 13, 16, 17 and 19, but it is very doubtful that it is investing its manpower and production time in the sort of quality control that comes anywhere close to the extensive quality control undertaken by Arlington in manufacturing component parts for TITAN branded hydraulic torque wrenches.

(b) Injury to the trademark, brand, name, reputation and goodwill of TITAN as a result of sale by Precision Hydro Tools, an unknown, unsupervised, and

unauthorized manufacturer and seller of hydraulic torque wrenches, and potentially other tools, bearing the TITAN name and brand.

(c) Unknown and unquantifiable risk – financial, brand, reputational, etc. – posed by potential manufacturing defects in component parts and finished tools sold by Defendants, particularly given that these parts and tools are used in settings requiring precision as to installation and torque (airplanes, bridges, petroleum platforms, just to name a few examples).

(d) Unknown and unquantifiable risk posed by potential warranty claims directed to TITAN on component parts and tools sold by Defendants.

(e) Unknown and unquantifiable risk posed by potential manufacturing defects which may lead to injury to users of tools sold by Defendants.

**G. Putting Together Pieces of Information Obtained from the Limited Investigation to Date by Plaintiffs**

37. The facts available to Plaintiffs show that while Scharia was holding a full-time employment position with Arlington in the past number of years, he was actively involved in a tool company in competition with both TITAN and Arlington, “Precision Hydro Tools.”

38. Plaintiffs’ recent investigation, undertaken after discovery of the link between JMATT and Precision Hydro Tools, is that, according to data published by the United States Government, Precision Hydro Tools is identified as a government contractor, and Precision Hydro Tools has received \$1,320,078.00 in government contracts since 2005. Conversely, at the same time, Arlington’s new government defense capture rate is recently lower.



39. The pieces of information that Plaintiffs have obtained combine to support the following conclusions or inferences, on well-founded information and belief:

a. Scharia has removed from the offices of Arlington a copy of confidential and proprietary design drawings/blueprints of TITAN tools and component parts.

b. Scharia has transferred some or all of these confidential and proprietary design drawings/blueprints to JMATT and/or his company, Precision Hydro Tools.

c. Precision Hydro Tools has engaged JMATT to manufacture component parts for certain tools, including but not limited to hydraulic torque wrenches, being marketed and sold by Precision Hydro Tools (bearing an engraved name of TITAN). To the extent that JMATT is not making use of the design drawings/blueprints furnished by Scharia, JMATT is reverse engineering parts manufactured by Arlington, including but not limited to the patented Housing for TITAN's torque wrenches.

d. Precision Hydro Tools is manufacturing and selling various tools bearing either the TITAN name by making direct or indirect use of TITAN's design drawings/blueprints.

40. TITAN's overall sales revenue is lower by approximately \$1 million in contrast to the dollar sales volume at the same time last calendar year. The contracts-in-the pipeline for TITAN also indicate diminished dollar sales volume going forward for the balance of the 2012 calendar year.

#### **H. Proposed Temporary Restraints Aimed at Preserving Evidence**

41. Significant risks exist (given that the Defendants include individuals and small companies) that emails, purchase orders, shipping documents, drawings, designs and blueprints, parts, among various other electronic and paper documents and other

items, will be destroyed or hidden or secretly transferred to others once Defendants learn of this litigation. These documents and materials are highly significant to this case, as well as to the business, brand and reputational well-being of Arlington and TITAN.

42. For example, TITAN is entitled to know the identity of purchasers in the marketplace who have purchased hydraulic torque wrenches from Precision Hydro Tools containing the TITAN trademark, name and brand so that it may assess potential risk (not only to TITAN, but to persons using the “knock-off” hydraulic torques wrenches and third-parties who may be impacted in the event of quality issues). It is important – not only for the protection of TITAN’s brand and reputation, but also for the protection of the effected purchasers and possibly others if the end use is in the aviation industry of for bridges or petroleum platforms – that these purchasers become apprised that they did not purchase products manufactured by TITAN.

