IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS MARSHALL DIVISION

	§	
BLITZSAFE TEXAS, LLC,	§	
	§	
Plaintiff,	§	
	§	Case No. 2:17-cv-0422
v.	§	
	§	JURY TRIAL DEMANDED
DAIMLER AG and	§	
MERCEDES-BENZ USA LLC,	§	
	§	
	§	
Defendants.	§	
	§	
	§	

PLAINTIFF'S FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff, Blitzsafe Texas, LLC ("Blitzsafe" or "Plaintiff"), files this First Amended Complaint against Defendants, Daimler AG and Mercedes-Benz, USA LLC (together, "Defendants"), for patent infringement under 35 U.S.C. § 271 and alleges as follows:

THE PARTIES

1. Plaintiff, Blitzsafe Texas LLC, is a limited liability company organized and existing under the laws of the State of Texas, and maintains its principal place of business at 100 W. Houston Street, Marshall, Texas 75670. Blitzsafe sells automotive interface products that allow the end user to connect a third-party external audio device or multimedia device to a car stereo in order to play the content on the device through the car stereo system and speakers. Blitzsafe sells its products throughout the United States including in this judicial district. Blitzsafe is the owner of all right, title, and interest in and to U.S. Patent No. 7,489,786 and U.S. Patent No. 8,155,342.

- 2. Upon information and belief, Defendant Daimler AG is a German multinational automotive corporation with a place of business at Mercedesstrasse 137, Stuttgart, 70546, Germany.
- 3. Upon information and belief, Defendant Mercedes-Benz, USA LLC ("MBUSA") is a Delaware corporation with a place of business at One Mercedes Drive Montvale New Jersey 07645 and may be served with process through its registered agent, The Corporation Trust Company, Corporation Trust Center 1209 Orange St., Wilmington, DE 19801. Mercedes-Benz, USA LLC is responsible for the sales, marketing, and service for all Mercedes-Benz products throughout the United States.
- 4. Upon information and belief, MBUSA is registered to do business in Texas with the Secretary of State. The Texas Business Organizations Code (Bus. Org. § 9.001) requires all entities formed outside of the State of Texas to complete such registration in order to "transact business" in Texas. Upon information and belief, MBUSA is registered as a taxable entity with the Texas Comptroller of Public Accounts in connection with its marketing, distribution, and technical support of Mercedes-Benz and Smart-branded vehicles through its relationships with Mercedes-Benz dealerships.
- 5. Upon information and belief, MBUSA maintains a Learning & Performance Center in Grapevine, Texas, a regional Parts Distribution Center in Grapevine, Texas, and a key and lock center in Fort Worth, Texas. Upon information and belief, MBUSA recently opened a Learning and Performance Center in Grapevine, Texas, where dealership technicians will be trained to perform service and maintenance on Mercedes-Benz vehicles throughout the Southwest region, including the judicial Eastern District of Texas. Upon information and belief, the front of the Learning and Performance Center will look like a Mercedes-Benz dealership.

- 6. Upon information and belief, MBUSA has six employees residing in the Eastern District of Texas. One of these employees works at MBUSA's facility in Grapevine, Texas. Upon information and belief, the other five employees are based in MBUSA's offices in Fort Worth and regularly travel to Mercedes-Benz dealers within the Eastern District of Texas to provide administrative, retail, and technical support. Upon information and belief, these five MBUSA employees make regular and continuous visits to Mercedes-Benz dealers and service centers within the District for their support functions on behalf of MBUSA. Upon information and belief, Mercedes-Benz service centers in the Eastern District of Texas transact business with MBUSA to obtain parts from the Grapevine Parts Distribution Warehouse to perform warranty maintenance and service.
- 7. Upon information and belief, MBUSA regularly, continuously, and systematically provides support to and control over the five Mercedes-Benz dealers located in the Eastern District of Texas. Upon information and belief, MBUSA employees regularly travel to Mercedes-Benz dealers in this district in order to provide support and exercise control over the sales, marketing, and service of Mercedes-Benz automobiles in this District.
- 8. As one example of MBUSA's support to and control over the dealerships, upon information and belief, MBUSA employees travel to the dealerships located in this District to provide technical training to service technicians employed by such dealerships. MBUSA employs "Aftersales Technical Trainer[s]" to "Conduct Automotive Technical Training courses for dealer and MBUSA internal personnel responsible for the maintenance, diagnosis, and repair of Mercedes-Benz vehicles." *See* Exhibit B, *available at* https://goo.gl/j6jfgh. Such position and similar positions at MBUSA require domestic travel, upon information and belief, to dealerships in this District. *Id*.

