

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

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Verde Environmental Technologies, Inc.	)	No.:	-----
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Plaintiff,	)		COMPLAINT
vs.	)		
	)		
Daniels Sharpsmart, Inc.	)		
	)		
	)		
Defendant.	)		
	)		
	)		

COMPLAINT

Plaintiff Verde Environmental Technologies, Inc. (“Verde”) for its Complaint against Daniels Sharpsmart, Inc. (“Daniels”) alleges as follows.

THE PARTIES

1. Verde is a corporation organized under the laws of the state of Delaware, with its principal place of business at 12900 Whitewater Drive, Suite 200, Minnetonka, Minnesota, 55343.

2. On information and belief, Daniels is a corporation organized under the laws of the state of Delaware with its principal place of business located at 111 West Jackson Boulevard, Suite 720, Chicago, Illinois, 60604. Daniels operates under a variety of assumed names, including but not limited to “Daniels Healthcare” and “Daniels Health.”

JURISDICTION AND VENUE

3. This is a civil action for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code Section 1 *et. seq.*

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).

5. This Court has personal jurisdiction over Daniels because Daniels has continuous and systematic contacts with the state of Minnesota. Among other things, Daniels maintains a physical place of business at 1087 Park Pl. #150, Shakopee, MN, is registered to do business in Minnesota, and maintains an agent for service of process. In addition, upon information and belief, Daniels intentionally promotes, markets, sells, and distributes the allegedly infringing products within the state of Minnesota.

6. Venue is proper in this District under 28 U.S.C. § 1400(b) because Daniels has a regular and established place of business in this District and the acts giving rise to the claims asserted herein occurred in this District and Defendant has committed acts of infringement within this District.

VERDE AND THE PATENT-IN-SUIT

7. Verde is a privately owned company committed to developing research-based, scientifically proven solutions to reduce drug abuse, misuse, and negative environmental impact. Verde's Deterra Drug Deactivation System ("Deterra") deactivates prescription drugs using proprietary activated carbon. The technology is highly effective in adsorbing and firmly binding pharmaceuticals, thereby rendering them inactive and

ineffective, and safer for the environment. Verde's innovative products are subject to significant industry acclaim and awards.

8. Deterra is available in a variety of pouch sizes as well as 1 and 2.5 gallon containers. Each Deterra pouch contains one or two water-soluble inner pods containing activated carbon. Pharmaceuticals are placed in the pouch or container with warm water. With respect to the pouches, the water dissolves the inner pod, thereby releasing the activated carbon. The warm water also dissolves prescription pills, patches and liquids, allowing them to be adsorbed by the carbon, rendering them inert and irretrievable.

9. Verde has taken steps to protect the Deterra system. As a part of that effort, Verde has obtained several United States patents covering various aspects of the Deterra system.

10. On September 17, 2013, the PTO issued Patent No. 8,535,711 B2, entitled "Medication Disposal System," to Carter R. Anderson and Russell L. Morris ("the '711 Patent"). A true and correct copy of the '711 Patent is attached hereto as **Exhibit A**.

11. Verde is the owner by assignment of all rights, title and interest to and in the '711 Patent.

DANIELS AND THE INFRINGING PRODUCTS

12. Daniels manufactures and sells the "Secure A Drug" brand of drug deactivation products ("SAD Products"). The SAD Products are marketed and sold in a variety of sizes including a 2L container, a 4L container, a 9L container, and an 18L container.

13. The Daniels website describes the SAD Products as follows:

Formulated with activated carbon, Secure a Drug products provide a science-proven method of safely deactivating drugs prior to final disposal. According to the DEA, any destruction method applied to a controlled substance must render it “non-retrievable” and no longer available for diversion for all practical purposes. Secure a Drug products provide a safe intervention for the harmful wasting of drugs into our waterways, while providing an easy method for physicians, nurses and pharmacists to securely dispose of drugs within the healthcare setting.

Secure a Drug products are suitable for the deactivation of liquids, pills and patches with proven testing on analgesic drugs like Fentanyl, Opioids and Marijuana. Medication types that can be safely deactivated by Secure a drug include DEA regulated pharmaceuticals, Fentanyl, Hydrocodone and Oxycodone, and controlled substances per schedules I-V (CII)...

14. A true and correct printout of the applicable webpage is attached hereto as

Exhibit B.

15. Upon information and belief, Daniels also manufactures and sells the Rx Destroyer brand drug disposal product. This product is sold by Daniels in All-Purpose and Liquid Meds formulations in a variety of sizes. The RX Destroyer™ All-Purpose line of products includes, but is not limited to, RX Destroyer™ Pro-Series All-Purpose 1 Gal; RX Destroyer™ All-Purpose 64 oz; RX Destroyer™ All-Purpose 16 oz; RX Destroyer™ All-Purpose 4 oz; RX Destroyer™ All-Purpose 2.5 Gal Drug Disposal XL; RX Destroyer™ All-Purpose 5.0 Gal Drug Disposal; and RX Destroyer™ All-Purpose 30 Gallon Drum (collectively, the “RX Destroyer™ All-Purpose Products”). The RX Destroyer™ Liquid Meds line of products includes, but is not limited to RX Destroyer™ Pro-Series Liquids 1.0 Gal; RX Destroyer™ Liquids Drug Disposal 64 oz; RX Destroyer™ Liquids 2.5 Gal;

and RX Destroyer™ Liquids 5.0 Gal Drug Disposal (collectively, the “RX Destroyer™ Liquids Products”).

