

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:06cv00507

NETALOG, INC.,)	
)	
Plaintiff,)	COMPLAINT
)	
v.)	
)	
SANRIO CO., LTD., SANRIO, INC.,)	Jury Trial Demanded
and SPECTRA MERCHANDISING)	
INTERNATIONAL, INC.,)	
)	
Defendants.)	
)	

Plaintiff Netalog, Inc. d/b/a Digital Lifestyle Outfitters (“Netalog”), for its complaint against defendants Sanrio Co., Ltd. (“Sanrio Ltd.”), Sanrio, Inc. (“Sanrio”) and Spectra Merchandising International, Inc. (“Spectra”) (collectively “Defendants”), alleges as follows:

PARTIES

1. Netalog is a corporation organized under the laws of the State of North Carolina, having a place of business in Durham, North Carolina.
2. On information and belief, Sanrio Ltd. is a company located in Tokyo, Japan.
3. On information and belief, Sanrio is a California corporation having a place of business in South San Francisco, California, and is a wholly-owned subsidiary of Sanrio Ltd.
4. On information and belief, Spectra is an Illinois corporation having a place of business in Chicago, Illinois, and is a distributor for Sanrio Ltd. and/or Sanrio.

JURISDICTION AND VENUE

5. This is an action for patent infringement arising under the United States Patent Laws, 35 U.S.C. §§ 271 and 281-285. This Court has jurisdiction over the subject matter under 28 U.S.C. §§ 1331 and 1338(a).

6. This Court has personal jurisdiction over Defendants pursuant to N.C. Gen. Stat. §1-75.4 in that, on information and belief, Defendants conduct substantial and continuing business activities, including having offered for sale and selling the infringing products described below, in the United States, in this State and in this District. Venue is proper in the Middle District pursuant to 28 U.S.C. §§1391 and 1400(b).

CLAIM **(Patent Infringement)**

7. Netalog is, and at all relevant times has been, the owner of all rights, title and interest in and to United States Patent No. 6,591,085 (“‘085 Patent”), entitled “FM Transmitter and Power Supply/Charging Assembly for MP3 Player,” which was duly and lawfully issued by the United States Patent & Trademark Office on July 8, 2003. A copy of the ‘085 Patent is attached hereto as Exhibit A.

8. Defendants have made, used, sold or offered for sale in the United States, or imported into the United States: (1) FM transmitter and power/charger assemblies that infringe one or more claims of the ‘085 patent; and/or (2) components or material parts for such infringing FM transmitter and power/charger assemblies, all without authority, approval or license from Netalog.

9. By importing, using, making, selling, or offering for sale their FM transmitter and power/charger assemblies, components and/or material parts thereof, Defendants have directly infringed, actively induced infringement of, and/or contributorily infringed, one or more claims of the ‘085 patent.

10. On information and belief, Defendants' infringement has been willful, intentional and deliberate, with knowledge of and in conscious disregard of the '085 Patent.

11. Defendants' infringement of the '085 Patent has caused, and will continue to cause, damage and irreparable harm to Netalog unless Defendants' continuing infringing activities are preliminarily and permanently enjoined by this Court. Netalog has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Netalog prays that:

1. The Court enter judgment in favor of Netalog, holding that Defendants have directly infringed, actively induced infringement of, and/or contributorily infringed the '085 patent;

2. The Court enter judgment that Defendants' infringement the '085 patent was willful, and award Netalog enhanced damages pursuant to 35 U.S.C. § 284;

3. The Court declare this case to be exceptional within the meaning of 35 U.S.C. § 285, and award Netalog its reasonable attorneys' fees, expenses and costs in this action on this basis or any other applicable basis;

4. The Court enter a preliminary and permanent injunction enjoining Defendants and their respective officers, agents, servants, employees, attorneys, representatives, successors, and assigns, and all persons in privity or active concert with them, from further acts of infringement, inducement of infringement, and contributory infringement of the '085 patent through the importation, use, assembly, advertising, promotion, distribution, offering for sale or sale of FM transmitter and power/charger assemblies, components and/or materials thereof;

5. The Court order the impounding and destruction of all products in Defendants' possession, custody or control that infringe, or induce or contribute to the infringement of, the '085 Patent; and

6. The Court award Netalog such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Netalog hereby demands a trial by jury on all issues so triable in this action.

Dated: June 1, 2006.

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Attorneys for Plaintiff Netalog, Inc.

5. The Court order the impounding and destruction of all products in Defendants' possession, custody or control that infringe, or induce or contribute to the infringement of, the '085 Patent; and

6. The Court award Netalog such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

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Dated: June 1, 2006.

/s/ Michael E. Ray

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