- 9. As a second example of MBUSA's support to and control over the dealerships, upon information and belief, MBUSA employees oversee and manage each dealership's compliance with MBUSA's Corporate Identity/Corporate Design ("CI/CD") standards. Upon information and belief, using these standards, MBUSA meticulously controls the architecture, design, function, capacity, and image of each dealership. MBUSA employs "Facility Project Managers" who "Develop and manage Corporate Identity/Corporate Design (CI/CD) standards and consult with dealers and their architects/engineers/builders to ensure compliance." *See* Exhibit C, *available at* https://goo.gl/7538GU. Such Facility Project Managers also "Consult with DAG personnel, Regional personnel, dealers and their architect/engineer/builder to review MBUSA CI/CD standards." *Id.* Such consultations include, but are not limited to, "on-site visits." *Id.*
- 10. As a third example of MBUSA's support to and control over the dealerships, upon information and belief, MBUSA representatives regularly and systematically travel to dealerships in this District to educate dealership employees regarding features of the accused Mercedes-Benz products sold in this judicial district, including but not limited to features regarding audio and multimedia integration systems.
- 11. Upon information and belief, while MBUSA employees are present at dealerships in this District, they have access to communications devices (cell phones, laptops, etc.) provided by MBUSA on which they conduct business on behalf of MBUSA. MBUSA employees have access to their MBUSA e-mail accounts while they are present in dealerships in this District.
- 12. Upon information and belief, MBUSA warrants to the original and each subsequent owner of new Mercedes-Benz vehicles that any authorized Mercedes-Benz Center will make any repairs or replacements necessary to correct defects in material or workmanship

arising during the warranty period. Upon information and belief, all such warranty work is paid for by the Defendants. Upon information and belief, there are five authorized Mercedes-Benz Centers in the Eastern District of Texas, including the service departments at Mercedes-Benz of Plano¹, Mercedes-Benz of Tyler², Mercedes-Benz of McKinney³, Mercedes-Benz of Texarkana⁴, and Mercedes-Benz of Beaumont.⁵ Upon information and belief, service technicians employed at these five Mercedes-Benz Centers participate in MBUSA-sponsored training programs, schools, and events.

- 13. Upon information and belief, MBUSA provides Service and Warranty Booklets ("Booklets") to Mercedes-Benz customers, including those customers that purchase Mercedes-Benz vehicles in the Eastern District of Texas. The Booklets direct questions regarding warranty rights and responsibilities to Mercedes-Benz USA, LLC's Customer Service Center. Upon information and belief, the Booklets direct customers, including those customers that purchase Mercedes-Benz vehicles in the Eastern District of Texas, to provide direct, written notification of any alleged unrepaired defects or malfunctions and service difficulties to Mercedes-Benz USA, LLC's Customer Service Center, including notifications under applicable state Lemon Laws.
- 14. Upon information and belief, the Mercedes Service Centers and dealers located within this district are MBUSA's exclusive agents and representatives within this judicial district for the provision within this district of all new warranty service for Mercedes vehicles sold both within the district and outside the district. Upon information and belief, if a Mercedes customer located within the district needs to have new car warranty repairs performed within the district,

Located in Plano, TX. See http://www.mbplano.com/service-department.html.

Located in Tyler, TX. See http://www.mercedesbenzoftyler.com/service/.

Located in McKinney, TX. See

http://www.mercedesbenzofmckinney.com/service/index.htm.

Located in Texarkana, TX. See http://www.mercedesoftexarkana.com/service/index.htm.

Located in Beaumont, TX. See https://www.mbofbeaumont.com/service/.

MBUSA requires the Mercedes customer to have the work performed at one of the five authorized Mercedes Service Centers within the District.

