

1 William C. Bollard, Bar No. 105489
2 *william@jbblaw.com*
3 JULANDER, BROWN & BOLLARD
4 9110 Irvine Center Drive
5 Irvine, California 92618
6 Telephone: (949) 477-2100
7 Facsimile: (949) 477-6355
8 Attorneys for Plaintiffs

9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION**

11 COMARCO, INC., a California
12 corporation, and COMARCO
13 WIRELESS TECHNOLOGIES, INC.,
14 a Delaware corporation,

15 Plaintiffs,

16 vs.

17 TARGUS GROUP
18 INTERNATIONAL, INC., a Delaware
19 corporation,

20 Defendant.

Case No.

COMPLAINT and JURY DEMAND

21 Plaintiffs Comarco, Inc., and Comarco Wireless Technologies, Inc., by their
22 undersigned attorneys, as and for their complaint against Defendant Targus Group
23 International, Inc., says:

24 **PARTIES**

25 1. Plaintiff Comarco, Inc. is a California corporation that maintains its
26 principal place of business at 25541 Commercentre Drive, Lake Forest, California
27 92630.

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2. Plaintiff Comarco Wireless Technologies, Inc., is a Delaware corporation that maintains its principal place of business at 25541 Commercentre Drive, Lake Forest, California 92630. Comarco Wireless Technologies, Inc. is a wholly owned subsidiary of Comarco, Inc. (Comarco, Inc. and Comarco Wireless Technologies, Inc. are collectively defined herein as “Comarco”).

3. Defendant Targus Group International, Inc., is a Delaware corporation that maintains its principal place of business at 1211 North Miller Street, Anaheim, California 92806 (“Targus”).

JURISDICTION

4. This is an action for, inter alia, patent infringement under the patent laws of the United States, 35 U.S.C. §1, et seq., and for breach of contract and related State law claims.

5. This Court has subject matter jurisdiction over the patent infringement claims pursuant to 28 U.S.C. §§1331 and 1338.

6. This Court has supplemental jurisdiction over the State law claims pursuant to 28 U.S.C. §1367, as they involve many of the same products as the patent infringement claims and are so related that they form part of the same case or controversy.

BACKGROUND

7. Portable electronic devices, such as laptop computers, tablets, cell phones, and portable media players, require a power adapter to operate and recharge their batteries. Most of these portable electronic devices require direct current (“DC”), but the common household outlet provides alternating current (“AC”). Hence, Apple, Dell, Hewlett-Packard, Lenovo and other makers of portable



1 electronic devices provide a power adapter with new products to convert AC power
2 to DC power. A typical power adapter sold with a new portable device includes a
3 brick-shaped unit (the “Brick”) that plugs into a wall outlet, either directly or
4 through a cable, and converts the AC power provided by the wall outlet into DC
5 power needed by the device. The Brick provides the specific power level required
6 by the device. A DC cable with a tip connects the Brick to the power port of the
7 portable electronic device. The cable conveys power to operate the device and/or
8 charge the battery of the device.

9 8. A power adapter sold with a new electronic device satisfies the specific
10 power requirement of the device and has a cable tip of a shape and size that is
11 specifically designed to fit the power port of the device. Different brands and types
12 of portable electronic devices have different power requirements as well as power
13 ports of different shapes and sizes. Thus, it is generally not possible, for example, to
14 use the power adapter accompanying a new laptop to charge a cell phone. Indeed,
15 the power supply for one brand of laptop cannot be used to charge the battery of
16 another brand. There is even variation within brands with some models using a
17 different power requirement and connection design. Consequently, a person must
18 use a different power adapter for each portable electronic device that a person owns.
19 This is inconvenient, especially when traveling.

20 9. Moreover, some manufacturers of portable electronic devices, such as
21 Dell, require a power adapter to provide a signal to the electronic device that
22 identifies the power supply and/or the amount of power available to the device.

23 10. Comarco has made many improvements in the design and operation of
24 power adapters to develop a “universal” power adapter that lessens the
25 inconvenience of using a specific power adapter with a specific portable device.

