

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

Erik B. Cherdak
149 Thurgood Street
Gaithersburg, Maryland 20878

Plaintiff,

v.

RACK ROOM SHOES, INC.
8310 Technology Drive
Charlotte, NC 28262

Defendant.

Case No. 1:11-cv-169 AJT/jfa

PLAINTIFF'S FIRST
AMENDED COMPLAINT
FOR PATENT
INFRINGEMENT

JURY TRIAL DEMANDED

PLAINTIFF'S FIRST AMENDED COMPLAINT

Plaintiff Erik B. Cherdak (hereinafter "Plaintiff" or "Cherdak"), *by and through undersigned counsel*, and in and for his Complaint against Defendant RACK ROOM SHOES, and 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. On information and belief Defendant RACK ROOM SHOES is a 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 the Laws of the United States of America and, in particular, under Title 35 United States Code (Patents – 35 USC § 1, *et seq.* (The "U.S. Patent Act")). 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 shoes through its own retail stores including those retail stores located in this judicial district and is therefore subject to this court's jurisdiction. On information and belief, Defendant RACK ROOM SHOES, owns and operates over twenty-five retail stores like and/or similar to a store located in Alexandria, Virginia, USA. Additionally, Defendant RACK ROOM SHOES operates a retail website at www.rackroomshoes.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 the '445 patent on August 30, 1994. On August 29, 1994, Plaintiff filed a Continuation type application also entitled "Athletic Shoe with Timing Device" which resulted in the issuance of the '269 patent on September 19, 1995. The Cherdak patents are directed, *inter alia*, to lighted shoes like those sold by the Defendant. The Cherdak patents have successfully gone through additional expert review before the USPTO during reexamination proceedings related to the same (USPTO Reexamination Proceeding Control Nos. 90/008,269, and 90/008,246, respectively). Those reexamination proceedings resulted, *inter alia*, in the confirmation of many claims without amendment; many of said claims form the basis of the instant lawsuit. Both of the Cherdak patents are entitled "Athletic Shoe with Timing Device." Copies of the Cherdak patents and their corresponding reexamination certificates have already been provided to Defendant in the context of the instant lawsuit.

6. Claim 1 of the '269, per reexamination, reads as follows:

1. An athletic shoe comprising:
 - a sole;
 - a shoe upper mounted on said sole;
 - a timing device disposed at least partly in said sole for measuring an amount of time the athletic shoe is off the ground and in the air during a jump, said timing device including a pressure responsive switch responding to pressure imparted to said athletic shoe during said jump; and
 - a notification device operatively coupled to said timing device and disposed in said upper for notifying a wearer of the athletic shoe of a message, said message including information related to said amount of time the athletic shoe is off the ground and in the air during said jump.

(emphasis as supplied in original reexamination certificate).

7. Claim 22 of the '445 patent reads as follows:

22. In an athletic shoe having an upper member secured to a sole member, the sole member having a heel portion with a cavity in which circuitry is housed, apparatus for indicating the time that the athletic shoe is off the ground and in the air during a jump by a person wearing the athletic shoe, said apparatus comprising:

a pressure responsive switch producing a signal when said athletic shoe is off the ground and in the air, said switch being disposed in the sole member of said athletic shoe;

a plurality of light emitting diodes (LEDs) disposed on the athletic shoe, said plurality of light emitting diodes (LEDs) emitting light during the period of time when the athletic shoe is off the ground and in the air during said jump to provide a visual indication of the amount of time that the athletic shoe is off the ground and in the air;

a controller disposed in the sole member of the athletic shoe and connected to said switch and to said plurality of light emitting diodes (LEDs), wherein said controller is responsive to said signal to cause said plurality of light emitting diodes (LEDs) to emit said light during said period of time that said athletic shoe is off the ground and in the air; and

a power source connected to said switch, to said plurality of light emitting diodes (LEDs) and to said controller, said power source disposed in the sole member of said athletic shoe.

Claim 22 of the '445 patent was confirmed during reexamination proceedings without amendment thereto.

8. The 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 shoes such as those bearing the SAHARA™ and PARIS BLUEST™ brand trademarks.

Infringing shoes sold by Defendant as late as May 19, 2011, include the SAHARA lighted JELLY FLOWER shoe (RACK ROOM SHOE product number 5510986) and the SAHARA™ lighted BUTTERFLY JELLY shoe (RACK ROOM SHOE product number 5511372), the SAHARA lighted LIL JELLY FLOWER shoe (RACK ROOM SHOE SKU number 425044), the PARIS BLUES™ UMA-LIGHTS shoe (RACK ROOM SHOE SKU number 541325). On information and belief, SAHARA is a store-brand of Defendant RACK ROOM SHOES.