43. TITAN and Arlington have suffered, and continued to suffer, imminent irreparable injury as a result of Defendants’ wrongful conduct, for which there is no adequate remedy at law.

**COUNT ONE**  
**(Infringement of ’783 Patent Owned by TITAN)**

44. Plaintiffs TITAN and Arlington repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

45. TITAN owns and has standing to sue for infringement of United States Patent No. D466,783 (“the ’783 Patent”) entitled “Housing for a Power Tool.” The ’783 Patent (see copy annexed hereto as Exhibit “A”) was duly and legally issued by the United States Patent and Trademark Office on December 10, 2002.

46. At all times relevant to this action, Defendants have infringed the '783 Patent by making, using, selling, or offering for sale Torque Wrench Products having housings which embody TITAN's patented design Housing, in violation of 35 U.S.C. § 271, and will continue to do so unless temporarily restrained, and preliminarily and permanently enjoined by this Court.

47. The housings of Defendants' products are substantially the same as, if not indistinguishable from, TITAN's designed Housing set forth in the '783 Patent, such that an ordinary observer would be deceived into believing Defendants are TITAN's patented design and induced into purchasing Defendants' torque wrench products and/or housing component parts.

48. Defendants' torque wrench housings copy the novel ornamental elements and overall aspects of TITAN's designed Housing as set forth in the '783 Patent.

49. Plaintiffs have and continue to sustain substantial and irreparable damages as a result of Defendants' acts of infringement.

50. Upon information and belief, Defendants have had and now have knowledge of the '783 Patent.

51. Defendants' have, and continue to, willfully and deliberately infringe the '783 Patent, entitling Plaintiffs to an award of attorneys' fees and treble damages under 35 U.S.C. § 285.

**COUNT TWO**  
**(Counterfeiting and Infringement of TITAN Trademark)**

52. Plaintiffs TITAN and Arlington repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

53. TITAN owns and has standing to sue for counterfeiting and infringement of the TITAN Trademark (Exhibit "B" to this Verified Complaint). The TITAN Trademark was duly and legally registered by the United States Patent and Trademark Office on October 6, 2009.

54. The TITAN Trademark and the goodwill of the business associated with it are of great value, are highly distinctive and arbitrary, and have become associated in the public mind with products of high quality and reputation.

55. Upon information and belief, without Plaintiffs' authorization or consent, and having knowledge of Plaintiffs' well-known and prior rights in the TITAN Trademark, Defendants have manufactured, distributed, offered for sale, and/or sold its torque wrench products using the TITAN Trademark to the consuming marketplace in direct competition with TITAN's products, in or affecting interstate commerce and in violation of the Lanham Act, 15 U.S.C. §§ 1114(1) and 1125(a), and will continue to do so unless preliminarily and permanently enjoined by this Court..

56. Defendants' use of the TITAN Trademark on their torque wrench products/component parts is likely to cause and is causing confusion, mistake, and deception among purchasers as to the origin of the Torque Wrench Products, and is likely to deceive the public into believing the products being sold by Defendants originate from, are associated with, or are otherwise authorized by Plaintiffs, all to the detriment of Plaintiffs' reputations, goodwill, and sales, thereby causing irreparable harm for which there is no adequate remedy at law

57. At all times relevant to this action, Defendants knew of TITAN's prior adoption and commercial use of the TITAN Trademark and knew of TITAN's valuable

goodwill and reputation acquired by TITAN in connection with the TITAN trademark. Defendants' infringement of the TITAN Trademark is therefore willful and deliberate.

58. Plaintiffs have and continue to sustain damages that are substantial, imminent and irreparable as a result of Defendants' acts of infringement.