26 11. For example, Comarco pioneered the use and sale of power adapters
27 with detachable tips of different sizes and shapes that can fit into the varying power
28 ports of most portable electronic devices. Thus, the same Brick can be used to



1 charge, for example, a cell phone and a laptop by the appropriate tip for the device.
2 To accommodate electronic devices that require an identifying signal and/or a power
3 signal from the Brick, Comarco also invented a “smart tip” with a circuit in the tip,
4 as opposed to the Brick, that communicates with the electronic device.

5 12. Other improvements of Comarco to the power supply art include the
6 development of small, lightweight bricks, and the introduction of power supplies
7 that can simultaneously charge two or more portable devices that have different
8 power requirements using detachable tips.

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THE PATENTS-IN-SUIT

13. Comarco has obtained many patents covering inventions for improved power supplies. Four of these inventions and patents are relevant here.

14. First, United States Patent No. 7,649,279, entitled “Power Supply for Simultaneously Providing Operating Voltages to a Plurality of Devices,” was duly and lawfully issued on January 19, 2010 (the “ ‘279 patent”). The ‘279 patent covers a power supply that provides two separate direct current outputs of different voltages to charge the batteries of different electronic devices, having different power requirements, at the same time. A copy of the ‘279 patent is attached as Exhibit A.

15. Second, United States Patent No. 7,863,770, entitled “Power Supply Equipment for Simultaneously Providing Operating Voltages to a Plurality of Devices,” was duly and lawfully issued on January 4, 2011 (the “ ‘770 patent”). The ‘770 patent covers a power supply that provides two separate direct current outputs of different voltages to charge the batteries of different electronic devices, having different power requirements, at the same time. A copy of the ‘770 patent is attached as Exhibit B.

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1 16. Third, United States Patent No. 7,999,412, entitled “Detachable Tip for
2 Communicating with Adapter and Electronic Device,” was duly and lawfully issued
3 on August 16, 2011 (the “ ‘412 patent”). The ‘412 patent covers a power supply
4 with a detachable cable tip that contains a circuit that sends a signal to an electronic
5 device that indicates the amount of power to that can be supplied to the device. The
6 device uses this signal to control charging of its battery. A copy of the ‘412 patent
7 is attached as Exhibit C.

8 17. Fourth, United States Patent No. 8,213,204, entitled “Modular Power
9 Adapter,” was duly and lawfully issued on July 3, 2012 (the “ ‘204 patent”). The
10 ‘204 patent covers a power adapter that draw on alternating current from a wall
11 outlet, or direct current from, for example, a car cigarette lighter or an airline in-seat
12 socket, to operate an electronic device and/or charge its battery. A copy of the ‘204
13 patent is attached as Exhibit D.

14 18. Comarco is the assignee of the ‘279, ‘770, ‘412, and ‘204 patents.

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COMARCO’S RELATIONSHIP WITH TARGUS

17 19. On or about March 16, 2009, Comarco entered into a Strategic Product
18 Development Agreement (the “SPDA”) with Targus to supply power adapter
19 products for a period of two years. A copy of the SPDA is attached as Exhibit E.

20 20. One of the key provisions of the SPDA related to Targus and
21 Comarco’s respective intellectual property rights. This provision, enumerated as
22 Section 8, defined “Intellectual Property” as: “[A]ll inventions, patents, patent
23 applications, copyrights, trademarks, trade names, service marks, technical
24 information, specifications, designs, drawings, data processes, formulae, know how,
25 and other intellectual properties owned or licensed by party hereunder and necessary
26 or useful for the manufacture and supply of the Products.” The provision defined
27 “Comarco Intellectual Property” as: “i) all Intellectual Property owned or licensed
28 by Comarco independent of this Agreement and without any assistance from Targus



1 including, without limitation, any Intellectual Property embodied in any Product or
2 New Product, and ii) all Intellectual Property conceived, reduced to practice or made
3 by Comarco in the course of developing any tip as provided in Section 6.3 or
4 developing the software configurator database and website as provided in Section
5 6.4.”

6 21. Section 8 also restricted the use of Intellectual Property: “[E]ither party
7 shall not and shall not permit any third party to register, modify, translate or create
8 derivative works based upon the other party’s Intellectual Property...each party
9 shall be responsible for and shall take appropriate steps to ensure compliance by its
10 employees and agents with respect to such party’s obligations under this
11 Agreement.” Section 8, among other sections, survived any termination of the
12 SPDA.

