Exhibit B

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10   UNITED STATES DISTRICT COURT

11   FOR THE NORTHERN DISTRICT OF CALIFORNIA

12   SAN FRANCISCO DIVISION

13 ROBERT JACOBSEN,   ) No. C06-1905-JSW
)
14   Plaintiff,   ) **[PROPOSED] SECOND AMENDED**
) **COMPLAINT FOR DECLARATORY**
15   v.   ) **JUDGMENT, VIOLATIONS OF**
) **COPYRIGHT LAWS, AND STATE LAW**
16 MATTHEW KATZER, et al.,   ) **BREACH OF CONTRACT**
)
17   Defendants.   ) Courtroom: 2, 17th Floor
) Judge: Hon. Jeffrey S. White
18   )
)
19   )
)
20

21 Plaintiff, Robert Jacobsen, alleges as follows:

22 I. NATURE OF ACTION

23   1. Defendant Matthew Katzer has stolen a fledgling open source software group's intellectual

24   property for his own and his company, Defendant KAMIND Associates, Inc.'s, economic

25   gain. This lawsuit seeks to stop him.

26   2. In 2000, Robert Jacobsen and other software developers founded the Java Model Railroad

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1   Interface (JMRI) Project[1] . The JMRI Project relies on the voluntary contributions of its

2   members to produce software used by model train hobbyists. In return for the efforts of its

3   members, the JMRI Project licenses its software to the general public under an open source

4   license.   Common   to   open   source   licenses   are   conditions   requiring   free

5   distribution/redistribution of the software, that the source code be provided along with the

6   actual object code or executable file, and that any derivative work also be licensed as an

7   open source licensed product.[2]

8   3. Open source software is relatively new but of increasing importance to the public, business

9   community and the government. Some better known open source licensed software include

10   Apache Web Server[3], Mozilla[4] and Linux.[5] Some lesser known, but equally important,

11   open source projects include Samba[6] and MySQL.[7] The impact that these various open

12   source projects have had on the software industry as a whole cannot be overstated. The

13   Apache Web Server application runs approximately 60 percent of the web servers on the

14   Internet[8] and Linux is projected to have a market value of $35 billion by 2008.[9]

15   4. Common to all these various open projects, is that each started out small, and grew through

16   the contributed time, effort, and labor of various software developers. As an example, the

17   Linux operating system began as a hobby project undertaken by Linus Torvolds.[10]

18   Torvolds wrote the first version of the Linux operating system and posted it to an online

19   news group for comment and review. Software developers reviewed his code and critiqued

20   it. Through this review, the Linux operating system grew more sophisticated, and robust to

21   the point where now today Linux is an enterprise-grade operating system running

22

23   [1] JMRI Project, at http://jmri.sourceforge.net/apps (last visted Sept. 10, 2006)
[2] Open Source Initiative definition, at http://www.opensource.org/docs/definition.php (last visited Sept. 10, 2006).

24   [3] Apache project, at http://www.apache.org (last visited Sept. 10, 2006)
[4] Mozilla project, at http://www.mozilla.org (last visted Sept. 10, 2006)

25   [5] Linux project, at http://linux.org (last visited Sept. 10, 2006)
[6] Samba project, at http://us3.samba.org/samba (last visited Sept. 10, 2006)

26   [7] MySQL project, at http://www.mysql.com (last visited Sept. 10, 2006)
[8] Apache project a success at http://news.netcraft.com/archives/web_server_survey.html (last visited Sept. 10, 2006)

27   [9] Corporate Overview March 2005, at http://www.osdl.org/docs/corporate_overview_march_2005.ppt#31 (last visited
September 10, 2006)

28   [10] Linux kernel description, at http://en.wikipedia/wiki/Linux_kernel (last visited Sept. 10, 2006)

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1   everything from cell phones to super computers.

2   5. Currently, various Internet websites such as SourceForge[11] and Freshmeat[12] host open

3   source projects.   Thousands of open source software projects exist.   SourceForge, for

4   example, hosts more than 100,000 projects. Projects often start as informal groups of

5   software developers who create code to meet a specific need. Developers work on the

6   project because they enjoy it. These Internet websites not only host these various open

7   source projects, but in effect serve as incubators for various open source technology and the

8   intellectual property associated with these projects. The projects on these websites generate

9   large amounts of copyrighted materials in the form of source code, numerous trademarks

10   used to designate a project and its products, and other types of intellectual property.

11   Copyrighted source code is typically licensed under an Open Source license such as the

12   Artistic License or GPLv2.

13   6. Open source software exists side by side with proprietary software, whose code is kept

14   secret from the public. An important aspect of open source software, and its associated

15   licensing scheme, that separates it from other software and their associated licensing

16   schemes, is reciprocity, where developers share their updates and new code with each other

17   to increase the rate of technical advance.[13] Here, Defendant Mathew Katzer ("Katzer") has

18   taken valuable intellectual property from the JMRI project for his own and his company's

19   economic gain, and has not only contributed nothing in return, but sought to attack

20   members of the JMRI project. As with many informal groups, JMRI Project developers

21   neither initially registered copyrights nor trademarked their projects or product names, nor

22   filed patent applications for inventions they created.   Nor did they incorporate as

23   businesses. Some projects do later become corporations and run businesses, and thus have

24   typical legal protections available to them. But what of the fledgling open source projects,

25   like the JMRI Project, and their individual software developers, that create valuable

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27   [11] SourceForge.net, at http:sourceforge.net (last visited Sept. 10, 2006)
      [12] Freshmeat, at http:freshmeat.net (last visited Sept. 10, 2006)
28   [13] Martin Frink, The Business and Economics of Linux and Open Source 39 (2003).

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1   intellectual property which is later stolen and used by others for their own profit?   Or

2   worse, patented and used against the very members of the open source project who created

3   it? This case is about the legal protections – intellectual property, in particular – that are

4   available to open source software projects in their infancy, and the individual developers

5   who comprise these projects.

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7   II. THE PARTIES

8   7. Robert Jacobsen ("Jacobsen") is an individual living in Berkeley, California. He works for

9   the University of California, Berkeley and the Lawrence Berkeley National Laboratory

10   ("Lab") of the University of California. He teaches physics at the university. He is a model

11   train hobbyist who has written, with others, open source software code called JMRI (Java

12   Model Railroad Interface) which allows him and other model train hobbyists to control

13   hardware on model train layouts. Jacobsen, a primary developer and distributor of the

14   software through the JMRI Project, makes this software available on the Internet, free of

15   charge, but allows hobbyists to donate to support the project. His experience with model

16   train control systems is such that he is an expert in the field. He is a member of the

17   National Model Railroad Association, and its Digital Command Control (DCC) Working

18   Group, a select group of manufacturers and expert model train hobbyists, who work

19   together to develop written guidelines for the industry. Manufacturers and other producers

20   of hardware and software use these standards so that their products will interface

21   seamlessly with other products. Model train hobbyists use these software and hardware

22   products to simulate – with great detail – the operation of life-size trains from a given time

23   frame and location, such as Northern California rail lines along the Pacific Coast during the

24   1950s.

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8. Matthew Katzer ("Katzer") is an individual living in Oregon. He is also a model train hobbyist who has written software code for controlling model train hardware on a layout. He has obtained several utility patents, including one or more in which he captured JMRI intellectual property, and has several patent applications pending at the time this second amended complaint is filed. His experience with model train control systems is such that he is also an expert in the field. On information and belief, Defendant Matthew Katzer became involved in the National Model Railroad Association in the late 1980s or early 1990s. Like Plaintiff, Katzer is also a member of the DCC Working Group.

9. KAMIND Associates, Inc. ("KAM") is an Oregon corporation with its principal place of business at Hillsboro, Oregon. It does business as KAM Industries. On information and belief, KAM is owned by Katzer and another person, Barbara Dawson. On information and belief, KAM is in the business of selling products embodying methods which Katzer said were his inventions, and which Katzer claimed in the patents issued to him. KAM's products range in list price from $49 to $249.

III. JURISDICTION AND VENUE

10. This action arises under patent laws of the United States (35 U.S.C. §§ 1 *et seq.*), the Lanham Act (15 U.S.C. §§ 1051 *et seq.*), copyright laws of the United States (17 U.S.C. §§ 1 *et seq.*) and laws authorizing declaratory judgment actions (28 U.S.C. §§ 2201-2202). Because of a series of demand letters, bills and a FOIA request directed at Jacobsen's employer, Defendants' conduct has put Jacobsen in reasonable and serious apprehension of imminent suit for infringement of U.S. Patent No. 6,530,329. Based on the allegations in Paragraphs 15 through 449, there is a conflict of asserted rights between Jacobsen and Defendants Katzer and KAM, and thus an actual controversy exists between Jacobsen and Defendants Katzer and KAM as to the validity, scope, enforceability and infringement of

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1 the '329 patent. Defendants' conduct has violated federal copyright laws, or in the

2 alternative, breached contracts in violation of California state law.

3 11. This Court has personal jurisdiction over the defendants. Jacobsen is the main contact for

4 the JMRI Project. Katzer has repeatedly directed charges of infringement against Jacobsen,

5 and interfered with his employment. He converted copyrighted JMRI Project files to his

6 own files, actions which are outside the scope of the software license. Defendants

7 committed various acts in an attempt to force Jacobsen to shutdown his software or force

8 him to pay Katzer and KAM royalties on Katzer's fraudulently obtained and invalid

9 patents. Thus, Defendants' conduct resulted in apprehension of suit and injury in this

10 jurisdiction.

11 12. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338, 2201, and

12 2202, and supplemental jurisdiction, 28 U.S.C. § 1367.

13 13. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and (c).

IV. INTRADISTRICT ASSIGNMENT

14. This case is exempt from Local Rule 3-2 because it is an intellectual property matter. The

clerk assigned it to the San Francisco division.

V. FACTS

15. Plaintiff begins with the state of the prior art. Long before this dispute arose, and well

before Katzer filed his first patent applications, others practiced the method Katzer charged

Jacobsen with infringing. Thus, the "invention" in claim 1 of the '329 patent was common

knowledge in the model railroading community. All documents referred to in this Second

Amended Complaint are incorporated by reference.

16. Claim 1 of the '329 patent states:

A method of operating a digitally controlled model railroad comprising the steps of:
(a) transmitting a first command from a first program to an interface; (b)

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transmitting a second command from a second program to said interface; and (c) sending third and fourth commands from said interface representative of said first and second commands, respectively, to a digital command station.

17. A command is a pulse, signal, or set of signals initiating one step in the performance of a controlled operation.

18. A program is a set of instructions for carrying out a task on a computer – these may be in machine code or in the program language. A program is the whole set of instructions – not a subroutine or a portion of the program. However, claim 1 requires that the program send signals to an interface. A static set of written instructions does not send commands by itself. It only does so when invoked. Hence, a program here is a self-contained set of instructions and its internal data and state, and typically takes the form of a process or task that holds this state and data and runs the program.

19. An interface is a shared boundary across which information is passed.

20. A digital command station is hardware and/or software that receives commands, converts them into digital signals, and uses the digital signals to control the model train layout.

21. Several types of prior art are relevant to claim 1 of the '329 patent. Among them are client-server networking, digital command control, and real – often called "prototype" – railroads.

Client-server networking

22. One of the first computer networks was ARPANET, the precursor to today's Internet. ARPANET consisted of a number of computers, connected to each other, in many locations. Created in the late 1960s, ARPANET permitted one computer to send a command to another computer, and the other computer to send the command to a computer or device on its local network. Thus, using ARPANET, someone could perform all steps of claim 1 of the '329 patent, except sending a signal to a digital command station. Digital

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1   command stations were not created until the late 1980s. ARPANET is one type of network.

2   Another is a client-server network.

3   23. After first appearing in the late 1970s, client-server networking architectures became

4   popular in the late 1980s and early 1990s as many applications were migrated from

5   centralized minicomputers and mainframes to networks of personal computers.

6   24. The design of applications for a distributed computing environment required that they

7   effectively be divided into two parts: client (front end) and server (back end). The network

8   architecture on which they were implemented mirrored this client-server model, with a

9   user's personal computer (the client) typically acting as the requesting machine and a more

10   powerful server machine - to which the client was connected via a communications network

11   - acting as the supplying machine.

12   25. Because of their scaleability, client-server networks are suitable for mid-sized and large

13   businesses, having servers ranging in capacity from high-end personal computers to

14   mainframes.

15   26. A predecessor to client-server networking for model railroads appeared in a 1977 article in

16   Byte magazine.   There, two model railroaders, John Hart and Ed Badger, used two

17   terminals to direct commands to an interface, which sent commands to a model train layout.

18   As noted, digital command stations did not exist at the time, and personal computers were

19   not in widespread use.

20   27. Client-server networking itself appeared in model train layouts in 1985, when Dr. Bruce

21   Chubb began publishing a series of articles in Model Railroading magazine. In his first

22   article, he showed two model railroaders each using radio controlled handheld devices,

23   which sent commands to an interface connected to a computer. Dr. Chubb's article

24   described building and programming the computer so that it could issue the commands to

25   the model train layout. Dr. Chubb, in 1989, published a book on creating interfaces that

26   could, among other things, control model train layouts. Dr. Chubb's book suggested that a

27   model railroader would want to update a computer screen prior to sending a command to a

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1   layout.

2   28. In 1993, Dr. Roger Webster of Millersville University, Pa., conceived an idea to teach his

3   computer science students about client-server networking through using client programs

4   and a server to run a model train layout using Marklin digital control. Like Plaintiff, Dr.

5   Webster used Java to write programs to control the trains. Dr. Webster filed a National

6   Science Foundation education grant application on or about May 11, 1993 for computers

7   and other hardware to use in his classes. The abstract of the grant stated: "This project

8   improves the quality of instruction in computer science by providing students with a

9   powerful computer workstation and a laboratory of three real-time platforms from which to

10   study and experiment with the techniques of real-time systems: (1) a real-time model

11   railroad switching yard system,…." The work was to be completed by November 1995.

12   Dr. Webster sought another grant on or about June 7, 1996. This grant was to be completed

13   by June 30, 1998. On information and belief, he and his students in 1994 began publicly

14   using client-server networking to send commands to a Marklin digital command station to

15   control the model train layout.

16   29. Dr. Webster was not the only professor to use model train control to teach his students. By

17   1991 at the latest, Dr. John McCormick of the State University of New York at Plattsburgh

18   had given assignments to his students to run model trains on a model train layout using

19   multiple computers and digital command stations. Dr. McCormick published several

20   papers describing his students' work. A newspaper reported on Dr. McCormick's classes.

21   30. Roland Rehmet, a researcher at TU Munich, a university in Germany, created a program for

22   running a model train layout, using a network system and a Marklin digital command

23   station. In March 1996, Rehmet made his software available on the web.

24   31. While teaching at University of Michigan in 1994, Dick Volz, a past president of the IEEE

25   Robotics and Automation Society, gave assignments to his students to create client-server

26   software to run model trains on a layout.   In the mid-1990s, Volz also had made client-

27   server model train control software available on the web.

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1   32. Others used client-server networking to run model train layouts, in connection with

2   research in other fields. In 1995, Dr. Konrad Froitzheim of Germany, as a part of a

3   research project for displaying digital video, set up a model train layout to have something

4   interactive to video and transmit. He wrote software that could be downloaded from the

5   Internet to run the trains. The software operated on a user's computer, and sent commands

6   through the Internet to Dr. Froitzheim's web server, which acted as an interface. The web

7   server sent the commands to a digital command station which executed the commands on

8   the model train layout. This website and layout remained in operation until 2005. Dr.

