

ESTTA Tracking number: **ESTTA576250**

Filing date: **12/12/2013**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91204168
Party	Plaintiff International Medcom, Inc.
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Date	12/12/2013
Attachments	Int'l Medcom v. SEI - Filed Complaint (Doc 1).pdf(813431 bytes)

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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

LB

INTERNATIONAL MEDCOM, INC.,
a California Corporation;

Plaintiff,

vs.

S.E. INTERNATIONAL, INC.,
a Tennessee Corporation;

Defendant.

CASE NO. **CV 13 5193**
JUDGE:

**COMPLAINT WITH JURY DEMAND
FOR:**

- 1) BREACH OF CONTRACT (NONPAYMENT OF ROYALTIES)
- 2) BREACH OF CONTRACT (TRADEMARK OWNERSHIP RIGHTS)
- 3) BREACH OF CONTRACT (FAILURE TO DELIVER)
- 4) BREACH OF CONTRACT (FAILURE TO ARBITRATE)
- 5) BREACH OF CONTRACT (WRONGFUL USE OF PROPRIETARY INFORMATION)
- 6) LANHAM ACT § 43(A) UNFAIR COMPETITION
- 7) CALIFORNIA COMMON LAW TRADEMARK INFRINGEMENT
- 8) CAL. BUS. & PROF. CODE § 17200 UNFAIR BUSINESS PRACTICES AND UNFAIR COMPETITION
- 9) DECLARATORY JUDGMENT
- 10) BREACH OF FIDUCIARY DUTY

**AND MOTION TO COMPEL
ARBITRATION**

FAXED

1 Plaintiff International Medcom, Inc. ("IM" or "Plaintiff") hereby petitions the Court to
2 compel arbitration pursuant to agreement and Federal and California state law, and complains and
3 alleges as follows:

4 **JURISDICTION AND VENUE**

- 5 1. This Court has subject matter jurisdiction over the matter pursuant to 28 U.S.C. § 1332(a),
6 as the amount in controversy exceeds \$75,000, and Plaintiff and Defendant are citizens of
7 different states. This Court has supplemental jurisdiction over Plaintiff's state law claims
8 pursuant to 28 U.S.C. § 1367.
- 9 2. This Court also has subject matter jurisdiction over the matter pursuant to 28 U.S.C. § 1331
10 as this matter arises under Federal Trademark law.
- 11 3. This Court has personal jurisdiction over the defendant in this matter, as the transactions
12 and occurrences that are the subject matter of this Complaint arose out of Defendant's
13 business relations and transactions with Plaintiff in California, as described herein.
14 Defendant's contacts with Plaintiff in California were purposeful and substantial, such that
15 Defendant should reasonably anticipate being called into court in California. Specifically,
16 the contract mentioned herein were made by Defendant with Plaintiff, a company doing
17 business in Sebastopol, California.
- 18 4. Venue is proper in the Northern District of California pursuant to 28 U.S.C. § 1391,
19 because a substantial part of the events or omissions giving rise to this Complaint occurred
20 in Sonoma County, California.

21 **THE INTRADISTRICT ASSIGNMENT**

- 22 5. Pursuant to Civil. L.R. 3-2(d), this case is suitable for assignment in the San Francisco or
23 Oakland divisions, because a substantial amount of the events and omissions giving rise to
24 this action occurred in Sonoma County, California.

25 **PARTIES**

- 26 6. Plaintiff International Medcom, Inc. ("IM" or "Plaintiff") is a California Corporation with
27 headquarters at 103 Morris Street, Suite A5, Sebastopol, CA 95472 in Sonoma County.
28

1 7. Defendant S.E. International, Inc. (“SEI” or “Defendant”) is a Tennessee Corporation with
2 headquarters at 436 Farm Rd. Summertown, TN 38483.

