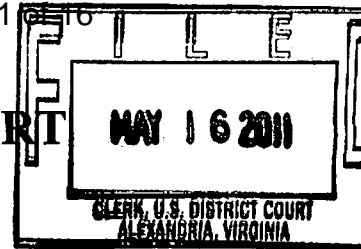


**IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
(Alexandria Division)**



ERIK B. CHERDAK
149 Thurgood Street
Gaithersburg, Maryland 20878

Plaintiff,

v.

KENNETH COLE PRODUCTIONS, INC.
603 West 50th Street,
New York, NY 10019

Defendant.

Case No. 1:11cv 526 L0/TCB

COMPLAINT FOR
PATENT INFRINGEMENT
AND PATENT FALSE
MARKING

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Erik B. Cherdak (hereinafter "Plaintiff" or "Cherdak"), by counsel, in and for his Complaint against KENNETH COLE PRODUCTIONS, INC. (hereinafter "KCP"), states as follows:

THE PARTIES

1. Plaintiff is an individual who resides in Gaithersburg, Maryland at the address listed in the caption of this Complaint.
2. Defendant KCP is publicly traded, NEW YORK, USA corporation having a principal place of business as specified in the caption of this Complaint.

JURISDICTION AND VENUE

3. This is an action for Patent Infringement under, *inter alia*, Title 35 of the United States Code (Patents – 35 USC § 1, *et seq.*) and for Patent False Marking under, *inter alia*, 35 U.S.C. § 292. Accordingly, Jurisdiction and

Venue are properly based under Sections 1338(a), 1391(b) and (c), and/or 1400(b) of Title 28 of the United States Code.

4. Defendant sells infringing lighted shoe products (a.k.a. “lighted shoes,” “lighted sneakers,” “light up” athletic shoes, etc.) through a vast network of retail stores including retail stores located in this judicial district and is therefore subject to this court’s jurisdiction. For example, Defendant sells a significant portion of its product line through the NORDSTROM stores operated in this judicial district and, in particular, the store located in TYSONS CORNER CENTER, Tysons, Virginia, USA. Additionally, Defendant KCP operates a retail website at www.kennethcole.com which Defendant has made accessible to citizens of Virginia, USA, 24 hours per day, 7 days per week and 365 days per year.

