

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Notice of Lis Pendens
CONVEYING PARTY DATA	
Name	Execution Date
Sulphco, Inc.	06/09/2005
RECEIVING PARTY DATA	
Name:	Talisman Capital Talon Fund, LTD
Street Address:	6834 Cantrell
Internal Address:	PMB 367
City:	Little Rock
State/Country:	ARKANSAS
Postal Code:	72207
PROPERTY NUMBERS Total: 6	
Property Type	Number
Application Number:	09863127
Patent Number:	6500219
Patent Number:	6402939
Patent Number:	6827844
Patent Number:	6652992
Patent Number:	6897628
CORRESPONDENCE DATA	
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	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>
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CH \$240.00 09863127

NAME OF SUBMITTER:

Bernard F. Meroney

Total Attachments: 20

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Notice of Lis Pendens

Talisman Capital Talon Fund, LTD. claims the exclusive ownership interest in the following U.S. patents and U.S. patent applications, currently assigned to Sulphco, Inc.:

U.S. Patent number 6,500,219 titled:

Continuous process for oxidative desulfurization of fossil fuels with ultrasound and products thereof

U.S. patent number 6,402,939 titled:

Oxidative desulfurization of fossil fuels with ultrasound

U.S. Patent number 6,827,844 titled:

Ultrasound-assisted desulfurization of fossil fuels in the presence of dialkyl ethers

U.S. patent number 6,652,992 titled:

Corrosion resistant ultrasonic horn

U.S. Patent number 6,897,628 titled:

High-power ultrasound generator and use in chemical reactions

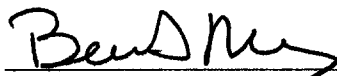
U.S. patent publication application number 20030051988

Corresponding to application serial number 09/863127 titled:

Treatment of crude oil fractions, fossil fuels, and products thereof with ultrasound

Talisman Capital Talon Fund, LTD has brought suit against Sulphco, Inc. and Rudolf W. Gunnerman, in the United States District Court for the District of Nevada, on June 9, 2005 to have Talisman Capital Talon Fund, LTD declared the sole and exclusive owner of the above mentioned patents and patent applications. A certified copy of the suit as filed is attached hereto.

July 13, 2005
Date



Bernard F. Meroney, Reg. #37,188

Attorney for Applicant

Jones, Walker, Waechter, Poitevent, Carrère & Denègre, L.L.P.

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Attorneys for Talisman Capital Talon Fund, Ltd.

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

TALISMAN CAPITAL
TALON FUND, LTD.,

Plaintiff,

Case No.:
Dept. No.:

vs.

RUDOLF W. GUNNERMAN AND
SULPHCO, INC.,

CV-N-05-0354-HDM-RAM

Defendants.

COMPLAINT FOR DECLARATORY JUDGMENT,
CONSTRUCTIVE TRUST AND DAMAGES

Plaintiff Talisman Capital Talon Fund, Ltd., by and through its counsel Bruce T. Beesley of the law firm Beesley, Peck & Matteoni, Ltd. hereby alleges as follows:

Parties

1. Plaintiff Talisman Capital Talon Fund, Ltd. ("Talisman") is a company incorporated under the laws of the British Virgin Islands and with its registered office in Tortola, British Virgin Islands.

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LAW OFFICES OF
BEESLEY, PECK & MATTEONI
LTD
SUITE 300
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CERTIFIED TO BE A TRUE COPY
Clerk, United States District Court
By M. Campbell
Deputy Clerk

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PATENT
REEL: 016256 FRAME: 0201

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2. Defendant Rudolf W. Gunnerman (“Rudolf Gunnerman”) is an individual domiciled in the State of Nevada, County of Washoe.

3. Defendant SulphCo, Inc. (“SulphCo”) is a corporation organized under the laws of Nevada with its principal place of business in Sparks, Nevada.

Jurisdiction and Venue

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1332 (diversity jurisdiction), as there is complete diversity of citizenship among the Talisman and Defendants and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

5. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(a), as this is a judicial district in which all defendants reside in this state. In addition, venue is proper in this district because a substantial part of the events or omissions giving rise to Talisman’s claims occurred in this district. In the alternative, venue is proper in this district because Defendants are subject to personal jurisdiction in this state.