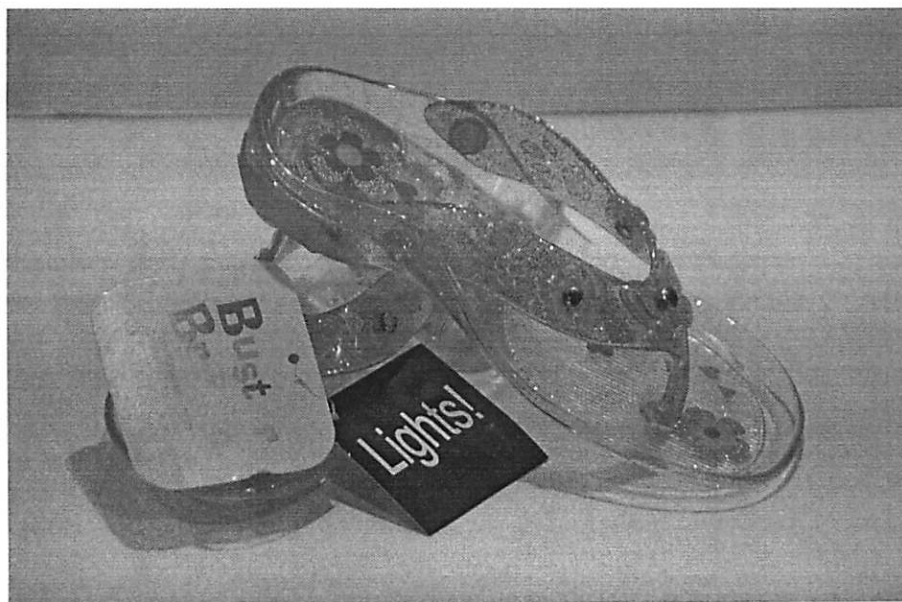
9. Plaintiff's investigation of the infringing shoes marketed and sold by defendant reveals discrepancies in model/SKU numbers, notwithstanding the fact that inspection of the lighting modules within said lighted shoe products and the operation of the same reveals a clear case of patent infringement as least as to claims 1 of the '269 patent (as amended during reexamination) and claim 22 of the '445 patent (as confirmed during reexamination).
10. At a minimum, such lighting modules include a power source, a pressure responsive switch responding to pressures imparted to the shoes during an activity similar or like a jump, a set of typically three light emitting diodes (LEDs), and a controller configured to control the illumination states of the LEDs. LED blinks provide an indication of the passage of time occurring, for example, during an activity like (or similar to) a jump including, but not limited to, a running sequence involving a series of jumps.
11. The infringing shoes mentioned in this AMENDED COMPLAINT have been reviewed in a pre-filing investigation. During communications between the Parties, Defendant provided information regarding many more shoes which it has sold and/or which it continues to sell throughout its channels without license from Plaintiff.

12. As Discovery proceeds in this case, Defendant will be required to produce samples of the shoes about which Defendant has provided information to Plaintiff to date. In due course, Plaintiff will conduct an investigation of such identified shoes and, accordingly, reserves the right to further amend his Complaint against Defendant and possibly include references to additional infringing shoe products. Plaintiff issued a Preservation Demand to Defendant on March 23, 2011 demanding that Defendant retain, inter alia, samples of all allegedly infringing and possibly infringing products including those which either Plaintiff or Defendant has already identified.

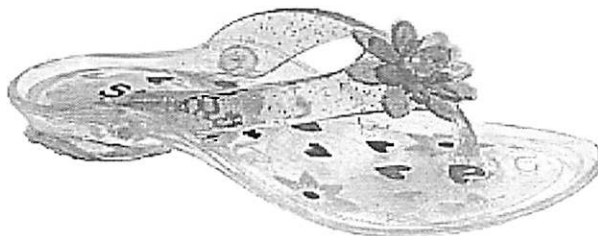
13. DEFENDANT RACK ROOM SHOES IS HEREBY ADVISED THAT THE PLAINTIFF, THE INSTANT LAWSUIT AND THIS COMPLAINT DO NOT SEEK REMEDIES IN CONNECTION WITH ANY ACTS OF PATENT INFRINGEMENT BY DEFENDANT RELATED TO LIGHTED SHOE PRODUCTS WHICH ARE MANUFACTURED BY AND/OR WHICH ARE SOURCED TO (SUPPLIED TO) DEFENDANT FROM ANY OF THE FOLLOWING PARTIES:

COLLECTIVE BRANDS, INC. (/dba/ PAYLESS, INC.)
BBC INTERNATIONAL, INC.
STRIDE-RITE CORPORATION
ESO ORIGINALS, INC.
VIDA SHOES INTERNATIONAL, INC.
CHAMELEON, INC.
SKECHERS USA INC.
THE WALT DISNEY COMPANY
ELAN-POLO, INC.
PUMA NORTH AMERICA, INC.
DINOSOLES (A.K.A. SCULPTED FOOTWEAR)
GEOX S.p.A.
BROWN SHOE COMPANY
ACI INTERNATIONAL, INC.