9   Froitzheim presented this work at IEEE conferences, and published the work in journals.

10   Katzer knew about Dr. Froitzheim because Marklin newsletters, which Katzer subscribed

11   to, covered Dr. Froitzheim's work.

12   Model railroads, digital command control, and networking

13   33. In the late 1980s and early 1990s, manufacturers began to use digital communications

14   packets to control model trains layouts. This is called digital command control. The

15   advantages of digital control were that a specific decoder in a model train could receive

16   digital signals and adjust the train's actions accordingly. Prior to digital control, electric

17   signals sent to the railway track caused all trains on a track to speed up or slow down at the

18   same rate. Individual control was possible only if the track were segmented and a train

19   operated on one segment of the track. Pre-digital control required additional wiring, and

20   controlling software and hardware to model action of real railroads. With the rise of digital

21   control, this complexity was no longer needed.

22   34. In the early 1990s, the National Model Railroad Association started a Digital Command

23   Control Working Group, consisting of various manufacturers and expert model railroaders.

24   The group considered various digital command control (DCC) standards. It adopted a

25   standard in 1993.

26   35. A. J. Ireland, of Digitrax, developed various DCC systems and began selling them by 1993.

27   A year later, Ireland developed a simple computer network, called LocoNet, to interconnect

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1   parts of the model railroad system – one or more throttles (hand-held computer devices)

2   used to control individual trains, personal computers to control individual trains, and a

3   command station to route control signals to one or more trains. About the same time,

4   Defendant Katzer signed Digitrax's nondisclosure agreement and received detailed

5   proprietary information about LocoNet, so Katzer could make his software work with

6   LocoNet. In October 1997, Ireland filed U.S. Provisional Application No. 60/062,100 on

7   advances over LocoNet. In Figure 2, Ireland showed personal computers, handheld

8   devices, radio devices, and other devices which controlled model trains on layouts through

9   a digital command station, called primary control unit 22. The application described

10   hardware or software called Attached Logic Modules, or ALMs, which acted as interfaces

11   between programs and digital command stations. As noted in the application, ALMs, such

12   as Locomotive Control ALM 23 and Turnout Control ALM 24 in Figure 2, receive signals

13   from programs on personal computers 2, and send signals to the primary control unit 22.

14   "An ALM may be implemented as a sub-element of the logic or software of a system

15   hardware implementation … or may be a physically separate piece of hardware and

16   software connected to the network to specifically implement the desired type of ALM

17   feature." Primary control unit 22 then sends the commands to the model train layout.

18   36. In 1994, Strad Bushby developed a way for model railroaders to control which commands

19   would be executed in a digital command control system. It was activated by setting what

20   came to be known among model railroaders as the "Bushby bit". When the Bushby bit was

21   set, commands to the layout from computer programs would be directed to a specific

22   program, which would reformat them and forward them to the layout. Thus, this program

23   received commands from other programs, acted as an interface, and sent commands to the

24   model train layout.

25   37. In 1995, Bushby set up in his basement a network of multiple interconnected computers to

26   run a model train layout. He used digital control. His activities were advertised in

27   programs at area model railroad conventions beginning in 1996, and tour buses of model

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1   railroaders came to his home to see his control systems set-up. Bushby discussed his model

2   train control systems with Katzer before Katzer filed his patent applications. Aware of

3   Bushby's invention, Defendant Katzer nevertheless claimed programs sending commands

4   to an interface, which sent the commands to a digital command station.

5   38. Mr. Juergen Freiwald of Egmating, Germany wrote and sold software under the names

6   "Railroad and Co." and "TrainController". This software competes with KAM's products,

7   and Katzer included information about it in his presentations at NMRA conventions in 1997

8   and 1998. In 1996, Railroad & Co. offered its version 2.1a from various webpages at

9   www.he.net/~freiwald/pages/library.htm,   www.he.net/~freiwald/pages/tech.htm,

10   www.he.net/~freiwald/pages/railco.htm,   and   www.he.net/~freiwald/pages/goody.htm.

11   These pages were captured by Internet Archive in late December 1996. This version

12   provided a Railroad & Co. Library. The Library acted as an interface between programs

13   and a digital command station. Model railroaders could write a program, such as a program

14   written in C++, to send commands to the Library. They could also send commands to the

15   Library via their Railroad & Co. software. The Library manages the commands and sends

16   them to the digital command station. Thus, the C++ program could send a first command to

17   the Library. Railroad & Co. software could send a second command to the Library. The

18   Library could send third and fourth command representative of the first and second

19   commands, to the digital command station for execution on the model railroad layout.

20   39. In 1993, Dr. Hans Tanner of DigiToys released WinLok 1.5, a software program which

21   allowed model train control. In 1995, Dr. Tanner released WinLok 2.0 which incorporated

22   other advances in train control. The WinLok programs are known to model train

23   enthusiasts, and were reviewed in Model Railroading magazine in March 1995 (WinLok

24   1.5) and December 1995 (WinLok 2.0). The programs compete with KAM's products.

25   Through the DCC Working Group, Katzer knew Dr. Tanner, his company and his products.

26   Katzer also discussed WinLok in his 1997 and 1998 NMRA presentations. Katzer is

27   familiar with Model Railroading magazine, because he advertised in it, and provided free

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1   CDs of his product with the magazine, and because his product was discussed in the same

2   article that WinLok 1.5 was reviewed. In his patent applications, Katzer referred to

3   software published by DigiToys, but he intentionally did not identify it on the Information

4   Disclosure Sheet nor did he provide a copy of it or its manual to the patent examiner. The

5   only DigiToys software programs that Katzer could have been referring to is the WinLok

6   series.

7   40. In late 1997, Dr. Tanner posted WinLok 2.1, including its manual showing model

8   railroaders how to use the software, for download from the DigiToys website. This manual

9   is available on Internet Archive, from www.digitoys-systems.com/winlok21e.html. This

10   version showed how model railroaders could create "Timetable" programs, which

11   controlled the speed of model trains. The manual discussed "Timetable" programs on page

12   45. "Timetable" programs look similar to train schedules that real railroads and their

13   customers use. "Timetable" programs are sets of instructions, which send commands to

14   WinLok layout drivers. The WinLok layout drivers then send the commands to the layout.

15   The manual discussed layout drivers on page 153. Multiple "Timetable" programs could be

16   used simultaneously, or a "Timetable" program could run a model train simultaneously

17   with a throttle program running another model train. Thus, the WinLok 2.1 manual

18   discloses (1) a "Timetable" program sending a first command to a layout driver interface,

19   (2) a second "Timetable" program, or a throttle program sending a second command to the

20   same layout driver interface, and (3) the layout driver interface sending third and fourth

21   commands representative of the first and second commands to a digital command station

22   for execution on a model train layout.

23   41. On information and belief, in early 1997, Tanner created a model train networking system

24   called Railroad Open System Architecture, or ROSA. Incompatibility between model train

25   manufacturers had long been a problem. ROSA was Tanner's solution, and it used a

26   specific protocol, CORBA, to communicate between incompatible hardware. Tanner gave

27   a presentation on ROSA at the July 1997 NMRA convention. Katzer was in the audience.

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1   ROSA featured client-server networking, and using databases to store information about the

2   state of devices – trains, railyard switches, lights, bridges, etc. – on the model train layout.

3   In his patent application, Katzer acknowledged the existence of ROSA when he referred to

4   a software program from DigiToys and that it could be used in networks, and that it used

5   CORBA (although Katzer misspelled it as COBRA). This is ROSA. Then Katzer claimed

6   the methods that WinLok and ROSA could practice, as his own invention.

7   42. During 1997, Stanley Ames, Rutger Friberg and Edward Loizeaux wrote a book called

8   "Digital Command Control - the comprehensive guide to DCC" which described various

9   aspects of model train control systems. Among others, the book described methods for

10   queuing commands to the railroad and sending them in a different order so that high

11   priority commands were handled first. Katzer received a manuscript of this book in

12   February 1998 to review, and signed its Foreward, which stated, "The manufacturers and

13   DCC Working Group volunteers listed below and on the next page have reviewed the

14   contents of this book, and affix their signatures as indication of their support for the

15   information provided." Katzer received a copy of the first edition, autographed "To my

16   friend Matt, with regards, Rutger", by co-author Rutger Friberg. KAM has offered the

17   book for sale. However, as will be shown, Katzer did not produce this book to the Patent

18   Office until a patent examiner independently located it and used it as a basis for rejecting

19   claims in one of Katzer's patent applications. Only then did Katzer produce the reference

20   to other examiners reviewing his patent applications.

21   Real railways and trains

22   43. Because model trains and their layouts are models of real railways and trains, model

23   railroaders look to real railways and trains to replicate the real world on a model scale.

24   Defendants themselves advertise that model railroaders who buy their software can control

25   their trains like real trains. So, like many model railroaders, Defendant Katzer looks to real

26   trains to create his models.

27   44. On information and belief, real – or as they are called by model railroaders, prototype –

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1   railroads began using computers and networking to control trains in the early 1980s.

2   45. Numerous vendors created software for running real trains on real world tracks. The one

3   most relevant to this lawsuit is Train Track, of Newport Beach, California.

4   46. By 1993, Train Track was offering for sale TDPro32, software for use with Windows NT in

5   controlling real trains. The software came with a help manual. Train Track had a slide

6   show presentation that showed its software in use in New York City, Kansas City and other

7   cities. One slide showed that TDPro's client-server networking was in public use by, at the

8   latest, 1995. Thus, two programs sent commands to an interface which itself sent

9   commands to be executed on the railway. In 1998, Defendant Katzer signed a contract with

10   Train Track to incorporate TDPro in his software products. Thus, Katzer knew that Train

11   Track had used client-server networking with real trains years before his first patent

12   application. He also knew that model railroaders, like himself, look to real trains systems to

13   create models. But until he filed his anti-SLAPP declarations and needed to show good

14   faith, Katzer never provided any information about Train Track to the Patent Office. Only

15   then did he bury information about Train Track with about 5,000 to 6,000 pages of

16   references. He never specifically told the examiners about the Train Track deal and how he

17   incorporated TDPro – the basis for his "invention" – in his software.

18

19   Defendants, and their prosecuting attorney Russell, commit inequitable conduct and fraud on the

20   Patent Office

21   47. Throughout nearly 10 years of examination of Katzer patent applications, Defendant Katzer

22   and his prosecuting attorney, Kevin L. Russell, committed inequitable conduct and fraud on

23   the Patent Office.

24   48. Katzer filed numerous applications for patents on model train control systems, beginning

25   with U.S. Application No. 09/104,461 ("the '461 application"), filed on June 24, 1998,

26   which matured into U.S. Patent No. 6,065,406 ("the '406 patent").

27   49. From the '461 application stemmed several continuation applications, from which issued a

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1 number of other patents, including the '329 patent, the patent-in-suit. The '329 patent

2 issued from U.S. Application No. 10/124,878 ("the '878 application"), which was filed

3 April 17, 2002 and claimed benefit of U.S. Application No. 09/858,222 only. The '329

4 patent stated '222's filing date was April 17, 2002. The '222 application, in turn, claimed

5 benefit of the filing date of U.S. Application No. 09/550,904, which claimed benefit of the

6 filing date of the '461 application. A chart of Katzer's U.S. patent applications and their

7 corresponding patents is attached as Appendix A. The '329 patent is Appendix B.

8 50. While the '878 application was pending, Russell, acting on behalf of Defendants, filed a

9 lawsuit against DigiToys in September 2002. In doing so, Defendants and Mr. Russell took

10 positions in court that were inconsistent with those that they were then advocating before

11 the Patent Office, but they never told the Patent Office.

12 51. Katzer and Russell filed patent applications, including the '878 application, which they

13 knew claimed prior art, but Katzer and Russell did not tell the examiners that they had

14 proposed claims they knew were invalid under Sections 102 and 103, and were not

15 described, enabled, or otherwise supported by the specification.

16 52. These actions were no accident, but a pattern of intentional deception practiced on the

17 examiners throughout the prosecution of Katzer's patent applications.

18 53. Mr. Russell, again on Defendants' behalf, submitted 5,000 to 6,000 pages of references to

19 examiner to consider in pending applications. Some of these were in Defendants or Mr.

20 Russell's possession for several years. They submitted these references only after they

21 were accused of inequitable conduct.

22 54. Neither Russell or Katzer ever told examiners about other examiners' rejection, or a

23 reference used to reject claims even though related patents were still open for prosecution

24 on the merits.

25 55. In multiple applications, Mr. Russell, on Defendants' behalf, submitted claims that were

26 invalid for double patenting under Sec. 101, but never told the examiners. As a result, one

27 patent, U.S. Patent No. 7,177,733, invalid for Sec. 101 double patenting over U.S. Patent

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1   No. 6,909,945, issued.

2

3   <u>Russell and Katzer withhold material information regarding DigiToys from PTO examiners</u>

4   56. While the '878 application was pending, Russell and Katzer took positions inconsistent

5   with those they advocated before the Patent Office, and failed to tell the Patent Office about

6   them.

7   57. By mid-2002, Mr. Russell obtained three patents on Mr. Katzer's behalf, and filed several

8   continuations, one of which later issued as the patent-in-suit in <u>Jacobsen v. Katzer</u>.

9   58. In the first application, U.S. Application No. 09/104,461 filed on June 24, 1998, Mr.

10   Russell described a DigiToys reference in state of the prior art section of the Background of

11   the Invention.

12   59. Thus, this reference is applicant-admitted prior art.

13   60. The DigiToys reference is a software program called WinLok.

14   61. Mr. Russell never produced to the examiner any DigiToys/WinLok reference manuals nor

15   the software program itself – until he was accused of inequitable conduct in 2006 when he

16   included it with the 5,000 to 6,000 pages of references.

17   62. In the '461 application, Mr. Russell described advantages relating to a resident external

18   controlling interface, and asynchronous communication, as advances over the prior art.

19   63. This application later issued as the U.S. Patent No. 6,065,406.

20   64. In U.S. Application No. 10/124,878, one of '461's great-grandchild continuation

21   applications, Mr. Russell removed references in the claims to interfaces that were resident,

22   external and controlling, and communication that was asynchronous. The '878 application

23   later issued as the '329 patent.

24   65. A comparison between two claims from the '406 patent and the '329 patent shows the

25   differences. Claim 27 of the '406 patent was one of the claims that were asserted in <u>Katzer</u>

26   <u>v. Tanner</u>. Claim 10 is its corresponding claim in the patent-in-suit.

27   //

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'406	Comparison – strikethrough is text deleted from '406, added text is in brackets.	'878 application, which issued as patent-in-suit, '329
27. A method of operating a digitally controlled model railroad comprising the steps of:	~~27.~~ [10.] A method of operating a digitally controlled model railroad comprising the steps of:	10. A method of operating a digitally controlled model railroad comprising the steps of:
(a) transmitting a first command from a first client program to a resident external controlling interface through a first communications transport;	(a) transmitting a first command from a first ~~client~~ program to a[n] ~~resident external controlling~~ interface ~~through a first communications transport;~~ [and]	(a) transmitting a first command from a first program to an interface; and
(b) receiving said first command at said resident external controlling interface; and	~~(b) receiving said first command at said resident external controlling interface; and~~	N/A
(c) said resident external controlling interface selectively sending a second command representative of said first command to one of a plurality of digital command stations for execution on said digitally controlled model railroad based upon information contained within at least one of said first and second commands.	~~(c)~~ [(b)] said ~~resident external controlling~~ interface selectively sending a second command representative of said first command to one of a plurality of digital command stations ~~for execution on said digitally controlled model railroad~~ based upon information contained within at least one of said first and second commands.	(b) said interface selectively sending a second command representative of said first command to one of a plurality of digital command stations based upon information contained within at least one of said first and second commands.