- 15. Upon information and belief, through its exclusive agents and representatives, MBUSA provides new car warranty service within the district on the infringing products.
- 16. Upon information and belief, the technicians employed by MBUSA, including those that reside in the district, provide direct supervision and assistance within the district on a regular, ongoing, and continuous basis in connection with warranty repairs being performed within the district.
- 17. Upon information and belief, one or more Defendants engage in marketing activities that promote the sale of Mercedes-Benz and Smart-branded products to customers and/or potential customers located in Texas and in the Eastern District of Texas. Upon information and belief, Defendants maintain interactive commercial websites, that target residents of Texas and the Eastern District of Texas, through which Defendants promote their products that infringe the patents-in-suit. Upon information and belief, these interactive commercial websites direct customers as to where to buy Mercedes-Benz and Smart vehicles with accused products, including dealerships within the Eastern District of Texas. Defendants' interactive commercial websites also have submission forms that allow customers to schedule test drives with dealers in this judicial district and view inventory at dealers in this judicial district. Defendants' interactive websites also provide "how to" videos, service and care information, and materials about Defendants' products, including the accused products, such as downloadable manuals, guides, and mobile applications.
- 18. Upon information and belief, Daimler AG owns Mercedes-Benz trademarks in the United States, including but not limited to Mercedes-Benz Connect[®].

- 19. Upon information and belief, one or more Defendants engage in sales of products that infringe the patents-in-suit to five Mercedes-Benz dealerships in the Eastern District of Texas, including Mercedes-Benz of Plano⁶, Mercedes-Benz of Tyler⁷, Mercedes-Benz of McKinney⁸, Mercedes-Benz of Texarkana⁹, and Mercedes-Benz of Beaumont¹⁰. Upon information and belief, two of these dealers are owned by residents of the Eastern District of Texas. Upon information and belief, the website for each of these dealers directs users to MBUSA.com.
- 20. Upon information and belief, the five Mercedes-Benz dealers located within the Eastern District of Texas have executed dealer agreements with MBUSA. Upon information and belief, these dealer agreements set forth standards and requirements enumerated by MBUSA that dealers are required to comply with. Upon information and belief, these standards and requirements are directed to at least the dealership facility, space, appearance, layout, and equipment.

JURISDICTION AND VENUE

- 21. This is an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. §§ 1, *et seq*. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).
- 22. This Court has personal jurisdiction over Defendants. Defendants conduct business and have committed acts of patent infringement and/or have induced acts of patent

Located in Plano, TX. See http://www.mbplano.com/.

Located in Tyler, TX. See http://www.mercedesbenzoftyler.com/.

Located in McKinney, TX. See http://www.mercedesbenzofmckinney.com/.

Located in Texarkana, TX. See http://www.mercedesoftexarkana.com/.

Located in Beaumont, TX. See https://www.mbofbeaumont.com/.

infringement by others in this judicial district and/or have contributed to patent infringement by others in this judicial district, the State of Texas, and elsewhere in the United States.

- 23. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1400(b) because, among other things, Defendants are subject to personal jurisdiction in this judicial district, Defendants have a regular and established place of business in Texas and in this judicial district, have purposely transacted business involving the accused products in this judicial district, including sales to one or more customers in Texas, and certain of the acts complained of herein occurred in this judicial district. To the extent that Daimler is not resident in the United States, venue as to Daimler in this judicial district is proper under 28 U.S.C. § 1391(c).
- 24. Defendants are subject to this Court's jurisdiction pursuant to due process and/or the Texas Long Arm Statute due at least to its substantial business in this State and judicial district, including (a) at least part of its past infringing activities, (b) regularly doing or soliciting business in Texas, and/or (c) engaging in persistent conduct and/or deriving substantial revenue from goods and services provided to customers in Texas.

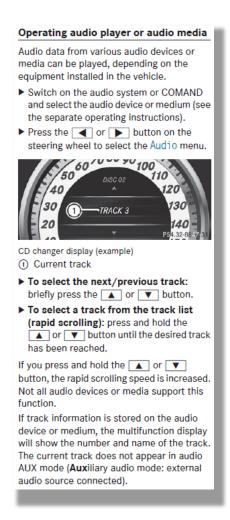
PATENTS-IN-SUIT

- 25. On February 10, 2009, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 7,489,786 (the "'786 Patent") entitled "Audio Device Integration System."
- 26. On April 10, 2012, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 8,155,342 (the "'342 Patent") entitled "Multimedia Device Integration System."

