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15

16 UNITED STATES DISTRICT COURT

17 CENTRAL DISTRICT OF CALIFORNIA

18

19 ICON HEALTH & FITNESS, INC., a
20 Delaware corporation,

21 Plaintiff,

22 v.

23 PELOTON INTERACTIVE, INC., a New
24 York corporation; and PELOTON
25 INDOOR CYCLING NY, INC., a New
26 York corporation,

27 Defendants.

28

Case No.: 2:16-cv-2407-MWF-GJS

**FIRST AMENDED COMPLAINT
FOR PATENT INFRINGEMENT**

[Demand For Jury Trial]

HON. MICHAEL W. FITZGERALD
UNITED STATES DISTRICT JUDGE

HON. GAIL J. STANDISH
UNITED STATES MAGISTRATE JUDGE

1 Plaintiff ICON Health & Fitness, Inc. (“ICON” or “Plaintiff”) hereby complains
2 against defendants Peloton Interactive, Inc. and Peloton Indoor Cycling NY, Inc.
3 (collectively “Peloton” or “Defendants”) for the causes of action alleged as follows:

4 **THE PARTIES**

5 1. ICON is a corporation duly organized and existing under the laws of
6 Delaware with its principal place of business located at 1500 South 1000 West, Logan,
7 Utah, 84321.

8 2. On information and belief, Peloton Interactive, Inc. is a corporation with its
9 headquarters and its principle place of business located at 158 W 27th Street, New York,
10 New York 10001.

11 3. On information and belief, Peloton Indoor Cycling NY, Inc. is a corporation
12 duly organized and existing under the laws of the State of New York, with its
13 headquarters and its principle place of business located at 158 W 27th Street New York,
14 New York 10001.

15 **JURISDICTION AND VENUE**

16 4. This is a civil action arising under the patent laws of the United States,
17 including, but not limited to, 35 U.S.C. § 271.

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

20 6. This Court has personal jurisdiction over Peloton because Peloton has
21 purposely availed itself of the privileges and benefits of the laws of the State of
22 California and has committed acts of patent infringement within this judicial district.

23 7. ICON alleges on information and belief that Peloton has sold or contracted
24 for the sale of infringing goods within the State of California; and within this District, to
25 ICON’s injury, which relate to the claims asserted by ICON, and out of which ICON’s
26 claims, in part, arise.

27 8. On information and belief, Peloton operates retail locations throughout
28 California, including stores in Los Angeles County, Orange County, and Marin County.

1 practice the '271 Patent, and Peloton does not have any right or authority to license others
2 to practice the '271 Patent.

3 18. The '537 Patent was filed on October 16, 2000 and issued on June 15, 2004.
4 ICON is the owner by assignment of the '537 Patent. ICON has not licensed Peloton to
5 practice the '537 Patent, and Peloton does not have any right or authority to license others
6 to practice the '537 Patent.

7 19. The '472 Patent was filed on October 16, 2000 and issued on October 6,
8 2004. ICON is the owner by assignment of the '472 Patent. ICON has not licensed
9 Peloton to practice the '472 Patent, and Peloton does not have any right or authority to
10 license others to practice the '472 Patent.

11 20. The '016 Patent was filed on April 28, 2000 and issued on July 29, 2003.
12 ICON is the owner by assignment of the '016 Patent. ICON has not licensed Peloton to
13 practice the '016 Patent, and Peloton does not have any right or authority to license others
14 to practice the '016 Patent.

15 21. The '590 Patent was filed on May 8, 2006 and issued on July 7, 2009. ICON
16 is the owner by assignment of the '590 Patent. ICON has not licensed Peloton to practice
17 the '590 Patent, and Peloton does not have any right or authority to license others to
18 practice the '590 Patent.

19 **PELTON'S INFRINGEMENT OF THE ASSERTED PATENTS**

20 22. On information and belief, Peloton is in the business of manufacturing and
21 selling exercise equipment, among other things, with online streaming and online fitness
22 data storage and analysis capabilities. In particular, Peloton provides exercise bikes with
23 systems and applications that allow users to stream, track, upload, analyze, compare, and
24 share fitness-related data and content.