66. Thus, the '406 claim 27 is within the scope of claim 10 of the '878 application.

67. In September 2002, while he was prosecuting the '878 application, Mr. Russell, on Defendants' behalf, filed suit against DigiToys, Inc., which produced and sold the DigiToys program, WinLok, described in the state of the prior art. The case was <u>Katzer and KAMIND Associates, Inc. v. Tanner</u>, Case No. CV02-1293 (D. Or.).

68. Mr. Russell accused DigiToys of infringing the '406 patent, as well as U.S. Patent Nos. 6,270,040 and 6,267,061, through DigiToys' sale and distribution of WinLok 2.1.

69. Russell also sent a cease and desist letter dated Sept. 18, 2002 to DigiToys, in which Russell accused DigiToys of infringing claim 27 of the '406 patent, among other claims and

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1   patents. Plaintiff focuses on claim 27.

2   70. Key to this claim is sending commands to a "plurality of digital command stations".

3   71. WinLok has a feature, called MultiDrive, which allows the program to send commands to

4   more than one digital command station.

5   72. The MultiDrive feature acts as an interface between the WinLok program and a digitally

6   controlled model railroad, and uses configurable rules to determine which of two or more

7   command stations should be sent any given command.

8   73. On information and belief, WinLok 1.5 was first offered for sale in 1993.

9   74. WinLok 1.5 was reviewed in Model Railroading magazine in March 1995, which states that

10   WinLok was available for $139.95.

11   75. MultiDrive is discussed in the second column of the first page of the review. Engine

12   Commander, the other software that the first paragraph of the article mentions, belongs to

13   Defendants.

14   76. On information and belief, MultiDrive is the feature that performed the accused function.

15   77. Russell has neither accused another WinLok feature of infringing this claim nor denied that

16   MultiDrive wasn't the accused feature.

17   78. Dr. Hans Tanner, the owner of DigiToys, wrote Mr. Russell back in early October 2002.

18   79. He stated that the accused features in WinLok 2.1 were present in WinLok 1.5 and WinLok

19   2.0, which has first been offered for sale and sold, with their help manuals, in 1993 and

20   1995, respectively.

21   80. Dr. Tanner produced the magazine article referred to above, and sales receipts.

22   81. He also described other software programs, including those from Railroad & Co., that he

23   said were § 102(b) art.

24   82. He also accused Katzer of not meeting Katzer's duty under 37 CFR Sec. 1.56 – the rule

25   central to inequitable conduct.

26   83. Tanner said that the DigiToys program referred to in the Katzer specifications could only be

27   WinLok.

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84. The letters and appendices were also sent to the file wrappers of the '406, '040, and '061 patents as citations to art.

85. Neither these nor any WinLok reference manual were given to the examiners until Defendant Katzer and Mr. Russell produced the 5,000 to 6,000 pages of references in May and June 2006.

86. The significance of these WinLok references was never explained – they were merely produced and listed on two IDSs the Office received May 25, 2006 and June 26, 2006.

87. A basic principle of patent law is, that which infringes if later, anticipates if earlier.

88. In filing the lawsuit against Tanner, Russell and Defendant Katzer admitted they believed that WinLok infringed.

89. Katzer and Russell learned – if they didn't know earlier since WinLok is applicant-admitted prior art – that WinLok predated the '406 patent by more than 1 year. Thus, Russell and Katzer must have known that, under their own reasoning, WinLok 1.5 and 2.0 would have been Sec. 102(b) art.

90. Although not mentioned in Tanner's letter, WinLok 2.1 itself was first offered for download in December 1997 from the Internet, and thus was, at a minimum, Sec. 102(a) art, which Katzer and Russell should have disclosed to the examiners.

91. At this same time, Mr. Russell, acting on Defendants' behalf, was prosecuting the '878 application, in which claim 10, shown above, was pending.

92. As shown, claim 27 asserted against Tanner is within the scope of claim 10.

93. Mr. Russell responded to Dr. Tanner's letter, but he never did produce to the examiner any of the references that Dr. Tanner identified, nor did he ever file a Request for Continued Examination (RCE) to continue prosecution of the '878 application.

94. Instead, faced with evidence that he had taken positions in court inconsistent with those he argued before the Patent Office – that is, that the claim 10 in the '878 application was an advance over WinLok – Mr. Russell never brought the information to the attention of the examiner.

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1   95. Instead, he did nothing – except drop the lawsuit against DigiToys.

2   96. On Mar. 11, 2003, the '878 application with its Claim 10 issued as the '329 patent, now the

3   patent-in-suit in Jacobsen v. Katzer.

4   97. On information and belief, Defendant Katzer and Mr. Russell intended to deceive the

5   examiner, as bringing this to the examiner's attention might put a halt to keeping alive a

6   chain of continuation applications.

7   98. Because inequitable conduct as to one claim in a patent makes all claims in that patent

8   unenforceable, and Defendant Katzer and Mr. Russell committed inequitable conduct

9   during the prosecution of claim 10 of the '878 application, claim 1 of the '329 patent is

10   unenforceable.

11   99. Withholding the details surrounding the Katzer v. Tanner lawsuit from the Patent Office

12   was no isolated sleight of hand, but a part of a continuous pattern by Defendants and their

13   prosecution counsel, Kevin L. Russell.

14   Katzer and Russell withhold material references from examiners

15   100.   As shown earlier, from the time he filed his first patent application, Katzer knew

16   about a number of references – Railroad & Co., ROSA, the Bushby bit, LocoNet, Webster's

17   public use of client-server networking to run model trains, WinLok 2.1, and Train Track –

18   that were material to the patentability of claim 1 of the '329 patent. Not only that, but both

19   Defendant Katzer and Mr. Russell knew about the WinLok series and ROSA – Katzer,

20   because he discussed them at his NMRA presentations, and Russell, because he described

21   them in the State of the Prior Art section of the Background of the Invention, and because

22   of the Tanner lawsuit.

23   101.   Instead of telling the examiners about these references, Defendant Katzer and Mr.

24   Russell concealed the references – until forced to reveal them after Plaintiff accused both

25   Katzer and Russell of inequitable conduct.

26   102.   When Katzer and Russell finally revealed these references, the result was fatal to

27   one important patent application. Claims in U.S. Application No. 10/889,995 were identical

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1   to those in the '329 patent, and they were rejected twice as obvious (1) over the newly

2   submitted prior art, and (2) WinLok and ROSA, applicant-admitted prior art. Despite

3   several attempts, Defendants and Mr. Russell never got the pending claims allowed, and

4   acquiesced in the rejections by failing to respond to them. On July 6, 2007, the patent

5   examiner noted the application as abandoned.

6   103.   When he filed his first patent application, Katzer knew about Railroad & Co.'s

7   software. He discussed it in his 1997 and 1998 NMRA presentations. Katzer never

8   disclosed this Sec. 102(b) bar to the examiner.

9   104.   Katzer knew about ROSA. He was present when Dr. Tanner gave his presentation

10   on ROSA to the NMRA DCC Working Group in July 1997. He referred to ROSA in his

11   1998 NMRA presentation. The description in the state of the prior art section of the Katzer

12   specification refers to DigiToys' networking capabilities. This is ROSA. Under June 2006,

13   neither Defendant Katzer nor Mr. Russell gave this presentation to the examiner.

14   105.   Katzer signed a nondisclosure agreement with Digitrax, and received detailed

15   specifications about LocoNet, including the ALMs. Katzer needed this information so that

16   he could make his software work with LocoNet. Katzer never disclosed this Sec. 102(b)

17   bar to the examiner.

18   106.   Katzer asked Bushby about his model train computer network and the Bushby bit.

19   Katzer never disclosed this Sec. 102(b) public use bar to the examiner.

20   107.   As shown in his anti-SLAPP declaration, Katzer received information from Dr.

21   Webster that Dr. Webster had, beginning in 1993 or 1994, given class assignments for

22   client-server networking in model train layouts. Katzer never disclosed this Sec. 102(b)

23   public use bar to the examiner.

24   108.   Defendant Katzer and Mr. Russell discussed WinLok in the state of the prior art,

25   and then turned around and sued DigiToys for the very features that Defendant Katzer and

26   Mr. Russell had previously admitted had been created by others before Defendant Katzer's

27   "invention". In the case of WinLok 2.1, Defendant Katzer never filed a Rule 131

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1   declaration to swear behind the reference.

2   109.   Defendant Katzer, and on information and belief, Mr. Russell, never told the

3   examiner about Defendants' deal with Train Track, and that Train Track practiced client-

4   server networking with real railroads more than 1 year before Katzer's first patent

5   application.

6   110.   Thus, both Defendant Katzer and Mr. Russell knew that Katzer was not the sole

7   inventor of the "inventions" filed in the Katzer patent applications.

8   111.   The pattern of inequitable conduct and fraud on the Patent Office extends to the

9   prosecution of other patent applications.

10   Contrary to MPEP, Russell never informed examiners about other examiners' rejections

11   112.   Examiners never learned about each other's rejections in co-pending related

12   applications because Defendant Katzer and Mr. Russell, although required by MPEP §

13   2001.06(b), never told them about the rejections.

14   113.   In examining the '995 application, Examiner Nguyen rejected in the Aug. 7, 2006

15   Office Action all claims as unpatentable over the recently submitted 5,000 to 6,000 pages of

16   references.

17   114.   In the Dec. 21, 2006 Office Action, Examiner Nguyen rejected all claims as obvious

18   in light of applicant-admitted prior art, including the DigiToys reference.

19   115.   Other related patent applications were pending. Some had specifications that were

20   identical to the specification in the '995 application, or included large portions of the

21   specification that was in the '995 application. Some patents in the chain of continuations

22   had terminal disclaimers to the same patent, '406, that issued from the first Katzer patent

23   application, '461.

24   116.   Examiner Beaulieu was examining the '815 and '794 applications, which are

25   continuations of the '461 application that the '995 application was also a continuation of.

26   See Appendix A.

27   117.   Examiner Le was examining the '227 application, whose ancestral application has a

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1   terminal disclaimer to the patent, '406, that issued from the '461 application.

2   118.   A large portion of the '227 application has language that is identical to the '461

3   application.

4   119.   The '329 patent, whose claims were copied into the '995 application, has a terminal

5   disclaimer to the '406 patent. Claim 1 of the '406 patent is within the scope of claim 1 of

6   the '329 patent, and claim 27 of the '406 patent is within the scope of claim 10 of the '329

7   patent.

8   120.   Neither Defendant Katzer nor Mr. Russell ever told Examiner Beaulieu or Examiner

9   Le of Nguyen's rejections, nor did they file RCEs to continue prosecution of applications

10   pending before these other examiners, in light of these rejections.

11   121.   These actions evidence an intent to deceive.

12   122.   Separately, in examining the '227 application, Examiner Le also made rejections

13   based on an Ames reference (the Digital Command Control book which Katzer signed, as

14   described earlier) and the DigiToys reference (WinLok) in a July 28, 2005 Office Action.

15   123.   Examiners Hernandez and Nguyen were examining the '995 application. Examiner

16   Beaulieu was examining the '815 and '794 applications.

17   124.   As noted earlier, Katzer, the applicant, signed the Foreward, which states: "The

18   manufacturers and DCC Working Group volunteers listed below and on the next page have

19   reviewed the contents of this book, and affix their signatures as indication of their support

20   for the information provided."

21   125.   On information and belief, Katzer signed the Foreward on or about February 1998.

22   126.   As noted earlier, Katzer received a first edition copy, autographed by a co-author,

23   Rutger Friberg.

24   127.   Only after claims were rejected on the basis of Ames and DigiToys (WinLok) – and

25   after being accused of inequitable conduct – did Defendant Katzer and Mr. Russell finally

26   submit Katzer's first edition copy of Ames, among the 5,000-6,000 pages of submissions.

27   128.   To overcome Examiner Le's rejection, Mr. Russell argued on Sept. 27, 2006, that

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1   Ames did not suggest the claimed subject matter, specifically commands that are received

2   in a sequence, but are transmitted in a different sequence. Mr. Russell described this

3   claimed subject matter as "not first-in first-out prioritization."

4   129.   In his Sept. 27, 2006 response, Russell never addressed the part of the rejection

5   based on WinLok.

6   130.   However, he should have. When Mr. Russell brought suit against DigiToys in

7   September 2002 for infringing of the '040 patent, Mr. Russell had charged DigiToys with

8   infringing that very subject matter. But because WinLok 2.1 was § 102(a) or § 102(b) art,

9   WinLok anticipated the '040 patent. Thus, Mr. Russell had to realize that, in prosecuting

10   the application which issued as the '040 patent, he had taken a position inconsistent with

11   the one he was advocating in Oregon federal court against DigiToys. Yet, here Mr. Russell

12   had again made that argument – that Katzer's "invention" was an advance over WinLok.

13   Russell had received a rejection, based in part on WinLok. And yet Russell did not bring to

14   Examiner Le's attention the arguments Russell had previously made in Katzer v. Tanner.

15   131.   Buried in the 5,000 to 6,000 pages of references is the Katzer v. Tanner lawsuit

16   which showed that Mr. Russell had previously taken a position in direct contradiction of the

17   position he was now advocating to Examiner Le. But Mr. Russell never told Examiner Le.

18   132.   Other than listing it with dozens of other references on IDSs, Mr. Russell also never

19   brought the Ames reference to the attention of Examiners Beaulieu and Nguyen.

20   133.   He also never brought Examiner Le's rejection to their attention. And he never told

21   any examiner that he had in court taken a position inconsistent with what he was arguing

22   before the Patent Office.

23   134.   These actions evidence an intent to deceive.

24   Inequitable conduct during the examination of other patent applications infects the chain of Katzer

25   patents

26   135.   Defendant Katzer and Mr. Russell regularly engaged in a practice of submitting

27   proposed claims that were exactly, word-for-word, the same as claims in previously issued

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1   patents, and which thus would be subject to double-patenting rejections under § 101.

2   Although required by MPEP § 2001.06(d), neither Defendant Katzer nor Mr. Russell ever

3   told the examiners that the proposed claims were copies of claims in patents that had issued.

4   136.   In many instances, the examiners who have worked on Katzer applications rejected

5   the proposed claims for double-patenting under § 101.

6   137.   However, Defendant Katzer and Mr. Russell continued his practice of submitting

7   these claims – and not telling examiners, despite the requirements in MPEP § 2001.06(d)

8   and MPEP § 2001.06(b).

9   138.   On information and belief, Defendant Katzer and Mr. Russell continued to submit

10   these claims in order to have these claims examined in light of a massive quantity – 5,000

11   to 6,000 pages – of prior art that they suddenly produced after being accused of inequitable

12   conduct. This would act as a sort of reexamination without an admission that a substantial

13   new question of patentability existed as to those claims.

14   139.   In one instance, a patent – discussed next – issued that is invalid for Sec. 101 double

15   patenting.