Facts Common to All Claims for Relief

Talisman Acquired Rudolf Gunnerman’s Intellectual Property Rights Pursuant to the “Technology Transfer and Assignment Agreement”

6. On or about April 23, 2003, Rudolf Gunnerman and Capital Strategies Fund, Ltd. (“Capital Strategies”), entered into a Technology Transfer and Assignment Agreement, which was amended on or about December 29, 2004 (as amended, the “Technology Transfer and Assignment Agreement”).

7. Capital Strategies assigned all its right, title and interest in the Technology Transfer and Assignment Agreement, and the assets assigned thereunder, to Talisman

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1 pursuant to a "Technology Transfer Assignment Agreement" between the two entities,
2 effective in or about May 2005.

3
4 8. Under the Technology Transfer and Assignment Agreement, Rudolf
5 Gunnerman, for valuable consideration, transferred and assigned to Capital Strategies
6 (Talisman's Assignor) all of his "present and future right, title and interest in and to" certain
7 "Intellectual Property Rights," including, without limitation "all patent applications and patent
8 rights, as well as all reissues, divisionals, continuations and continuations-in-part thereof, any
9 corresponding foreign patent rights and any other patents issuing thereon or claiming priority
10 therefrom, that relate to the Field." See Technology Transfer and Assignment Agreement, as
11 amended, ¶ 2.1(i).

12
13 9. In addition, pursuant to the Technology Transfer and Assignment Agreement,
14 as amended, Rudolf Gunnerman transferred and assigned to Capital Strategies (Talisman's
15 Assignor), the following:

16 2.1(iv) all technical information and know-how, confidential and non-
17 confidential, that relates to the Field, including all computer
18 software, patterns, plans, designs, research data, trade secrets,
19 formulae, drawings, instructions, manuals, data, records and
20 other documents relating to the foregoing (collectively, the
21 "Know-How,")(the Know-How, Copyrights, Trademarks and
22 Patent Rights are referred to collectively as the "Intellectual
23 Property Rights"). Specifically transferred is all Know-How that
24 relates to aqueous or fuel/oil based emulsions;

25 (v) all license agreements, including the Exclusive License,
assignments of inventions and other agreements which relate to
the Intellectual Property Rights;

(vi) all restrictions on competition and obligations regarding
confidentiality pertaining to the Intellectual Property Rights
imposed on third parties by Assignor; and

- 1 (vii) all rights to enforce, claims, credits, causes of action, and rights
2 to damages, profits or set-off whatsoever, whether known or
3 unknown, relating to the Intellectual Property Rights.

4 See Technology Transfer and Assignment Agreement ¶ 2.1.

5 10. The term "Field," as used in the Technology Transfer and Assignment
6 Agreement, has the meaning given it in the "Exclusive License." See Technology Transfer
7 and Assignment Agreement ¶ 1.1.

8 11. The "Exclusive License" referred to in the Technology Transfer and
9 Assignment Agreement means that certain "Exclusive License Agreement," dated January 3,
10 1994, and amended effective January 1, 1995, July 31, 1998, January 27, 1999 and April 30,
11 2001 (as so amended, the "Exclusive License"), between Rudolf Gunnerman and Clean Fuels
12 Technology, Inc. ("CFT").

13 12. The Exclusive License defines the term "Field" as follows:

- 14 (a) methods, processes, compositions and apparatuses for
15 carrying out combustion for the generation of heat in (i)
16 internal combustion engines, either compression or
17 spark ignited and (ii) open flame applications such as
18 boilers and combustion turbines;
- 19 (b) aqueous fuels, including fuels described in the Patents,
20 as well as (i) methods, processes, apparatuses and
21 compositions for their production and (ii) methods,
22 processes compositions and apparatuses for their
23 combustion; and
- 24 (c) methods, processes, compositions and apparatuses used
25 for production of chemicals, petrochemicals, plastics or
pharmaceuticals utilized in connection with any of the
above.

See Exclusive License ¶ 1.1.

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13. "Patents," as used in the definition of Field, is defined to include patents and applications (existing and future) that "concern or relate to the Field," and that are owned or become owned or controlled by Rudolf Gunnerman. See Exclusive License ¶ 1.2.