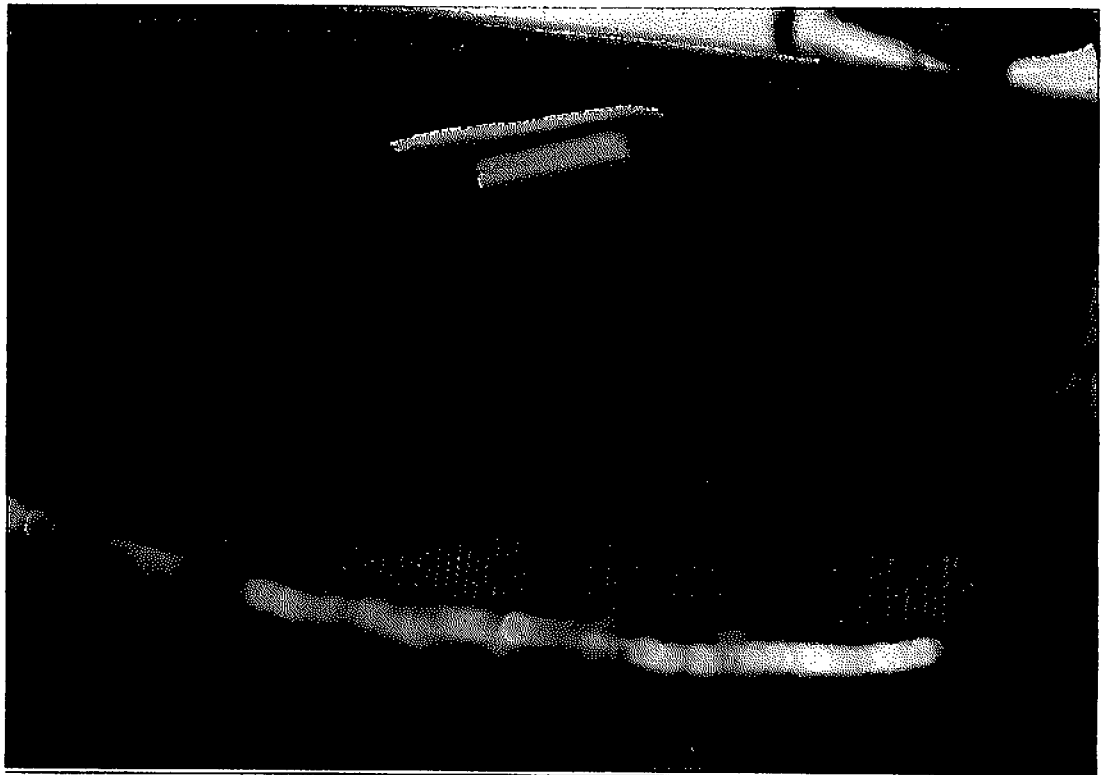
FACTS

5. On July 6, 1993, Plaintiff filed a patent application entitled “Athletic Shoe with Timing Device” that resulted in the issuance of U.S. Patent No. 5,343,445 (hereinafter, the “‘445 patent”) on August 30, 1994. The ‘445 patent is directed, *inter alia*, to lighted shoes like those sold by the Defendant.
6. The ‘445 patent has successfully gone through additional expert review before the USPTO during reexamination proceedings related to the same (USPTO Reexamination Proceeding Control No. 90/008,269). Those reexamination proceedings resulted, *inter alia*, in the confirmation of many patent claims without amendment. Many of those claims form the basis of the instant lawsuit.

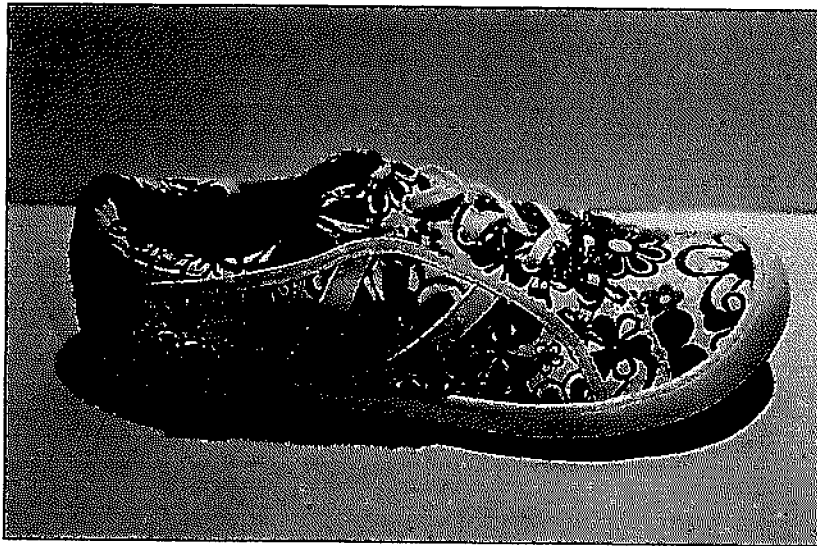
7. U.S. Patent No. 5,343,445 and its corresponding reexamination certificate have been previously provided to Defendant and Defendant has acknowledged its awareness of the same in the context of prior and ongoing litigation between Plaintiff and Defendant's current customer, NORDSTROM, INC. *See e.g., Cherdak v. Nordstrom, Inc.*, Case No. 1:11-cv-00203-LO-TCB (U.S.D.C. E.D.Va.).
8. Defendant has in the past used, imported, distributed, sold and offered for sale, and continues to use, import, distribute, sell and offer for sale, infringing products such as those bearing the KENNETH COLE REACTION® brand trademark.
9. **EXEMPLARY** infringing shoes sold by Defendant as late as May 11, 2011, include, but are not limited to, the KENNETH COLE REACTION® branded shoes known as the CHORUS MINE light-up sneaker (Pink & Silver versions), and the KENNETH COLE REACTION® branded shoes known as the BE MINE light up sneaker (Pink and Multi-Colored).
10. The KENNETH COLE REACTION® CHORUS MINE shoes look like the following:



11. The lighting module included within the CHORUS MINE shoes contains the following (false) patent markings as described in detail, *infra*:



12. The KENNETH COLE REACTION® BE MINE shoes look like the following:



13. The lighting module included within the CHORUS MINE shoes contains the following (false) patent markings as described in detail, *infra*:



14. *The infringing shoes mentioned in this COMPLAINT are merely Exemplary infringing shoes and, on information and belief, Defendant does sell, intend to sell, offer for sale, and does distribute*

other shoes now on store shelves (and which have been sold in the past) at least in this judicial district of Virginia (USA) and/or throughout the United States. Accordingly, the particular shoe model(s) identified *supra*, are merely exemplary and do not constitute a full and complete identification of all infringing shoes which are contemplated by this Complaint for Patent Infringement and the instant lawsuit commenced hereby – *Due discovery in this case will reveal all infringing shoes used, made, imported, offered for sale, and/or sold by the Defendant individually and/or collectively with other parties.*

15. Beginning on or about April 12, 2011, and at the direction of Defendant's customer, NORDSTROM, INC., Defendant's in-house intellectual property counsel and Plaintiff and Plaintiff's undersigned counsel discussed the need for Defendant to take a license under the '445 Patent given the widespread infringement of the '445 patent by the accused products mentioned herein and others offered by Defendant in interstate practice.
16. On or about April 12, 2011, Defendant advised undersigned counsel that Defendant has sold many thousands of pairs of lighted shoe products like and/or similar to those lighted shoe products which are exemplified herein.
17. On or about April 18, 2011, Defendant advised undersigned counsel that it would not cooperate with Plaintiff by acquiring a license under the '445 Patent and refused to do so.
18. In accordance with Defendant's ongoing plan to infringe the '445 patent, many retailers including, but not limited to, AMAZON.COM,

ZAPPOS.COM, SHOE MALL, ENDLESS, and PIPERLIME continue to sell the Defendant's light-up shoes.

19. Without the grant of remedies in accordance with this Complaint, Plaintiff would be forced to litigate against multiple parties thereby thwarting the ends of justice.
20. Plaintiff's valid and enforceable patent rights are being willfully disrespected and infringed by Defendant.
21. Defendant is a savvy marketer, *inter alia*, of childrens' shoe products including, but not limited to, lighted footwear.
22. Defendant sees to its own production and selection of materials, supplies and modules for inclusion into its childrens' footwear products.
23. In fact, in Defendant KCP's most recent Form 10-K filed with the U.S. Securities and Exchange Commission, Defendant KCP states that "[f]ootwear, handbags and men's sportswear *are developed in-house* and all other categories are licensed." *See*, KCP SEC Form 10-K at Page 4. (emphasis supplied).
24. In addition to Defendant's willful infringement of the '445 Patent, as evidenced by Defendant's apparent policy of requiring customers like and/or similar to NORDSTROM, INC. to seek and secure their own individual licenses under the '445 patent from Plaintiff Cherdak, Defendant's acts, in selling the lighted shoes at issue herein (and possibly others) also are acts of patent false marking in clear violation of the U.S. Patent Act.