16   140.   Thus, a pattern of inequitable conduct infects both chains of Katzer patents, making

17   the '329 patent unenforceable.

18

19   The '733 patent is invalid for Sec. 101 double patenting, and unenforceable for inequitable conduct

20   and fraud on the PTO

21   141.   Defendant Katzer and Mr. Russell, on Defendants' behalf, filed U.S. Application

22   10/989,815 on Nov. 16, 2004. This application issued as U.S Patent No. 7,177,733 on Feb.

23   13, 2007.

24   142.   Although they had received 3 rejections for Sec. 101 double patenting, Defendant

25   Katzer and Mr. Russell initially submitted the exact same claims as claims 1-47 of U.S.

26   Patent No. 6,676,089.

27   143.   Apparently the same day, Mr. Russell, on Defendants' behalf, filed a preliminary

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1   amendment, canceling those claims "without prejudice" and submitting the same claims as

2   those in the co-pending 10/713,476 application, '815's parent application.   The '815

3   application was a continuation of the '476 application.

4   144.   Russell re-numbered the newly proposed claims as claims 48-94.

5   145.   He had the '476 application's claims re-typed.   There was a typo in the first new

6   claim, Claim 48, listing two steps "(e)".

7   146.   MPEP § 2001.06(b) states:

8   The individuals covered by 37 CFR 1.56 have a duty to bring to the attention of the
examiner, or other Office official involved with the examination of a particular
9   application, information within their knowledge as to other copending United States
applications which are "material to patentability" of the application in question.

10
147.   Defendant Katzer and Mr. Russell did not tell Examiner Beaulieu, who was also
11
examining the co-pending '476 application, that the claims in the '815 application were the
12
same as those in the '476 application and thus would be subject to a provisional §101
13
double patenting rejection.
14
148.   Examiner Beaulieu allowed claims in the '476 application.
15
149.   The '476 application issued as U.S. Patent No. 6,909,945 on June 21, 2005.
16
150.   MPEP 2001.06(d) states:
17
Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
18   requires applicant shall, at the time he or she presents the claim(s), identify the
patent and the numbers of the patent claims. **Clearly, the information required by
19   37 CFR 1.607(c) as to the source of copied claims is material information under 37
CFR 1.56 and failure to inform the USPTO of such information may violate the
20   duty of disclosure.

21   151.   When the '476 application issued as the '945 patent on June 21, 2005, Mr. Russell

22   did not inform Examiner Beaulieu that the proposed claims in the '815 were the exact same

23   as those in an issued patent.

24   152.   In response to charges of inequitable conduct in the original complaint, and prior art

25   submitted with oppositions to their anti-SLAPP motions, Russell and Defendant Katzer in

26   May and June 2006 submitted 5,000-6,000 pages of new references for Examiner Beaulieu

27   to consider while examining the '815 application.

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1   153.   Still, neither Russell nor Defendant Katzer told Examiner Beaulieu that the pending

2   claims in the '815 were the exact same as those in the '945 patent.

3   154.   Examiner Beaulieu did not recognize the Sec. 101 double patenting rejection, and

4   allowed the claims, which issued as the '733 patent on Feb. 13, 2007.

5   155.   By the time that the '815 application issued as the '733 patent, Mr. Russell had

6   received no less than 5 rejections for § 101 double patenting.

7   156.   These actions of re-typing the claims that he had submitted, and later got issued, in

8   the prior application, coupled with withholding information that the claims were invalid

9   under § 101 and his awareness of § 101 rejections, shows that Mr. Russell knew he was

10   submitting the invalid claims – that it was no mistake.

11   157.   By canceling the initial claims "without prejudice", Mr. Russell demonstrated an

12   intent to continue submitting claims that were invalid for Sec. 101 double patenting.

13   158.   Thus, these actions are show intent to deceive.

14   159.   Prior to obtaining the '733 patent, Defendant Katzer and Mr. Russell engaged in a

15   pattern of submitting proposed claims that were exactly the same as those in another issued

16   Katzer patent or in a co-pending Katzer patent application.

17   <u>Both '329 and '023 patents are unenforceable for inequitable conduct</u>

18   160.   Russell, on Defendants' behalf, filed U.S. Application 10/340,522 on Jan. 10, 2003.

19   161.   Instead of submitting new claims, Russell submitted the same claims as claims 1-20

20   of U.S. Application 10/124,878, which would soon issue as the patent-in-suit, '329.

21   162.   MPEP § 2001.06(b) states:

22   The individuals covered by 37 CFR 1.56 have a duty to bring to the attention of the
23   examiner, or other Office official involved with the examination of a particular
     application, information within their knowledge as to other copending United States
     applications which are 'material to patentability' of the application in question.

24
25   163.   By using the exact same claims in both the '522 application and the '878

26   application, both sets of claims would be subject to provisional Sec. 101 double patenting

     rejections.

27
28   164.   Defendant Katzer and Mr. Russell did not identify that the claims in the '522

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1   application were copied from the '878 application.

2   165.   Russell did not file an RCE to withdraw the '878 application from issue.

3   166.   The '878 application issued as the '329 patent on March 11, 2003.

4   167.   MPEP 2001.06(d) states:

5   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
     requires applicant shall, at the time he or she presents the claim(s), identify the
6   patent and the numbers of the patent claims. **Clearly, the information required by
     37 CFR 1.607(c) as to the source of copied claims is material information under 37
7   CFR 1.56 and failure to inform the USPTO of such information may violate the
     duty of disclosure.

8   168.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

9   in the '522 application were the exact same as in the '329 patent.

10   169.   Examiner Hernandez of the Computerized Vehicle Controls and Navigation art

11   group 3661 rejected the claims in the '522 application for Sec. 101 double patenting in the

12   Apr. 2, 2003 Office Action.

13   The '699 patent, which issued from the '416 application, is unenforceable for inequitable conduct

14   170.   Russell, on Defendants' behalf, filed U.S. Application 10/705,416 on Nov. 10,

15   2003.

16   171.   Having received a Sec. 101 double patenting rejection a few months earlier, Russell

17   nevertheless submitted the same claims as claims 1-11 of U.S. Patent No. 6,494,408.

18   172.   MPEP 2001.06(d) states:

19   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
20   requires applicant shall, at the time he or she presents the claim(s), identify the
     patent and the numbers of the patent claims. **Clearly, the information required by
21   37 CFR 1.607(c) as to the source of copied claims is material information under 37
     CFR 1.56 and failure to inform the USPTO of such information may violate the
22   duty of disclosure.

23   173.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

24   in the '416 application were the exact same as those in the '408 patent.

25   174.   Examiner Le of Railways, Boats and Wheels art group 3617 rejected the claims in

26   the '416 application for Sec. 101 double patenting in the Apr. 21, 2004 Office Action.

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1 Russell and Katzer engage in inequitable conduct and fraud on the PTO during examination of the

2 '995 application

3   175.   Russell, on Defendants' behalf, filed U.S. Application 10/889,995 on Jul. 13, 2004.

4   176.   Having already received two Sec. 101 double patenting rejections, Russell

5   submitted the same claims as claims 1-20 of the '329 patent, the patent-in-suit.

6   177.   MPEP 2001.06(d) states:

7   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
           requires applicant shall, at the time he or she presents the claim(s), identify the
8   patent and the numbers of the patent claims. **Clearly, the information required by
           37 CFR 1.607(c) as to the source of copied claims is material information under 37
9   CFR 1.56 and failure to inform the USPTO of such information may violate the
           duty of disclosure.

10   178.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

11   in the '995 application were the exact same as those in the '329 patent.

12   179.   Examiner Hernandez began the examination of this application, and in the Dec. 15,

13   2004 Office Action, rejected the claims for § 103 obviousness-type double patenting, but

14   not § 101 double patenting.

15   180.   Mr. Russell submitted a terminal disclaimer, but still did not tell Examiner

16   Hernandez that the claims were the same as claims 1-20 of the '329 patent.

17   181.   In the Sept. 22, 2005 Office Action, Examiner Hernandez rejected certain claims

18   over a reference called Lainema.

19   182.   Examiner Hernandez then left the PTO.

20   183.   A new examiner, Nguyen, continued the examination.

21   184.   In response to charges of inequitable conduct in the original complaint, and prior art

22   submitted with oppositions to their anti-SLAPP motions, Russell and Defendant Katzer in

23   May and June 2006 submitted 5,000-6,000 pages of new references for Examiner Nguyen

24   to consider while examining the '995 application.

25   185.   In the Aug. 7, 2006 Office Action, Examiner Nguyen rejected all claims as obvious

26   over prior art in the 5,000 to 6,000 pages of references that Russell and Defendant Katzer

27   had recently submitted.

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1   186.   To overcome the Lainema rejection, Mr. Russell had re-written and submitted

2   claims 2 and 17 in independent form as claims 1 and 16, although they were the same as

3   claims 2 and 17 in the '329 patent, if those claims had been written in independent form.

4   187.   Although he cancelled some claims that were duplicates of claims in the '329

5   patent, other copies of '329 claims still remained.

6   188.   Again, Mr. Russell never indicated to Examiner Nguyen that he was submitting

7   '329 claims 2 and 17 as the new claims 1 and 16 of the '995 application, nor did he indicate

8   that he was keeping some claims that were duplicates issued in the '329 patent.

9   189.   By the time they had submitted their last set of claims on Oct. 5, 2006, Defendant

10   Katzer and Mr. Russell had received 5 rejections for § 101 double patenting, including one

11   Sec. 101 double patenting rejection on Aug. 4, 2006 in U.S. Application 11/375,794.

12   190.   Defendant Katzer and Mr. Russell's actions of (1) intentionally changing the claim

13   language to previously issued claims to obtain claims which would be invalid under Sec.

14   101 and (2) keeping in other claims that were invalid for Sec. 101 double patenting, and (3)

15   not informing the examiner about this, cannot be explained by anything other than an intent

16   to deceive the examiner.

17   The '836 patent, which issued from the '227 application, is unenforceable for inequitable conduct

18   191.   Russell, on Defendants' behalf, filed U.S. Application 10/976,227 on Oct. 26, 2004.

19   192.   Having already received two Sec. 101 double patenting rejections, Russell again

20   submitted the same claims as claims 1-11 of the '408 patent.

21   193.   MPEP 2001.06(d) states:

22   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
    requires applicant shall, at the time he or she presents the claim(s), identify the
23   patent and the numbers of the patent claims. **Clearly, the information required by
    37 CFR 1.607(c) as to the source of copied claims is material information under 37
24   CFR 1.56 and failure to inform the USPTO of such information may violate the
    duty of disclosure.
25
    194.   Mr. Russell did not tell the examiner that the claims pending in the '227 application
26
    were the exact same as those in the '408 patent.
27
    195.   Examiner Le rejected the claims in the '227 application for Sec. 101 double
28
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1   patenting in the Mar. 11, 2005 Office Action.

2 The '812 patent, which issued from the '794 application, is unenforceable for inequitable conduct

3   196.   Russell, on Defendants' behalf, filed U.S. Application 11/375,794 on Mar. 14, 2006,

4   the day after this lawsuit was filed.

5   197.   Having already received three Sec. 101 double patenting rejections, Russell

6   submitted the same claims as claims 1-47 of the '089 patent.

7   198.   MPEP 2001.06(d) states:

8   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
requires applicant shall, at the time he or she presents the claim(s), identify the
9   patent and the numbers of the patent claims. **Clearly, the information required by
37 CFR 1.607(c) as to the source of copied claims is material information under 37
10   CFR 1.56 and failure to inform the USPTO of such information may violate the
duty of disclosure.

11

199.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending
12
      in the '794 application were the exact same as those in the '089 patent.
13
200.   Examiner Beaulieu of art group 3661 rejected the claims in the '794 application for
14
      Sec. 101 double patenting in the Aug. 4, 2006 Office Action.
15
Russell and Katzer engage in inequitable conduct during the examination of the '784 application
16
201.   Russell, on Defendants' behalf, filed U.S. Application 11/592,784 on Nov. 3, 2006.
17
202.   Having already received four Sec. 101 double patenting rejections, Russell again
18
      submitted the same claims as claims 1-11 of the '408 patent.
19
203.   MPEP 2001.06(d) states:
20
    Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
21   requires applicant shall, at the time he or she presents the claim(s), identify the
patent and the numbers of the patent claims. **Clearly, the information required by
22   37 CFR 1.607(c) as to the source of copied claims is material information under 37
CFR 1.56 and failure to inform the USPTO of such information may violate the
23   duty of disclosure.

24   204.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

25   in the '784 application were the exact same as those in the '408 patent.

26   205.   Examiner Le rejected the claims in the '784 application for Sec. 101 double

27   patenting in the Mar. 26, 2007 Office Action.

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1   Russell and Katzer engage in inequitable conduct during the examination of the '770 application

2   206.   Russell, on Defendants' behalf, filed U.S. Application 11/593,770 on Nov. 11,

3   2006.

4   207.   Having already received four Sec. 101 double patenting rejections, Defendant

5   Katzer and Mr. Russell again submitted the same claims as claims 1-47 of the '089 patent.

6   208.   MPEP 2001.06(d) states:

7   Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
requires applicant shall, at the time he or she presents the claim(s), identify the
8   patent and the numbers of the patent claims. **Clearly, the information required by
37 CFR 1.607(c) as to the source of copied claims is material information under 37
9   CFR 1.56 and failure to inform the USPTO of such information may violate the
duty of disclosure.

10   209.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

11   in the '770 application were the exact same as those in the '089 patent.

12   210.   Examiner Beaulieu of art group 3661 rejected the claims in the '770 application for

13   Sec. 101 double patenting in the Sep. 18, 2007 Office Action.

14   Russell and Katzer engage in inequitable conduct during the examination of the '233 application

15   211.   Russell, on Defendants' behalf, filed U.S. Application 11/607,233 on Dec. 1, 2006.

16   212.   Having already received four Sec. 101 double patenting rejections, Defendant

17   Katzer and Mr. Russell again submitted the same claims as claims 1-47 of the '089 patent.

18   213.   MPEP 2001.06(d) states:

19
     Where claims are copied or substantially copied from a patent, 37 CFR 1.607(c)
20   requires applicant shall, at the time he or she presents the claim(s), identify the
patent and the numbers of the patent claims. **Clearly, the information required by
21   37 CFR 1.607(c) as to the source of copied claims is material information under 37
CFR 1.56 and failure to inform the USPTO of such information may violate the
22   duty of disclosure.

23   214.   Defendant Katzer and Mr. Russell did not tell the examiner that the claims pending

24   in the '233 application were the exact same as those in the '089 patent.

25   215.   Examiner Beaulieu of art group 3661 rejected the claims in the '233 application for

26   Sec. 101 double patenting in the Apr. 30, 2007 Office Action.

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1   216.   On information and belief, Defendant Katzer and Mr. Russell submitted other

2   claims invalid for § 101 double patenting during the prosecution of other patent

3   applications.

4   217.   Repeatedly filing previously issued claims, in the face of § 101 rejections, combined

5   with the failure to inform the examiners that the proposed claims had previously issued,

6   demonstrates intent to deceive the Office.

7   218.   Defendant Katzer and Mr. Russell's actions during the prosecution of the '995

8   application and the '815 application confirm they intended to deceive the Office.

9   219.   Thus, the pattern of withholding rejections, and submitting claims invalid for Sec.