14. Pursuant to the Technology Transfer and Assignment Agreement, in addition to transferring the Intellectual Property Rights, Rudolf Gunnerman transferred and assigned to Capital Strategies all of his "present and future right, title and interest in and to" "all license agreements, including the Exclusive License, assignments of inventions and other agreements which relate to the Intellectual Property Rights." See Technology Transfer and Assignment Agreement, as amended, ¶ 2.1(v).

15. In addition to transferring the Intellectual Property Rights and assigning his rights under the Exclusive License, Rudolf Gunnerman warranted and affirmatively represented that:

- (a) "[he] owns, and has the unrestricted right to assign and transfer, the Intellectual Property Rights pursuant to the terms of this Agreement, free and clear of all Encumbrances (other than the Exclusive License)"; and
- (b) "[he] does not hold any of the Intellectual Property Rights pursuant to any license, sublicense or other agreement nor has [he] granted any person or entity any rights, license, sublicense or other agreement or otherwise, to use the Intellectual Property Rights, other than pursuant to the Exclusive License."

See Technology Transfer and Assignment Agreement ¶ 3.3(a).

16. Rudolf Gunnerman's warranties and representations were material to the Technology Transfer and Assignment Agreement.

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17. Capital Strategies (and, in turn, Talisman), relied on such warranties and representations and would not have entered into the Technology Transfer and Assignment Agreement had it known those representations were false.

**Rudolf Gunnerman's Assignment of Talisman's
Intellectual Property Rights to SulphCo**

18. In the year 1999, Rudolf Gunnerman founded GRD, Inc., which later became, and is now known as, SulphCo, Inc. (hereinafter "SulphCo"), to pursue technologies related to the removal of sulfur from crude oils and petroleum distillates.

19. Rudolf Gunnerman is, and was at all relevant times, SulphCo's Chief Executive Officer, Chairman of the Board, and majority shareholder.

20. Prior to the date of the Technology Transfer and Assignment Agreement, Rudolf Gunnerman had assigned to SulphCo one or more patents and patent applications that relate to the Field.

21. On or after December 31, 2002, Rudolf Gunnerman assigned to SulphCo U.S. Patent no. 6,500,219, which concerns sulfur-depleted diesel fuels and methods of removing sulfides from liquid fossil fuels and similar technology, and which, by virtue of its relatedness to the "Field" of technology transferred to Capital Strategies (which it later transferred to Talisman), constitutes an Intellectual Property Right duly transferred to and owned by Talisman.

22. Prior to executing the Technology Transfer and Assignment Agreement, Rudolf Gunnerman had also caused to be assigned to SulphCo at least one other patent that relates to the Field, namely, U.S. Patent no. 6,402,939, which he controlled, and thus

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1 constitutes an Intellectual Property Right duly transferred to Capital Strategies pursuant to the
2 Technology Transfer and Assignment Agreement, and therefore is duly owned by Talisman as
3 assignee of Capital Strategies.
4

5 23. On information and belief, Rudolf Gunnerman has assigned to SulphCo other
6 Intellectual Property Rights and Know-How that are duly owned by Talisman, all without
7 Talisman's prior knowledge or permission.

8 24. Such assignments to SulphCo contravene Rudolf Gunnerman's warranty in the
9 Technology Transfer and Assignment Agreement that he had not "granted any person or
10 entity any rights, license, sublicense or other agreement or otherwise, to use the Intellectual
11 Property Rights."
12

13 25. In addition, since the time that Rudolf Gunnerman executed the Technology
14 Transfer and Assignment Agreement, he has obtained additional United States patents on
15 technology that relates to the Field and therefore constitute transferred Intellectual Property
16 Rights, namely, U.S. Patent nos. 6,827,844, 6,652,992, and 6,897,628.

17 26. Rather than convey the rights under these patents to Talisman pursuant to his
18 obligations under the Technology Transfer and Assignment Agreement, Rudolf Gunnerman
19 has assigned these patents to SulphCo, all in contravention of such obligations.
20

21 27. Further, Rudolf Gunnerman has applied for additional United States patents on
22 technology that relates to the Field and therefore constitutes transferred Intellectual Property
23 Rights under the Technology Transfer and Assignment Agreement, one of which is presently
24 pending, namely, Patent Application no. 20030051988.
25

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28. On information and belief, Rudolf Gunnerman has assigned, or plans to assign, to SulphCo all rights under these patent applications in violation of his obligations under the Technology Transfer and Assignment Agreement.