25. Defendant has deliberately chosen to mark its products or otherwise affix false statements about patents allegedly covering such products. Each of the accused shoes mentioned herein includes a lighting module selected by the Defendant to cause illumination of a single color of light emitting diodes (LEDs) – in some cases three (3) white/clear LEDs and in other cases three (3) pinkish LEDs.
26. All of the lighting modules Defendant selected for inclusion into to its lighted shoe products mentioned herein contain patent markings including patent numbers of patents that do not read on the products marked – presumably in an effort to make these products appear as well- protected, patented products in the lighted shoe marketplace – a marketplace in which both the Defendant and the Plaintiff compete for the granting of rights in connection with the sale of such products.
27. By creating such a false impression in the minds of the relevant market participants (*e.g.*, shoe-buyers in shoe distribution businesses concerned with patent rights in the first instance, etc.) based on the use of improper patent numbers and related false indicia, Defendant has effectively created a situation where such relevant market participants will likely be misled and fooled by Defendant into thinking that they need not acquire rights under Plaintiff's valid, enforceable, prior, and actually applicable patent rights.
28. In fact, Defendant has and continues to mark its products with U.S. Patent Nos. 7,298,090, 7,393,118, and 7,611,259 all to Shen Ko Tseng – all

issuing over ten (10) years after Plaintiff's '445 patent (the "Tseng Patents").

29. U.S. Patent No. 7,298,090 to Shen Ko Tseng clearly describes and **claims** that any product covered by the '090 patent **must** possess and include a RED light member, a GREEN light member, and a BLUE light member. The products mentioned in this Complaint include only uniformly-colored LEDs thus making the reference and marking to the '090 patent a FALSE patent marking. *See e.g.*, '090 Patent at Sole Independent Claim 1 for claiming the requirement that a covered product must include "a red light member, a green light member, and a blue light member coupled to said three light terminals (RL, GL, BL) of said processor device..."
30. U.S. Patent No. 7,393,118 to Shen Ko Tseng clearly describes and **claims** that any product covered by the '118 patent **must** possess and include a RED light member, a GREEN light member, and a BLUE light member. The products mentioned in this Complaint include only uniformly-colored LEDs thus making the reference and marking to the '118 patent a FALSE patent marking. *See e.g.*, '118 Patent at Sole Independent Claim 1 for claiming the requirement that a covered product must include "a red light member, a green light member, and a blue light member coupled to said three light terminals (RL, CL [*sic*: probably intended to read "GL" so as to be consistent with the '090 Patent] , BL) of said processor device..."
31. U.S. Patent No. 7,611,259 to Shen Ko Tseng clearly describes and **claims** that any product covered by the '259 patent **must** possess and include a RED light member, a GREEN light member, and a BLUE light member.

The products mentioned in this Complaint include only uniformly-colored LEDs thus making the reference to and marking of the '259 patent a FALSE patent marking. *See e.g.*, '259 Patent at Independent Claim 1 for claiming the requirement that a covered product must include “a red light member, a green light member, and a blue light member coupled to said three light terminals (RL, GL, BL) of said processor device...;” *See Id.* at Independent Claim 5 for claiming the requirement, *inter alia*, that a covered product must include a lighting device to “bring an effect of mixed light and varied color” among further claimed red light, green light and blue light members.

32. The '445 patent in suit does NOT require the use of any particularly colored LEDs nor the implementation of a particular multi-colored lighting sequence. Accordingly, Defendant's acts to mark its products with false indicia of patents to appear as “covering” its light-up shoe products with a long list of patents is a willful and deliberate act with the intent to push Plaintiff out of the lighted shoe marketplace and to falsely and intentionally lead relevant market participants to acquire rights to use, make and sell lighted shoe products from Defendant without first taking a license under the broader, earlier issued '445 Patent from the Plaintiff.
33. By intentionally misleading others to acquire products which are in fact NOT covered by the patents marked on or affixed to such products, Defendant is improperly reaping where it did not sow and is effectively enjoying the benefits of a patent monopoly to the detriment of the U.S., the General Public, and, particularly relevant *sub judice*, to Plaintiff.