**COUNT THREE**  
**(Trademark Dilution of TITAN Trademark)**

59. Plaintiffs TITAN and Arlington repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

60. As a direct result of Plaintiffs' long and extensive experience, care, expertise and skill manufacturing and advertising products associated with the TITAN Trademark, the TITAN Trademark has acquired a reputation for excellence. TITAN has expended substantial resources in advertising and promotion to help create its reputation as symbolized by the distinctive TITAN Trademark.

61. Defendants' manufacture, distribution offer for sale, and/or sale in interstate commerce of its torque wrench products and component parts using the TITAN Trademark, has tarnished, blurred, and diluted Plaintiffs' reputation, goodwill, and trademarks.

62. Defendants' acts are likely to deprive Plaintiffs of the benefits of the goodwill attached to the TITAN Trademark, injure Plaintiffs' business reputation and dilute the distinctive quality of the TITAN Trademark in violation of Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c).

63. Defendants' improper conduct was done willfully and deliberately, with intent to trade on Plaintiffs' reputation, to suggest a connection with Plaintiffs, and to cause confusion.

64. TITAN and Arlington have been substantially and irreparably injured by Defendants' conduct, and will continue to be substantially and irreparably injured unless and until Defendants' activities are preliminarily and permanently enjoined.

65. Plaintiffs have and continue to sustain damages as a result of Defendants' dilution.

**COUNT FOUR**  
**(False Designation of Origin and Federal Unfair Competition)**

66. Plaintiff TITAN repeats the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

67. Defendants' torque wrench products and component parts are of the same general nature and type as products sold and offered for sale by Plaintiffs and, as such, Defendants' misappropriation and use of the TITAN Trademark on their torque wrench products and component parts misrepresents and falsely describes to the public the origin and source of the torque wrench products and component parts and creates a likelihood of confusion among purchasers as to both the source and sponsorship of the Torque Wrench Products of TITAN.

68. Defendants' unlawful, unauthorized, and unlicensed manufacture, distribution, offer for sale, and/or sale of torque wrench products and component parts using the TITAN Trademark constitutes a false designation of origin and a false representation that the products are sponsored by, approved by, or otherwise associated with Plaintiffs and/or Plaintiffs' Torque Wrench Products and component parts.

69. Defendants' conduct and use of the TITAN Trademark in connection with their goods and services, in interstate commerce, constitutes a false designation of origin

and unfair competition in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

70. Plaintiffs have been substantially and irreparably injured by Defendants' willful conduct and will continue to be substantially and irreparably injured unless and until Defendants' activities are preliminarily and permanently enjoined.

71. Plaintiffs have and continue to sustain imminent irreparable injury as a result of Defendants' false designation of origin and unfair competition.

**COUNT FIVE**  
**(Trade Secret Misappropriation)**

72. Plaintiffs TITAN and Arlington repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

73. Defendants' improper use of TITAN's confidential and proprietary information, product blueprints, drawings, and schematics, and/or other trade secrets in connection with their unauthorized and improper manufacture and sale of torque wrench products and component parts constitutes misappropriation of trade secrets under New Jersey law.

74. Plaintiffs have sustained, and continue to sustain, imminent and irreparable damages (and are entitled to attorneys' fees) as a result of Defendants' misappropriation of Plaintiffs' trade secrets.

**COUNT SIX**  
**(Common Law and State Law Unfair Competition, N.J.S.A. 56:4-1 et seq.)**

75. Plaintiffs TITAN and Arlington repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

76. The public is likely to be confused, deceived or otherwise manipulated by

Defendants' willful unauthorized use of the TITAN Trademark. Therefore, Defendants' use of the TITAN Trademark without right, license, or authorization constitutes common law unfair competition and unfair competition under applicable state law of New Jersey (including N.J.S.A. 56:4-1, *et seq.*).

77. Defendants have engaged in additional acts of unfair competition by, among other things, misappropriating confidential and proprietary information (*e.g.*, design drawings/blueprints of TITAN) of, or maintained by, Plaintiffs, and/or knowingly making use of said information to facilitate and expedite the creation and manufacture of knock-off torque wrench products and components thereof.

