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15 *Attorneys for Plaintiffs*

16 **UNITED STATES DISTRICT COURT**
17 **CENTRAL DISTRICT OF CALIFORNIA**

18 MITSUBISHI ELECTRIC CORP.
(alternatively named MITSUBISHI
19 DENKI KABUSHIKI KAISHA),
KONINKLIJKE PHILIPS N.V.,
20 THOMSON LICENSING, GE
TECHNOLOGY DEVELOPMENT,
INC., PANASONIC CORPORATION,
21 and SONY CORPORATION,

22 Plaintiffs,

23 vs.

24 SCEPTRE, INC.,

25 Defendant.

Case No. 2:14-cv-4994

COMPLAINT

[JURY TRIAL DEMANDED]

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COMPLAINT

Plaintiffs Mitsubishi Electric Corp. (alternatively named Mitsubishi Denki Kabushiki Kaisha) (“Mitsubishi”), Koninklijke Philips N.V. (“Philips”), Thomson Licensing (“Thomson”), GE Technology Development, Inc. (“GE”), Panasonic Corporation (“Panasonic”), and Sony Corporation (“Sony”) (together, “Plaintiffs”), by their undersigned attorneys, for their complaint against defendant Sceptre, Inc. (“Sceptre”), hereby allege as follows:

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PARTIES

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1. Plaintiff Mitsubishi is a Japanese corporation, having its principal place of business in Tokyo, Japan.

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2. Plaintiff Philips is a Netherlands corporation, having its principal place of business in Amsterdam, The Netherlands.

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3. Plaintiff Thomson is a French corporation, having its principal place of business in Issy-les-Moulineaux, France.

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4. Plaintiff GE is a Delaware corporation, having its principal place of business in Albany, New York.

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5. Plaintiff Panasonic is a Japanese corporation, having its principal place of business in Osaka, Japan.

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6. Plaintiff Sony is a Japanese corporation, having its principal place of business in Tokyo, Japan.

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7. Defendant Sceptre, upon information and belief, is a California

1 corporation, having a regular and established business and sales office, or offices, in
2 City of Industry, California and possibly other cities in this District.

3
4 8. Sceptre also does business, or has done business, as Sceptre Industries,
5 Inc., Sceptre Tech Inc., Sceptre Technologies, Inc., Sceptre Group, E-Sceptre, Inc.,
6 E-Scepter Inc., ESceptre, Golden Pacific Electronics Incorporated, Golden Pacific
7 Properties, and/or OCosmo.

8
9 **JURISDICTION AND VENUE**

10 9. This is an action for patent infringement arising under the Patent Laws
11 of the United States, United States Code, Title 35, § 1, et seq.

12 10. The Court has jurisdiction over the subject matter of this action
13 pursuant to 28 U.S.C. §§ 1331 and 1338(a).

14 11. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b), (c),
15 and (d), and 1400(b).

16 12. The Court has personal jurisdiction over Sceptre because Sceptre,
17 among other things, conducts business in, and avails itself of the laws of, the State
18 of California. Sceptre is registered to do business in California and has appointed an
19 agent for service of process in California. In addition, upon information and belief,
20 Sceptre through its own acts and/or through the acts of its affiliated companies
21 (acting as its agents or alter egos) makes, uses, offers to sell, sells (directly or
22 through intermediaries), imports, licenses and/or supplies, in this District and
23 elsewhere in the United States, products, through regular distribution channels,
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1 knowing such products would be used, offered for sale and/or sold in this District.

2 **PATENTS-IN-SUIT**

3
4 13. United States Patent No. 7,376,184, entitled “High-Efficiency Encoder
5 and Video Information Recording/Reproducing Apparatus” (hereinafter, “the ’184
6 patent”) was duly and legally issued on May 20, 2008. A copy of the ’184 patent is
7
8 attached hereto as Exhibit 1.

9 14. United States Patent No. 6,097,759, entitled “Image Signal Coding
10 System” (hereinafter, “the ’759 patent”) was duly and legally issued on August 1,
11
12 2000. A copy of the ’759 patent is attached hereto as Exhibit 2.

13 15. United States Patent No. 5,606,539, entitled “Method and Apparatus
14 for Encoding and Decoding an Audio and/or Video Signal, and a Record Carrier for
15 Use with Such Apparatus” (hereinafter, “the ’539 patent”) was duly and legally
16 issued on February 25, 1997. A copy of the ’539 patent is attached hereto as Exhibit
17
18 3.

19
20 16. United States Patent No. 5,459,789, entitled “Packet TV Program
21 Component Detector” (hereinafter, “the ’789 patent”) was duly and legally issued on
22
23 October 17, 1995. A copy of the ’789 patent is attached hereto as Exhibit 4.