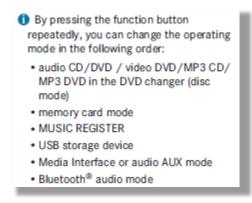
FACTUAL ALLEGATIONS

- 27. The patents-in-suit generally cover systems for integrating third-party audio devices and multimedia devices with a car stereo.
 - 28. Plaintiff has complied with the requirements of 35 U.S.C. § 287(a).
- 29. Defendants manufacture, import, and/or sell audio and multimedia integration systems which have been installed in the Mercedes-Benz and Smart-branded vehicles made in or imported into the United States since at least approximately 2011, including the "Command System" as well as accessories to be installed at or after the time of delivery of the vehicle (hereinafter collectively referred to as "Infotainment Systems"). These Infotainment Systems include head units, extension modules, and iPod/iPhone and mp3 integration kits that the Defendants purchase from third-party suppliers including Harman Becker Automotive Systems GmbH, Alpine Electronics, Inc., Alps Electric Co., Ltd., Mitsubishi Electric Corporation, Mitsubishi Electric U.S. Inc., and Mitsubishi Automotive America, Inc.
- 30. During the period of approximately 2011 to the present, the Mercedes Infotainment Systems have been sold in at least the Mercedes vehicles identified in Exhibit A attached hereto and by this reference incorporated herein. The Infotainment Systems support the integration of third-party external audio and multimedia devices, such as MP3 players, with the car stereo. The Infotainment Systems permit an end user to connect a third-party external audio or multimedia device to the car stereo by wire, such as through a USB port or auxiliary port, or wirelessly, such as through Bluetooth. Once connected, the end user may control the third party external audio device and multimedia device using the car stereo's controls, and the audio from the external audio device may be played through the car stereo and speakers while text, pictures, visual images and video may be displayed on the display screen of the car stereo.

- 31. Mercedes user manuals, instructional videos, websites and other information demonstrate to the Mercedes users, customers and prospective customers how an external audio device and multimedia device may be connected to the car stereo by wire to, for example, a USB port or wirelessly by Bluetooth and how the external device may be controlled by the car stereo's controls. For example, the Owner's Manual for the 2012 Mercedes-Benz C Class Sedan, downloaded from https://www.mbusa.com/mercedes/service_and_parts/owners_manuals states:
 - Depending on the vehicle's equipment, a USB connection and an AUX IN connection or a Media Interface are installed in the stowage compartment. A Media Interface is a universal interface for mobile audio equipment, e.g. for an iPod® or MP3 player (see the separate COMAND operating instructions).



The 2012 Mercedes-Benz C Sedan Command Manual futher provides:



Media Interface mode

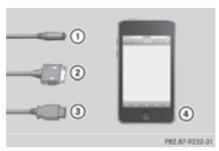
Connection options

Overview

The connection sockets are located in the stowage compartment in the center console.

You can connect the following data media to COMAND via the Media Interface:

- iPod®
- · certain MP3 players

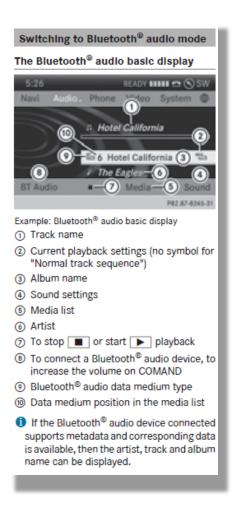


- Four-pin socket for ¼ inch stereo jack, e.g. for MP3 players (audio and video)
- ② iPod[®] plug for connecting an iPod[®]
- 3 USB socket for connecting an MP3 player
- Example of device: iPod[®]
- Connect the external device with suitable socket ①, ② or ③.
 COMAND activates the device, a display appears (when connecting an iPod[®] plug or USB socket).

If you remove a device, the No Device Connected message appears.