78. Plaintiffs have been substantially and irreparably injured by Defendants' conduct, and will continue to be substantially and irreparably injured unless and until they are temporarily restrained, and preliminarily and permanently enjoined from engaging in the unfair competition described above.

79. Plaintiffs have and continue to sustain damages as a result of Defendants' unfair competition.

#### **COUNT SEVEN**

#### **(Breach of Duty of Loyalty/Fiduciary Duty Owed to Arlington and TITAN)**

80. Plaintiffs Arlington and TITAN repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

81. Upon information and belief, while employed by Arlington (and rendering certain services for its affiliate, TITAN, in addition to carrying out functions and responsibilities owed to Arlington), Scharia (a) wrongfully solicited and/or diverted and/or attempted to divert – for his own benefit and/or that of Precision – valuable customer relations, and (b) wrongfully used, misappropriated and/or stole confidential



and proprietary information, including design drawings/blueprints of TITAN in the possession of Arlington.

82. By reason of the foregoing conduct, Plaintiffs have been, and will continue to be, injured.

83. The aforesaid conduct has caused Plaintiffs substantial and irreparable injury for which there is no adequate remedy at law.

**COUNT EIGHT**  
**(Tortious Interference with Prospective Economic Advantage)**

84. Plaintiffs Arlington and TITAN repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

85. Upon information and belief, Defendants have intentionally, maliciously, and tortiously interfered with Plaintiffs' customer and marketplace relationships and expectations of prospective economic advantage flowing from its customer relations, in an effort to divert to themselves sales and revenue that would otherwise be received by Plaintiffs.

86. By reason of the foregoing conduct, Plaintiffs have been, and will continue to be, injured.

87. The aforesaid conduct has caused Plaintiffs substantial and irreparable injury for which there is no adequate remedy at law.

**COUNT NINE**  
**(Unjust Enrichment)**

88. Plaintiffs Arlington and TITAN repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

89. Upon information and belief, Defendants, including Scharia, have been unjustly enriched by wrongful conduct by Scharia, including but not limited to actions in

breach of Scharia's duty of loyalty and fiduciary duties to Arlington and its affiliate, TITAN, while Scharia was gainfully employed on a full-time basis by Arlington..

90. By reason of the foregoing conduct, Plaintiffs have been, and will continue to be, injured.

91. The aforesaid conduct has caused Plaintiffs substantial irreparable injury for which there is no adequate remedy at law.

**COUNT TEN**

**(Tortious Interference with Prospective Economic Advantage)**

92. Plaintiffs Arlington and TITAN repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

93. Upon information and belief, Defendants have intentionally, maliciously, and tortiously interfered with Plaintiffs' customer and marketplace relationships and expectations of prospective economic advantage flowing from its customer relations, in an effort to divert to themselves sales and revenue that would otherwise be received by Plaintiffs.

94. By reason of the foregoing conduct, Plaintiffs have been, and will continue to be, injured.

95. The aforesaid conduct has caused Plaintiffs substantial irreparable injury for which there is no adequate remedy at law.

**COUNT ELEVEN**

**(Common Law Conspiracy)**

96. Plaintiffs Arlington and TITAN repeat the allegations contained in paragraphs 1 through 43 above as though herein set forth at length.

97. Upon information and belief, all of the aforesaid actions of Defendants were undertaken in furtherance of a common plan and conspiracy to accomplish the unlawful, tortuous objects described in this Verified Complaint.

