

FILED

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA**

2008 OCT 27 PM 12:25

COURT REPORTER
ALEXANDRIA, VIRGINIA

Erik B. Cherdak
149 Thurgood Street
Gaithersburg, Maryland 20878
v. (240) 418.3341
f. (240) 235.7128
e. efunds@yahoo.com

Plaintiff,

v.

WAL MART STORES, INC.
(a.k.a. and/or T/A WAL MART, WAL*MART,
Walmart, WAL MART STORES EAST, INC.)
702 S.W. 8th Street
Bentonville, AR 72716

SERVE ON:
CT CORPORATION SYSTEM
4701 COX RD STE 301
GLEN ALLEN, VA 23060-6802

Defendant.

Civil Action No.: 1:08cv1101
Judge: Liam O'Grady
Mag. Judge: Theresa Carroll Buchanan

**PLAINTIFF'S AMENDED
COMPLAINT FOR PATENT
INFRINGEMENT**

JURY TRIAL DEMANDED

PLAINTIFF'S AMENDED COMPLAINT

This PLAINTIFF'S AMENDED COMPLAINT **REPLACES** PLAINTIFF'S COMPLAINT FOR PATENT INFRINGEMENT filed in this Honorable Court on October 21, 2008. This PLAINTIFF'S AMENDED COMPLAINT corrects matters of form and better states the bases of this action. The original Complaint filed in this case has not yet been served on Defendant, and no Answer has been served upon the Plaintiff.

COMES NOW, Erik B. Cherdak, Plaintiff, *Pro Se*, and hereby submits this PLAINTIFF'S AMENDED COMPLAINT in this civil action for Patent Infringement under the U.S. Patent Act, 35 USC § 1, *et seq.*, against WAL MART STORES, INC. (a.k.a.

and/or T/A WAL MART, WALMART, Walmart, WAL*MART, WAL MART STORES EAST, INC., WALMART), Defendant. The Plaintiff hereby Complains as follows:

PARTIES

1. The Plaintiff, Erik B. Cherdak, is an individual citizen of the U.S. who resides at 149 Thurgood Street, Gaithersburg, Maryland 20878 (USA).
2. On information and belief, the Defendant is a Delaware Corporation having a principal place of business at 702 S.W. 8th Street Bentonville, AR 72716. Defendant regularly conducts business in this judicial district and performs acts of patent infringement in relation to the patents placed in suit by way of the instant action.

JURISDICTION & VENUE

3. This is an action for patent infringement under the laws of the United States and, in particular, under Title 35 of the United States Code (Patents) (35 USC § 1, *et seq.*). Jurisdiction and venue are proper in this judicial district and in this Honorable Court based on Sections 1338(a), 1391(b) and (c), and/or 1400(b) of Title 28 of the United States Code.
4. At all times relevant herein, Plaintiff Cherdak has been and is the named inventor and owner of U.S. Patent Nos. 5,343,445 (“the ‘445 patent”) and 5,452,269 (“the ‘269 patent”) (hereinafter collectively referred to as the “Cherdak Patents”), which were duly and properly issued by the U.S. Patent and Trademark Office (USPTO) on August 30, 1994, and September 19, 1995, respectively. Thereafter, the USPTO reexamined both of the Cherdak Patents and issued corresponding Re-Examination Certificates confirming, *inter alia*, the claims of the Cherdak Patents in November,

2007, and January, 2008, respectively. Many claims of the Cherdak Patents survived reexamination before the USPTO without amendment. Also during said reexamination proceedings, the USPTO adopted as both reasonable and proper claim constructions proffered by Plaintiff in other litigation. *See* Official Reexamination Proceedings before the USPTO in connection with USPTO Reexamination Proceedings identified with USPTO Serial Nos. 90/008,246 and 90/008,269. True and accurate copies of the Cherdak Patents and Re-Examination Certificates are attached hereto at EXHIBITS 1-4.

5. At all times relevant herein Defendant has owned and continues to own and operates retail outlets in the U.S. and abroad, and in particular, in this Judicial District. Defendant also owns and/or operates an Internet sales channel at www.walmart.com which is accessible and open for business 24/7, 365 days per year in this Judicial District, and Defendant actively seeks and engages in business from the citizens of Virginia, USA.