A connected ¡Pod® or MP3 player should not be simultaneously operated via the Media Interface and the remote control (e.g. Bluetooth® remote control) or directly via the device itself. This may cause unforeseen technical difficulties.

Applications (Apps) that are activated on the connected device may lead to malfunctions.





http://techcenter.mercedes-benz.com/en/bluetooth/detail.html

COUNT I (Infringement of the '786 Patent)

- 32. Paragraphs 1 through 31 are incorporated by reference herein as if fully set forth in their entireties.
- 33. Blitzsafe has not licensed or otherwise authorized Defendants to make, use, offer for sale, sell, or import any products that embody the inventions of the '786 Patent.
- 34. Defendants have and continue to directly infringe one or more claims of the '786 Patent, including claim 57, either literally or under the doctrine of equivalents, by making, using,

offering to sell, selling and/or importing into the United States infringing Infotainment Systems without authority and in violation of 35 U.S.C. § 271.

- 35. Defendants have and continue to indirectly infringe one or more claims of the '786 Patent by knowingly and intentionally inducing others to directly infringe, either literally or under the doctrine of equivalents, by making, using, offering to sell, selling and/or importing into the United States the infringing Infotainment Systems. For example, Defendants, with knowledge that the Infotainment Systems infringe the '786 Patent at least as of the date of this Complaint, knowingly and intentionally induced, and continue to knowingly and intentionally induce, direct infringement of the '786 Patent by providing Infotainment System user manuals, product manuals, instructional videos and website information that instruct end users how to use the Infotainment Systems, including specifically how to connect their external third-party audio and multimedia devices to the car stereo and how to control the external device using the automobile's controls. Defendants induced infringement by others, including end users, with the belief that there was a high probability that others, including end users, infringe the '786 Patent, but while remaining willfully blind to the infringement.
- 36. Defendants have and continue to indirectly infringe one or more claims of the '786 Patent by contributing to the direct infringement, either literally or under the doctrine of equivalents, by others, including end users, by offering to sell, selling and/or importing into the United States the infringing Infotainment Systems and with the knowledge, at least as of the date of this Complaint, that the Infotainment Systems contain components that constitute a material part of the inventions claimed in the '786 Patent. Such components include, for example, interfaces that permit an end user to use a car radio's controls to control an external third party

audio device and multimedia device. Defendants know that these components are especially made or especially adapted for use in an infringement of the '786 Patent and that these components are not a staple article or commodity of commerce suitable for substantial non-infringing use. Alternatively, Defendants believed there was a high probability that others would infringe the '786 Patent, but remained willfully blind to the infringing nature of others' actions.

- 37. Blitzsafe has suffered damages as a result of Defendants' direct and indirect infringement of the '786 Patent in an amount to be proved at trial.
- 38. Blitzsafe has suffered, and will continue to suffer, irreparable harm as a result of Defendants' infringement of the '786 Patent, for which there is no adequate remedy at law, unless Defendants' infringement is enjoined by this Court.
- 39. Defendants have committed and continue to commit acts of infringement that Defendants actually knew or should have known constituted an unjustifiably high risk of infringement of at least one valid and enforceable claim of the '786 Patent. Upon information and belief, prior to the filing of the Complaint, Defendants had actual knowledge of the '786 Patent from prior litigations accusing products made by Infotainment System suppliers of Defendants, prior litigations in which Infotainment System suppliers of Defendants were involved as third parties, and from prior litigations involving Defendants themselves. Defendants' infringement of the '786 Patent has been and continues to be willful, entitling Blitzsafe to an award of treble damages, reasonable attorney fees, and costs in bringing this action.

