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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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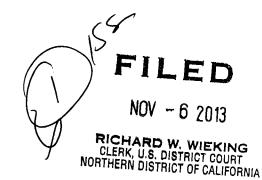
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Attorney for Plaintiff International Medcom, Inc.



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

INTERNATIONAL MEDCOM, INC., a California Corporation;

Plaintiff,

VS.

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

Defendant.

SENO.

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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

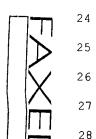
7) CALIFORNIA COMMON LAW TRADEMARK INFRINGEMENT

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

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

JURISDICTION AND VENUE

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

THE INTRADISTRICT ASSIGNMENT

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

PARTIES

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

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

GENERAL ALLEGATIONS

- 8. Founded in 1986, Plaintiff International Medcom, Inc. is in the business of developing, producing, and marketing high quality radiation detection instruments and systems.
- 9. Defendant S.E. International, Inc. is a manufacturer of radiation detection instruments.
- 10. In May 1991, IM and SEI jointly endeavored to develop and bring to market a radiation contamination monitor, which they named "Inspector." They memorialized their agreement to this effect in writing. A true and accurate copy of that agreement (the "Inspector Agreement") is attached hereto as Exhibit A and is incorporated by reference.
- 11. Under the Inspector Agreement, IM's contribution to the endeavor was to be an "initial cash investment, additional market research, electronic and mechanical design, engineering and the custom enclosure," while SEI was to contribute "its technical expertise, market research, an initial cash investment for development, marketing, tooling, and manufacturing." Exhibit A, p. 2.
- 12. Although IM and SEI each had specified capital and labor contributions to the development and manufacture of the Investor product, the contract contemplated parallel production and sales of the product by both companies.
- 13. The Inspector Agreement specifically provides for quarterly royalty payments of 10% of average selling price per unit on the number of instruments either company sells in excess of the other company, to be made by the company whose sales exceed those of the other company in any given quarter. Ex. A., p. 4.
- 14. The Inspector Agreement provides that both companies would maintain sales and payment records, and that all such records would be made "open to review by either party." Ex. A, p. 4.
- 15. Since the Third Quarter of 2011, IM has received no royalty payments from SEI, or records of sales.
- 16. The Inspector Agreement also contemplates ownership rights of intellectual property



relating to the Inspector product. The contract states, "SEI reserves the right to trademark the name 'Inspector' but will allow IM to use the name on this product." Ex. A, p. 4.

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

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COMPLAINT WITH IURY DEMAND AND MOTION TO COMPEL ARRITRATION



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