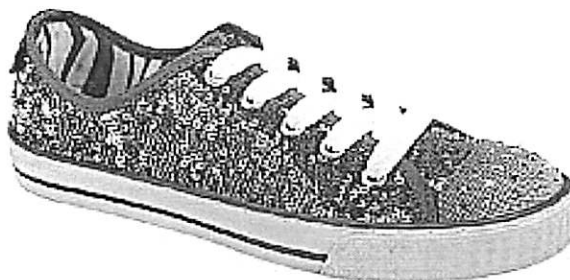
14. The Court and the Defendant are hereby advised that BROWN SHOE COMPANY, the makers of famous BUSTER BROWN® branded footwear, has been licensed by PLAINTIFF under the '445 and '269 patents-in-suit since early 2010 to use, make and sell lighted shoe products. One such licensed lighted shoe product which is sold by the BROWN SHOE COMPANY under the patents-in-suit is the BUSTER BROWN® FLEUR Sandal as shown:



15. Defendant's infringing SAHARA™ branded lighted footwear mentioned in this Complaint are remarkably similar to the already-licensed BUSTER BROWN® FLEUR lighted shoe products. For example, Defendant's SAHARA™ branded lighted footwear are shown as follows:



16. Defendant's infringing PARIS BLUES™ branded lighted sneakers mentioned in this Complaint as shown as follows:



COUNT I – PATENT INFRINGEMENT

Paragraphs 1 through 16 are hereby incorporated by reference as though completely set forth herein.

17. Given the validity and corresponding enforceability of the Cherdak patents (U.S. Patent Nos. 5,343,445 and 5,452,269 per reexamination) 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).

18. Defendant has infringed, contributed to the infringement of, and/or induced the infringement of at least claim 22 of the '445 patent and at least claim 1 of the '269 patent per reexamination in violation of 35 USC § 271(a), (b), and (c) by Defendant's design, use, manufacture, importation, distribution, sale, and/or offer for sale of shoes including the shoes mentioned in this Complaint.
19. On information and belief, Defendant has infringed the Cherdak patents in violation of 35 USC § 271(b) by actively inducing distributors, customers, and/or other retailers to infringe the Cherdak patents and, in particular, at least claim 22 of the '445 patent and at claim 1 of the '269 patent per reexamination.
20. 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.

COUNT II – WILFUL PATENT INFRINGEMENT

Paragraphs 1 through 12 are hereby incorporated by reference as though completely set forth herein.

21. On information and belief Defendant has had actual knowledge of the patents in suit since at least as early as mid-2010 as reported to Plaintiff by Defendant during direct party-to-party communications between Plaintiff and Defendant and certainly

as early as February 18, 2011, the date on which the instant case was originally filed in this Honorable Court. As such, Defendant has deliberately and willfully chosen to ignore Plaintiff's valid patent rights simply to reap greater profits by selling its own store-branded and sourced-in lighted footwear with completely subjective wanton and reckless disregard to the valid patent rights of the Plaintiff.

22. Defendant's design, use, manufacture, importation, distribution, sale, and/or offer for sale of lighted shoe products are acts of direct patent infringement of the patents-in-suit and have and continue to be done with knowing and wanton and/or reckless disregard for the valid patent rights of the plaintiff.

23. On information and belief Defendant has willfully infringed, contributed to the infringement of, and/or induced the infringement of at least claim 22 of the '445 (as confirmed during reexamination) and at least claim 1 of the '269 (per reexamination) patents in violation of 35 USC § 271(a), (b), and (c) by its design, use, manufacture, importation, distribution, sale, and/or offer for sale of shoes including, **but not limited to**, the shoes identified herein.

24. 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/or in equity, Defendant will be permitted to continue willfully infringe the '445 and '269 patents to Plaintiff's further detriment.

25. Because of Defendant's subjectively willful infringement of the patents-in-suit, Plaintiff hereby requests that this Court treat this case as one justifying enhancement of damages for infringement and, in no event, less than a trebling of damages to be determined by the Court.

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 and '269 patents 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 Defendant's acts which are found to be willful acts of patent infringement; and
- E. 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.

REQUEST TO FURTHER AMEND

Defendant has provided information regarding numerous lighted shoe products to Plaintiff in the context of direct, party-to-party communications. Plaintiff will serve

discovery on Defendant in the instant action in due course which will seek, *inter alia*, production of sample lighted footwear products identified by Defendant to date. Plaintiff may also learn about other lighted footwear products sold by Defendant. Accordingly, Plaintiff may require further amendments to his Complaint for patent infringement or otherwise as this case progresses.

Respectfully submitted,

/s/ Daniel S. Ward

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May --, 2011