

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

NEUROGRAFIX, a California corporation;
NEUROGRAPHY INSTITUTE MEDICAL
ASSOCIATES, INC., a California
corporation; and IMAGE-BASED
SURGICENTER CORPORATION, a
California corporation,

Plaintiffs,

vs.

Civil Action No. 12-2977

MEDTRONIC NAVIGATION, INC., a
Delaware corporation; MEDTRONIC,
INC., a Minnesota corporation,

Defendants.

**COMPLAINT FOR PATENT
INFRINGEMENT AND DEMAND FOR JURY TRIAL**

Plaintiffs NeuroGrafix, Neurography Institute Medical Associates, Inc. ("NIMA"), and Image-Based Surgicenter Corporation ("IBSC") (collectively, "Plaintiffs") allege as follows:

1. This case is an action for patent infringement of United States Patent No. 5,560,360 (the "'360 Patent") under the Patent Laws of the United States, as set forth in 35 U.S.C. §§271 and 280 through 285.

PARTIES

2. Plaintiff NeuroGrafix is a California corporation with its principal place of business located at 2716 Ocean Park Boulevard, Suite 3075, Santa Monica, California.

3. Plaintiff Neurography Institute Medical Associates, Inc. ("NIMA") is a California corporation with its principal place of business in Santa Monica, California.

4. Plaintiff Image-Based Surgicenter Corporation ("IBSC") is a California corporation with its principal place of business in Santa Monica, California.

5. On information and belief, defendant Medtronic Navigation, Inc. is a Delaware corporation with its principal place of business located at 846 Coal Creek Circle, Louisville, CO 80027.

6. On information and belief, defendant Medtronic, Inc. is a Minnesota corporation with its principal place of business at 710 Medtronic Parkway, Minneapolis, MN 55423-5604.

7. Medtronic Navigation, Inc. and Medtronic, Inc. are collectively referred to as "Defendants."

JURISDICTION AND VENUE

8. This Court has federal subject matter jurisdiction over this action under 28 U.S.C. §§1331, 1332(a)(1), 1332(c)(1) and 1338(a).

9. Venue is proper in this Court pursuant to 28 U.S.C. §§1391(a), 1391(c), and 1400(b), including without limitation because Defendants are advertising, marketing, using, selling, and/or offering to sell products in this Judicial District.

BACKGROUND

10. The University of Washington, a public institution of higher education in the state of Washington, is the owner by assignment of the '360 Patent entitled "Image Neurography and Diffusion Anisotropy Imaging." The '360 Patent issued on October 1, 1999. A true and correct copy of the '360 Patent is attached as Exhibit A.

11. Aaron G. Filler, Jay S. Tsuruda, Todd L. Richards, and Franklyn A. Howe are listed as the inventors of the '360 Patent.

12. Washington Research Foundation ("WRF") holds substantially all rights in the '360 Patent and has exclusively licensed substantially all rights in the '360 Patent to NeuroGrafix in December of 1998. On June 15, 2012, WRF and NeuroGrafix entered into an Amended and

Restated Non-Terminable Exclusive License Agreement in which WRF granted NeuroGrafix an exclusive license to substantially all rights in the '360 Patent and retained no reversionary rights to the '360 Patent.

13. On September 14, 2011, NeuroGrafix and NIMA entered in to an amended license agreement in which NIMA received the exclusive right to practice the '360 Patent in all fields of use, but granted back to NeuroGrafix an exclusive license to practice the '360 Patent in the field of use of non-human, non-surgical medicine. On September 14, 2011, NIMA and IBSC entered into an exclusive license agreement in which NIMA granted to IBSC an exclusive license to practice the '360 Patent in field of use of human, surgical medicine. Accordingly, NeuroGrafix has an exclusive license to the '360 Patent in the field of use of non-human, nonsurgical medicine, IBSC has an exclusive license in the field of use of human, surgical medicine, and NIMA has an exclusive license in the field of use of human, non-surgical medicine.

14. NeuroGrafix, NIMA and IBSC have been investing in and practicing the technology disclosed in the '360 Patent since at least 2000.

15. In May 2009, Dr. Filler emailed Messers. Hawkins, Blankenmeyer and Osterle to disclose the '360 Patent and provide an opportunity for Defendants to license the '360 Patent. In June 2010, David Simon, Chief Technology Officer & Sr. Director Business Development of Medtronic Navigation, Inc., emailed Dr. Filler to determine "[g]iven [Dr. Filler's] expertise and vase experience" in the area of MR Neurography, Dr. Filler was interested in discussing a potential consulting relationship with Medtronic Navigation, Inc. As part of the discussion, Dr. Filler again raised the proposal that Defendants license the '360 patent.

16. Additionally, NeuroGrafix conducted licensing negotiations with Mr. Simon as early as 2002 or 2003.

COUNT I
PATENT INFRINGEMENT

17. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 16 above, inclusive, as if fully repeated and restated herein.