16. Daniels describes the Rx Destroyer product as follows:

Rx Destroyer is a ready-to-use chemical drug destruction product that begins deactivating pharmaceuticals upon contact with its activated carbon formula; Rx Destroyer products meet the Code of Federal Regulations (CFR) 21, 40 and 42 for regulated medical waste disposal; versatile for all commercial and healthcare environments which require the safe disposal of expired or partially used drugs, the powerful adsorption properties of Rx Destroyers’ activated carbon breaks down the drugs and renders them non-retrievable. Rx Destroyer can be utilized for the witness destruction of solid and liquid medications including pills, capsules, patches, powders, suppositories, liquids and cannabis waste, and is an environmentally safe alternative to “pill flushing.”

Rx Destroyer makes medication destruction safe, affordable, and convenient; once filled the container can be safely disposed of in a non-hazardous or hazardous waste bin depending on your facility’s formulary, providing a second layer of security in the prevention of drug diversion. Always follow applicable federal, state, local and tribal laws and regulations. This solution meets the DEA’s non-retrievable standard, and is an environmentally safe drug disposal solution for certain medications. Rx Destroyer is especially helpful when disposing of controlled substances.

17. A true and correct printout of the applicable webpage is attached hereto as

Exhibit C.

18. The RX Destroyer product was originally manufactured by a company called C2R Global Manufacturing, Inc. (“C2R”). On or about March 20, 2020, Verde entered into a Mutual Release and Covenant Not to Sue covering Accused Products “manufactured by C2R” in connection with C2R’s Chapter 11 Bankruptcy proceeding.

19. However, upon information and belief, subsequent to the bankruptcy Daniels acquired C2R and/or its assets and took over manufacturing of the Rx Destroyer products.

Thus, upon information and belief, C2R is no longer the manufacturer of the RX Destroyer products sold by Daniels and the Covenant Not to Sue does not apply.

VERDE'S FORMAL NOTICE OF PATENT INFRINGEMENT TO DANIELS

20. On or about March 11, 2024, Verde provided Daniels with formal notice of the '711 Patent and others through a letter from counsel. In that letter, Verde set forth its contentions that Daniels was infringing the '711 through the manufacturing and sale of the SAD Products and the Rx Destroyer products. Verde also noted that Daniels only started developing and selling its competing products after failing to reach a licensing agreement with Verde regarding Verde's valuable patent rights. Thus, Daniels's violation of Verde's patent constitutes willful infringement.

21. A true and correct copy of the March 11, 2024 letter is attached hereto as **Exhibit D.**

22. Notably, Verde advised Daniels of its belief that Daniels was now manufacturing and selling the RX Destroyer product, and stated, "To the extent Daniels is not involved in the manufacturing of RxDestroyer, we request that Daniels provided evidence to that effect." Daniels did not provide any facts or evidence in response.

COUNT I
(Infringement of the '711 Patent)

23. Verde realleges and incorporates herein the allegations set forth in Paragraphs 1-23.

24. Daniels has directly infringed at least claims 1, 10, 11, 12, 16, 18, and 24 of the '711 Patent pursuant to 35 U.S.C. § 271(a), literally or under the doctrine of equivalents,

by making, using, selling, and/or offering for sale in the United States and/or importing into the United States, without authority, products that infringe such claims, including the SAD and Rx Destroyer Products.

25. Daniels has also contributed to and induced infringement of the '711 Patent by knowingly supplying infringing products to customers. Daniels's customers who purchased products from and/or used products in accordance with Daniels's instructions directly infringe one or more claims of the '711 Patent.

26. Daniels has had actual and constructive notice of the '711 Patent; Daniels has been and is aware of its infringement of the '711 patent; and Daniels's infringement of the '711 Patent has been and continues to be willful.

27. Verde has suffered damages as a result of Daniels's infringement of the '711 Patent. In addition, Verde will continue to suffer irreparable harm unless this Court enjoins Daniels from infringing the '711 Patent.

28. Daniels's infringement of the '711 Patent is willful and deliberate, entitling Verde to increased damages under 35 U.S.C. § 284 and to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

PRAYER FOR RELIEF

For the above reasons, Verde respectfully requests that this Court grant the following relief in its favor and against Daniels:

- (a) Judgment in favor of Verde that Daniels has infringed (either literally or under the doctrine of equivalents) one or more claims of the '711 Patent.
- (b) A permanent injunction enjoining Daniels and its officers, directors, agents,

servants, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in active concert or participation with it, from infringing the '711 Patent.

- (c) Judgment requiring Daniels to pay Verde its damages, costs, expenses, and pre-judgment and post-judgment interest for Daniels's infringement of the '711 Patent.
- (d) A judgment that this case is exceptional, and an award of treble damages and attorney fees and costs incurred by Verde, pursuant to 35 U.S.C. § 285.
- (e) Any and all such further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Verde demands a trial by jury of this action.

Dated: June 5, 2024

WINTHROP & WEINSTINE, P.A.

By: /s/ Brent A. Lorentz

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