24 17. United States Patent No. 5,491,516, entitled “Field Elimination
25 Apparatus for a Video Compression/Decompression System” (hereinafter, “the ’516
26 patent”) was duly and legally issued on February 13, 1996. A copy of the ’516
27
28 patent is attached hereto as Exhibit 5.

1 television, digital cable television, full-length films on DVD discs, and digital
2 satellite television broadcasts in the United States.

3
4 22. The Federal Communications Commission (“FCC”) also has adopted
5 certain standards as the required standards for transmitting and receiving terrestrial
6 broadcast digital television (“DTV”) in the United States. FCC rules require
7 broadcasters to broadcast DTV signals in compliance with those standards, and
8 require DTV receivers (such as television sets) to be equipped with tuners for
9 receiving, decoding and presenting such DTV signals in compliance with those
10 standards. The standards also require that DTV signals contain video encoded in
11 compliance with the MPEG-2 Standard, which is the only type of video that can be
12 transmitted in a terrestrially broadcast DTV signal in the United States.
13
14

15 **SCEPTRE’S INFRINGEMENT**

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17 23. Each of the patents-in-suit is infringed by practice of the MPEG-2
18 Standard.
19

20 24. Sceptre makes, uses, offers to sell, sells (directly or through
21 intermediaries), imports, licenses and/or supplies in this District and elsewhere in
22 the United States, numerous products which comply with the MPEG-2 Standard
23 (“Sceptre’s MPEG-2 Products”).
24

25 25. Sceptre advertises that its MPEG-2 Products, including its television
26 sets, comply with the standards mandated by the FCC which in turn require
27 compliance with the MPEG-2 Standard.
28

1 26. Upon information and belief, Sceptre's MPEG-2 Products include (but
 2 are not limited to) the following television set model numbers:
 3

Sceptre Branded Products			
E165BD-HD	H322BV-FHD	SQ3200 HDTV	X195BV-HD HDTV
E165BV-HD	H409BV-FHD	SQ3200* HDTV	X320BV-ECO HDTV
E195BD-SHDC HDTV/DVD	H425BV-FHD		X320BV-HD
E195BV-SHD	H505BV-FHD HDTV		X322BV-HD
E195BV-SHDE HDTV			X322BV-HDR
E240BC-FHD HDTV			X322PV-HDR
E240LC-FHD HDTV			X322UV-HDR
E240PC-FHD HDTV			X322WV-HDR
E240RC-FDH HDTV			X325BV-FHD
E240WC-FHD HDTV			X325BV-FHDU HDTV
E243BD-FHD			X325BV-FMDR
E243BV-FHD			X328BV-FHD HDTV
E243CV-FHD			X370BV-FHD HDTV
E243LV-FHD			X370BV-HD HDTV
E243PV-FDH Color HDTV			X372BV-FHD HDTV
E243RV-FHD			X400BV-FHD HDTV
E243WV-FHD			X402BV-FHD HDTV
E245BD-FHDU HDTV/DVD			X405BV-FHD HDTV
E245BV-FHD			X405BV-FHD3
E245BV-FHD*			X405BV-FHDR
E245PD-FHDR			X405BV-FMD HDTV
E245PV-FHDR			X405BV-FMDU HDTV
E245RD-FHDR			X408BV-FHD
E245RV-FHDR			X408BV-FHDU HDTV
E245WD-FHDR			X409BV-FHD
E245WV-FHDR			X409BV-FHDR HDTV
E248BD-FHD HDTV			X409BV-FHDU HDTV
E320BV-HD HDTV			X420BV-FHD HDTV
E325BD-HD			X425BV-FHD
E325BV-FHDD 3D HDTV			X425BV-FHD3 HDTV
E325BV-HDC			X460BV-F120 HDTV
E325LD-HDR			X460BV-FHD HDTV
E325PD-HDR			X460EV-F120 HDTV
E325UD-HDR			X460PV-F120 HDTV
E325WD-HDR			X505BV-FHD
E328BD-HDC HDTV			X505BV-FHDU HDTV
E328BV-HDC HDTV			X505BV-FMDR HDTV
E328BV-HDH HDTV			X508BV-FHD
E328BV-MDC-HDTV			X508BV-FHDU HDTV
E420BV-F120			
E425BV-FHDD			
E425BV-FHDD			
E465BV-FHDD			
E465BV-FHDD			
E475BV-FMDU			
E478BV-FMDU-HDTV			
E505BV-FMQR HDTV			

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OCOSMO Branded Products
CE1850
CE1850V
CE2401
CE2401V
CE3200
CE3200V
CE3201
CE3230
CE3230V
CE4001
CE4031
CE4201
CE4271
CE7401
CX5001

Without discovery from Sceptre, Plaintiffs are not able to ascertain at the pleading stage all Sceptre products with MPEG-2 functionality.