FACTUAL ALLEGATIONS

6. Paragraphs 1-5 are hereby incorporated by reference.
7. On July 6, 1993, Plaintiff filed a patent application entitled "Athletic Shoe With Timing Device" that resulted in the official issuance of U.S. Patent No. 5,343,445 on August 30, 1994. On August 29, 1994, as a continuation application of the application forming the basis of the '445 patent, Mr. Cherdak filed a patent application also entitled "Athletic Shoe With Timing Device" that resulted in the issuance of U.S. Patent 5,452,269 on September 19, 1995. The Cherdak patents are directed to shoe products and, more particularly, shoes containing lighting systems.

8. In November 2007 and in January 2008, the USPTO issued reexamination certificates confirming, *inter alia*, the patentability of many of the claims of the Cherdak patents without amendment. Said reexamination certificates are attached hereto at EXHIBITS 3 and 4, respectively.
9. Defendant Wal-Mart has in the past imported, made, distributed, sold and offered for sale infringing light-up shoes and continues to import, make, distribute, sell and offer for sale, infringing light-up shoes such as those bearing the brand identifiers "LASER LIGHTS" and "ATHLETIC WORKS." Such infringing light-up shoes are sold by the Defendant throughout its retail channels and have typical retail selling prices of between approximately \$9.00 (USD) and \$18.00 (USD) per pair.
10. Exemplary infringing lighted shoes marketed and sold by Defendant include:

Name of Defendant's Infringing Athletic Shoe Product	Wal-Mart's Stock Number
Athletic Works JACOB	25011882
Laser Lights SUPER SPORT	2542545
Athletic Works DOZER	2575657
Athletic Works FIREMAN	2501168
Athletic Works JACOB	2501948
Laser Lights FIRE TRUCK	2533341
Athletic Works DARRYL	2519822
Laser Lights ALIEN MONSTER	253346337
Laser Lights SWEET LIGHTS	664165
Laser Lights COURTNEY	2541994

* To the best of Plaintiff's Knowledge, none of the shoe products mentioned in the chart above are sourced from either BBC INTERNATIONAL, LLC, STRIDERITE CORP., or ES ORIGINALS.

11. The shoes specified in the chart above are merely exemplary of the shoes sold by Defendant. Discovery in this case may reveal other shoes which are marketed and sold by Defendant including, but not limited to, in this judicial district.

12. On information and belief, all of the lighted shoes specified in chart above are sourced to include lighting modules procured from and/or with the assistance of Defendant's supplier, CHAMELEON, INC. and/or Mr. Jim Cheung (a resident of NJ). The above-listed, exemplary lighted shoes bear a patent marking to U.S. Patent 6,164,794 to Nicholas A. Rogers – Assigned to Mr. James D. Cheung, 16 Mount Bethel Road, #354, Warren, New Jersey 07059.
13. In addition to the fact that each of the exemplary infringing lighted shoe products specified in the above-presented chart infringes the patents in suit (the Cherdak Patents), many of said exemplary lighted shoe products specified in the chart above (and possibly others sold by Defendant which Plaintiff becomes aware of after due and proper discovery in the instant action) are actually marketed for infringing purposes such as "athletic shoe[s]" which "light up with movement." See Walmart marketing tags attached to lighted shoe products sold by Defendant. Such shoes include an upper member mounted to a sole member; the sole member further includes a cavity formed therein in which a lighting module is maintained; the lighting module includes a battery, a pressure responsive switch configured to respond to pressure imparted to the shoe during said advertised movement such as, *inter alia*, during a jump by a person wearing said shoe, an arrangement of light emitting diodes (LEDs) configured to emit light during the time when the shoe is off the ground and in the air during said jump (i.e., during movement realized during said jump) to provide a visual indication of the time that said shoe is in the air during said jump, and a controller (an integrated circuit operating in accordance with a clocking pulse) for controlling the illumination of said LEDs. Such

illumination is controlled by causing the LEDs to become energized in a timed sequence during a jump, for example. As noted by the USPTO during reexamination of the Cherdak Patents, the number of LED blinks/ashes occurring while a lighted shoe product is off the ground and in the air can and do operate to indicate a period of time in which that shoe is off the ground and in the air during a jump.

