

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

NETWORK-1 SECURITY SOLUTIONS, INC.	§	
	§	
	§	
Plaintiff,	§	
	§	
v.	§	Civil Action No. 6:05-cv-291-LED
	§	
D-LINK CORPORATION AND D-LINK SYSTEMS, INC.,	§	
	§	
	§	
Defendants.	§	Jury Trial Demanded

PLAINTIFF’S SECOND AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff, Network-1 Security Solutions, Inc. (“Network-1”), pursuant to the Court’s Amended Docket Control Order entered February 16, 2007 and the Court’s Order dated April 19, 2007, files this Second Amended Complaint against D-Link Corporation and D-Link Systems, Incorporated (“Defendants”) and, in support thereof, states and alleges as follows:

JURISDICTION AND VENUE

1. This is a civil action for infringement of U.S. Patent No. 6,218,930, entitled “Apparatus and Method for Remotely Powering Access Equipment Over a 10/100 Switched Ethernet Network” (the “Katzenberg Patent”) under the laws of the United States, 35 U.S.C. § 1, *et seq.*

2. This Court has original subject matter jurisdiction under 28 U.S.C. §§ 1331 (federal question), and 1338(a) (patent-exclusive jurisdiction).

3. This Court has personal jurisdiction over Defendants based upon Defendants’ systematic and continuous contacts with the Eastern District of Texas. Moreover, Defendants

have infringed the Katzenberg Patent in the Eastern District of Texas by using, selling and/or offering to sell infringing products in the Eastern District of Texas. Particularly, Defendants: (1) sell and/or offer to sell infringing products in retail stores located in this jurisdiction (including stores in or near Tyler, Texas); (2) market and/or sell infringing products over the Internet both directly through the Defendants' website as well as through links on the Defendants' website to their authorized retail Internet distributors; (3) market and/or sell infringing products through nationwide marketing efforts directed to citizens and inhabitants of the Eastern District of Texas; and (4) ship infringing products to, and/or distribute infringing products from, a warehouse located in Denton County, Texas, a county within the Eastern District of Texas. By knowingly inducing others to infringe Network-1's patents and contributing to infringement in the Eastern District of Texas based upon the foregoing activities, Defendants are subject to specific jurisdiction in the Eastern District of Texas.

4. Venue is proper under 28 U.S.C. §§ 1391(b) and (c) and 1400(b), as Defendants are subject to personal jurisdiction in this district. Further, Defendants have committed acts of infringement in this district, including inducing infringement and contributing to infringement in this district. Venue is also proper in this district as to D-Link Corporation because D-Link Corporation is an alien that may be sued in any district under 28 U.S.C. § 1391(d).

THE PARTIES

5. Plaintiff Network-1 Security Solutions, Inc. is a Delaware corporation, having a place of business located at 445 Park Avenue, Suite 1028, New York, New York 10022.

6. Upon information and belief, Defendant D-Link Systems, Incorporated is a California corporation with its principal place of business at 17595 Mt. Hermann Street, Fountain Valley, California 92708. Through at least its sales and product distribution, Defendant

D-Link Systems, Incorporated is doing business or transacting business in the Eastern District of Texas.

7. Upon information and belief, Defendant D-Link Corporation is a Taiwanese company with its headquarters located at 1F, No. 289, Sinhu 3rd Rd, Neihu District, Taipei City 114, Taiwan, R.O.C. Through at least its sales and product distribution, Defendant D-Link Corporation is doing business or transacting business in the Eastern District of Texas.

FACTUAL BACKGROUND

A. The Patent-in-Suit

8. On April 17, 2001, the Katzenberg Patent was duly and legally issued. A copy of the Katzenberg Patent is attached hereto as Exhibit A. The Katzenberg Patent will expire on March 10, 2020.

9. Network-1 is the owner of all right, title and interest in and to the Katzenberg Patent.

B. Defendants' Infringing Activities

10. Defendants manufacture, sell, and/or offer for sale a variety of products which support, and are supported by, Power over Ethernet, *i.e.*, products which distribute or utilize power over Ethernet cables. According to Defendants' website, by transmitting remote power through standard network cabling, their products can provide and receive power from a reliable, centralized source. Examples of devices which utilize Power over Ethernet are IP phones, cameras and wireless access points. A result of using Power over Ethernet is elimination of the need for separate power cabling to network devices located where wall outlets are inaccessible or expensive to deploy.