COUNT II (Infringement of the '342 Patent)

40. Paragraphs 1 through 31 are incorporated by reference herein as if fully set forth in their entireties.

- 41. Blitzsafe has not licensed or otherwise authorized Defendants to make, use, offer for sale, sell, or import any products that embody the inventions of the '342 Patent.
- 42. Defendants have and continue to directly infringe one or more claims of the '342 Patent, including claim 49, either literally or under the doctrine of equivalents, by making, using, offering to sell, selling and/or importing into the United States the infringing Infotainment Systems without authority and in violation of 35 U.S.C. § 271.
- 43. Defendants have and continue to indirectly infringe one or more claims of the '342 Patent by knowingly and intentionally inducing others to directly infringe, either literally or under the doctrine of equivalents, by making, using, offering to sell, selling and/or importing into the United States the infringing Infotainment Systems. For example, Defendants, with knowledge that the Infotainment Systems infringe the '342 Patent at least as of the date of this Complaint, knowingly and intentionally induced, and continue to knowingly and intentionally induce, direct infringement of the '342 Patent by providing Infotainment System operating manuals, product manuals, instructional videos and website information and documentation that instruct end users how to use the Infotainment Systems, including specifically how to connect external third-party audio and multimedia devices to the car stereo and how to control the external device using the automobile's controls. Defendants have induced and continue to induce infringement by others, including end users, with the intent to cause infringing acts by others or, in the alternative, with the belief that there was a high probability that others, including end users, infringe the '342 Patent, but while remaining willfully blind to the infringement.
- 44. Defendants have and continue to indirectly infringe one or more claims of the '342 Patent by contributing to the direct infringement, either literally or under the doctrine of equivalents, by others, including end users, by offering to sell, selling and/or importing into the

United States infringing Infotainment Systems, with the knowledge, at least as of the date of this Complaint, that the Infotainment Systems contain components that constitute a material part of the inventions claimed in the '342 Patent. Such components include, for example, interfaces that permit an end user to use a car radio's controls to control an external third-party audio device. Defendants know that these components are especially made or especially adapted for use in an infringement of the '342 Patent and that these components are not a staple article or commodity of commerce suitable for substantial non-infringing use. Alternatively, Defendants believed there was a high probability that others would infringe the '342 Patent, but remained willfully blind to the infringing nature of others' actions.

- 45. Blitzsafe has suffered damages as a result of Defendants' direct and indirect infringement of the '342 Patent in an amount to be proved at trial.
- 46. Blitzsafe has suffered, and will continue to suffer, irreparable harm as a result of Defendants' infringement of the '342 Patent, for which there is no adequate remedy at law, unless Defendants' infringement is enjoined by this Court.
- Defendants have committed and continue to commit acts of infringement that Defendants actually knew or should have known constituted an unjustifiably high risk of infringement of at least one valid and enforceable claim of the '342 Patent. Upon information and belief, prior to the filing of the Complaint, the Defendants had actual knowledge of the '342 Patent from prior litigations accusing products made by Infotainment System suppliers of Defendants, prior litigations in which Infotainment System suppliers of Defendants were involved as third parties, and from prior litigations involving Defendants themselves. Defendants' infringement of the '342 Patent has been and continues to be willful, entitling

Blitzsafe to an award of treble damages, reasonable attorney fees, and costs in bringing this action.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a jury for all issues so triable.

PRAYER FOR RELIEF

WHEREFORE, Blitzsafe prays for relief against Defendants as follows:

- a. Entry of judgment declaring that Defendants have directly and/or indirectly infringed one or more claims of each of the patents-in-suit;
- b. Entry of judgment declaring that Defendants' infringement of the patents-in-suit has been willful and deliberate;
- c. An order pursuant to 35 U.S.C. § 283 permanently enjoining Defendants, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them, from further acts of infringement of the patents-in-suit;
- d. An order awarding damages sufficient to compensate Blitzsafe for Defendants' infringement of the patents-in-suit, but in no event less than a reasonable royalty, together with interest and costs:
- e. An order awarding Blitzsafe treble damages under 35 U.S.C. § 284 as a result of Defendants' willful and deliberate infringement of the patents-in-suit;
- f. Entry of judgment declaring that this case is exceptional and awarding Blitzsafe its costs and reasonable attorney fees under 35 U.S.C. § 285; and
 - g. Such other and further relief as the Court deems just and proper.

Dated: September 1, 2017

Respectfully submitted,

McKool Smith, P.C.

/s/ Samuel F. Baxter

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ATTORNEYS FOR PLAINTIFF BLITZSAFE TEXAS, LLC

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on September 1, 2017, all counsel of record who 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).

/s/ Vincent J. Rubino

Vincent J. Rubino