18. Defendants have been and still are indirectly infringing, by way of inducing infringement by others of the '360 Patent, by, among other things, making, using, importing, offering for sale, and/or selling, without license or authority, products and services, including without limitation, the performance of and provision of equipment and methods for peripheral nerve DTI and diffusion anisotropy based tractography that induce others to infringe at least claims 36 and 51 of the '360 Patent. Such products include Defendants' StealthViz with StealthDTI software module and products that use the StealthViz with DTI software module, including but not limited to Defendants' StealthStation Planning Station Plus, StealthStation i7, StealthStation S7 Planning Station and StealthStation S7 Navigation System. These products are used in infringing products and services made, used, imported, offered for sale, and/or sold by direct infringers of the '360 Patent in the United States, such as hospitals, radiologists and others. Defendants induce their customers to directly infringe by inducing or encouraging the use of their products and software to perform DTI and diffusion anisotropy based tractography. *See, e.g.,* <http://www.medtronic.com/for-healthcare-professionals/products-therapies/neurological/surgical-navigation-and-imaging/neurosurgery-imaging-and-surgical-navigation/systems-software-instruments/index.htm> (webpage describing StealthViz software including links to additional materials); <http://www.medtronic.com/for-healthcare-professionals/products-therapies/spinal/surgical-navigation-imaging/surgical-navigation->

[systems/systems-software-instruments/index.htm](http://www.medtronic.com/for-healthcare-professionals/products-therapies/neurological/surgical-navigation-and-imaging/neurosurgery-imaging-and-surgical-systems/systems-software-instruments/index.htm) (webpage describing StealthStation Planning Station Plus, StealthStation i7, StealthStation S7 Planning Station and StealthStation S7 Navigation System, including links to additional materials). Since at least 2003, and likely earlier, Defendants have had knowledge of the '360 Patent and, by continuing the actions described above, have had the specific intent to, or should have known that their actions would, induce infringement of the '360 Patent. Thus, by making, using, importing, offering for sale, and/or selling such products and software, Defendants have injured Plaintiffs and are thus liable to Plaintiffs for infringement of the '360 Patent under 35 U.S.C. § 271(b).

19. Defendants have also been and still are indirectly infringing, by way of contributing to the infringement by others of the '360 Patent, by, among other things, offering for sale, and/or selling, without license or authority, products and services, including without limitation, the performance of and provision of equipment and methods for DTI and diffusion anisotropy based tractography that induce others to infringe at least claims 36 and 51 of the '360 Patent. Such products include Defendants' StealthViz with StealthDTI software module and products that use the StealthViz with DTI software module, including but not limited to Defendants' StealthStation Planning Station Plus, StealthStation i7, StealthStation S7 Planning Station and StealthStation S7 Navigation System. These products are used in infringing products and services made, used, imported, offered for sale, and/or sold by direct infringers of the '360 Patent in the United States, such as hospitals, radiologists and others. Defendants induce their customers to directly infringe by inducing or encouraging the use of their products and software to perform DTI and diffusion anisotropy based tractography. *See, e.g.,* <http://www.medtronic.com/for-healthcare-professionals/products-therapies/neurological/surgical-navigation-and-imaging/neurosurgery-imaging-and-surgical->

[navigation/systems-software-instruments/index.htm](http://www.medtronic.com/for-healthcare-professionals/products-therapies/spinal/surgical-navigation-imaging/surgical-navigation-systems/systems-software-instruments/index.htm) (webpage describing StealthViz software including links to additional materials); <http://www.medtronic.com/for-healthcare-professionals/products-therapies/spinal/surgical-navigation-imaging/surgical-navigation-systems/systems-software-instruments/index.htm> (webpage describing StealthStation Planning Station Plus, StealthStation i7, StealthStation S7 Planning Station and StealthStation S7 Navigation System. including links to additional materials). When the StealthDTI software module is used, Defendants' accused products and software, are a material part of the invention, and are especially made or especially adapted for use in the infringement of '360 Patent and are not a staple article or commodity of commerce suitable for substantial noninfringing uses. Since at least 2003, and likely earlier, Defendants have had knowledge of the '360 Patent and have had the specific knowledge that the combination of its software and computer systems described above infringe the '360 Patent. Thus, by making, using, importing, offering for sale, and/or selling such products and software, Defendants have injured Plaintiffs and are thus liable to Plaintiffs for infringement of the '360 Patent under 35 U.S.C. § 271(c).

20. As a result of Defendants' continuing use of the claimed invention after receiving notice of the '360 Patent, Defendants are willfully infringing the '360 Patent.

21. As a result of Defendants' infringement of the '360 Patent, Plaintiffs have suffered monetary damages in an amount not yet determined, and will continue to suffer damages in the future unless Defendants' infringing activities are enjoined by this Court.

22. Defendants' wrongful acts have damaged and will continue to damage Plaintiffs irreparably, and Plaintiffs have no adequate remedy at law for those wrongs and injuries. In addition to their actual damages, Plaintiffs are entitled to a preliminary and permanent injunction

restraining and enjoining Defendants and their agents, servants and employees, and all persons acting thereunder, in concert with, or on their behalf, from infringing the '360 Patent.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that this Court enter:

1. A judgment in favor of Plaintiffs that Defendants have indirectly infringed by way of inducing and/or contributing to the infringement of the '360 Patent;
2. An injunction enjoining Defendants and their officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in concert or privity with any of them from infringing, inducing the infringement of, or contributing to the infringement of the '360 Patent;
3. A judgment and order requiring Defendants to pay Plaintiffs their damages, costs, expenses, and prejudgment and post-judgment interest for Defendants' infringement of the '360 Patent as provided under 35 U.S.C. § 284;
4. An award to Plaintiffs for enhanced damages, as provided under 35 U.S.C. § 284, resulting from the knowing, deliberate, and willful nature of Defendants' prohibited conduct;
5. A judgment and order finding that this is an exceptional case within the meaning of 35 U.S.C. § 285 and awarding to Plaintiffs their reasonable attorneys' fees; and
6. Any and all other relief to which Plaintiffs may show themselves to be entitled.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury of all issues so triable.

Dated: November 13, 2012

Respectfully submitted,

/s/ Eric E. Fenster

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