11. Defendants have infringed and continue to infringe, the Katzenberg Patent, by, *inter alia*, making, using, offering for sale, selling, distributing, marketing, and advertising these products in the Eastern District of Texas and elsewhere in the United States.

12. Defendants have infringed and continue to infringe, directly or indirectly, the Katzenberg Patent, by, *inter alia*, themselves practicing, or by inducing others or contributing to others practicing, the claims recited in the Katzenberg Patent.

13. As a direct and proximate result of Defendants' acts of infringement of the Katzenberg Patent, Network-1 has suffered injury and damages for which it is entitled to relief, including, but not limited to, monetary recovery of no less than a reasonable royalty to compensate for Defendants' infringement.

14. Upon information and belief, Defendants have knowingly, willfully, and deliberately infringed the Katzenberg Patent in conscious disregard of Network-1's rights, making this case exceptional within the meaning of 35 U.S.C. § 285 and justifying treble damages pursuant to 35 U.S.C. § 284.

15. Upon information and belief, Defendants will continue to infringe the Katzenberg Patent, causing immediate and irreparable harm unless this Court enjoins and restrains their activities.

16. Upon information and belief, the infringement by Defendants has, and will, deprive Network-1 of royalties and other related revenue which Network-1 would have made or would enjoy in the future; has injured Network-1 in other respects; and will cause Network-1 added injury and damage, including loss of royalties and other related revenue in the future unless Defendants are enjoined from infringing the Katzenberg Patent or are ordered to take a

compulsory license on all products they will make, use, offer for sale, sell, distribute, market, or advertise until the expiration of the Katzenberg Patent.

JURY DEMAND

17. Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Network-1 demands that the issues in this case be tried by a jury.

PRAYER FOR RELIEF

WHEREFORE, Network-1 respectfully requests this Court to:

1. Enter judgment for Network-1 that the Katzenberg Patent was duly and legally issued, is valid, enforceable, and has been infringed by Defendants;
2. Enter judgment for Network-1 that Defendants have willfully infringed, and are willfully infringing, one or more claims of the Katzenberg Patent;
3. Order Defendants to account in written form for and to pay to Network-1 actual damages suffered by reason of Defendants' infringement of the Katzenberg Patent through and including the date of entry of the judgment on the jury's verdict, including but not limited to, monetary damages of no less than a reasonable royalty; and further order that such damages be trebled due to Defendants' deliberate, willful, and knowing conduct;
4. Issue a permanent injunction restraining the Defendants, their directors, officers, agents, employees, successors, subsidiaries, assigns, affiliates and all persons acting in privity or in concert or participation with any of them from the continued infringement, direct or contributory, or active inducement of infringement by others, of the Katzenberg Patent;
5. Direct Defendants to file with this Court, and to serve on Network-1, a written report under oath setting forth in detail the manner and form in which Defendants have complied with the injunction;

6. In lieu of a permanent injunction, order the Defendants to pay to Network-1 monetary damages that will be suffered as a result of Defendants' continuing post-verdict infringement of the Katzenberg Patent by requiring the Defendants to take a compulsory license at a reasonable royalty rate to be determined by the Court on all products that they make, use, offer for sale, sell, distribute, market, or advertise that infringe the patent-in-suit until the expiration of the Katzenberg Patent, which royalty payments shall commence three months after entry of the judgment and shall be made quarterly thereafter, and shall be accompanied by an accounting of the sales of infringing products by the Defendants;

7. Order such other measures in the form of audit rights, interest on late payments, and appropriate security to protect Network-1's rights with respect to the compulsory license;

8. Order Defendants to pay Network-1 its costs, expenses, and fees, including reasonable attorneys' fees pursuant to 35 U.S.C. § 285, and pre-judgment and post-judgment interest at the maximum rate allowed by law; and

9. Grant Network-1 such other and further relief as the Court may deem just and proper.

Dated: April 25, 2007

Respectfully submitted,

/s/ Douglas R. McSwane, Jr.
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that all counsel of record who are deemed to 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 25th day of April, 2007. Any other counsel of record will be served by facsimile transmission.

s/ Douglas R. McSwane, Jr. _____