98. By reason of the foregoing conduct, Plaintiffs have been, and will continue to be, injured.

99. The aforesaid conduct has caused Plaintiffs substantial and irreparable injury for which there is no adequate remedy at law.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiffs Arlington Machine and Tool Company, Inc. and TITAN Technologies International, Inc., pray for orders and final judgment, jointly and severally against Defendants JMATT Precision, LLC, Precision Hydro Tools Inc., Philip Scharia, Mark Cancio and Abraham Mathew, as follows:

A. Temporarily, preliminarily and permanently restraining and enjoining the destruction, mutilation, erasing, alteration, concealment, transfer or disposal of such electronic and paper documents and files, and other tangible items and things as identified in Plaintiffs' applications for entry of temporary restraints;

B. Temporarily, preliminarily and permanently restraining and enjoining Defendants, their officers, agents, servants, employees, licensees, distributors, attorneys, corporate affiliates, successors and assigns, and all persons or entities acting in concert therewith from making, using, selling, or offering for sale products that infringe Plaintiffs' '783 Patent, as more specifically set forth in Plaintiffs' applications seeking temporary, preliminary or permanent restraints or injunctive relief, without Plaintiffs' written authorization;

C. Temporarily, preliminarily and permanently restraining and enjoining Defendants, their officers, agents, servants, employees, licensees, distributors, attorneys, corporate affiliates, successors and assigns, and all persons or entities acting in concert therewith from marketing, selling, offering for sale, distributing, licensing, referring to, or otherwise using, Plaintiffs' TITAN Trademark, as more specifically set forth in Plaintiffs' applications seeking temporary, preliminary or permanent restraints or injunctive relief, without Plaintiffs' written authorization;

D. Temporarily, preliminarily and permanently restraining and enjoining Defendants, their officers, directors, employees and all those acting in concert with them, from committing any other act calculated to compete unfairly with Plaintiffs in any manner, as more specifically set forth in Plaintiffs' applications seeking temporary, preliminary or permanent restraints or injunctive relief;

E. Directing and authorizing the United States Marshall to seize and impound all infringing products and all associated manufacturing design drawings/blueprints and other supplies in Defendants' possession or control;

F. Directing Defendants to account for and pay over their profits to Plaintiff derived from their infringing activity pursuant to 35 U.S.C. § 289, determining that this case is exceptional and awarding Plaintiffs their reasonable attorneys' fees and costs pursuant to 35 U.S.C. § 285, and determining Defendants' infringement to be willful and awarding Plaintiffs' treble damages pursuant to 35 U.S.C. § 284;

G. Directing Defendants to account for and pay over their profits to Plaintiff derived from their infringing activity and awarding Plaintiffs their reasonable attorney's fees and costs pursuant to 15 U.S.C. §1117, and/or to disgorge their profits

acquired as a result of their unfair competition;

H. A determination or declaration that Defendants have infringed the '783 Patent and the TITAN Trademark;

I. Compensatory damages;

J. An award of attorneys' fees under applicable law, including but not limited to 35 U.S.C. § 285;

K. Awarding Plaintiffs prejudgment interest at the legal rate, as well as costs of suit; and

L. Awarding Plaintiffs such other or further relief as the Plaintiffs may seek and/or as the Court may deem just and proper.

DATED: Newark, New Jersey  
July 23, 2012

**LECLAIRRYAN**  
A Virginia Professional Corporation

By: Michael S. Haratz  
Michael S. Haratz, Esq. (MH-2515)  
One Riverfront Plaza  
1037 Raymond Boulevard  
Sixteenth Floor  
Newark, New Jersey 07102  
(973) 491-3600  
Attorneys for Plaintiffs

**VERIFICATION**

1. I am the Chief Operating Officer of Plaintiff Arlington Machine and Tool Company (at times, "Arlington"), and am the Chairman of the Board of Directors of TITAN Technologies International, Inc. ("TITAN").

2. I am authorized to make this Verification on behalf of TITAN and Arlington.

3. I have read the Verified Complaint. The facts contained therein are true and correct. Where the facts are stated on information and belief, they are true to the best of my knowledge, information and belief.

I verify under penalty of perjury that the foregoing is true and correct.

