

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS

|                         |   |                       |
|-------------------------|---|-----------------------|
| SPIN MASTER, LTD.,      | ) |                       |
|                         | ) |                       |
| Plaintiff,              | ) |                       |
|                         | ) |                       |
| v.                      | ) | Case No. 2:16-cv-1186 |
|                         | ) |                       |
| HELLODISCOUNTSTORE.COM, | ) | Jury Trial            |
|                         | ) |                       |
| Defendant.              | ) |                       |
|                         | ) |                       |
| _____                   | ) |                       |

**COMPLAINT FOR PATENT INFRINGEMENT**

Spin Master, Ltd. (“Spin Master”) alleges and states its claims for relief against Defendant Hellodiscountstore.com (“Hello Discount”) as follows:

**PARTIES AND JURISDICTION**

1. Spin Master is a Canadian corporation with its principal place of business located at 450 Front Street West, Toronto, Ontario, Canada M5V 1B6.

2. On information and belief, Hello Discount is a California corporation having its principal place of business at 1527 Newton Street, Los Angeles, California 90021.

3. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338 for the reasons that this is an action arising under the patent laws of the United States, 35 U.S.C. §§ 101, *et seq.*

4. Hello Discount currently is offering for sale and selling at least the infringing Turning Mecard Transforming Robot Cart Toy Series Animation – Alta and Phoenix (“Transforming Robots”) products, including, via its website, hellodiscountstore.com. Ex. A (Website).

5. This Court has personal jurisdiction over Hello Discount. On information and belief, Hello Discount also is subject to this Court's specific and general personal jurisdiction, pursuant to due process and/or the Texas Long Arm Statute, due at least to its substantial ongoing business activities in this forum, including regularly doing or soliciting business, engaging in other persistent courses of conduct, and/or deriving substantial revenue from goods and services provided to persons or entities in Texas and this District. On information and belief, Hello Discount maintains and operates a website on the Internet, [hellodiscountstore.com](http://hellodiscountstore.com), which is operational twenty-four (24) hours a day, seven days a week, and is accessible to and regularly accessed by residents of Texas and this District and other persons throughout the United States, and through which Hello Discount promotes and advertises its infringing products and directs consumers to purchase its infringing products. Hello Discount, through its website, has transacted business with customers throughout the United States, including customers within Texas and this District, and has advertised, promoted, sold, and shipped infringing products into this District without Spin Master's authorization or permission. Further, on information and belief, Hello Discount has derived revenue from interstate commerce and has interjected itself into Texas and this District by its operation of a commercial website whereby Hello Discount has sold, offered for sale, continued to sell, and continued to offer for sale infringing products in Texas and this District. Thus, this Court's exercise of jurisdiction over Hello Discount will not offend traditional notions of fair play and substantial justice.

6. Venue is proper in the Eastern District of Texas under 28 U.S.C. §§ 1391(b)-(c) and 1400(b). Upon information and belief, Hello Discount has transacted business in this District and has committed, and continues to commit, wrongful acts and acts of patent infringement in this District.

**ALLEGATIONS COMMON TO ALL COUNTS**

7. Spin Master was founded in 1994. Since that time, Spin Master has launched many notable toy products, including the Air Hogs products, launched in 1998. Between 2002-2007, Spin Master expanded its brand globally, allowing for the expansion of its licensing capabilities and relationship with entertainment companies.

8. In 2007, Spin Master launched Bakugan, a series of transforming robots which went on to become the most successful products in Spin Master's history. The Bakugan transforming robots were released in conjunction with a Japanese-Canadian anime series called Bakugan Battle Brawlers.

9. Following the success of the Bakugan transforming robots and anime series, Sonokong Co., Ltd. ("Sonokong") released a knock-off version of the transformers, called Turning Mecard, along with its own anime series in South Korea. This knock-off brand includes the infringing Transforming Robot toys.

10. Since the launch of the Turning Mecard series, companies such as Hello Discount have sold the infringing Transforming Robot toys in the United States and in this District.

**COUNT I**  
**(INFRINGEMENT OF U.S. PATENT NO. 7,785,168)**

11. Spin Master incorporates by reference paragraphs 1 through 10 herein.

12. This cause of action arises under the patent laws of the United States of America and, in particular, 35 U.S.C. §§ 271 *et seq.*

13. Spin Master is the assignee and owner of all U.S. Patent rights in U.S. Patent No. 7,785,168 ("the '168 Patent"), with ownership of all substantial rights therein, including the right to exclude others from making, using, and selling the invention covered by the '168 patent, and

to sue and recover damages for the past, present, and future infringement thereof. A true and correct copy of the '168 Patent is attached as Ex. B.

14. The '168 Patent is valid, enforceable, and was duly issued in full compliance with Title 35 of the United States Code.

15. Hello Discount has directly infringed and continues to directly infringe the '168 Patent, including, for example, at least Claims 1, 4, and 7 of the '168 Patent by, among other things, using, offering for sale and/or selling its Transforming Robots. Hello Discount is thereby liable for infringement of the '168 Patent pursuant to at least 35 U.S.C. § 271(a).

16. Attached as Ex. C, is a claim chart detailing, in an exemplary manner, how the Transforming Robots infringe at least Claims 1, 4, and 7 of the '168 Patent. The allegations set forth in Ex. C are incorporated herein by reference.

17. Spin Master has been harmed by this infringement and is entitled to compensation in an amount no less than a reasonable royalty as well as its lost profits for Hello Discount's infringement.

18. Spin Master has suffered irreparable harm as a result of this infringement due to, among other things, lost business opportunities, lost market share, and price erosion, and this harm cannot be remedied by monetary damages alone. Spin Master will seek a permanent injunction barring Hello Discount from using, offering to sell, and selling articles that infringe the '168 Patent, including its infringing Transforming Robots.