COUNT I – PATENT INFRINGEMENT

Paragraphs 1 through 33 are hereby incorporated by reference as though completely set forth herein.

34. Given the validity and corresponding enforceability of the '445 patent against past, present, and future infringing acts and other activities prohibited under the U.S. Patent Act (35 USC § 1, *et seq.*), Plaintiff Cherdak, *inter alia*, possesses the right to pursue claims in connection with the Defendant's past, present, and future design, use, manufacture, importation, sale, offer for sale, and distribution of infringing shoes under 35 USC § 271(a), (b), and (c).
35. Defendant has infringed, contributed to the infringement of, and/or induced the infringement of the '445 patent in violation of 35 USC § 271(a), (b), and (c) by its design, use, manufacture, importation, distribution, sale, and offer for sale of shoes including, **but not limited to**, the exemplary light-up shoes identified herein.
36. Defendant has infringed the '445 patent in violation of 35 USC § 271(b) by actively inducing distributors, customers, and/or other retailers to infringe the Cherdak patents.
37. Such infringing acts on the part of Defendant have and continue to injure and damage Plaintiff. Accordingly, without the grant of adequate remedies at law and in equity, Defendant will be permitted to willfully infringe the Cherdak patents to Plaintiff's further detriment.
38. Below, Plaintiff prays for all remedies, statutory and otherwise, which may be available to him as patent infringement remedies.

COUNT II – WILFUL PATENT INFRINGEMENT

Paragraphs 1 through 38 are hereby incorporated by reference as though completely set forth herein.

39. Defendant has long had actual knowledge of the patents in suit since at least as early as February, 2011.
40. Defendant has refused to acquire a license under the '445 patent from Plaintiff.
41. Worse yet, Defendant has simply chosen to ignore the '445 patent by continuing to sell and have its customers continue to sell Defendant's products as if no license is required.
42. Defendant has benefited by selling thousands of pairs of lighted shoes all with the full and complete knowledge of the '445 patent-in-suit and at least with subjectively wanton and reckless disregard for Plaintiff's valid patent rights.
43. Defendant's infringing acts have and continue to injure and damage Plaintiff. Accordingly, without the grant of adequate remedies at law and/or in equity which must include the classifying of this case as an "exceptional" one justifying the trebling of any patent infringement damages awarded to Plaintiff in this action, Defendant will be permitted to continue to willfully infringe the '445 patent to Plaintiff's further detriment.

COUNT III – PATENT FALSE MARKING UNDER 35 USC § 292

44. Paragraphs 1 through 44 are hereby incorporated by reference as though completely set forth herein.

45. In addition to Defendant's wrongful and willful patent infringement of Plaintiff's '445 patent, and further compounding the damage to Plaintiff, Defendant has further demonstrated its willful intent to deceive the U.S., the General Public, and Plaintiff by falsely marking its products with U.S. Patents which do not cover the light-up shoe products sold by Defendant throughout its vast distribution channels.
46. Patent markings serve many purposes including, but not limited to, (1) placing the public on constructive notice so as to preserve damages levels in the context of patent litigation, (2) inviting the public to acquire what appear to be "authorized" goods from a particular source or origin (i.e., such from Defendant KCP by way of its marking of the three (3) inapplicable patents mentioned in this Complaint on its lighted shoe products), and (3) providing the benefit to the marking party of deterring others from unlawfully copying a patented article's design, construction, function and operation.
47. Allowing Defendant to knowingly and falsely mark a product thwarts every one of these very important functions of an otherwise legitimate patent marking.
48. Allowing Defendant to knowingly and falsely mark its lighted shoe products with patents which do NOT read in any way on products actually sold by Defendant is tantamount to unjustly enriching Defendant at the expense of legitimate, valid patentees like Plaintiff.
49. Defendant's knowing false marking of its products, with the intent to deceive the public, and in violation of Section 292 of the U.S. Patent Act,

have caused an impermissible stifling of commerce and have prevented free-trade by deceiving others into the false belief that they may acquire lighting modules and lighted shoe products from Defendant which are in one way or another knowingly and falsely marked with the three (3) Tseng Patents mentioned herein.