25 23. On information and belief, Peloton's exercise bikes include a computing
26 device to provide content to its users and to track its users' fitness-related data. The
27 computing device utilizes a network connection to allow its users to interconnect and to
28 allow communication between Peloton's one or more servers and its users.

1 others to infringe, or carrying out acts constituting infringement of the '537 Patent under
2 35 U.S.C. § 271.

3 30. On information and belief, the Peloton Bike and its appurtenant products and
4 services infringe at least claim 27 of the '537 Patent. In order to provide content to
5 Peloton Bike users, Peloton produces multimedia content from its New York and
6 Chicago exercise/recording studios and transmits this content to a server system that
7 manages the content, which ultimately sends the content to Peloton Bike users. This
8 multimedia content includes video data, which is reproduced at Peloton's server system
9 and the Peloton Bikes.

10 31. Peloton has induced and continues to induce others to infringe one or more
11 claims of the '537 Patent by the manufacture, use, sale, offer for sale, importation, and
12 instruction provided in connection with the Peloton Bike and its appurtenant products and
13 services.

14 32. On information and belief, Peloton has, and has had, the specific intent to
15 induce others to infringe one or more claims of the '537 Patent by the aforesaid conduct.

16 33. Peloton has contributed and continues to contribute to the infringement of
17 one or more claims of the '537 Patent by the manufacture, use, sale, offer for sale and
18 importation of the Peloton Bike and its appurtenant products and services. Such devices,
19 systems, and services constitute a material part of the invention and are not staple articles
20 or commodities of commerce suitable for substantial noninfringing uses. Peloton knows
21 that such devices, systems, and services constitute a material part of the invention.

22 34. The conduct of Peloton as set forth hereinabove gives rise to a cause of
23 action for infringement of the '537 Patent, pursuant to at least 35 U.S.C. §§ 271 and 281.

24 35. On information and belief, Peloton has sold infringing products, such as the
25 Peloton Bike and its appurtenant products and services, despite an objectively high
26 likelihood that its actions constitute infringement.
27
28

1 exercise bike with an associated tablet computer that monitors the operation of the
2 exercise bike and maintains a communication linkage with Peloton's exercise/recording
3 studios and server system in order to exchange user performance data, instructional
4 content, software updates, and other content.

5 43. Peloton has induced and continues to induce others to infringe one or more
6 claims of the '472 Patent by the manufacture, use, sale, offer for sale, importation, and
7 instruction provided in connection with the Peloton Bike and its appurtenant products and
8 services.

9 44. On information and belief, Peloton has, and has had, the specific intent to
10 induce others to infringe one or more claims of the '472 Patent by the aforesaid conduct.

11 45. Peloton has contributed and continues to contribute to the infringement of
12 one or more claims of the '472 Patent by the manufacture, use, sale, offer for sale and
13 importation of the Peloton Bike and its appurtenant products and services. Such devices,
14 systems, and services constitute a material part of the invention and are not staple articles
15 or commodities of commerce suitable for substantial noninfringing uses. Peloton knows
16 that such devices, systems, and services constitute a material part of the invention.

17 46. The conduct of Peloton as set forth hereinabove gives rise to a cause of
18 action for infringement of the '472 Patent, pursuant to at least 35 U.S.C. §§ 271 and 281.

19 47. On information and belief, Peloton has sold infringing products, such as the
20 Peloton Bike and its appurtenant products and services, despite an objectively high
21 likelihood that its actions constitute infringement.

22 48. Peloton's acts of infringement have caused damage to ICON, and ICON is
23 entitled to recover the damages sustained as a result of Peloton's wrongful acts in an
24 amount subject to proof at trial.

25 49. Peloton's infringement of the '472 Patent will continue to damage ICON's
26 business, causing irreparable harm, for which there is no adequate remedy at law, unless
27 it is enjoined by this Court.

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1 Bikes in the form of, among other things, a leaderboard to enable competition and
2 comparison among users.

3 55. Peloton has induced and continues to induce others to infringe one or more
4 claims of the '016 Patent by the manufacture, use, sale, offer for sale, importation, and
5 instruction provided in connection with the Peloton Bike and its appurtenant products and
6 services.

7 56. On information and belief, Peloton has, and has had, the specific intent to
8 induce others to infringe one or more claims of the '016 Patent by the aforesaid conduct.