13 22. When Targus and Comarco entered into the SPDA, Targus was
14 primarily interested in Comarco’s slim and light adapter known as the “Manhattan.”
15 But the Manhattan product was not yet ready for mass production. While it was still
16 in development, Targus asked Comarco to provide an interim or “bridge” power
17 adapter product given the name “Bronx.” Both the Manhattan and the Bronx
18 adapters contained Comarco’s Intellectual Property.

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20 **COMARCO’S RELATIONSHIP WITH CHICONY**

21 23. Comarco began negotiations with various suppliers to manufacture the
22 Bronx product. Comarco selected a Chinese company, Chicony Power Limited
23 (“Chicony”), to be the supplier for the Bronx product. Comarco began issuing
24 purchase orders for Bronx products to Chicony in March 2009. The agreement
25 between Comarco and Chicony provided that Chicony could not use Comarco’s
26 intellectual property or data in other products. Comarco is informed and believes
27 and based thereon alleges, that Targus was aware that, similar to its own contractual
28 obligations to Comarco, Chicony also had a contractual obligation to not use



1 Comarco’s intellectual property in any other product or for any purpose other than
2 to manufacture the Bronx product.

3 24. Chicony manufactured and shipped approximately 500,000 Bronx
4 adapters in 2009. Targus reported that Bronx connectors and tips were experiencing
5 thermal failures in the field. In December 2009, Comarco discovered that the
6 thermal issues were caused by Chicony’s failure to manufacture and ship the Bronx
7 product in accordance with Comarco’s product specifications.

8 25. On or about April 30, 2010, at Targus’s request, Comarco issued a
9 voluntary product recall of all of the Bronx units shipped by Chicony in 2009.
10 Comarco, as required under the terms of the SPDA, compensated Targus for the
11 costs of the recall. Comarco ultimately paid Targus in excess of \$5,000,000 in
12 direct recall-related costs and Targus cancelled more than \$550,000 in outstanding
13 Bronx purchase orders.

14 26. Comarco made claims against Chicony in the Orange County Superior
15 Court (Orange County Sup. Ct., Case No. 30-2011-00470249, the “State Court
16 Action”).

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TARGUS’S DEALINGS WITH CHICONY

20 27. Prior to Chicony supplying the Bronx power adapter to Comarco for
21 sale to Targus, Targus had no direct business relationship with Chicony. Without
22 Comarco’s knowledge or consent, in late 2009 (when the thermal failures with the
23 Bronx products were reported by Targus), Targus’s Global Sourcing Group, based
24 in Hong Kong, approached Chicony to supply a power adapter product that would
25 replace the Manhattan and Bronx adapters Comarco supplied to Targus. Targus
26 instructed Chicony in writing to not disclose their discussions to Comarco.

27 28. In May 2010, representatives of Targus and Chicony secretly met in
28 person and agreed that Chicony would supply Targus with a power adapter product
known as the “Martin” product. The Martin products (APA30US and APA31US)



1 incorporate Comarco’s Intellectual Property. Without Comarco’s knowledge or
2 consent, Targus began buying Martin power adapters from Chicony and selling
3 them to the consuming public. By the end of July 2013, Targus had ordered nearly
4 1.8 million Martin products, each of which incorporates Comarco’s Intellectual
5 Property.

6 29. Writings generated from the secret discussions and meetings between
7 Targus and Chicony confirmed that the Martin product designed by Targus and
8 Chicony incorporates Comarco’s Intellectual Property. In one email exchange,
9 Targus cynically weighed the risks and benefits of using Comarco’s Intellectual
10 Property. It correctly opined that its use “may breach the contract between Targus
11 and Comarco ... [and] may provide useful evidence for Comarco in the case of
12 dispute.” Despite these risks, Targus knowingly disregarded Comarco’s patent and
13 contract rights.

14 30. In November 2013, the State Court Action went to trial before the Hon.
15 Steven L. Perk. There is abundant evidence from the trial, verdict and findings that
16 Targus and Chicony wrongfully used Comarco’s Intellectual Property, and that
17 Targus knew that the Martin power supply used Comarco’s Intellectual Property.
18 Targus even referred to the Martin product as the “New Bronx.” In fact, Judge Perk
19 specifically found that Targus and Chicony had fraudulently concealed their
20 discussions to bypass Comarco and use its Intellectual Property.

