

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

PARADOX SECURITY SYSTEMS, LTD.)	
SHMUEL HERSHKOVITZ, AND PINHAS)	
SHPATER,)	
)	
Plaintiffs,)	C.A. NO. 2:06-CV-462 (TJW)
)	
v.)	
)	
ADT SECURITY SERVICES, INC.,)	JURY TRIAL DEMANDED
DIGITAL SECURITY CONTROLS, LTD.,)	
MONITRONICS INTERNATIONAL, INC.,)	
AND PROTECTION ONE, INC.,)	
)	
Defendants.)	
)	
)	
_____)	

PLAINTIFFS' SECOND AMENDED COMPLAINT

Plaintiffs Paradox Security Systems, Ltd., Shmuel Hershkovitz and Pinhas Shpater (collectively "Plaintiffs"), by and through their attorneys, and for their second amended complaint for patent infringement against Defendants ADT Security Services, Inc., Digital Security Controls, Ltd., Monitronics International, Inc., and Protection One, Inc. (collectively "Defendants"), state and allege as follows:

THE PARTIES

1. Plaintiff Paradox Security Systems, Ltd. ("Paradox") is a corporation organized under the laws of Quebec and has a principal place of business at 780 Industrial Boulevard, St. Eustache, Quebec, Canada, J7R 5V3. Plaintiff Shmuel Hershkovitz ("Hershkovitz") is an

individual residing at 53 Fortune Bay Inlet, Freeport, Bahamas. Pinhas Shpater is an individual residing at 8 Hativat Oded, Haifa Israel.

2. On information and belief, Defendant ADT Security Services, Inc. (öADTö) is a corporation organized and existing under the laws of Delaware and may be served through its registered agent, CT Corporation System, at 350 N. St. Paul Street, Dallas, Texas 75201. ADT has sales throughout the State of Texas and within this judicial district.

3. On information and belief, Defendant Digital Security Controls, Ltd. (öDSCö) is a corporation organized and existing under the laws of the Province of Ontario with a place of business at 3301 Langstaff Road, Concord, Ontario, Canada L4K 4L2. DSC's products are sold throughout the state of Texas and within this judicial district.

4. On information and belief, Monitronics International, Inc. (öMonitronicsö) is a corporation organized and existing under the laws of Texas and may be served through its registered agent, CT Corporation System, at 350 North Saint Paul St., Suite 2900, Dallas, Texas 75201. Monitronics has sales throughout the State of Texas and within this judicial district.

5. On information and belief, Protection One, Inc. (öProtection Oneö) is a corporation organized and existing under the laws of Delaware and may be served through its registered agent, CT Corporation System, at 1209 Orange St., Wilmington, Delaware 19801. Protection One has sales throughout the State of Texas and within this judicial district.

6. It is believed that there are other Defendants to whom Defendants have sold the infringing products and who are actively inducing and/or contributing to the infringement of the invention by encouraging others to use the infringing device. It is anticipated that these additional defendants will be named as soon as their identity is ascertained.

JURISDICTION AND VENUE

7. This is an action for patent infringement under the Patent Act, 35 U.S.C. § 1 *et seq.*

8. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338.

9. This Court may exercise personal jurisdiction over each of the Defendants because each Defendant has minimum contacts with this forum as a result of business regularly conducted within the State of Texas and this judicial district. Such jurisdiction exists generally as well as specifically as a result of, at least, each Defendant offering to sell and/or selling products and/or services in this district, or placing products that infringe the United States Patent Number 5,751,803, entitled "Telephone Line Coupler", which became, on November 21, 2006, Reissued Patent Number RE39406, (hereinafter the "Coupler Patent"), into the stream of commerce, with knowledge that the likely destination of these infringing products is within this judicial district. Each Defendant's conduct and connections with this judicial district are and have been such that it should reasonably have anticipated being brought into court in this judicial district.

10. Venue is proper in this Court under 28 U.S.C. §§ 1391 and 1400. On information and belief, each of the Defendants is doing business in the Eastern District of Texas and has committed wrongful acts in this judicial district that have caused injury to Plaintiffs in this district.

FACTS

11. Plaintiff Hershkovitz is the sole owner of all right, title and interest to the Coupler Patent by assignment from the inventor, Pinhas Shpater, on January 31, 2002. The Coupler Patent was duly and legally issued to Hershkovitz on May 12, 1998 and reissued on November 21, 2006. A true and correct copy of the Coupler Patent and the November 11, 2006 Issue Notification are attached to this Complaint as Exhibit A.

12. Plaintiff Paradox is the exclusive licensee in the United States of the Coupler Patent and has the right to file suit and to recover for past, present, and future infringement of the Coupler Patent and to obtain the relief sought herein.