9 57. Peloton has contributed and continues to contribute to the infringement of
10 one or more claims of the '016 Patent by the manufacture, use, sale, offer for sale and
11 importation of the Peloton Bike and its appurtenant products and services. Such devices,
12 systems, and services constitute a material part of the invention and are not staple articles
13 or commodities of commerce suitable for substantial noninfringing uses. Peloton knows
14 that such devices, systems, and services constitute a material part of the invention.

15 58. The conduct of Peloton as set forth hereinabove gives rise to a cause of
16 action for infringement of the '016 Patent, pursuant to at least 35 U.S.C. §§ 271 and 281.

17 59. On information and belief, Peloton has sold infringing products, such as the
18 Peloton Bike and its appurtenant products and services, despite an objectively high
19 likelihood that its actions constitute infringement.

20 60. Peloton's acts of infringement have caused damage to ICON, and ICON is
21 entitled to recover the damages sustained as a result of Peloton's wrongful acts in an
22 amount subject to proof at trial.

23 61. Peloton's infringement of the '016 Patent will continue to damage ICON's
24 business, causing irreparable harm, for which there is no adequate remedy at law, unless
25 it is enjoined by this Court.

26 62. Upon information and belief, Peloton has willfully infringed the '016 Patent,
27 entitling ICON to increased damages under 35 U.S.C. § 284 and to attorneys' fees and
28 costs incurred in prosecuting this action under 35 U.S.C. § 285. Peloton previously

1 engaged ICON in discussions regarding the potential licensing of ICON's patent
2 portfolio, including the Asserted Patents.

3 63. By reason of the foregoing, ICON is entitled to relief against Peloton,
4 pursuant to at least 35 U.S.C. §§ 283–85.

5 **FOURTH CLAIM FOR RELIEF**

6 (Infringement of the '590 Patent)

7 64. By this reference ICON realleges and incorporates the foregoing paragraphs
8 as though fully set forth herein.

9 65. Peloton has infringed and continues to infringe one or more claims of the
10 '590 Patent by making, using, selling, offering for sale within the United States, or
11 importing into the United States products, systems, or services, including, but not limited
12 to, the Peloton Bike and its appurtenant products and services, which embody one or
13 more of the claims of the '590 Patent, or by contributing to the infringement, inducing
14 others to infringe, or carrying out acts constituting infringement of the '590 Patent under
15 35 U.S.C. § 271.

16 66. On information and belief, the Peloton Bike and its appurtenant products and
17 services infringe at least claim 1 of the '590 Patent. Each Peloton Bike includes an
18 exercise bike with an associated tablet computer communicatively connected to the
19 exercise bike. The exercise bike communicates data in a first protocol to a device that
20 translates the data into a protocol compatible with the tablet computer. The tablet
21 computer transmits this data to Peloton's server system, where data from multiple
22 Peloton Bikes is compiled and compared to produce content such as leaderboards and
23 comparison charts. This content is produced from data gathered from different users who
24 participated in exercise sessions at different times and dates. Peloton maintains a
25 communication link among Peloton Bike users and Peloton's server systems to enable
26 users to access this content and to communicate with one another.

27 67. Peloton has induced and continues to induce others to infringe one or more
28 claims of the '590 Patent by the manufacture, use, sale, offer for sale, importation, and

1 instruction provided in connection with the Peloton Bike and its appurtenant products and
2 services.

3 68. On information and belief, Peloton has, and has had, the specific intent to
4 induce others to infringe one or more claims of the '590 Patent by the aforesaid conduct.

5 69. Peloton has contributed and continues to contribute to the infringement of
6 one or more claims of the '590 Patent by the manufacture, use, sale, offer for sale and
7 importation of the Peloton Bike and its appurtenant products and services. Such devices,
8 systems, and services constitute a material part of the invention and are not staple articles
9 or commodities of commerce suitable for substantial noninfringing uses. Peloton knows
10 that such devices, systems, and services constitute a material part of the invention.

11 70. The conduct of Peloton as set forth hereinabove gives rise to a cause of
12 action for infringement of the '590 Patent, pursuant to at least 35 U.S.C. §§ 271 and 281.

13 71. On information and belief, Peloton has sold infringing products, such as the
14 Peloton Bike and its appurtenant products and services, despite an objectively high
15 likelihood that its actions constitute infringement.