21 31. Comarco is informed and believes, and based thereon alleges, that
22 Targus’s product known as APA32US also uses Comarco Intellectual Property.
23 Comarco is further informed and believes that Targus purchased APA32US from
24 EDAC, the manufacturer that Comarco selected to supply the Manhattan product to
25 Comarco.

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FIRST CLAIM FOR RELIEF
(Patent Infringement)

32. Comarco repeats the allegations of paragraphs 1 through 31 as if fully set forth here.

33. Defendant Targus has infringed, and continues to infringe, at least claim 37 of the ‘770 patent and claims 1 and 7 of the ‘279 patent through the sale of its APA32US, APM32US, and APD33US power supplies, in violation of 35 U.S.C. § 271(a).

34. Defendant Targus has induced others to infringe, and continues to induce others to infringe, at least claims 7, 13, and 37 of the ‘770 patent and claims 1 and 7 of the ‘279 patent through the sale of its APA32US, APM32US, and APD33US power supplies because its customers, by using these products, have directly infringed, and continue to directly infringe, the foregoing claims of the ‘770 and ‘279 patents, in violation of 35 U.S.C. § 271(b). Defendant Targus has sold and continues to sell its APA32US, APM32US, APD33US power supplies with the specific intent to encourage and cause its customers to directly infringe the foregoing claims of the ‘770 and ‘279 patents.

35. Defendant Targus has contributorily infringed, and continues to contributorily infringe, at least claims 7, 13, and 37 of the ‘770 patent and claims 1 and 7 of the ‘279 patent through the sale of its APA32US, APM32US, and APD33US power supplies because its customers, by using these products, have directly infringed, and continue to directly infringe, the foregoing claims of the ‘770 and ‘279 patents, in violation of 35 U.S.C. § 271(c). Defendant Targus has sold and continues to sell its APA32US, APM32US, and APD33US power supplies with the specific intent to encourage and cause its customers to directly infringe the foregoing claims of the ‘770 and ‘279 patents. Defendant Targus’s APA32US,

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1 APM32US, and APD33US power supplies are not staple articles of commerce
2 suitable for substantial noninfringing uses; rather, they are made and sold for a
3 specific function without any purpose other than infringement.

4 36. Defendant Targus has infringed, and continues to infringe, claims 1 and
5 21 of the ‘412 patent through the sale of its APA30US, APA31US, APA32US,
6 APM32US, APD33US power supplies, in violation of 35 U.S.C. § 271(a).

7 37. Defendant Targus has infringed, and continues to infringe, at least
8 claims 1, 7, and 8 of the ‘204 patent through the sale of its APM32US power supply,
9 in violation of 35 U.S.C. § 271(a).

10 38. Comarco has sustained damages and suffered irreparable harm as a
11 consequence of Targus’s infringement, and will continue to sustain damages and
12 irreparable harm unless Targus is enjoined from infringing the ‘770, 279, ‘412, and
13 ‘204 patents.

14 39. Upon information and belief, defendant Targus’s infringement, as
15 aforesaid, has been and is willful.

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17 **SECOND CLAIM FOR RELIEF**

18 **(Breach of Contract)**

19 40. Comarco repeats the allegations of paragraphs 1 through 39 as if fully
20 set forth here.

21 41. In March 2009, Comarco and Targus entered into the SPDA, pursuant
22 to which Comarco agreed to supply, and Targus agreed to buy, certain power supply
23 products for notebook and laptop computers. The SPDA prohibited Targus from
24 selling any product not made by Comarco that incorporates Comarco’s Intellectual
25 Property.

26 42. Targus breached the SPDA as set forth above by, among other things,
27 purchasing the Martin product from Chicony which incorporates Comarco’s
28 Intellectual Property and selling that product to the public.



1 43. Comarco has performed all of its obligations pursuant to the SPDA,
2 except as excused by law or by Targus’s breach.

3 44. As a proximate result of Targus’s breach of the SPDA, Comarco has
4 sustained general and consequential damages in an amount to be determined at trial,
5 but not less than \$17,000,000.