Dated: July 23, 2012  
Fairfield, New Jersey

  
JOHN J. STAUDINGER

# ***EXHIBIT***

**"A"**



US00D466783S

(12) **United States Design Patent** (10) Patent No.: **US D466,783 S**  
**Jamra et al.** (45) Date of Patent: **\*\* Dec. 10, 2002**

(54) **HOUSING FOR A POWER TOOL**

(75) Inventors: **James A. Jamra, Madison, CT (US);  
 Peter A. Rosa, Madison, CT (US);  
 Marvin W. Burkhalter, III, Mystic, CT (US)**

(73) Assignee: **Titan Technologies International, Inc.,  
 Madison, CT (US)**

(\*\*) Term: **14 Years**

(21) Appl. No.: **29/134,190**

(22) Filed: **Dec. 15, 2000**

(51) LOC (7) Cl. .... **08-05**

(52) U.S. Cl. .... **D8/70**

(58) Field of Search ..... **D8/70, 14, 61-69,  
 D8/90-94; D15/122, 126, 138; 81/54, 57.13,  
 57.4, 57.39; 173/169, 170, 213, 216, 217;  
 200/332.2; 408/124, 125**

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\* cited by examiner

Primary Examiner—Doris V. Coles

Assistant Examiner—T. Chase Nelson

(74) Attorney, Agent, or Firm—Bachman & LaPointe, P.C.

(57) **CLAIM**

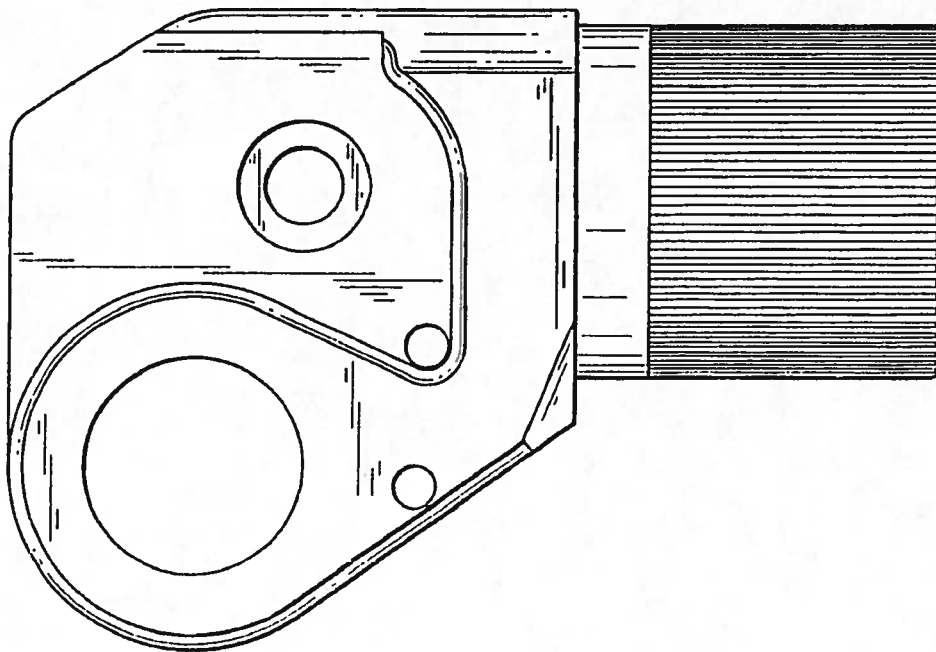
The ornamental design for a housing for a power tool, as shown and described.

**DESCRIPTION**

FIG 1 is a front elevational view of a housing for a power tool showing the new design of the present invention; FIG. 2 is a rear elevational view thereof; FIG. 3 is a right end view thereof, which view is a mirror image of the left end view thereof; FIG. 4 is a top plan view thereof; and, FIG. 5 is a bottom elevational view thereof.

The broken line showing of environmental structure is for illustrative purposes only and forms no part of the claimed design.

