

Jurisdiction and Venue

4. This is an action for patent infringement, arising under the Patent Laws of the United States, 35 U.S.C. §1 et seq. This Court has jurisdiction over the subject matter of this case under 28 U.S.C. §§ 1331 and 1338(a).

5. Defendant ADNAS does business in this district and, on information and belief, it has sold and offered to sell products to customers in this district that would infringe the '650 Patent and the '152 Patent. Venue is therefore proper in this judicial district pursuant to 28 U.S.C. §§ 1391 and 1400.

The '650 Patent

6. On February 25, 1997, the United States Patent and Trademark Office (the "USPTO") duly and legally issued the '650 Patent. SmartWater owns the entire right, title and interest to the '650 Patent and such ownership rights are confirmed by assignments recorded in the USPTO. A true and accurate copy of the '650 Patent is attached hereto as **Exhibit 1**.

7. SmartWater provides a forensic marking technology – a water-based, clear solution that dries invisibly but is later detectable under UV light – that marks goods and persons coming in contact with the solution. The solution used by each individual user has a unique code that assists law enforcement in identifying the source of the goods to assist in criminal prosecutions of theft, for example. SmartWater also provides spray units that can be detonated in a location such as a store or residence and which can coat an intruder with a forensic solution that is specific for that location.

8. ADNAS makes, uses, sells or offers for sale products including, but not limited to colorless, odorless SigNature® DNA, Cashield™, Smart DNA and DNAnet™ products (the "Marking Products"). On information and belief, ADNAS has directly infringed claim 1 and

other claims of the '650 Patent, literally or under the Doctrine of Equivalents, by carrying out testing and demonstrations of the Marking Products in the United States. *See*, for example: <http://longislandreport.org/multimedia/video-dna-spray-security-system-could-help-protect-pharmacies/13050>.

9. At least as early as March 2008, ADNAS tasked an employee to investigate SmartWater's patents and to ask ADNAS's patent attorney to initiate a search.

10. By July 2008, an ADNAS employee had reviewed SmartWater's patents and identified two patents for further review by ADNAS's Chief Executive Officer and others.

11. On information and belief, ADNAS has been aware of the '650 Patent since at least July 2008, and of SmartWater's allegation that it is infringing the '650 Patent, since at least June 2012.

12. ADNAS has also indirectly infringed claim 1 and other claims of the '650 Patent, literally or under the Doctrine of Equivalents. Despite defendant's awareness of the '650 Patent, it has knowingly and actively induced others to infringe the '650 Patent by providing instructions, directions and promotional materials such as: <http://www.adnas.com/DNA-marking-for-police-and-security-agencies> and http://www.adnas.com/DNAnet_forensic_tagging_systems. ADNAS actively induces customers and potential customers to apply its Marking Products, comprising DNA and a fluorescent material detectable with UV light in a solvent medium containing a volatile solvent, as a colorless, odorless film to fabrics, plastics, metals, narcotics and product packaging. The Marking Products are capable of transfer from the surface of a marked object to another surface. Customers are instructed and directed to apply the Marking Products to various objects with the express purpose and expectation that the fluorescent marking will be transferred to any person

tampering with such marked object. Customers are encouraged to purchase and use defendant's Marking Products by defendant's representations that such products enable law enforcement agencies to trace and convict those who tamper with marked objects, such as through the marketing of video demonstrations: <http://longislandreport.org/multimedia/video-dna-spray-security-system-could-help-protect-pharmacies/13050>.

13. On information and belief, defendant's Marking Products have functioned as intended and have in fact been applied to marked objects by customers and directly transferred from such marked objects to persons coming in contact with such objects.

14. Moreover, ADNAS has contributed to the infringement of the '650 Patent, literally or under the Doctrine of Equivalents, by the sale of the Marking Products to customers in the United States. ADNAS has made such sales with knowledge of SmartWater's '650 Patent and with knowledge that the Marking Products are specially made and/or adapted for use in the infringement of SmartWater's '650 Patent, and are not staple articles or commodities of commerce suitable for substantial noninfringing uses.

The '152 Patent

15. On September 22, 1998, the USPTO duly and legally issued the '152 Patent. SmartWater owns the entire right, title and interest to the '152 Patent and such ownership rights are confirmed by assignments recorded in the USPTO. A true and accurate copy of the '152 Patent is attached hereto as **Exhibit 2**.

16. ADNAS makes, uses, sells or offers for sale products including, but not limited to colorless, odorless SigNature® DNA, Cashield™, Smart DNA and DNAnet™ products (the "Marking Products"). On information and belief, ADNAS has directly infringed claim 10 and other claims of the '152 Patent, literally or under the Doctrine of Equivalents, by carrying out

testing and demonstrations of the Marking Products in the United States, as demonstrated by this promotional video:

<http://www.youtube.com/watch?v=RDiuxDBZWlg&feature=channel&list=UL>.