6 45. Under paragraph 14.10 of the SPDA, Comarco is entitled to recover its
7 attorneys’ fees and costs of suit incurred herein.

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THIRD CLAIM FOR RELIEF

(Intentional Interference With Contract)

1 46. Comarco repeats the allegations of paragraphs 1 through 45 as if fully
2 set forth here.

3 47. Comarco had a valid and binding contract with Chicony.

4 48. Targus had knowledge of Comarco’s contract with Chicony. Targus
5 was well aware of Chicony’s role as the manufacturer of the Bronx product and its
6 contractual obligations to Comarco.

7 49. Targus’s acts as alleged above were intentional and designed to cause a
8 disruption of the contract between Comarco and Chicony.

9 50. The contractual relationship between Comarco and Targus was indeed
10 disrupted and it has been judicially determined in the State Court Action that
11 Chicony breached its contract with Comarco.

12 51. As a direct and proximate result of Targus’s intentional interference
13 with Comarco’s contractual relationship with Chicony, Comarco has suffered harm
14 to its business reputation, goodwill and value. Comarco has sustained general and
15 consequential damages in an amount to be determined at trial, but not less than
16 \$17,000,000.

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1 interchangeable tip technology to any customer other than Targus. By so doing,
2 Comarco forwent valuable business opportunities ultimately taken by Targus with
3 its Martin product.

4 64. Comarco did not know of the secret communications and meetings
5 between Targus and Chicony or of Targus’s intent to use Comarco’s Intellectual
6 Property in connection with the Martin product.

7 65. Comarco reasonably relied on Chicony’s deception by continuing to
8 honor its exclusive obligations under the SPDA notwithstanding Chicony’s breach
9 and active fraudulent concealment.

10 66. As a direct and proximate result of Targus’s deception, Comarco has
11 suffered harm including the loss of valuable business opportunities. Comarco has
12 sustained general and consequential damages in an amount to be determined at trial,
13 but not less than \$17,000,000.

14 67. In doing the acts described above, Targus acted with the specific intent
15 to injure Comarco, or in conscious disregard for Comarco’s rights. Targus’s
16 conduct was therefore willful, oppressive, wanton and malicious. Comarco
17 therefore seeks an award of exemplary or punitive damages in an amount to be
18 determined at the time of trial.

19 WHEREFORE, Comarco requests judgment in its favor and against
20 defendant Targus Group International, Inc., as follows:

21 a. for judgment that Targus has infringed the ‘770, ‘279, ‘412, and ‘204
22 patents;

23 b. for a permanent injunction barring Targus, and all persons in active
24 concert or participation with it, from infringing the ‘770, ‘279, ‘412, and ‘204
25 patents;

26 c. for an award of damages in an amount sufficient to compensate
27 Comarco for Targus’s infringement, together with prejudgment interest and
28 costs of suit;

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- d. for judgment that Targus willfully infringed the ‘770, ‘279, ‘412, and ‘204 patents and an award to Comarco of treble damages under 35 U.S.C. § 284;
- e. for judgment that this is an exceptional case under 35 U.S.C. § 285, and an award of reasonable attorneys’ fees and expenses to Comarco;
- f. for judgment that Targus breached its contractual obligations to Comarco;
- g. for an award of attorneys’ fees and cost of suit as allowed by law;
- h. for judgment that Targus defrauded Comarco and unfairly competed with Comarco;
- i. for judgment that Targus intentionally interfered with Comarco’s contractual relationship with Chicony;
- j. for an award of damages in an amount sufficient to compensate Comarco for Targus’s breach of contract, fraud, unfair competition, and intentional interference, together with interest and costs; and
- k. for such other and further relief as the Court may deem just and appropriate.

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JURY DEMAND

Comarco requests trial by jury on all issues triable at law.

DATED: March 10, 2014

JULANDER, BROWN & BOLLARD
Attorneys for Plaintiffs

By: /s/ William C. Bollard
William C. Bollard

Of Counsel:

Charles Quinn
cquinn@grahamcurtin.com
Glen M. Diehl
gdiehl@grahamcurtin.com
GRAHAM CURTIN, P. A.
4 Headquarters Plaza
Morristown, New Jersey 07962-1991
Tel; 973-292-1700