**COUNT II**  
**(INFRINGEMENT OF U.S. PATENT NO. 8,500,508)**

19. Spin Master incorporates by reference paragraphs 1 through 18 herein.

20. This cause of action arises under the patent laws of the United States of America, and, in particular, 35 U.S.C. §§ 271 *et seq.*

21. Spin Master is the assignee and owner of all U.S. Patent rights in U.S. Patent No. 8,500,508 (“the ‘508 Patent”), with ownership of all substantial rights therein, including the right to exclude others from making, using, and selling the invention covered by the ‘508 patent, and to sue and recover damages for the past, present, and future infringement thereof. A true and correct copy of the ‘508 Patent is attached as Ex. D.

22. The ‘508 Patent is valid, enforceable, and was duly issued in full compliance with Title 35 of the United States Code.

23. Hello Discount has directly infringed and continues to directly infringe the ‘508 Patent, including, for example, at least Claims 1-5 of the ‘508 Patent by, among other things, using, offering for sale and/or selling the Transforming Robots. Hello Discount is thereby liable for infringement of the ‘508 Patent pursuant to at least 35 U.S.C. § 271(a).

24. Attached as Ex. E, is a claim chart detailing, in an exemplary manner, how the Transforming Robots infringes at least Claims 1-5 of the ‘508 Patent. The allegations set forth in Ex. E are incorporated herein by reference.

25. Spin Master has been harmed by this infringement and is entitled to compensation in an amount no less than a reasonable royalty as well as its lost profits for Hello Discount’s infringement.

26. Spin Master has suffered irreparable harm as a result of this infringement due to, among other things, lost business opportunities, lost market share, and price erosion, and this harm cannot be remedied by monetary damages alone. Spin Master will seek a permanent injunction barring Hello Discount from using, offering to sell, and selling articles that infringe the ‘508 Patent, including its infringing Transforming Robots.

**COUNT III**  
**(INFRINGEMENT OF U.S. PATENT NO. 7,306,504)**

27. Spin Master incorporates by reference paragraphs 1 through 26 herein.

28. This cause of action arises under the patent laws of the United States of America, and, in particular, 35 U.S.C. §§ 271 *et seq.*

29. Spin Master is the exclusive licensee of U.S. Patent No. 7,306,504 (“the ‘504 Patent”), with all substantial rights therein, including the right to exclude others from making, using, and selling the invention covered by the ‘504 patent, and to sue for the past, present, and future infringement thereof. Spin Master also has the right under 35 U.S.C. § 313 to file the preliminary patent owner response and statement in any inter partes review proceeding relating to the ‘504 Patent or other Patent Office proceeding regarding the ‘504 Patent. A true and correct copy of the ‘504 Patent is attached as Ex. F.

30. The ‘504 Patent is valid, enforceable, and was duly issued in full compliance with Title 35 of the United States Code.

31. Hello Discount has directly infringed and continues to directly infringe the ‘504 Patent, including, for example, at least Claims 1 and 3-8 of the ‘504 Patent by, among other things, using, offering for sale and/or selling the Transforming Robots. Hello Discount is thereby liable for infringement of the ‘504 Patent pursuant to 35 U.S.C. § 271(a).

32. Attached as Ex. G, is a claim chart detailing, in an exemplary manner, how the Transforming Robots infringe at least Claims 1 and 3-8 of the ‘504 Patent. The allegations set forth in Ex. G are incorporated herein by reference.

33. Spin Master has been harmed by this infringement and is entitled to compensation in an amount no less than a reasonable royalty as well as its lost profits for Hello Discount’s infringement.

34. Spin Master has suffered irreparable harm as a result of this infringement due to, among other things, lost business opportunities, lost market share, and price erosion, and this harm cannot be remedied by monetary damages alone. Spin Master will seek a permanent injunction barring Hello Discount from using, offering to sell, and selling articles that infringe the '504 Patent, including its infringing Transforming Robots.

**PRAYER FOR RELIEF**

WHEREFORE, Spin Master prays for:

A. Judgment in favor of Spin Master that Hello Discount has infringed the '168 Patent, the '508 Patent, and the '504 Patent.

B. Judgment in favor of Spin Master that the '168 Patent, the '508 Patent, and the '504 Patent are valid and enforceable.

C. A permanent injunction enjoining Hello Discount, its officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in active concert or privity therewith from infringing the '168 Patent, the '508 Patent, and the '504 Patent pursuant to 35 U.S.C. § 283.

D. Judgment in favor of Spin Master for all damages suffered by Spin Master and that Hello Discount be ordered to account for and pay to Spin Master the damages resulting from Hello Discount's infringement of the '168 Patent, the '508 Patent, and the '504 Patent including lost profits, costs and expenses, together with pre-judgment and post-judgment interest thereon, and all other damages permitted pursuant to 35 U.S.C. § 284, including reasonable royalties and enhanced damages up to three times the amount of damages found or measured and costs, and in any event an amount no less than a reasonable royalty.

E. Judgment and a determination to the effect that this case is exceptional pursuant to 35 U.S.C. § 285.

F. A judgment and order awarding Spin Master its attorneys' fees and costs incurred herein pursuant to 35 U.S.C. § 285 and any other applicable provisions.

G. A judgment and order that Spin Master be awarded any and all additional legal and equitable relief that the Court may deem just and proper under the circumstances.

**DEMAND FOR JURY TRIAL**

Spin Master hereby respectfully requests a trial by jury on all issues in this action so triable by right pursuant to Rule 38 of the Federal Rules of Civil Procedure.

Dated: October 19, 2016

Respectfully submitted,

ERISE IP, P.A.

*/s/ Megan J. Redmond* \_\_\_\_\_

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