10   101 double patenting, shows a pattern of intent to deceive.

11   220.   This pattern demonstrates that inequitable conduct and fraud on the Patent Office

12   infects the chains of Katzer patents.

13   221.   Thus, no Katzer patent, including '329, is enforceable.

14

15   <u>Meanwhile, the JMRI Project starts up</u>

16   222.   As Katzer and Russell began prosecuting patent applications, Plaintiff Robert

17   Jacobsen returned to an old hobby from his teen years – model trains. Shortly afterward,

18   Jacobsen teamed with model train hobbyists to create the JMRI (Java Model Railroad

19   Interface) Project on SourceForge.net, an incubator site which hosts more than 100,000

20   open source software projects. As the group's membership changed, Jacobsen found

21   himself taking on more responsibilities, until he became one of the leaders of the group. He

22   currently serves as the main contact for the JMRI Project. The JMRI Project produces

23   software to run trains, switches and other items on a layout. The software installs on one

24   computer, and runs model train hardware from that computer.

25   223.   Hobbyists have several ways to control trains and other equipment on a layout. One

26   is Digital Command Control (DCC), a standard developed by the DCC Working Group of

27   the National Model Railroad Association (NMRA). DCC and similar systems control

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1   trains, rail switches and other items on a layout, via computer chips (called decoders)

2   embedded in the hardware. Numerous model train equipment manufacturers offer products

3   for use in train control systems, including hardware and software. Because of the

4   differences between products, software used to control the trains must be tailored to permit

5   hobbyists to change settings for these items. JMRI Project software meets this need,

6   including what are called "decoder definition files" which allow the software to be used

7   with a wide range of model train hardware. These definitions are stored for computational

8   purposes in computer files. The JMRI developers as a group have produced definitions for

9   more than 350 models of decoders. These definitions are stored in more than 100 files.

10   Furthermore, because of the flexibility of the Java programming language, hobbyists may

11   use JMRI Project software on various computer platforms, including Mac, Windows and

12   Linux operating systems. The JMRI Project recently won a prestigious award from Sun

13   Microsystems for its innovative use of the Java programming language.[14]

14   224.   Jacobsen is popular among hobbyists, and most manufacturers. As he became more

15   deeply involved in model trains, he joined the National Model Railroad Association,

16   became a member of the Digital Command Control (DCC) Working Group, and then Chair

17   of that standards-setting group. As the main contact for the JMRI Project, he has helped

18   numerous model train hobbyists with setting up their software and layouts. Within a mere 5

19   years, as more hobbyists and manufacturers sought Jacobsen for help, Jacobsen became a

20   leader in the model train community

21   Katzer and Jacobsen's first contact

22   225.   A software developer by training, Jacobsen had been interested in writing his own

23   code to control trains. He had heard about Katzer through others, and contacted him to talk

24   about model trains. Katzer tried to sell Jacobsen his software, but Jacobsen declined to buy

25   it and said he planned on writing his own. Katzer reacted negatively, and Jacobsen ended

26   the email exchange. They emailed again in 2001, with the same result. Jacobsen instead

27   _____

28   [14]   Sun   Microsystems,   2006   JavaOne   Conference,   Duke's   Choice   Awards,   at
http://java.sun.com/javaone/sf/dukes_choice_awards.jsp (last visited Sept. 11, 2006).

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1   joined the JMRI Project.

2   226.   Jacobsen then joined the NMRA DCC Working Group, and became acquainted with

3   manufacturers such as A.J. Ireland, Hans Tanner and Juergen Freiwald, and expert

4   hobbyists such as Strad Bushby and others. He also got to know Katzer. They exchanged

5   emails repeatedly through Jacobsen's email address, Bob_Jacobsen@lbl.gov, which

6   Jacobsen used due to the long hours he puts in at the university. As Jacobsen rose to the top

7   of the working group leadership, Jacobsen quickly received the recognition that Katzer had

8   sought for years.

9   The JMRI Project thrives, and Katzer steals its Intellectual Property

10   227.   JMRI software is created by about several dozen programmers. Work first began in

11   2000.

12   228.   JMRI has never been sponsored by any federal or state entity.

13   229.   DecoderPro is the most popular JMRI application.

14   230.   DecoderPro is used to configure decoder chips in trains. These chips control the

15   trains' operation, such as speed of the train, its lights and its sound. DecoderPro supports

16   more than 100 groups of decoder chip models, or 350 specific decoder models.

17   231.   Chips range from simple to complex to program.

18   232.   Documentation on how to program the chips is sometimes scant or nonexistent.

19   233.   DecoderPro lets model railroaders easily program the decoder chips.

20   234.   To function properly, DecoderPro needs Decoder Definition files.

21   235.   Each Decoder Definition file defines, organizes, and provides default values for

22   only one group of decoder chip models.

23   236.   Decoder Definition files also control the display of the variables on the DecoderPro

24   screen.

25   237.   JMRI programmers put more than 5 years worth of work into JMRI 1.7.1, which

26   included DecoderPro and its Decoder Definition files.

27   238.   JMRI programmers include their names, version numbers and modification dates on

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1   the Decoder Definition files they create or change.

2   239.   DecoderPro has received favorable reviews in model railroad magazines, and is well

3   known among model railroaders who use decoder chips.

4   240.   JMRI holds user group meetings on DecoderPro and workshops on using

5   DecoderPro. These meetings and workshops have been held in the United States and

6   Europe.

7   241.   Participants on model railroad listservs – including listservs that Defendant Katzer

8   belongs to – are aware of and discuss DecoderPro.

9   242.   The Decoder Definitions are important to model railroad software manufacturers.

10   Railroad & Co., DigiToys, Litchfield Station, MTS Associates, and GPP Software have

11   made arrangements with Plaintiff to use the Decoder Definitions.

12   243.   Defendants never contacted Plaintiff, nor made arrangements with Plaintiff, to use

13   the JMRI Decoder Definition files.

14   244.   Instead, beginning in 2004, Defendants downloaded Plaintiff's Decoder Definition

15   files, stripped out all copyright notices and attribution to JMRI and the authors, and

16   converted the code to a format to use with their products, including Decoder Commander.

17   245.   Then Defendants advertised, sold, and distributed their Decoder Commander

18   product as the best available software for model railroaders to use to program decoders.

19   246.   Decoder Commander could never work nearly as well without the modified versions

20   of Plaintiff's Decoder Definition files. The Decoder Definition files included with Decoder

21   Commander were a significant part of Decoder Commander's value to users.

22   247.   Defendants focused JMRI and Plaintiff when Plaintiff and JMRI began producing

23   software in 2002.

24   248.   On or about March 12, 2002, Plaintiff announced the JMRI 0.9 release via email

25   and on the JMRI SourceForge website. This was JMRI's first version. Plaintiff is the

26   owner and assignee of the copyright in this version. The copyright registration is in

27   Appendix C.

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1   249.   The release is subject to the original Artistic License.

2   250.   The Artistic License states, in its Preamble:

3   The intent of this document is to state the conditions under which a Package may be
     copied, such that the Copyright Holder maintains some semblance of artistic control
4   over the development of the package, while giving the users of the package the right
     to use and distribute the Package in a more-or-less customary fashion, plus the right
5   to make reasonable modifications.

6   251.   The Artistic License also states:

7   3. You may otherwise modify your copy of this Package in any way, provided that
     you insert a prominent notice in each changed file stating how and when you
8   changed that file, and provided that you do at least ONE of the following:

9   a) place your modifications in the Public Domain or otherwise make them Freely
     Available, such as by posting said modifications to Usenet or an equivalent medium,
10   or placing the modifications on a major archive site such as ftp.uu.net, or by
     allowing the Copyright Holder to include your modifications in the Standard
11   Version of the Package.

12   b) use the modified Package only within your corporation or organization.

13   c) […]

14   d) make other distribution arrangements with the Copyright Holder.

15   252.   The Artistic License also states:

16   4. You may distribute the programs of this Package in object code or executable
     form, provided that you do at least ONE of the following:

17   a) distribute a Standard Version of the executables and library files, together with
18   instructions (in the manual page or equivalent) on where to get the Standard
     Version.

19   b) accompany the distribution with the machine-readable source of the Package with
     your modifications.
20

21   c) […]

22   d) make other distribution arrangements with the Copyright Holder.

23   253.   The Artistic License also states:

24   5. You may charge a reasonable copying fee for any distribution of this Package.
     You may charge any fee you choose for support of this Package. You may not
     charge a fee for this Package itself. However, you may distribute this Package in
25   aggregate with other (possibly commercial) programs as part of a larger (possibly
     commercial) software distribution provided that you do not advertise this Package
26   as a product of your own.

27   254.   On or about July 14, 2002, Plaintiff announced the JMRI 1.0 release via email and

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                                                    -38-

1   on the JMRI SourceForge website. Like earlier versions, it is subject to the original Artistic

2   License. Plaintiff is the owner and assignee of the copyright in this version. The copyright

3   registration is in Appendix D.

4   255.   On or about Oct. 7, 2002, Plaintiff announced the JMRI 1.1 release via email and on

5   the JMRI SourceForge website. Like earlier versions, it is subject to the original Artistic

6   License. Plaintiff is the owner and assignee of the copyright in this version. The copyright

7   registration is in Appendix E.

8   256.   By at the latest May 2, 2003, Defendant Katzer knew about JMRI Decoder

9   Definition files.

10   257.   Defendant Katzer sent an email to the loconet_hackers Yahoo! email listserv, asking

11   about the type of files JMRI uses. Plaintiff responded to Defendant Katzer that "JMRI uses

12   XML files to store information (decoder definitions, layout configuration, etc), …"

13   258.   On or about Aug. 8, 2003, Plaintiff Jacobsen replied to an email question from

14   Katzer with information about the files and where to obtain them.

15   259.   On or about Aug. 17, 2003, Plaintiff announced the JMRI 1.2.5 release via email

16   and on the JMRI SourceForge website. Like earlier versions, it is subject to the original

17   Artistic License. Plaintiff is the owner and assignee of the copyright in this version. The

18   copyright registration is in Appendix F.

19   260.   On or about Mar. 30, 2004, Defendant Katzer wrote to Plaintiff directly via email,

20   saying, "Currently you are supply (sic) software under the GNU license".

21   261.   Later that day, Plaintiff wrote Defendant Katzer to correct him. Plaintiff pointed

22   Defendant Katzer to the license, the Artistic License, and a discussion of its terms.

23   262.   On or about Apr. 8, 2004, Plaintiff announced the JMRI production version 1.4

24   release via email and on the JMRI SourceForge website. Like earlier versions, it is subject

25   to the original Artistic License. Plaintiff is the owner and assignee of the copyright in this

26   version. The copyright registration is in Appendix G.

27   263.   On or about Sept. 7, 2004, Defendant Katzer posted an email on the loconet_hackers

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1   Yahoo email listserv, indicating familiarity with JMRI's license. Katzer stated, "JMRI

2   license agreement requires them to ship source, and dictates what can be charge (sic)".

3   264.   On information and belief, Robert Bouwens of Bouwens Engineering began

4   working for Defendants in 2004.

5   265.   On Dec. 31, 2004, Bouwens posted a note about looking at a specific JMRI Decoder

6   Definition file on the web.

7   266.   On or about Apr. 24, 2005, Defendant Katzer published an announcement on

8   Defendant KAMIND Associates' "The Conductor" Yahoo email listserv for "Train Server

9   3.0", including "Decoder Commander". Defendant Katzer's announcement said, "Our

10   users tell us that Decoder Commander far surpasses any other solution available in the

11   market (free or commercial)". This indicated that Defendant Katzer had a working Decoder

12   Commander product. The announcement also stated it included "Decoder Commander® - a

13   distributed GUI programmer for loco programming allowing importing of ours or other

14   third party decoder templates". The announcement stated the new version would be

15   available on the KAM web site June 1, 2005, and from dealers on June 30, 2005.

16   267.   On or about May 1, 2005, Plaintiff used an automated software script to complete

17   adding copyright notices in all JMRI decoder definition files. Plaintiff had begun adding

18   copyright notices after Defendant Katzer was caught having registered decoderpro.com, as

19   discussed later. Plaintiff wanted to protect JMRI intellectual property from any others who

20   sought to misappropriate JMRI intellectual property for their own use.

21   268.   On or about June 18, 2005, Plaintiff announced the JMRI production version 1.6

22   release via email and on the JMRI SourceForge website. Like earlier versions, it is subject

23   to the original Artistic License. Plaintiff is the owner and assignee of the copyright in this

24   version. The copyright registration is in Appendix H.

25   269.   On or about June 18, 2005, Plaintiff announced the JMRI test version 1.7.1 release

26   via email and on the JMRI SourceForge website. The QSI files, including QSI_Electric and

27   QSI_Steam, first appeared in this version. QSI are a brand of decoder that is complex to

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1   program, but popular with model railroaders because of decoder's versatility in producing

2   locomotive sounds.

3   270.   Like earlier versions, JMRI 1.7.1 is subject to the original Artistic License. Plaintiff

4   is owner and assignee of the copyright in this version. The copyright registration is in

5   Appendix I.

6   271.   Defendant Katzer and Mr. Bouwens downloaded the JMRI Decoder Definition files

7   from JMRI's website on or after June 18, 2005.

8   272.   They proceeded to convert the JMRI files to files Defendants could use in their

9   products.   One file they converted was QSI_Electric.xml which they changed to

10   QSI_Electric.tpl.xml and later to qsi.tpl.xml.

11   273.   They stripped the author's name from each Decoder Definition file.

12   274.   They stripped the JMRI copyright notice from each Decoder Definition file.

13   275.   They stripped the reference to the license, which lists the terms and conditions of

14   use of the Decoder Definition files.

15   276.   They changed the titles of the works.

16   277.   They converted the JMRI Decoder Definition file into a file that could be read by

17   their Decoder Commander.

18   278.   Evidence of copying, such as the dates of creation and version numbers and various

19   misspellings and other quirks, remained.

20   279.   They did not insert a prominent notice in each changed file stating how and when

21   they changed the file.

22   280.   They did not place their modifications in the public domain.

23   281.   They did not make their modifications freely available to others.

24   282.   They did not allow Plaintiff to include the modifications in the Standard Version of

25   the JMRI software.

26   283.   They did not use the modified Decoder Definition files only within Defendant

27   KAMIND Associates, Inc.

28

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1   284.   The names they chose for the new files were a slight variation of the Decoder
2   Definition files.

3   285.   They did not provide with their products, the standard JMRI executables and library
4   files together with instructions on where to get the Standard Version.

5   286.   They did not distribute JMRI source code with their product so they did not
6   "accompany the distribution with the machine-readable source".

7   287.   They did not make other distribution arrangements with the Copyright Holder.

8   288.   By selling them as an integral part of their products, Defendants charged a fee for
9   the modified JMRI Decoder Definition files.

10 289.   Defendants advertised the modified JMRI Decoder Definition files as their own.

11 290.   In his Decoder Commander manual, Katzer stated: "All decoders have unique
12   characteristics. KAM has created a set of Decoder Templates that has these characteristics
13   in an XML configuration file." (emphasis added).

14 291.   The KAM website stated, "In June 2005 at the [NMRA] Cincinnati convention we
15   Introduced Decoder Commander. The first XML based distributed programmer. This
16   application has been under development since 2001."