13. The Coupler Patent relates to an improved telephone line coupler circuit for connecting a subscriber electronic device to a telephone line with isolation being provided between the telephone line and the subscriber equipment. The patented coupler circuit is designed so that a single opto-coupler performs multiple functions thus reducing the number of such devices required to isolate the equipment. In addition to other benefits, this reduces the cost of the coupler circuit.

14. Plaintiff Paradox is an industry leader in the design, development, and manufacture of electronic security products. As such Paradox manufactures, offers for sale, and sells electronic security products, including products incorporating telephone line coupler circuits as described in the Coupler Patent.

15. On information and belief, ADT is in the business of manufacturing or having manufactured, installing, monitoring, offering to sell, marketing, selling, and importing into the United States electronic security products and services, including burglar and fire alarm products and services.

16. On information and belief, ADT has, without authority or license from Plaintiffs, made, used, offered to sell, marketed, sold and/or imported into the United States electronic security products, incorporating telephone line coupler circuitry covered by the Coupler Patent.

17. On information and belief, DSC is in the business of manufacturing or having manufactured, offering to sell, selling, and importing into the United States electronic intrusion detection devices and services, including alarm communications products and services.

18. On information and belief, DSC has, without authority or license from Plaintiff, made, used, offered to sell, marketed, sold, imported, and/or cause to be imported into the United States, and/or contributed or induced to the forgoing with respect to electronic security products, incorporating telephone dialers covered by the Coupler Patent.

19. On information and belief, Monitronics is in the business of manufacturing or having manufactured, installing, monitoring, offering to sell, marketing, selling, and importing into the United States electronic security products and services, including burglar and fire alarm products and services.

20. On information and belief, Monitronics has, without authority or license from Plaintiffs, made, used, offered to sell, marketed, sold and/or imported into the United States electronic security products, incorporating telephone line coupler circuitry covered by the Coupler Patent.

21. On information and belief, Protection One is in the business of manufacturing or having manufactured, installing, monitoring, offering to sell, marketing, selling, and importing into the United States electronic security products and services, including burglar and fire alarm products and services.

22. On information and belief, Protection One has, without authority or license from Plaintiffs, made, used, offered to sell, marketed, sold and/or imported into the United States electronic security products, incorporating telephone line coupler circuitry covered by the Coupler Patent.

COUNT 1
Infringement of The Coupler Patent Against All Defendants

23. As a cause of action and ground for relief, Plaintiffs allege patent infringement under 35 U.S.C. §§ 271 and 281, and incorporates herein by reference the allegations set forth in Paragraphs 1-22 of this Complaint.

24. On information and belief, each of the Defendants has made, used, offered to sell, sold and/or imported into the United States or caused to be imported into the United States products that directly infringe the Coupler Patent in violation of 35 U.S.C. § 271.

25. On information and belief, each of the Defendants has actively induced others to infringe the Coupler Patent and/or contributed to the infringement of the Coupler Patent in violation of 35 U.S.C. § 271.

26. On information and belief, each of the Defendants has acted and continues to act willfully, intentionally and in deliberate disregard of the Coupler Patent and the rights created thereunder.

27. By reason of Defendants' infringement, Plaintiffs have been irreparably harmed, and unless and until Defendants are enjoined by this Court, Plaintiffs will continue to suffer irreparable damage and injury for which it has no adequate remedy at law.

RELIEF REQUESTED

WHEREFORE, Plaintiffs respectfully request the following relief:

A. Judgment that each of the Defendants has directly infringed and actively induced others to infringe the Coupler Patent;

B. A permanent injunction enjoining each of Defendants, their parents, subsidiaries, affiliates, successors and assigns, and each of their officers, employees, representatives, agents, and all persons acting in concert or active participation with them, or on their behalf, or within their control, from further infringement and/or inducement of infringement of the Coupler Patent;

C. An award of damages adequate to compensate Plaintiffs for Defendants' infringement of the Coupler Patent pursuant to 35 U.S.C. § 284, which shall be trebled as a result of Defendants' knowing, intentional and willful patent infringement of the Coupler Patent, together with prejudgment interest and costs; it is anticipated that Plaintiffs will only seek damages for a make and sell license from DSC. It is anticipated that Plaintiffs will seek damages for use of the invention from ADT, Monitronics, Protection One, and any other similar reseller, installer, and/or other monitoring organization only through the date of trial, with an injunction preventing any further use of the invention and/or contributing and/or inducing use of the invention after trial.

D. An assessment of costs against Defendants, including reasonable attorney fees, pursuant to 35 U.S.C. § 285, with prejudgment interest; and

E. Such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38, Plaintiffs demand a jury trial on all issues raised in this Complaint triable to a jury.

Dated: March 13, 2008

Respectfully submitted,

/s/ J. Thad Heartfield
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CERTIFICATE OF SERVICE

The undersigned certifies that all counsel of record who have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on this the 13th day of March, 2008. Any other counsel of record will be served by first class mail.

/s/ J. Thad Heartfield
J. Thad Heartfield