**1 Claim, 2 Drawing Sheets**





U.S. Patent

Dec. 10, 2002

Sheet 1 of 2

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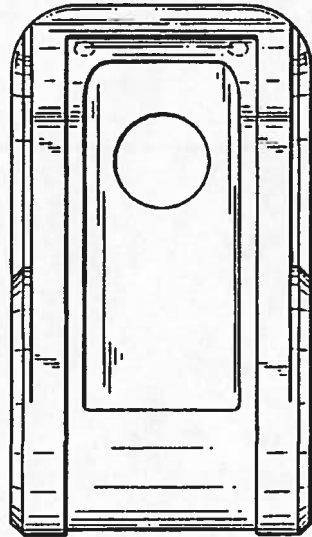


FIG. 1

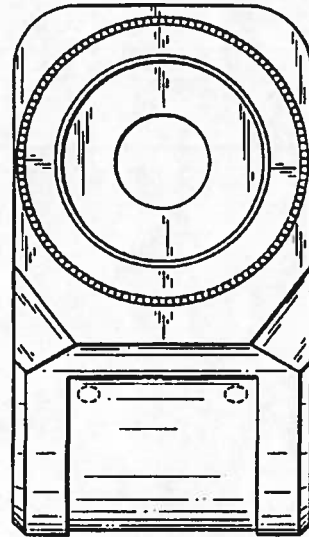


FIG. 2

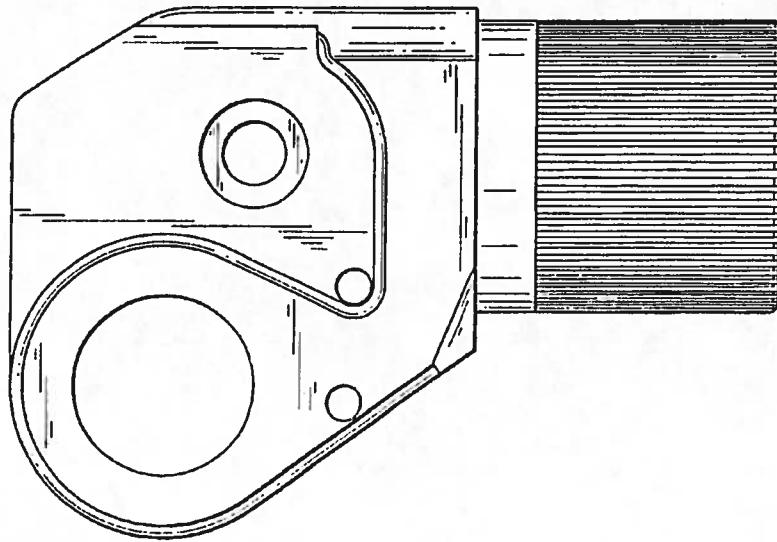


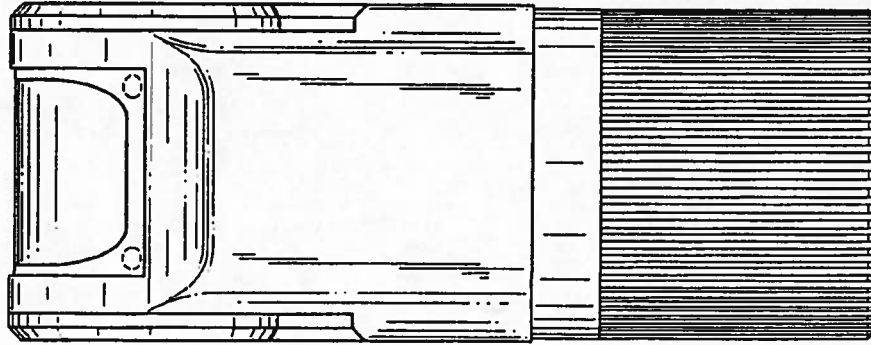
FIG. 3

U.S. Patent

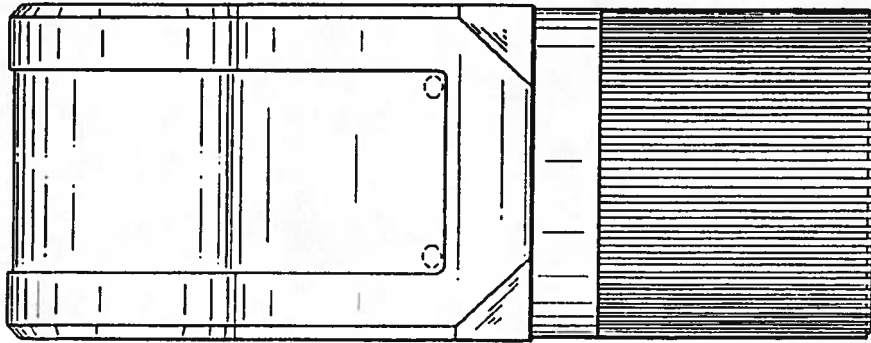
Dec. 10, 2002

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*FIG. 4*



*FIG. 5*

# ***EXHIBIT***

**"B"**

**United States Patent and Trademark Office**

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**Assignments on the Web > Patent Query****Patent Assignment Abstract of Title*****NOTE: Results display only for issued patents and published applications. For pending or abandoned applications please consult USPTO staff.*****Total Assignments: 1**

Patent #: D466783 Issue Dt: 12/10/2002 Application #: 29134190 Filing Dt: 12/15/2000  
 Inventors: James A. Jamra, Peter A. Rosa, Marvin W. Burkhalter III  
 Title: HOUSING FOR A POWER TOOL

**Assignment: 1**

Reel/Frame: 011366/0511 Recorded: 12/15/2000 Pages: 2

Conveyance: ASSIGNMENT OF ASSIGNORS INTEREST (SEE DOCUMENT FOR DETAILS).

Assignors: JAMRA, JAMES A.

Exec Dt: 12/11/2000

ROSA, PETER A.

Exec Dt: 12/11/2000

BURKHALTER, MARVIN W. III