50. Defendant's conduct, in knowingly and falsely marking its products with the Tseng Patents, was and continues to be done with the intent to deceive the U.S., the General Public, and Plaintiff.
51. For example, Defendant's false marking has injured the U.S., the General Public and Plaintiff as such false marking has allowed Defendant to deter competitors (such as Plaintiff) in an otherwise open market by unlawfully creating illegitimate barriers to entry into the lighted shoe marketplace including the inhibition of licensing of valid and enforceable patent rights like those belonging to the Plaintiff, thus allowing the Defendant to enjoy the benefit of patent protection and a *de facto* patent monopoly where there is none.
52. Allowing Defendant to continue to knowingly and falsely marking its lighted shoe products is tantamount to giving Defendant an un-earned patent monopoly or implied license to sell products under patents that do NOT cover Defendant's products in the first instance.
53. Accordingly, Defendant's willful and deliberate acts to issue and include objectively false patent markings (such as those seen *sub judice*) must be redressed by the granting of an appropriate remedy which will be distributed in accordance with 35 U.S.C. § 292.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Cherdak prays for judgment and relief against the Defendant as follows:

- A. That permanent injunctions be issued against continued infringement of the '445 patent by Defendant and its parents, subsidiaries, officers, directors, employees, affiliates, representatives and agents, and all those acting in concert with or through Defendant, directly or indirectly, including, but not limited to, distributors, customers, and other retailers;
- B. That an accounting be had for damages caused to Plaintiff Cherdak by Defendant's acts in violation of the U.S. Patent Act (35 USC § 1, *et seq.*) together with pre-judgment and post-judgment interest;
- C. That damages be awarded in accordance with the U.S. Patent Act, 35 USC § 1, *et seq.*;
- D. That any damages awarded in accordance with any prayer for relief be enhanced and, in particular, *trebled* in accordance with the U.S. Patent Act (35 USC § 1, *et seq.*) for any of Defendant's acts which are found to be willful acts of patent infringement;
- E. That additional damages be awarded and so classified in accordance with 35 U.S.C. § 292. Any such damages awarded in accordance with that statutory provision will be shared the U.S. Government as determined by law.
- F. Because of the egregious actions on the part of the Defendant, the Plaintiff prays that this Honorable Court grant the fullest statutory penalty allowed under 35 U.S.C. § 292 – \$500.00 per actual instance of false marking. As

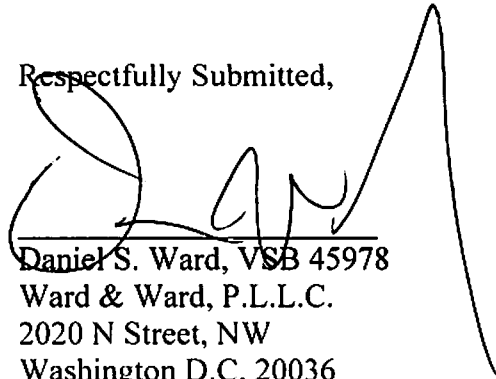
the lighted shoe pairs sold by Defendant include two labels containing objectively false patent markings designed to mislead the public to the detriment of the U.S., the General Public, and Plaintiff, Plaintiff further requests that this Honorable Court grant to the U.S. Government and Plaintiff \$1000.00 per pair of lighted shoes sold with such false markings which shall be shared the U.S. Government as determined by law.; and

G. Such other and further relief as this Court shall deem just and proper.

DEMAND FOR TRIAL BY JURY

The Plaintiff hereby demands a TRIAL BY JURY on all issues so triable.

Respectfully Submitted,



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May 13, 2011