17. At least as early as March 2008, ADNAs tasked an employee to investigate SmartWater's patents and to ask ADNAs's patent attorney to initiate a search.

18. By July 2008, an ADNAs employee had reviewed SmartWater's patents and identified two patents for further review by ADNAs's Chief Executive Officer and others.

19. ADNAs has been aware of the '152 Patent, and of SmartWater's allegation that it is infringing the '152 Patent, since at least June 2012.

20. ADNAs has also indirectly infringed claim 10 and other claims of the '152 Patent, literally or under the Doctrine of Equivalents, Despite defendant's awareness of the '152 Patent, it has knowingly and actively induced others to infringe the '152 Patent by providing instructions, directions and promotional materials such as: <http://www.adnas.com/textiles-and-apparel-applications> and

<http://www.youtube.com/watch?v=RDiuxDBZWlg&feature=channel&list=UL>. ADNAs actively induces its customers to perform those steps of the claimed method that it does not perform itself, such that either ADNAs or its customers: select a plurality of separately identifiable trace materials, including but not limited to certain components of the Marking Products; establish a database in which a unique combination of at least five trace materials is assigned to a unique source; formulate a composition containing the trace materials and an indicator material in a solvent system; apply the composition to a surface; detect the composition and identify the trace materials; and determine the unique source from the database.

21. Moreover, ADNAS has contributed to the infringement of the '152 Patent, literally or under the Doctrine of Equivalents, by the sale of the Marking Products and related systems to customers in the United States. ADNAS has made such sales with knowledge of SmartWater's '152 Patent and with knowledge that the Marking Products and related systems are specially made and/or adapted for use in the infringement of SmartWater's '152 Patent, and are not staple articles or commodities of commerce suitable for substantial noninfringing uses.

COUNT I
(Infringement of the '650 Patent)

22. SmartWater hereby incorporates paragraphs 1 through 21 by reference as though they were set forth fully herein.

23. ADNAS has committed and continues to commit acts of infringement, literally or under the Doctrine of Equivalents, with respect to one or more claims of the '650 Patent, including but not limited to claim 1.

24. Upon information and belief, ADNAS's infringement of the '650 Patent has been and continues to be willful and deliberate.

25. ADNAS will continue its infringing activities unless enjoined by the Court.

26. By reason of the above acts, SmartWater has suffered and will continue to suffer damages in an amount to be determined at trial and has been and continues to suffer irreparable injury for which there is no adequate remedy at law.

COUNT II
(Infringement of the '152 Patent)

27. SmartWater hereby incorporates paragraphs 1 through 26 by reference as though they were set forth fully herein.

28. ADNAS has committed acts of infringement, literally or under the Doctrine of Equivalents, with respect to one or more claims of the '152 Patent, including but not limited to claim 10.

29. Upon information and belief, ADNAS's infringement of the '152 Patent was willful and deliberate.

30. By reason of the above acts, SmartWater has suffered damages in an amount to be determined at trial.

WHEREFORE, SmartWater prays for judgment against the defendant ADNAS as follows:

- A. for judgment to be entered that ADNAS has directly infringed, has actively induced others to infringe, and has contributed to the infringement by others of the '650 Patent;
- B. for judgment to be entered that ADNAS has directly infringed, has actively induced others to infringe, and has contributed to the infringement by others of the '152 Patent;
- C. for injunctive relief, both preliminary and permanent, enjoining ADNAS, its officers, directors agents, servants, employees, and all their entities and individuals acting in concert with them or on their behalf from further infringement of the '650 Patent;
- D. for an award of compensatory damages resulting from ADNAS's infringement of the '650 Patent, pursuant to 35 U.S.C. § 284;
- E. for an award of compensatory damages resulting from ADNAS's infringement of the '152 Patent, pursuant to 35 U.S.C. § 284;

- F. for an award of enhanced damages resulting from ADNAS's willful infringement of the '650 Patent, pursuant to 35 U.S.C. § 285;
- G. for an award of enhanced damages resulting from ADNAS's willful infringement of the '152 Patent, pursuant to 35 U.S.C. § 285;
- H. for an award of attorneys' fees pursuant to 35 U.S.C. § 285 based on, but not limited to, ADNAS's willful infringement of the '650 Patent;
- I. for an award of attorneys' fees pursuant to 35 U.S.C. § 285 based on, but not limited to, ADNAS's willful infringement of the '152 Patent;
- J. for an award of costs, pre-judgment and post-judgment interest on any damages awarded, pursuant to 35 U.S.C. § 284 and other applicable law; and
- K. for such other and further relief as the Court deems just and reasonable.

DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38, SmartWater hereby demands a trial by jury in this action on all claims and issues so triable.

Dated: June 21, 2013

Respectfully submitted,

SmartWater Ltd.,

By its counsel,

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Certificate of Service

I hereby certify that a copy of the above document was served on counsel for Defendant by First Class Mail on **June 21, 2013**.

/s/ Suzanna M. M. Morales