16 72. Peloton's acts of infringement have caused damage to ICON, and ICON is
17 entitled to recover the damages sustained as a result of Peloton's wrongful acts in an
18 amount subject to proof at trial.

19 73. Peloton's infringement of the '590 Patent will continue to damage ICON's
20 business, causing irreparable harm, for which there is no adequate remedy at law, unless
21 it is enjoined by this Court.

22 74. Upon information and belief, Peloton has willfully infringed the '590 Patent,
23 entitling ICON to increased damages under 35 U.S.C. § 284 and to attorneys' fees and
24 costs incurred in prosecuting this action under 35 U.S.C. § 285. The '590 Patent was
25 cited in an Information Disclosure Statement dated March 4, 2014 during the prosecution
26 of the Peloton Patent. Peloton has also previously engaged ICON in discussions
27 regarding the potential licensing of ICON's patent portfolio, including the Asserted
28 Patents.

1 systems, and services constitute a material part of the invention and are not staple articles
2 or commodities of commerce suitable for substantial noninfringing uses. Peloton knows
3 that such devices, systems, and services constitute a material part of the invention.

4 82. The conduct of Peloton as set forth hereinabove gives rise to a cause of
5 action for infringement of the '271 Patent, pursuant to at least 35 U.S.C. §§ 271 and 281.

6 83. On information and belief, Peloton has sold infringing products, such as the
7 Peloton Bike and its appurtenant products and services, despite an objectively high
8 likelihood that its actions constitute infringement.

9 84. Peloton's acts of infringement have caused damage to ICON, and ICON is
10 entitled to recover the damages sustained as a result of Peloton's wrongful acts in an
11 amount subject to proof at trial.

12 85. Peloton's infringement of the '271 Patent will continue to damage ICON's
13 business, causing irreparable harm, for which there is no adequate remedy at law, unless
14 it is enjoined by this Court.

15 86. Upon information and belief, Peloton has willfully infringed the '271 Patent,
16 entitling ICON to increased damages under 35 U.S.C. § 284 and to attorneys' fees and
17 costs incurred in prosecuting this action under 35 U.S.C. § 285. Peloton previously
18 engaged ICON in discussions regarding the potential licensing of ICON's patent
19 portfolio, including the Asserted Patents.

20 87. By reason of the foregoing, ICON is entitled to relief against Peloton,
21 pursuant to at least 35 U.S.C. §§ 283–85.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, ICON prays for judgment against Peloton as follows:

24 A. A judgment finding Peloton liable for infringement of one or more of the
25 claims of the Asserted Patents;

26 B. Orders of this Court temporarily, preliminarily, and permanently enjoining
27 Peloton, its agents, servants, and any and all parties acting in concert with any of them,
28

1 from directly or indirectly infringing in any manner any of the claims of the Asserted
2 Patents, pursuant to at least 35 U.S.C. § 283;

3 C. An award of damages to ICON for infringement of the Asserted Patents, in
4 an amount to be proved at trial, pursuant to all applicable law, including at least 35
5 U.S.C. § 284;

6 D. An award of treble damages to ICON , pursuant to all applicable law,
7 including at least 35 U.S.C. § 284;

8 E. A declaration that this case is an exceptional case;

9 F. An award of ICON’s costs in bringing this action, pursuant to all applicable
10 law, including at least 35 U.S.C. § 384;

11 G. An award of ICON’s attorneys’ fees in this action, pursuant to all applicable
12 law, including at least 35 U.S.C. § 285;

13 H. Imposition of a constructive trust on, and an order requiring a full
14 accounting of, the sales made by Peloton as a result of its wrongful or infringing acts
15 alleged herein;

16 I. Pre-judgment interest, pursuant to at least 35 U.S.C. § 284;

17 J. Post-judgment interest, pursuant to at least 28 U.S.C. § 1961(a); and

18 K. An award of any other and further relief as the Court deems just and
19 equitable.

20 **DEMAND FOR JURY**

21 ICON demands TRIAL BY JURY of all causes and issues so triable.

22 DATED: June 8, 2016

Larry R. Laycock
David R. Wright
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MASCHOFF BRENNAN LAYCOCK
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26 By: /s/ Tyson K. Hottinger
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28 Attorneys for Plaintiff
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