3 **GENERAL ALLEGATIONS**

4 8. Founded in 1986, Plaintiff International Medcom, Inc. is in the business of developing,
5 producing, and marketing high quality radiation detection instruments and systems.

6 9. Defendant S.E. International, Inc. is a manufacturer of radiation detection instruments.

7 10. In May 1991, IM and SEI jointly endeavored to develop and bring to market a radiation
8 contamination monitor, which they named “Inspector.” They memorialized their agreement
9 to this effect in writing. A true and accurate copy of that agreement (the “Inspector
10 Agreement”) is attached hereto as Exhibit A and is incorporated by reference.

11 11. Under the Inspector Agreement, IM’s contribution to the endeavor was to be an “initial
12 cash investment, additional market research, electronic and mechanical design, engineering
13 and the custom enclosure,” while SEI was to contribute “its technical expertise, market
14 research, an initial cash investment for development, marketing, tooling, and
15 manufacturing.” Exhibit A, p. 2.

16 12. Although IM and SEI each had specified capital and labor contributions to the development
17 and manufacture of the Investor product, the contract contemplated parallel production and
18 sales of the product by both companies.

19 13. The Inspector Agreement specifically provides for quarterly royalty payments of 10% of
20 average selling price per unit on the number of instruments either company sells in excess
21 of the other company, to be made by the company whose sales exceed those of the other
22 company in any given quarter. Ex. A., p. 4.

23 14. The Inspector Agreement provides that both companies would maintain sales and payment
24 records, and that all such records would be made “open to review by either party.” Ex. A,
25 p. 4.

26 15. Since the Third Quarter of 2011, IM has received no royalty payments from SEI, or records
27 of sales.

28 16. The Inspector Agreement also contemplates ownership rights of intellectual property

- 1 relating to the Inspector product. The contract states, "SEI reserves the right to trademark
2 the name 'Inspector' but will allow IM to use the name on this product." Ex. A, p. 4.
- 3 17. Further, the Inspector Agreement states unequivocally that with regard to ownership of
4 intellectual property rights, "**The rights to the Inspector will be jointly owned by SEI
5 and IM.**" Ex. A, p. 5 (emphasis added).
- 6 18. With regard to rights to other aspects of the Inspector aside from the name, the Inspector
7 Agreement clarifies that "Any proprietary design, software programming, and tooling for
8 the custom enclosure are owned exclusively by IM. SEI will be prohibited from using it in
9 future products without the agreement of IM." Ex. A, p. 4.
- 10 19. The Inspector Agreement also contemplated a scenario where SEI as manufacturer would
11 supply the Inspector product upon the purchase orders of IM. The Agreement provides, "As
12 a manufacturer, SEI agrees to supply the Inspector in a manner that is necessary to meet
13 demand, maintain quality and market competitiveness." Another clause says SEI will "Give
14 IM's purchase orders equal priority when assigning fulfillment of orders." Ex. A, p. 3.
- 15 20. However, beginning in Third Quarter 2011 SEI delayed delivery of IM's Spring 2011
16 purchase orders for the Inspector product for approximately 7 months, causing damage to
17 IM.
- 18 21. Under the plain language of the Inspector Agreement, the contract would "continue in full
19 force and effect and can only be terminated or changed by mutual agreement of SEI and
20 IM."
- 21 22. Finally, the Inspector Agreement provides for mandatory arbitration should a dispute arise:
22 "In the unlikely event of an unreconcilable [sic] dispute, both parties agree to appoint an
23 impartial arbitrator or arbitrators within 30 days. The cost of arbitration will be equally
24 shared by both parties and the decision of the arbitrator(s) will be binding." Ex. A, p. 5.
- 25 23. For more than 20 years, IM and SEI each independently produced and sold the Inspector
26 product under that name, and regularly continued royalty payments where appropriate,
27 though those payments have never been audited by either company.
- 28 24. However, on July 30, 2011, Dan Sythe of IM wrote Susan Skinner of SEI to express IM's

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