17 292.   Defendant Katzer and Mr. Bouwens then released a tool, which they called the
18   "template verifier" [hereinafter the "infringing tool"] to extract various information from
19   JMRI's Decoder Definition files, and convert it to a form that Defendants could use in their
20   products, including Decoder Commander. On information and belief, the infringing tool
21   was created in 2004.

22 293.   The infringing tool had no other use but to convert JMRI Decoder Definition files
23   into files for use in Defendants' products.

24 294.   The infringing tool stripped the author's name from each Decoder Definition file.

25 295.   The infringing tool stripped the JMRI copyright notice from each Decoder
26   Definition file.

27 296.   The infringing tool stripped the reference to the license, which lists the terms and

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1   conditions of use of the Decoder Definition files.

2   297.   The infringing tool changed the titles of the works.

3   298.   The infringing tool converted the JMRI Decoder Definition file into a file that could

4   be read by Defendants' Decoder Commander.

5   299.   The infringing tool left evidence of copying, such as the dates of creation and

6   version numbers and various misspellings and other quirks.

7   300.   The infringing tool did not insert a prominent notice in each changed file stating

8   how and when it changed the file.

9   301.   On information and belief, customers using the infringing tool did not place their

10   modifications in the public domain.

11   302.   On information and belief, customers using the infringing tool did not make their

12   modifications freely available to others.

13   303.   Customers using the infringing tool did not allow Plaintiff to include the

14   modifications in the Standard Version of the JMRI software.

15   304.   On information and belief, customers using the infringing tool did not use the

16   modified Decoder Definition files only within their organizations.

17   305.   The names customers using the infringing tool chose for the new files were slight

18   variations of the Decoder Definition files.

19   306.   On information and belief, customers using the infringing tool did not distribute a

20   Standard Version of the executables and library files, together with instructions on where to

21   get the Standard Version.

22   307.   On information and belief, customers using the infringing tool did not make other

23   distribution arrangements with the Copyright Holder.

24   308.   On or about July 1, 2005, Defendant Katzer begins to promote Decoder

25   Commander, including a giveaway at the NMRA Convention 4 days later.

26   309.   On information and belief, Defendant Katzer distributed 10 copies of Decoder

27   Commander on July 6, 2005.

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1   310.   Between July 2005 and June 2006, Defendants copied and distributed at least 300

2   copies of their infringing products.

3   311.   On information and belief, in late July through August 2005, Defendant Katzer and

4   Mr. Bouwens attempted to get the NMRA to use JMRI copyrighted material as its standard.

5   Neither Katzer nor Bouwens had Plaintiff's permission to do so.

6   312.   On or about Feb. 27, 2006, Plaintiff announced the JMRI test version 1.7.3 release

7   via email and on the JMRI SourceForge website. Like earlier versions, it is subject to the

8   original Artistic License. Plaintiff is the owner and assignee of the copyright in this

9   version. The copyright registration is in Appendix J. Registration is pending.

10   313.   On or about June 3, 2006, while investigating KAM products in connection with

11   opposing Defendants' anti-SLAPP motions, Plaintiff first learned of Defendants'

12   infringement. He downloaded a Decoder Commander manual (dated 10/4/2005) from

13   Defendant KAMIND Associates' web site and found the manual contained screen displays

14   indicating that Decoder Commander was displaying JMRI data.

15   314.   The next day, Plaintiff ordered a copy of Decoder Commander from Southern

16   Digital, a KAM dealer. The dealer said Defendants would ship directly to Plaintiff.

17   Defendants never shipped the order.

18   315.   On information and belief, Defendants did not ship the order because they wanted to

19   keep their infringement secret for as long as possible.

20   316.   On June 5, 2006, Alex Shepherd, another JMRI member, discovered that Defendant

21   KAMIND Associates' web site had available for download the infringing tool to convert

22   JMRI files, and notified Plaintiff via email.

23   317.   On June 13, 2006, Plaintiff filed an application to register the copyright on the JMRI

24   1.7.1 Decoder Definitions.

25   318.   Plaintiff had obtained assignments from all authors who contributed to this set of

26   files covered by the registration.

27   319.   On June 14, 2006, Jacobsen ordered KAM Decoder Commander from DCC Train, a

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1   KAM dealer. The CD arrived June 16. It was version 304.

2   320.   On July 4, 2006, Plaintiff announced the JMRI 1.7.5 release via email and on the

3   JMRI SourceForge website. Like earlier versions, it is subject to the original Artistic

4   License.

5   321.   On Aug. 14, 2006, Plantiff received the 1.7.1 copyright registration from the

6   copyright office.

7   322.   The same day, Plaintiff ordered a copy of Engine Commander from Southern

8   Digital. Plaintiff downloaded the infringing tool from Defendant KAMIND Associates'

9   web site.

10   323.   Engine Commander arrived August 21, and contained a V304 CD, including

11   Decoder Commander and the template files.

12   324.   On or about Aug. 19, 2006, Plaintiff downloaded "Smart Decoder Editor

13   manual.pdf" and "Decoder Commander Manual.pdf" from the KAM web site. Both

14   contained JMRI material from a Lenz_51.xml file, the QSI files, and other files.

15   325.   In late August 2006, Plaintiff obtained Defendants' version 305 CD. The release

16   notes said "Smart decoder Editor (.net 2.0) v1.0 is released. Editor can read 3rd party

17   decoder templates. The editor is available as a seperate (sic) download from our website."

18   326.   Plaintiff filed the Amended Complaint on Sept. 11, 2006. He included a cause of

19   action for copyright infringement.

20   327.   Defendants continued to modify JMRI files, copy them, distribute them, and

21   advertise them as their products.

22   328.   In doing so, Defendants actively encouraged their customers to copy and modify the

23   infringing KAM files, and use the infringing tool to copy and modify JMRI files.

24   329.   On information and belief, Defendants' customers continued to copy and modify the

25   infringing KAM files.

26   330.   On information and belief, Defendants' customers continued to use the infringing

27   tool to copy and modify JMRI files.

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1   331.   Seeing no changes in Defendants' infringing conduct, Plaintiff sent a cease and

2   desist letter on Sept. 21, 2006 requesting action by Sept. 27, 2006.

3   332.   On or about Sept. 26, 2006, Plaintiff received Defendants' 306 CD at his home

4   address.

5   333.   One file named in the Amended Complaint had been removed. Other files were still

6   present with copied information and with the copyright notice and author names stripped.

7   The infringing tool remained available on the web.

8   334.   Having seen that Defendants had not stopped their infringing activities, nor

9   contacted their customers to halt use of Defendants' infringing products, Plaintiff filed a

10   Motion for Preliminary Injunction on Oct. 25, 2006.

11   335.   On Nov. 8, 2006, Plaintiff conducted Google searches for various phrases present in

12   the JMRI decoder definition files. He found hits on the KAM web site. On information and

13   belief, these hits came from a 302 Retail CD available online.

14   336.   On or about June 8, 2007, Plaintiff announced the JMRI test version 1.7.7 release

15   via email and on the JMRI SourceForge website. Like earlier versions, it is subject to the

16   original Artistic License.   Plaintiff is the owner and assignee of the copyright in this

17   version.   The copyright registration is in Appendix K. Registration is pending.

18   337.   On or about July 22, 2007, Plaintiff announced the JMRI production version 1.8

19   release via email and on the JMRI SourceForge website. Like earlier versions, it is subject

20   to the original Artistic License. Plaintiff is the owner and assignee of the copyright in this

21   version.   The copyright registration is in Appendix L. Registration is pending.

22   338.   On or about Sept. 20, 2007, Plaintiff announced JMRI software is now subject to

23   GNU's General Public License 2.0, also known as GPL 2.0.

24   339.   On information and belief, Defendants have downloaded the latest versions of JMRI

25   software, and incorporated them in their software.

26   340.   Thus, Defendants' infringing use of JMRI material is continuous.

27   341.   Defendants maintain they no longer use JMRI materials, but provide no explanation

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1   as to how they re-created, virtually overnight, the same files and information that it took

2   JMRI developers more than 5 years to create.

3   342.   Defendants maintain that unregistered copies of their infringing products cease to

4   operate.

5   343.   Defendants have not stated whether registered copies of their infringing products

6   continue to operate. On information and belief, registered copies continue to work and are

7   not subject to an expiration date.

8   344.   Either way, Defendants' infringing products continue to function if a customer

9   changes the clock date on his computer.

10   345.   The infringing copies of the JMRI Decoder Definition files remain on Defendants'

11   existing CDs and on customers' computers.

12   346.   Defendants claim the infringing tool no longer works.

13   347.   The infringing tool continues to function as before. It takes JMRI files and converts

14   them into a version that can be used with Defendants' infringing products.

15   348.   Defendants never made recent versions of their products available in a working

16   form to Plaintiff to prove they are no longer using JMRI materials.

17   349.   Defendants never provided any evidence that their new source of decoder

18   information was independently created, and thus they never would return to using JMRI

19   material.

20   350.   Defendants never contacted their customers to tell them not to use, copy, modify, or

21   distribute the infringing products.

22   351.   On information and belief, Defendants' current products do not work, or have

23   substandard performance, without JMRI Decoder Definition files. Thus, their and their

24   customers' only recourse is to use the infringing products.

25   352.   Thus Defendants are continuing to infringe.

26   353.   Defendants are liable for copyright infringement.

27   354.   Defendants are also liable for providing false copyright management information

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1   when they claimed the modified Decoder Definition files as their own.

2   355.   Defendants are also liable for removing or altering JMRI's copyright management

3   information from the Decoder Definition files.

4   356.   Defendants did not end their theft there. Defendant Katzer knew DecoderPro, JMRI

5   Project trademark, belonged to the JMRI Project. DecoderPro is a distinctive mark or

6   descriptive mark with secondary meaning, having been on the market for more than 5 years

7   and having been reviewed in model train magazines.

8   357.   Katzer registered the domain decoderpro.com with the intent to profit from the

9   JMRI Project's goodwill in the trademark.

10   358.   Jacobsen registered DecoderPro with the U.S. Trademark Office on Oct. 27, 2004

11   (Reg. No. 3092440). The Trademark Office published the mark on the Principal Register.

12   359.   As a part a settlement agreement in a trademark infringement case filed against

13   Jerry Britton in Oregon, Katzer transferred rights to decoderpro.com to Mr. Britton on the

14   condition that Mr. Britton not transfer them to anyone else, including the rightful owner

15   Jacobsen. In the settlement agreement, Katzer required Mr. Britton to pay him $20,000 if

16   Mr. Britton transferred the domain name to anyone else.

17   360.   Katzer intended to profit from decoderpro.com, until a WIPO UDRP panel ordered

18   transfer of the domain name to Plaintiff in August 2007, in Case No. D2007-0763.

19   361.   Katzer regularly included JMRI trademarks in search engines to trick consumers to

20   go to his website, among other acts, to trade on the goodwill of JMRI marks.

21   362.   Katzer also stole JMRI technology and patented it. The JMRI Project released

22   software on a regular basis, and announced the releases and other news on a Yahoo!

23   listserv. On information and belief, Katzer belonged to the listserv and received these

24   announcements. He watched as yet another producer enjoyed the success that he could not.

25   363.   On April 14, 2002, the JMRI Project released software with client-server

26   capabilities. Three days later, Katzer, through his attorney Russell, claimed those <u>exact</u>

27   capabilities in a patent application, the '878 application, although the application did not

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VIOLATIONS OF COPYRIGHT LAWS, AND STATE LAW BREACH OF
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1   meet the written description or enablement requirements of 35 U.S.C. § 112. The Katzer

2   specification had focused only on Katzer's "advance" of queuing commands, and what

3   Katzer called "asynchronous communication". It does not describe what it claimed, the use

4   of networks for model train layout control, nor did the specification show a person of

5   ordinary skill in the art how to practice the use of networks for model train layout control.

6   The application issued as the '329 patent on March 11, 2003.

7   <u>Katzer, through his attorney Russell, begins unfair enforcement tactics</u>

8   364.   Because Defendant Katzer and Mr. Russell withheld material references and

9   because Defendant Katzer and Mr. Russell knew prior art either anticipated or made

10   obvious the inventions in the '329 patent, Defendant Katzer and Mr. Russell knew the '329

11   patent, and other patents issued to Katzer which he and Mr. Russell made veiled threats to

12   enforce, were neither valid nor enforceable.

13   365.   Despite knowing that the patents were invalid and unenforceable, Katzer through his

14   attorney Russell embarked on a scheme to enforce them and collect patent royalties.

15   366.   On Sept. 18, 2002, Russell filed patent infringement lawsuits in U.S. District Court

16   for the District of Oregon, on behalf of Katzer and KAM against Mireille Tanner of

17   DigiToys, and Freiwald Software and certain distributors. Mireille Tanner is the wife of Dr.

18   Hans Tanner. Dr. Tanner was not named. The complaint against Mireille Tanner alleged

19   that DigiToys' WinLok infringed patents issued to Katzer. The complaint against Freiwald

20   Software alleged that Mr. Juergen Freiwald's Railroad & Co. software infringed the patents

21   issued to Katzer. Concurrent with filing the lawsuit, Mr. Russell sent 100-page cease and

22   desist letters to Mireille Tanner, Juergen Freiwald, and dealers who sold WinLok or

23   Railroad & Co. software.

24   367.   As discussed earlier, Dr. Hans Tanner responded to Russell's letter. As a result,

25   Russell and Defendants dropped the lawsuit against Mireille Tanner.

26   368.   On Oct. 15, 2002, Mr. Freiwald wrote Russell regarding the patent infringement

27   cease and desist letter. Mr. Freiwald told Russell that his Railroad & Co. software program

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1   had been sold since summer 1996. Like Dr. Tanner, Mr. Freiwald pointed out that WinLok

2   1.5 and 2.0, the Spanish MES program, the German SoftLok program pre-dated Katzer's

3   patent application by more than 1 year. Mr. Freiwald also noted that the German program

4   MpC also had capabilities claimed by the Katzer patent and was sold beginning in 1996.

5   Thus these would bar Katzer's patents. Then, Mr. Freiwald told Russell: "Furthermore, it

6   can be assumed that Katzer, as an expert in the market of software for model railroad

7   computer control, was aware of the programs listed above when he filed his patents." Mr.

8   Freiwald then accused Katzer of withholding references, in violation of Rule 1.56.

9   369.   On information and belief, Katzer and Russell discussed the letters from Dr. Tanner

10   and Mr. Freiwald. Realizing that the patents they had worked together to obtain would be

11   held unenforceable and/or invalid, they decided to dismiss the lawsuit. At the time, Russell

12   and Katzer had 2 patent applications open for prosecution on the merits, including the '878

13   application. Although confronted with material references, they withheld them from the

14   Patent Office. They also did not seek re-examination of the patents-in-suit in the Tanner

15   and Freiwald lawsuits.

16   370.   Katzer's lawsuits against Mireille Tanner and Mr. Freiwald was dismissed on Dec.

17   20, 2002.

18   371.   On information and belief, Defendant Katzer and Mr. Russell conspired to find

19   other easier targets against whom to enforce patents issued to Katzer. On information and

20   belief, during 2003 and 2004, Defendant Katzer and Mr. Russell contacted several other

21   hobbyists who offered software for controlling model trains.

22   372.   On information and belief, Defendant Katzer and Mr. Russell threatened them with

23   patent infringement lawsuits.

24   373.   On information and belief, Defendant Katzer and Mr. Russell forced them to pay

25   patent royalties.