14. Given the fact that Defendant's lighted shoe products include all of the structures defined by the claims of the Cherdak Patents (both prior to and per reexamination), and given the fact that such structures operate in accordance with the language of the said claims, Plaintiff and one of Defendant's suppliers, Chameleon, Inc. (which, upon information and belief, is an alter ego of Mr. James D. Cheung), began meaningful licensing discussions in the 4th Calendar Quarter of 2007 while the Cherdak patents were undergoing *ex parte* reexamination in the USPTO. Chameleon, Inc. is on information and belief the agent responsible for sourcing the lighting modules that are included in many of Defendant's lighted shoes and marketed and sold by Defendant in the United States and, in particular, in this judicial district. On information and belief, Defendant has and continues to sell infringing lighted shoe products containing lighting modules sourced from and/or with the assistance of Chameleon, Inc. and/or Mr. Jim Cheung and during a period for which Plaintiff is entitled to recover past damages. All lighted shoe products sold by Defendant infringe claims of the Cherdak Patents that were confirmed during said reexamination proceedings without amendment thereto (see e.g., claim 22 of the '445 patent, etc.).

15. Because licensing discussions between Chameleon, Inc. (Mr. James D. Cheung) and Plaintiff ultimately broke down in August, 2008, Plaintiff had no option but to seek Court intervention by way of the instant action to resolve the legitimate claims Plaintiff has against Defendant for its unlawful and willful infringement of the Cherdak Patents in the United States.

COUNT I – PATENT INFRINGEMENT – U.S. Pat. 5,343,445

16. Paragraphs 1-15 are hereby incorporated by reference.
17. Defendant has imported, made, distributed, sold and offered for sale lighted shoe products which infringe U.S. Patent No. 5,343,445 to Cherdak (as reexamined by the USPTO) in violation of 35 USC § 271.
18. In particular, Defendant has infringed, contributed to the infringement of and/or has induced the infringement of U.S. Patent No. 5,343,445 in violation of 35 USC § 271 (a), (b) and (c) by Defendant's manufacture, importation, distribution, sales and offers for sale of infringing light up shoe products including, but not limited to, the exemplary light up shoe products specified in this Complaint.
19. Defendant has further violated section 271 of Title 35 of the United States Code by having induced its distributors, customers and or retailer outlets to infringe U.S. Patent No. 5,343,445 under 35 USC § 271(b).
20. Because of Defendant's infringing activities, Plaintiff has suffered pecuniary losses and is at least entitled to damages as set forth in the U.S. Patent Act (35 USC § 1, *et seq.*).

21. Because of the subjectively willful nature of Defendant's infringing activities in violation of 35 USC § 271, Plaintiff is entitled to enhanced damages as permitted by the U.S. Patent Act (35 USC § 1, *et seq.*).

COUNT II – PATENT INFRINGEMENT – U.S. Pat. 5,452,269

22. Paragraphs 1-21 are hereby incorporated by reference.
23. Defendant has imported, made, distributed, sold and offered for sale lighted shoe products which infringe U.S. Patent No. 5,452,269 to Cherdak (as reexamined by the USPTO) in violation of 35 USC § 271.
24. In particular, Defendant has infringed, contributed to the infringement of and/or has induced the infringement of U.S. Patent No. 5,452,269 in violation of 35 USC § 271 (a), (b) and (c) by Defendant's manufacture, importation, distribution, sales and offers for sale of infringing light up shoe products including, but not limited to, the exemplary light up shoe products specified in this Complaint.
25. Defendant has further violated section 271 of Title 35 of the United States Code by having induced its distributors, customers and or retailer outlets to infringe U.S. Patent No. 5,452,269 under 35 USC § 271(b).
26. Because of Defendant's infringing activities, Plaintiff has suffered pecuniary losses and is at least entitled to damages as set forth in the U.S. Patent Act (35 USC § 1, *et seq.*).
27. Because of the subjectively willful nature of Defendant's infringing activities in violation of 35 USC § 271, Plaintiff is entitled to enhanced damages as permitted by the U.S. Patent Act (35 USC § 1, *et seq.*).

PRAYER FOR RELIEF


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

- A. For a judgment that the Cherdak patents are infringed by Defendant including, but not limited to, its subsidiaries, predecessors-in-interest and business units however and wherever formed;
- B. For a permanent injunction to be issued to stop continued infringement the Cherdak 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 retailers;
- C. For an accounting to be ordered so that damages caused to Plaintiff by Defendant's infringement of the Cherdak Patents can be awarded to Plaintiff, together with pre-judgment and post-judgment interest; and
- D. Such other relief that this Honorable Court deems just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands trial by jury on all issues so triable.

Respectfully submitted,



Erik B. Cherdak
Plaintiff, *Pro Se*

Date: 10/27/08