29. In addition, on information and belief, Rudolf Gunnerman has assigned, or plans to assign, to SulphCo other Intellectual Property Rights, including, without limitation, corresponding foreign patents and patent applications, in violation his obligations under the Technology Transfer and Assignment Agreement.

**SulphCo's Unauthorized Possession, Custody,
Control and/or Use of Talisman's Intellectual
Property Rights**

30. SulphCo is exercising possession, custody and control of and, on information and belief, using, Talisman's Intellectual Property Rights for the sole and exclusive benefit of itself and Rudolf Gunnerman, to the exclusion of Talisman.

31. In filings with the Securities and Exchange Commission and statements and releases it has published on its website, <http://www.sulphco.com>, SulphCo has stated that it owns Intellectual Property Rights transferred to Talisman and, among other things, plans to license such Rights to third parties.

32. For instance, in August 2004, SulphCo entered into a Collaboration Agreement with ChevronTexaco Energy Technology Co., which, on information and belief, involves use and development of Talisman's Intellectual Property Rights.

33. Neither Capital Strategies nor Talisman has transferred, licensed or assigned any Intellectual Property Rights transferred under the Technology Transfer and Assignment

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1 Agreement to SulphCo or to Rudolf Gunnerman or otherwise granted either SulphCo or
2 Gunnerman rights to use or further assign the Intellectual Property Rights.

3
4 34. Neither Capital Strategies nor Talisman has consented to possession, custody,
5 control or use of the Intellectual Property Rights transferred under the Technology Transfer
6 and Assignment Agreement by SulphCo or by Rudolf Gunnerman.

7 **Count One**

8 **Declaratory Judgment—Gunnerman and SulphCo.**

9 35. Talisman incorporates and re-alleges paragraphs 1 through 34 of this
10 Complaint, as if fully set forth herein.

11 36. Talisman seeks relief pursuant to 28 U.S.C. § 2201, as an actual case or
12 controversy exists between the parties.

13 37. The Technology Transfer and Assignment Agreement, as amended, is a valid
14 and existing contract between Capital Strategies and Rudolf Gunnerman.

15 38. All of Capital Strategies' rights under the Technology Transfer and
16 Assignment Agreement have been validly assigned to Talisman.

17 39. Prior and subsequent to the assignment to Talisman, Capital Strategies and
18 Talisman have performed all of the terms and conditions required of them under the
19 Technology Transfer and Assignment Agreement.
20

21 40. Pursuant to the Technology Transfer and Assignment Agreement, Talisman is
22 the sole and exclusive owner of the Intellectual Property Rights, including without limitation,
23 U.S. Patent nos. 6,500,219, 6,402,939, 6,827,844, 6,652,992, and 6,897,628, and U.S. Patent
24 Application no. 20030051988 and any corresponding foreign patents or applications.
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41. Talisman seeks a declaration that (a) Talisman is the sole and exclusive owner of the Intellectual Property Rights, including without limitation, U.S. Patent nos. 6,500,219, 6,402,939, 6,827,844, 6,652,992, and 6,897,628, and U.S. Patent Application nos. 20030051988, and any corresponding foreign patents or applications; and (b) neither Rudolf Gunnerman nor SulphCo has any right of ownership in, or any right to use or exercise possession, custody or control of, such Intellectual Property Rights.

42. Talisman also seeks recovery of all attorneys' fees authorized by law and by the Technology Transfer and Assignment Agreement, from Rudolf Gunnerman and SulphCo.

Count Two
Breach of Technology Transfer and Assignment Agreement —Gunnerman

43. Talisman incorporates and re-alleges paragraphs 1 through 42 of this Complaint, as if fully set forth herein.

44. The Technology Transfer and Assignment Agreement is a valid and existing contract between Capital Strategies and Rudolf Gunnerman.

45. All of Capital Strategies' rights under the Technology Transfer and Assignment Agreement have been validly assigned to Talisman.