26   374.   One such victim of these tactics was Glen Butcher who had offered free model

27   railroad control system software called "loconetdd" and "railroadd" on his website. In

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1   September 2004, Mr. Butcher posted that he had been contacted by Katzer via e-mail. On

2   information and belief, Katzer and/or Russell threatened Mr. Butcher with a patent

3   infringement lawsuit and forced him to pay patent royalties. On information and belief,

4   Defendants and Mr. Russell forced Mr. Butcher to take down his free software program.

5   After Sept. 8, 2004, "loconetdd" and "railroadd" were no longer available for download.

6   375.   Then, Defendants turned their attention to the JMRI Project.

7   376.   On information and belief, in late 2004 and early 2005, Defendants and Mr. Russell

8   conferred to discuss the JMRI Project software, which allows, in an atypical mode of

9   operation, for model train control through a client-server system. JMRI has a following

10   among model train enthusiasts who use model train control systems. Katzer and Russell

11   know JMRI competes with Katzer's products. They set upon a plan, using various harassing

12   tactics, to force the JMRI Project to shut down or to pay royalties to KAM.

13   377.   On or about March 8, 2005, Russell, acting upon Katzer's instructions, sent

14   Jacobsen a letter accusing Jacobsen of infringing Claim 1 of the '329 patent. In this letter,

15   Russell stated that KAM had an active licensing program, and wanted to license its patent

16   to Jacobsen at $19 per program installed on a computer. On information and belief, this

17   license was to be paid for past downloads and any future downloads. Knowing that Dr.

18   Tanner and Mr. Freiwald were threatened in 2002, and knowing Katzer's substantial wealth

19   allowed him to sue him, Jacobsen was concerned that he faced a patent infringement

20   lawsuit. Jacobsen investigated Russell's assertion, but concluded that he did not infringe

21   any valid claims.

22   378.   Jacobsen responded to Russell's letter on March 29, 2005. He asked for information

23   on the preliminary analysis that Russell had done and asked for Russell to show which

24   JMRI modules infringed Claim 1 of the '329 patent. Russell did not respond for several

25   months.

26   379.   On or about Aug. 24, 2005, Russell wrote back with essentially the same response

27   he provided in his March 8, 2005 letter. He also stated that he was reviewing whether JMRI

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1   infringed any other patents issued to Katzer. Russell included no detailed explanation of

2   what JMRI modules infringed any claim in any Katzer patent. Russell claimed the license

3   for Claim 1 of the '329 patent had risen $10 to $29 per license, and demanded $203,000 for

4   the 7,000 copies that Jacobsen had said, at the end of summer 2005, had been distributed.

5   On information and belief, the $29 license was to be a license paid not only for past

6   downloads, but for future downloads. Russell enclosed a solicitation for an order and a

7   "sales receipt" from Defendants. Russell requested a response in 15 days.

8   380.   On Oct. 20, 2005, Russell sent another letter to Jacobsen. He included as another

9   solicitation for an order, a statement showing an invoice for $203,000 and finance charges.

10   The new total was more than $206,000.

11   381.   Russell had continued to send letters to Jacobsen on a roughly monthly basis.

12   Jacobsen responded on Jan. 31, 2006, stating that multiple examples of prior art anticipated

13   claims in the '329 patent and other patents supposedly invented by Katzer, and that both

14   Katzer and Russell knew about them.

15   382.   On or about Feb. 7, 2006, Russell responded, and continued to accuse Jacobsen of

16   infringing the '329 patent.

17   383.   On or about Oct. 27, 2005, Russell, on Katzer's and KAM's behalf, filed a Freedom

18   of Information Act request with the U.S. Department of Energy ("DOE"), seeking e-mails

19   and other communications between Jacobsen and others regarding JMRI Project software.

20   This embarrassed Jacobsen in front of his employer. Jacobsen's employer, the Lawrence

21   Berkeley National Laboratory at the University of California, has a contract with DOE, and

22   Jacobsen had used his DOE email address account on occasion to send messages to a public

23   mailing list. Jacobsen had to explain Defendants' harassing conduct to his employer and

24   DOE.

25   384.   The increase in exchanges between Russell, done on behalf of Katzer and KAM,

26   and Jacobsen, has left Jacobsen in reasonable and serious apprehension that Katzer and

27   KAM will sue him, despite all parties knowing that the patents are not infringed, and are

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1   invalid and unenforceable.

2   385.   A full version of the accused JMRI Project software was released in July 2007. This

3   and future versions will have the same capabilities as the accused prior version, which

4   Defendants and Mr. Russell maintain infringes the '329 patent. Jacobsen expects

5   Defendants, through Mr. Russell, to repeat their accusations that the new version infringes

6   the '329 patent.

7   386.   Jacobsen seeks resolution of this matter, seeks to end Defendants' harassment, and

8   wants redress for the harm that Defendants' have inflicted on him and the JMRI Project –

9   even more so because, when the truth comes to light, this Court will find Plaintiff is not

10   liable for infringement.

11   Plaintiff does not use JMRI to engage in infringing activity, nor encourage others to use JMRI to

12   infringe

13   387.   Plaintiff is not liable for infringement because normal operation of JMRI software

14   does not infringe claim 1 of the '329 patent. He also knows of no one in the United States,

15   on or after the date the '329 patent issued, who has used JMRI to practice the method in

16   claim 1 of the '329 patent.

17   388.   JMRI software has several applications: DecoderPro, PanelPro, and LocoNet Tools.

18   JMRI software, and its source code, is available for download, free of charge, on the JMRI

19   website. DecoderPro, PanelPro, and LocoNet Tools have always been part of one written

20   program, in one file called jmri.jar. They have never been separate files.

21   389.   Because it is written in Java, JMRI can operate on various platforms – Windows,

22   Apple Macintosh, Linux, etc.

23   390.   Also, because it is written in Java, JMRI applications run within a single Java

24   Virtual Machine instance, or process, on the computer's operating system.

25   391.   Plaintiff did not write the JMRI server code.

26   392.   The JMRI server code was not written in the United States.

27   393.   As noted earlier, DecoderPro, the most popular JMRI application, permits model

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1   railroaders to configure a decoder chip in a model train. Chips in model trains range from

2   simple to highly complex, with multiple features to simulate a real train. Using DecoderPro,

3   a model railroader can designate that a train will act like a fast passenger train, or a slower

4   freight train, how its horn will whistle, and how its lights will flash.

5   394.   PanelPro controls the operation of the model train layout. Through PanelPro, a

6   model railroader can create a replica of his hardware layout on a computer screen. This

7   allows him to shift a model train to a different track, set signals for the operator to follow,

8   and receive feedback from the layout on what each switch, train, and other hardware is

9   doing.

10   395.   LocoNet Tools is a set of software tools that allow model railroaders to get or send

11   information via a LocoNet network, and to configure the LocoNet network. All its tools are

12   available through DecoderPro and PanelPro. It is a distant third in popularity.

13   396.   Normal operation of JMRI software involves downloading one copy of JMRI to a

14   personal computer and installing it.

15   397.   This installs a file called jmri.jar which contains DecoderPro, PanelPro and

16   LocoTools, among other JMRI offerings.

17   398.   Normal operation is using one computer and one digital command station to run a

18   model train layout.

19   399.   JMRI has a user group on Yahoo!, which allows JMRI users to ask others for help

20   on using the software, spread news regarding gatherings on using the software, and report

21   success in installing and using the software on their layouts. This email listserv is available

22   to the public.

23   400.   Defendant Katzer has been a member of this listserv since at least Jan. 11, 2004.

24   401.   Defendant Katzer could have researched through this listserv to determine if there

25   were any model railroaders who said they were using two JMRI clients and a separate

26   JMRI server to operate a model train layout.

27   402.   Defendant Katzer could have also searched this listserv to determine if Plaintiff

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1   specifically encouraged a particular model railroader in the United States to use two JMRI

2   clients and a JMRI server, and if that model railroader had had any success in setting up the

3   software.

4   403.   Defendant Katzer could have searched through the 5 years' worth of private emails

5   between him and Plaintiff to determine if Plaintiff had reported any model railroader in the

6   United States who was using two JMRI clients and a separate JMRI server to operate a

7   model train layout.

8   404.   Neither Defendant Katzer nor Mr. Russell, identified any emails or postings

9   showing model railroaders in the United States who were using two JMRI clients and a

10   separate JMRI server to operate a model train layout.

11   405.   Neither Defendant Katzer nor Mr. Russell identified any emails or postings showing

12   Plaintiff specifically encouraged a particular model railroader in the United States, on or

13   after Mar. 11, 2003, to use two JMRI clients and a separate JMRI server to operate a model

14   train layout and if that model railroader had had any success in setting up the software.

15   406.   Neither Defendant Katzer nor Mr. Russell identified any emails between Defendant

16   Katzer and Plaintiff showing Plaintiff had reported a model railroader in the United States

17   who was using two JMRI clients and a separate JMRI server to operate a model train

18   layout.

19   407.   Infringement of a method patent requires that someone practice the claimed method.

20   408.   There is no infringement unless someone, in the United States, practices the method.

21   409.   Plaintiff is not liable for infringement if he neither practiced the method nor

22   specifically encouraged another to practice the method.

23   410.   On March 8, 2005, Russell wrote Plaintiff, accusing Plaintiff of infringing claim 1

24   of the '329 patent. Russell also advised Plaintiff what did not infringe claim 1 of the '329

25   patent.

26   411.   In his letter, Russell said, "By way of assistance, in order to avoid further

27   infringement of claim 1 of the '329 patent, I would suggest rewriting all of the Java

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                          VIOLATIONS OF COPYRIGHT LAWS, AND STATE LAW BREACH OF
                                              CONTRACT

1   application instances in a single instance where JMRI instance manager can satisfy one

2   creation request."

3   412.   In fact, JMRI, whose applications are in one file, jmri.jar, runs within a single

4   instance of the Java Virtual Machine on a computer's operating system. When a user starts

5   a JMRI application, the user invokes the same jmri.jar file that other JMRI applications use.

6   The commands that a JMRI application sends come from the jmri.jar/Java Virtual Machine

7   process and are sent to the digital command station.

8   413.   There are no such things as separate Java application instances because when a Java

9   program is invoked, it runs within a single Java Virtual Machine instance. No matter how

10   many Java applications are invoked, there remains only one Java Virtual Machine instance.

11   414.   There is no such thing as a JMRI instance manager that creates "application

12   instances."   The InstanceManager class within JMRI provides functions to create and

13   manage objects within a single application such as sets of railroad turnouts and sets of

14   sensors. InstanceManager is not a program by itself, but instead an integral part of a single

15   program that is not accessible from the outside.

16   415.   Thus using Russell's definition of non-infringement, normal operation of any

17   version of JMRI software does not infringe claim 1 of the '329 patent.

18   416.   Also in his March 8, 2005 letter to Plaintiff, Mr. Russell stated,

19   During operation of the JMRI software programs, our analysis indicates that the
    software includes the functionality to communicate over a TCP/IP connection with
20   an installed JMRI server. The JMRI server in turn communicates with a command
    station for a model railroad. Our analysis further indicates that the JMRI server is
21   capable of receiving commands from all of the Java application instances and then
    commands are forwarded to the command station, and likewise retrieving
22   commands from the command station and providing them to corresponding separate
    Java application instance.

23   417.   On information and belief, neither Defendants nor Mr. Russell actually operated and

24   analyzed JMRI code to conduct a detailed and competent infringement analysis.

25   418.   Normal operation of JMRI does not use the TCP/IP connection.

26   419.   In the next paragraph of the letter, Mr. Russell states, "Claim 1 of U.S. Patent

27   6,530,329 claims a method of operating a digitally controlled model railroad…." (emphasis

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1   added).

2   420.   Mr. Russell never identified any person who used JMRI software to communicate

3   over a TCP/IP connection to a JMRI server.

4   421.   Mr. Russell never identified how Plaintiff encouraged any person to use two JMRI

5   client programs with a JMRI server to operate a model train layout.

6   422.   Plaintiff knows no one who has used two JMRI client programs with a separate

7   JMRI server to operate a model train layout in the United States on or after Mar. 11, 2003.

8   Nearly all who use JMRI use the program on one computer, and only one computer. They

9   have no need to set up three separate computers to accomplish what one computer will do.

10   423.   Even if a person could use JMRI to practice the method in claim 1 of the '329

11   patent, JMRI has significant non-infringing uses under Russell's definition of non-

12   infringement.

13   424.   Mr. Russell wrote Plaintiff again on Aug. 24, 2005.

14   425.   In his letter, Mr. Russell said, "The JMRI software that you distribute on your

15   website continues to infringe U.S. Patent No. 6,530,329 B2." Mr. Russell accused Plaintiff

16   of infringing claim 1 of the '329 patent.

17   426.   Mr. Russell said,

18   Our analysis of your existing implementation of the JMRI software indicates that it
     includes several distinct programs (e.g., interface instances) which communicate
19   over a TCP/IP connection with an installed JMRI server. The JMRI server in turn
     communicates with a command station or a model railroad. In addition, our
20   analysis indicates that the JMRI server is capable of receiving commands from all of
     the Java application instances.

21   427.   On information and belief, neither Defendants nor Mr. Russell actually operated and

22   analyzed JMRI code or conducted a detailed and competent infringement analysis.

23   428.   Mr. Russell never identified what the "several distinct programs" or "interface

24   instances" were.

25   429.   He never identified which of these "several distinct programs" and "interface

26   instances" used the TCP/IP connection.

27   430.   Mr. Russell never identified any person who used JMRI to communicate over a

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1   TCP/IP connection to a JMRI server.

2   431.   Mr. Russell never identified any person who used the JMRI server to run a model

3   railroad layout.

4   432.   Further in his Aug. 24, 2005 letter, Mr. Russell said, "In order to avoid further

5   infringement, you will need to modify the JMRI software so that it is a single program."

6   433.   As noted earlier, the "programs" – LocoNet Tools, DecoderPro and PanelPro – are

7   part of a single written file, jmri.jar. Thus, under Mr. Russell's definition, JMRI does not

8   infringe because there is no second program. Furthermore, when the JMRI applications are

9   in regular use, they do not use the TCP/IP connection or the JMRI server.

10   434.   Mr. Russell went on to say,

11   You will need to include controls to ensure that only one single program is running
     and capable of providing commands to the model railroad. If you want to execute
12   another program you will need to terminate the current program prior to starting the
     other program.

13   435.   Russell did not explain why Plaintiff should be required to put in any controls when,

14   in normal operation, only a single file – jmri.jar – is running and thus no infringement of

15   claim 1 of the '329 patent will occur.

16   436.   Had Russell done a competent and detailed infringement analysis, he would have

17   known that JMRI did not infringe claim 1 of the '329 patent.

18   437.   Because Russell had not done the required analysis, Russell's and Defendants'

19   demands were made in bad faith.

20   438.   After failing to review the JMRI software, and producing an incomplete and

21   incompetent analysis, Mr. Russell demanded $203,000 for what he maintained was

22   infringing JMRI software that had been downloaded 7,000 times.

23   439.   Defendant Katzer prepared, and Russell included, an invoice for 7,000 copies of

24   KAM software that Plaintiff never ordered and never owed to Defendants.

25   440.   Because neither he nor anyone else has practiced the method in claim 1 of the '329

26   patent in the United States on or after March 11, 2003, Plaintiff is not liable for

27   infringement.