Exec Dt: 12/11/2000

Assignee: TITAN TECHNOLOGIES INTERNATIONAL, INC.

SUITE 21

140 FORT PATH ROAD

MADISON, CONNECTICUT 06443

Correspondent: BACHMAN &amp; LAPOINTE, P.C.

BARRY L. KELMACHER

900 CHAPEL STREET, SUITE 1201

NEW HAVEN, CT 06510-2802

If you have any comments or questions concerning the data displayed, contact PRD / Assignments at 571-272-3350. v.2.3.1  
 Search Results as of: 07/02/2012 02:50 PM  
 Web Interface last modified: Jan 26, 2012 v.2.3.1

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# ***EXHIBIT***

**"C"**

# United States of America

United States Patent and Trademark Office

## TITAN

**Reg. No. 3,691,081** TITAN TECHNOLOGIES INTERNATIONAL, INC. (TEXAS CORPORATION)  
Registered Oct. 6, 2009 9001 JAMEEL STREET, SUITE 108  
HOUSTON, TX 77040

**Int. Cl.: 7** FOR: POWER TOOL, NAMELY, HYDRAULIC TORQUE WRENCHES, PNEUMATIC TORQUE WRENCHES, HYDRAULIC BOLT TENSIONERS, HYDRAULIC PUMPS, AND ELECTRIC TORQUE WRENCHES, IN CLASS 7 (U.S. CLS. 13, 19, 21, 23, 31, 34 AND 35).

**TRADEMARK**  
**PRINCIPAL REGISTER** FIRST USE 0-0-2002; IN COMMERCE 0-0-2002.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

SER. NO. 77-392,944, FILED 2-8-2008.

DAWN FELDMAN, EXAMINING ATTORNEY



*David J. Kappas*

Director of the United States Patent and Trademark Office