46. Prior and subsequent to the assignment to Talisman, Capital Strategies and Talisman have performed all terms and conditions required of them under the Technology Transfer and Assignment Agreement.

47. Rudolf Gunnerman has breached the Technology Transfer and Assignment Agreement by continuing to exercise ownership, custody and control over, and, on information and belief, use, the transferred Intellectual Property Rights for the benefit of himself and SulphCo to the exclusion and detriment of Talisman.

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48. Rudolf Gunnerman has also breached his warranty in the Technology Transfer and Assignment Agreement that he had not “granted any person or entity any rights, license, sublicense or other agreement or otherwise, to use the Intellectual Property Rights,” by assigning transferred Intellectual Property Rights to SulphCo.

49. As a result of these breaches of the Technology Transfer and Assignment Agreement by Rudolf Gunnerman, Talisman has suffered damages including, without limitation, loss of use of the Intellectual Property Rights and lost profits, lost royalties, and lost business opportunity derived therefrom, to which it is entitled under the Technology Transfer and Assignment Agreement.

50. The amount of these damages exceeds \$75,000, exclusive of interest and costs, and Talisman is entitled to recover these damages, in addition to attorneys’ fees authorized by law and by the Technology Transfer and Assignment Agreement, from Rudolf Gunnerman.

51. In addition, as a result of Rudolf Gunnerman’s breach, Talisman has suffered, continues to suffer, and will suffer irreparable injury for which there is no adequate remedy at law.

Count Three
Bad Faith Breach of Technology Transfer and Assignment Agreement —Gunnerman

52. Talisman incorporates and re-alleges paragraphs 1 through 51 of this Complaint, as if fully set forth herein.

53. The Technology Transfer and Assignment Agreement is a valid and existing contract between Capital Strategies and Rudolf Gunnerman.

54. All of Capital Strategies’ rights under the Technology Transfer and Assignment Agreement have been validly assigned to Talisman.

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55. Prior and subsequent to the assignment to Talisman, Capital Strategies and Talisman have performed all terms and conditions required of them under the Technology Transfer and Assignment Agreement.

56. Rudolf Gunnerman, acting in bad faith, has breached the Technology Transfer and Assignment Agreement by continuing to exercise ownership, custody and control over, and, on information and belief, use, the transferred Intellectual Property Rights for the benefit of himself and SulphCo to the exclusion and detriment of Talisman.

57. Rudolf Gunnerman, acting in bad faith, has also breached his warranty in the Technology Transfer and Assignment Agreement that he had had not "granted any person or entity any rights, license, sublicense or other agreement or otherwise, to use the Intellectual Property Rights," by assigning transferred Intellectual Property Rights to SulphCo.

58. As a consequence of Rudolf Gunnerman's bad faith breach of the Technology Transfer and Assignment Agreement, Talisman has suffered damages including, without limitation, loss of use of the Intellectual Property Rights and lost profits, lost royalties, and lost business opportunity derived therefrom, to which it is entitled under the Technology Transfer and Assignment Agreement.

59. The amount of these damages exceeds \$75,000, exclusive of interest and costs, and Talisman is entitled to recover these damages, in addition to attorneys' fees authorized by law and by the Technology Transfer and Assignment Agreement, from Rudolf Gunnerman.

60. In addition, as a result of Rudolf Gunnerman's bad faith breach, Talisman has suffered, continues to suffer, and will suffer irreparable injury for which there is no adequate remedy at law.

Count Four

Breach of Implied Contractual Duty of Good Faith and Fair Dealing—Gunnerman

61. Talisman incorporates and re-alleges paragraphs 1 through 60 of this Complaint, as if fully set forth herein.

62. The Technology Transfer and Assignment Agreement is a valid and existing contract between Capital Strategies and Rudolf Gunnerman

63. All of Capital Strategies' rights under the Technology Transfer and Assignment Agreement have been validly assigned to Talisman.

64. Rudolf Gunnerman breached the obligation of good faith and fair dealing implied in the Technology Transfer and Assignment Agreement by exercising ownership, custody and control over, and, on information and belief, use, the transferred Intellectual Property Rights for the benefit of himself and SulphCo to the exclusion and detriment of Talisman and by assigning transferred Intellectual Property Rights to SulphCo.