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1   441.   Because there is no evidence that Plaintiff has encouraged anyone to practice the

2   method in the United States on or after March 11, 2003, Plaintiff is not liable for indirect

3   infringement.

4   442.   Because JMRI's normal operation involves using only one program to transmit

5   commands to a digital command station, and the claims require three programs (2 JMRI

6   clients and 1 JMRI server), using JMRI in its normal operation will not infringe claim 1 of

7   the '329 patent.

8   --

9   <u>Summary</u>

10   443.   Aware that many others had practiced using networks to control model train layouts,

11   Defendants and Mr. Russell nevertheless claimed that very subject matter in claim 1 of the

12   '329 patent. They did not produce material references – Railroad & Co, WinLok, ROSA,

13   Digitrax, Webster, Bushby, or Digitrax – to the examiners.

14   444.   When an accused infringer, Dr. Tanner of DigiToys, confronted them with their

15   inequitable conduct and fraud on the Patent Office, Defendants and Mr. Russell hid the

16   prior art from the Patent Office examiners.

17   445.   Defendants and Mr. Russell engaged in a pattern of fraud on the Patent Office and

18   inequitable conduct, in obtaining patents.

19   446.   In U.S. Application No. 10/889,995, Defendants and Mr. Russell submitted the

20   exact same claims as those in the patent-in-suit, U.S. Patent No. 6,530,329. Although

21   required under MPEP, neither Defendants nor Mr. Russell told the examiner that they were

22   submitting claims that were invalid for Sec. 101 double patenting. The examiner rejected

23   all claims of the '995 application as invalid under Sec. 102(e) or as obvious under Sec. 103.

24   The bulk of the rejections were based on (1) the massive quantity of references – more than

25   5,000 pages – that Defendants and Mr. Russell finally produced in May and June 2006 after

26   Plaintiff accused them of inequitable conduct, and (2) DigiToys, applicant-admitted prior

27   art. Defendants and Mr. Russell had withheld and/or misrepresented these references.

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1   Thus, all claims of the '329 patent, including the claim asserted against Plaintiff, should

2   also be invalid and unenforceable.

3   447.   Defendants infringed Plaintiff's copyrights and continue to do so with no remorse.

4   448.   Defendants cybersquatted on Plaintiff's domain name, and have been misusing

5   other JMRI intellectual property. Defendants show no remorse for their actions.

6   449.   Because only one file is used in normal operation of JMRI, neither Defendants nor

7   Mr. Russell ever had any evidence that JMRI was used to infringe claim 1 of the '329

8   patent and certainly no evidence that 7,000 users were infringers.

9

10   COUNT ONE

11   Declaratory Judgment of Unenforceability of the '329 patent

12   Against all Defendants

13   450.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

14   449.

15   451.   Through their conduct, Katzer and KAM claim that the '329 patent is enforceable.

16   452.   Jacobsen contends that the patent is unenforceable because of the fraud which

17   Katzer and Russell committed on the Patent Office, and inequitable conduct including

18   withholding material references and lying about being the sole inventor.

19

20   453.   By reason of paragraphs 450 through 452, an actual controversy exists between

21   Jacobsen and Katzer and KAM as to the enforceability of the '329 patent. Jacobsen desires

22   a judicial determination and declaration of respective rights and duties of the parties. Such a

23   determination is necessary and appropriate at this time in order that the parties may

24   ascertain their respective rights and duties.

25

26   //

27   //

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No. C06-1905-JSW   SECOND AMENDED COMPLAINT FOR DECLARATORY JUDGMENT,   *B*
                      VIOLATIONS OF COPYRIGHT LAWS, AND STATE LAW BREACH OF
                                          CONTRACT

<div align="center">COUNT TWO</div>

<div align="center">Declaratory Judgment of Invalidity of the '329 patent</div>

<div align="center">Against all Defendants</div>

454.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

449.

455.   Through their conduct, Katzer and KAM maintain that claim 1 of the '329 patent is

valid.

456.   Jacobsen contends that many, if not all, enforceable claims in the '329 patent are

invalid under 35 U.S.C. §§ 102(a), 102(b), 102(e), 102(f), 102(g)(2), 103 and 112 ¶ 1.

457.   By reason of paragraphs 454 through 456, an actual controversy exists between

Jacobsen and Katzer and KAM as to the validity of the '329 patent. Jacobsen desires a

judicial determination and declaration of respective rights and duties of the parties. Such a

determination is necessary and appropriate at this time in order that the parties may

ascertain their respective rights and duties.

<div align="center">COUNT THREE</div>

<div align="center">Declaratory Judgment of Non-infringement</div>

<div align="center">Against all Defendants</div>

458.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

449.

459.   Katzer and KAM claim products that Jacobsen distributes, infringe claim 1 of the

'329 patent.

460.   Jacobsen contends that that he does not, and has not, infringed any valid and

enforceable claim of the '329 patent, because (1) there are no valid and enforceable claims,

(2) no one in the United States, on or after March 11, 2003, has practiced the claimed

<div align="center">-61-</div>

1   methods using JMRI applications, (3) the methods normally practiced by JMRI applications

2   do not read on claim 1 of the '329 patent, and/or (4) because Katzer has granted implied

3   licenses to hobbyists such as Jacobsen through free distribution of Katzer's own products

4   on KAM CDs.

5

6   461.   By reason of paragraphs 458 through 460, an actual controversy exists between

7   Jacobsen and Katzer and KAM as to the non-infringement of claim 1 of the '329 patent.

8   Jacobsen desires a judicial determination and declaration of respective rights and duties of

9   the parties. Such a determination is necessary and appropriate at this time in order that the

10   parties may ascertain their respective rights and duties.

11   COUNT FOUR

12   VIOLATION OF COPYRIGHT LAWS

13

14   Against all Defendants

15   462.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

16   449.

17   463.   Plaintiff's work, and the work of other authors, is original. He created the work,

18   and for work created by others, plaintiff received valid assignments of the copyright from

19   the other creators. Thus, he is the owner and assignee of valid copyrights.

20

21   464.   The copyrighted works are the subject of valid Certificates of Copyright

22   Registration issued by the Register of Copyrights, or pending registrations.

23   465.   Among the exclusive rights granted to plaintiff under the Copyright Act are the

24   exclusive rights to reproduce the copyrighted work, distribute the copyrighted work to the

25   public, and make derivative works from the copyrighted work.

26   466.   Defendants had access to plaintiff's work.

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467.   Defendants copied original elements from the copyrighted work. There are

substantial similarities between Defendants' work and original elements of plaintiff's

copyrighted work.

468.   Plaintiff is informed and believes that Defendants, without permission or consent,

have made copies, distributed copies to the public, or created derivative works in violation

of the exclusive rights. Defendants' actions constitute infringement of plaintiff's copyright

and exclusive rights under the Copyright Act.

469.   Plaintiff placed proper notices of copyright pursuant to 17 U.S.C. Sec. 401 on the

works.

470.   Plaintiff is informed and believes that the foregoing acts of infringement have been

willful, intentional, in disregard of and with indifference to the rights of plaintiff.

471.   Defendants have a financial interest and the right and ability to supervise others'

infringing activities, such a reproducing, preparing derivative works, distributing and using

the works.

472.   Defendants knew or should have known of infringing activity and induced or caused

or materially contributed to the activity.

473.   Plaintiff seeks statutory damages under 17 U.S.C. Sec. 504 for Defendant's

infringement of JMRI Decoder Definitions v. 0.9 (Reg. No. TX6-507-133), JMRI Decoder

Definitions v. 1.0 (Reg. No. TX6-504-013), JMRI Program and Decoder Definitions v. 1.1

(Reg. No. TX6-611-720), JMRI Decoder Program and Definitions v. 1.2.5 (Reg. No. TX6-

611-718), JMRI Program and Decoder Definitions v. 1.4 (Reg. No. TX6-611-719), JMRI

Program and Decoder Definitions v. 1.6 (Reg. No. TX6-586-384), JMRI Program and

Decoder Definitions v. 1.7.3 (registration pending), JMRI Program and Decoder Definitions

1   v. 1.7.7 (registration pending), and JMRI Decoder Definitions v. 1.8 (registration pending),

2   on or after the effective registration dates of these works.

3   474.   Plaintiff seeks actual damages and disgorgement of profits, under 17 U.S.C. Sec.

4

5   504 for Defendants' conduct that infringed JMRI Decoder Definitions v. 1.7.1 (Reg. No.

6   TX6-373-493, and Reg. No. TX6-580-850), and for infringement of copyright registrations

7   for which this Court, at a later date, finds statutory damages are not available.

8   475.   Where available, Plaintiff seeks enhanced statutory damages for willful

9   infringement under 17 U.S.C. Sec. 504, and attorney's fees and costs under 17 U.S.C. Sec.

10   505.

11   476.   Unless Defendants are enjoined in their wrongful conduct, Jacobsen will suffer

12

13   irreparable injury and harm for which there is no adequate remedy at law. Thus, pursuant

14   to 17 U.S.C. Sec. 502 and 503, plaintiff is entitled to injunctive relief prohibiting

15   Defendants from further infringing plaintiff's copyrights and an order directing Defendants

16   to deliver and destroy all copies of infringing products made in violation of Plaintiff's

17   exclusive rights.

18   COUNT FIVE

19   Violation of DMCA § 1202

20

21   Against Defendants Katzer and KAMIND Associates, Inc

22   477.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

23   449.

24   478.   Jacobsen holds valid copyright registrations for the JMRI Decoder Definition Files,

25   and is the owner and assignee of the copyrights.

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479.   Each JMRI Decoder Definition Files had an author's name, a title, a reference to the

license and where to find the license, a copyright notice, and the copyright owner. This

information constitutes copyright management information under Sec. 1202.

480.   Plaintiff used a software script to automate adding copyright notices to the files.

481.   Defendants Katzer and KAMIND Associates, Inc. intentionally removed from or

altered copyright management information, without authority from the copyright holder,

Plaintiff, or the law, in the JMRI Decoder Definition Files.

482.   Defendants Katzer and KAMIND Associates, Inc. distributed copyright

management information knowing that copyright management information had been

removed from or altered in the JMRI Decoder Definition Files, without the authority of the

copyright owner, Plaintiff, or the law.

483.   Defendants Katzer and KAMIND Associates, Inc. distributed works or copies of

works, knowing that the copyright management information had been removed from or

altered in the JMRI Decoder Definition Files, without the authority of the copyright owner,

Plaintiff, or the law.

484.   Defendants knew, or had reasonable grounds to know, that their actions would

induce, enable, facilitate, or conceal an infringement of Plaintiff's exclusive rights in his

copyrights.

485.   Defendants Katzer and KAMIND Associates, Inc. provided and/or distributed, or

caused to be provided and/or distributed, KAMIND Associates, Inc.'s software, made from

the JMRI Decoder Definition Files, with a false or misleading copyright management

information, including a false or misleading title, a false or misleading author, a false or

misleading copyright holder and a false or misleading terms and conditions of the work.

Defendants took these actions knowingly, and with the intent to induce, enable, facilitate, or

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1   conceal infringement.Thus, Defendants Katzer and KAMIND Associates, Inc. should pay

2   statutory damages, attorneys fees and costs for each of their willful violations of the DMCA

3   Sec. 1202(a) and 1202(b).

4
                                    COUNT SIX

5
                        Breach of Contract under California law

6
                   Against Defendants Katzer and KAMIND Associates, Inc

7

8   486.   Jacobsen repeats and realleges each and every allegation in paragraphs 1 through

9   449.

10   487.   Jacobsen offers use of the Decoder Definition files to others, under the Artistic

11   License.

12   488.   Beginning in 2005, Defendants accepted Plaintiff's offer to permit use of the

13
             Decoder Definition files. The use was subject to the Artistic License which had conditions.
14

15   489.   Plaintiff performed his part of the contract.

16   490.   Defendants failed and refused to perform the agreement because they made no effort

17   to honor any of the terms or conditions of the Artistic License.

18   491.   By reason of breach, Plaintiff has been harmed.

19
         492.   Plaintiff seeks rescission, and disgorgement of the value he conferred on
20
             Defendants, plus interest and costs.
21

22   PRAYER FOR RELIEF

23   WHEREFORE, Jacobsen respectfully requests that the Court enter

24   A. A declaration that Jacobsen has not and does not infringe any valid and enforceable claim

25   of the '329 patent.

26   B. A declaration that the '329 patent is invalid.

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C. A declaration that the '329 patent is unenforceable because of fraud on the Patent Office during the prosecution of the '461 application.

D. A declaration that the '329 patent is unenforceable because of inequitable conduct during the prosecution of the '461 application.

E. A declaration that the '329 patent is unenforceable because of fraud on the Patent Office during the prosecution of the '878 application.

F. A declaration that the '329 patent is unenforceable because of inequitable conduct during the prosecution of the '878 application.

G. An injunction prohibiting Defendants, their officers, agents, employees, assigns, attorneys, parents, subsidiaries or other persons in active concert or participation with Defendants from asserting any claim of the '329 patent against any other person in the United States.

H. An order finding that Katzer has willfully infringed copyrights, and an award for statutory damages and enhanced statutory damages for infringement of JMRI Decoder Definitions v. 0.9, JMRI Decoder Definitions v. 1.0, JMRI Program and Decoder Definitions v. 1.1, JMRI Program and Decoder Definitions v. 1.2.5, JMRI Program and Decoder Definitions v. 1.4, JMRI Program and Decoder Definitions v. 1.6, JMRI Program and Decoder Definitions v. 1.7.3, JMRI Program and Decoder Definitions v. 1.7.7, and JMRI Program and Decoder Definitions v. 1.8.

I. An order finding that Katzer has willfully infringed copyrights, and an award for actual damages and disgorgement of profits for infringement of JMRI Decoder Definitions v. 1.7.1.

J. For copyrights for which statutory damages are not available, an order finding that Katzer has willfully infringed copyrights, and an award for actual damages and disgorgement of profits for willful infringement of those copyrights.

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K. An order requiring Katzer and KAM, and all persons and entities under their direction or control, to deliver and destroy all infringing products.

3

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L. An order finding that Defendants have violated 17 U.S.C. Sec. 1202(a), and an award of statutory damages of $25,000 for each violation.

5

6

M. An order finding that Defendants have violated 17 U.S.C. Sec. 1202(b), and an award of statutory damages of $25,000 for each violation.

7

8

N. An order enjoining Defendants from violating 17 U.S.C. Sec. 1202, or encouraging others to violate 17 U.S.C. Sec. 1202.

9

10

O. An order rescinding any contract between Plaintiff and Defendants, and, finding that Katzer has unjustly enriched himself and KAM, ordering Defendants to provide restitution and/or disgorgement of the value Plaintiff conferred on Defendants.

11

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14

P. A determination by the Court that this is an exceptional case and that therefore plaintiff be awarded costs and attorney's fees as permitted by law, including 35 U.S.C. § 285, 17 U.S.C. § 505, and 28 U.S.C. § 1927.

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16

17

Q. An order granting any other damages or remedy to which plaintiff may be entitled.

18

R. An order granting any other relief the court finds just.

19

DATED: October 31, 2007

20

21

By _____/s/_____
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No. C06-1905-JSW   SECOND AMENDED COMPLAINT FOR DECLARATORY JUDGMENT,   B
VIOLATIONS OF COPYRIGHT LAWS, AND STATE LAW BREACH OF
CONTRACT