65. As a consequence of Rudolf Gunnerman's breach of the implied duty of good faith and fair dealing, Talisman has suffered damages including, without limitation, loss of use of the Intellectual Property Rights and lost profits, lost royalties, and lost business opportunity derived therefrom, to which it is entitled under the Technology Transfer and Assignment Agreement.

66. The amount of these damages exceeds \$75,000, exclusive of interest and costs, and Talisman is entitled to recover these damages, in addition to attorneys' fees authorized by law and by the Technology Transfer and Assignment Agreement, from Rudolf Gunnerman.

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1 67. In addition, as a result of Rudolf Gunnerman's breach of the implied duty of
2 good faith and fair dealing, Talisman has suffered, continues to suffer, and will suffer
3 irreparable injury for which there is no adequate remedy at law.
4

5 **Count Five**
6 **Tortious Interference with Technology Transfer and Assignment Agreement —SulphCo**

7 68. Talisman incorporates and re-alleges Paragraphs 1 through 67 of this
8 Complaint, as if fully set forth herein.

9 69. The Technology Transfer and Assignment Agreement is a valid and existing
10 contract between Capital Strategies and Rudolf Gunnerman.

11 70. All of Capital Strategies' rights under the Technology Transfer and
12 Assignment Agreement have been validly assigned to Talisman.

13 71. Prior to the assignment to Talisman, Capital Strategies and, since the
14 assignment to Talisman, Talisman have performed all terms and conditions required of them
15 under the Technology Transfer and Assignment Agreement.
16

17 72. SulphCo, with knowledge of the Technology Transfer and Assignment
18 Agreement and all terms thereof, intentionally, and without justification, caused and induced
19 Rudolf Gunnerman to breach the Technology Transfer and Assignment Agreement and
20 otherwise interfered with Rudolf Gunnerman's performance of its contractual obligations to
21 Talisman under the Technology Transfer and Assignment Agreement by exercising
22 possession, custody and control, and claiming ownership, of Talisman's Intellectual Property
23 Rights for the sole and exclusive benefit of itself and Rudolf Gunnerman.
24

25 73. In addition, SulphCo, with knowledge of the Technology Transfer and
Assignment Agreement and all terms thereof, intentionally, and without justification, caused

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1 and induced Rudolf Gunnerman to breach the Technology Transfer and Assignment
2 Agreement and otherwise interfered with Rudolf Gunnerman's performance of its contractual
3 obligations to Talisman under the Technology Transfer and Assignment Agreement by, on
4 information and belief, using Talisman's Intellectual Property Rights for the sole and
5 exclusive benefit of itself and Rudolf Gunnerman.
6

7 74. As a result of these actions of SulphCo and the resulting breach of the
8 Technology Transfer and Assignment Agreement by Rudolf Gunnerman, Talisman has
9 suffered damages including, without limitation, loss of use of the Intellectual Property Rights
10 and lost profits, lost royalties, and lost business opportunity derived therefrom, to which it is
11 entitled under the Technology Transfer and Assignment Agreement.
12

13 75. The amount of these damages exceeds \$75,000, exclusive of interest and costs,
14 and Talisman is entitled to recover these damages, in addition to attorneys' fees, from
15 SulphCo.
16

17 76. In addition, as a result of SulphCo's tortious interference with the Technology
18 Transfer and Assignment Agreement, Talisman has suffered, continues to suffer, and will
19 suffer irreparable injury for which there is no adequate remedy at law.
20

21 **Count Six**
22 **Conversion—Gunnerman and SulphCo**
23

24 77. Talisman incorporates and re-alleges paragraphs 1 through 76 of this
25 Complaint, as if fully set forth herein.

78. The Intellectual Property Rights are the sole and exclusive property of
Talisman, and Talisman has the right to possess the property subject to any applicable
licenses.

1 79. Rudolf Gunnerman and SulphCo have wrongfully and without justification
2 exerted dominion over the Intellectual Property Rights, in denial of and inconsistent with
3 Talisman's right.
4

5 80. As a result of Rudolf Gunnerman's and SulphCo's conversion, Talisman has
6 suffered damages including, without limitation, loss of use of the Intellectual Property Rights
7 and lost profits, lost royalties, and lost business opportunity derived therefrom, to which it is
8 entitled under the Technology Transfer and Assignment Agreement.

9 81. The amount of these damages exceeds \$75,000, exclusive of interest and costs,
10 and Talisman is entitled to recover these damages, in addition to attorneys' fees, from Rudolf
11 Gunnerman and SulphCo.
12

13 82. In addition, as a result of Rudolf Gunnerman's and SulphCo's conversion,
14 Talisman has suffered, continues to suffer, and will suffer irreparable injury for which there is
15 no adequate remedy at law.
16

17 **Count Seven**
Unjust Enrichment/Constructive Trust—Gunnerman and SulphCo

18 83. Talisman incorporates and re-alleges paragraphs 1 through 82 of this
19 Complaint, as if fully set forth herein.

20 84. Talisman avers that Rudolf Gunnerman and/or SulphCo are liable for unjust
21 enrichment.
22

23 85. Rudolf Gunnerman and/or SulphCo have unjustly retained benefits to the loss
24 of Talisman, as well as money or property belonging to Talisman, in contravention of the
25 fundamental principles of justice or equity and good conscience.

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86. Rudolf Gunnerman and/or SulphCo have been enriched through their unauthorized use of the Intellectual Property Rights and have appreciated, accepted and retained such benefit for their exclusive use.

87. Talisman has been impoverished through Rudolf Gunnerman's and/or SulphCo's unauthorized use of the Intellectual Property Rights.

88. There is a relationship between the enrichment and the impoverishment, and there is no justification or valid cause for Defendants' enrichment and Talisman's impoverishment.

89. In the event that Talisman does not recover against Rudolf Gunnerman and/or SulphCo at law, there is no other remedy at law available to it.

90. As a result of Rudolf Gunnerman's and SulphCo's unjust enrichment, Talisman hereby requests that the Court enter an order placing the Intellectual Property Rights wrongfully usurped from Talisman, as well as any revenues related to the Intellectual Property Rights, received by Rudolf Gunnerman or SulphCo, in a constructive trust for the benefit of Talisman.

WHEREFORE, Talisman prays that its Complaint be deemed good and sufficient, and that, after due proceedings, the Court enter judgment in its favor as follows:

- (a) declaring that (i) Talisman is the sole and exclusive owner of the Intellectual Property Rights, including without limitation, U.S. Patent nos. 6,500,219, 6,402,939, 6,827,844, 6,652,992, and 6,897,628, and U.S. Patent Application no. 20030051988, and any corresponding foreign patents or applications; and (ii) neither Rudolf W. Gunnerman nor SulphCo, Inc. has any right of ownership in, or any right to use or exercise possession, custody or control of, such Intellectual Property Rights.

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- (b) against Rudolf W. Gunnerman for any and all damages sustained by Talisman as a result of Gunnerman's breach and/or bad faith breach of the Technology Transfer and Assignment Agreement;
- (c) against Rudolf W. Gunnerman for any and all damages sustained by Talisman as a result of Gunnerman's breach of the duty of good faith and fair dealing;
- (d) against SulphCo. Inc. for any and all damages sustained by Talisman as a result of its tortious interference with the Technology Transfer and Assignment Agreement;
- (e) against Rudolf W. Gunnerman and SulphCo. Inc., jointly and severally, for any and all damages sustained by Talisman as a result of their unauthorized conversion of Talisman's property;
- (f) against Rudolf W. Gunnerman and SulphCo. Inc., jointly and severally, granting a constructive trust over the Intellectual Property Rights and all revenues derived therefrom, as a result of their unjust enrichment;
- (g) against Rudolf W. Gunnerman and SulphCo. Inc., jointly and severally, for punitive damages judgment interest, as allowed by law;
- (h) against Rudolf W. Gunnerman and SulphCo. Inc., jointly and severally, for pre- and post-judgment interest, as allowed by law;
- (i) against Rudolf W. Gunnerman and SulphCo. Inc., jointly and severally, for all of Talisman's attorney's fees, costs, and expenses incurred in this action; and

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(j) for all other legal and equitable relief to which Talisman may be entitled.

Respectfully submitted this 9th day of June, 2005.

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