27. Sceptre has infringed and continues to infringe, literally and/or under the doctrine of equivalents, one or more claims of the patents-in-suit by making, using, offering to sell, selling (directly or through intermediaries), importing, licensing and/or supplying in this District and elsewhere in the United States, products, including but not limited to Sceptre’s MPEG-2 Products, that are covered by claims of, perform the methods claimed in, and/or are made by a process claimed in the patents-in-suit without authority, consent or license.

28. Upon information and belief, Sceptre has also sold and provided and continues to sell and provide its MPEG-2 Products, directly and/or indirectly, to third parties, including but not limited to customers, users, distributors, and/or resellers (such as retailers) (collectively, “downstream parties”).

1 29. Upon information and belief, the downstream parties directly infringe
2 one or more claims of the patents-in-suit by making, using, offering to sell, selling
3 (directly or through intermediaries), importing, licensing and/or supplying in this
4 District and elsewhere in the United States, products, including but not limited to
5 Sceptre's MPEG-2 Products, that are covered by claims of, perform the methods
6 claimed in, and/or are made by a process claimed in the patents-in-suit without
7 authority, consent or license.
8

9
10 30. MPEG LA is a company that offers a "one-stop-shop" license for a
11 pool of patents for practicing the MPEG-2 Standard ("MPEG-2 pool license").
12 Mitsubishi, Philips, Thomson, GE, Panasonic, and Sony are licensors in the MPEG-
13 2 pool license and the '184, '759, '539, '789, '516, '107, and '553 patents are
14 licensed under the MPEG-2 pool license. MPEG LA offers the MPEG-2 pool
15 license on fair, reasonable and nondiscriminatory terms.
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18 31. Nearly 2,000 companies have taken the MPEG-2 pool license,
19 including major consumer electronics sellers that compete with Sceptre.
20

21 32. In addition, separate and apart from the MPEG-2 pool license, each of
22 Mitsubishi, Philips, Thomson, GE, Panasonic, and Sony has committed to make
23 available licenses under any and all of its MPEG-2 essential patents to any
24 individual company or entity desirous of such a license on fair, reasonable and
25 nondiscriminatory terms.
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1 33. Thus, any company may obtain a license directly from Mitsubishi for
2 the '184 and/or '759 patents, from Philips for the '539 patent, from Thomson for the
3 '789 patent, from GE for the '516 patent, from Panasonic for the '107 patent, and
4 from Sony for the '553 patent; or, alternatively, may obtain the MPEG-2 pool
5 license from MPEG LA.
6

7
8 34. MPEG LA offered the MPEG-2 pool license to Sceptre but Sceptre has
9 declined to take the license.

10 35. Plaintiffs gave written notice to Sceptre of its infringement. For
11 example, among other things, MPEG LA, on behalf of each Plaintiff, gave written
12 notice to Sceptre of its infringement.
13

14 36. Sceptre has also not entered into a license under any of the '184, '759,
15 '539, '789, '516, '107, and '553 patents with any of Plaintiffs.
16

17 37. In short, notwithstanding the fact that Sceptre was and continues to be
18 aware that its products infringed and are infringing the patents-in-suit, Sceptre has
19 refused to take a license.
20

21 38. Infringement of the patents-in-suit by Sceptre is, therefore, willful.
22

23 39. For the same reasons, among others, Sceptre has known that the acts by
24 downstream parties of making, using, offering to sell, selling (directly or through
25 intermediaries), importing, licensing and/or supplying Sceptre's MPEG-2 Products,
26 in this District and elsewhere in the United States, directly infringe the patents-in-
27 suit.
28

1 40. Further, upon information and belief, Sceptre has specifically intended
2 to induce and contribute to the infringement by, and has induced and contributed to
3 the infringement by, downstream parties to infringe the patents-in-suit by making,
4 using, offering to sell, selling (directly or through intermediaries), importing,
5 licensing and/or supplying in this District and elsewhere in the United States, its
6 MPEG-2 Products, knowing that the use of these products causes others to infringe
7 Plaintiffs' patents-in-suit. For example, Sceptre has advertised, licensed, and/or
8 provided instructions for such products with the specific intent and encouragement
9 that the downstream parties infringe the patents-in-suit. Also, upon information and
10 belief, Sceptre has provided downstream parties with instructions and/or user guides
11 indicating that its products employ the MPEG-2 Standard.
12

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16 41. Sceptre's infringing actions were and are without authority, consent or
17 license.
18

19 42. Plaintiffs have each suffered damages as a result of the direct and
20 indirect infringing actions of Sceptre, and will continue to suffer such damages as
21 long as those infringing actions continue.
22

23 **COUNT I: INFRINGEMENT OF U.S. PATENT NO. 7,376,184**

24 43. The allegations contained in paragraphs 1-42 above are repeated and
25 realleged as if fully set forth herein.
26

27 44. Mitsubishi is the assignee and owner of the right, title, and interest in
28 and to the '184 patent, now and for the entire period of and relevant to the

1 infringement, including the right to assert all causes of action arising under said
2 patent and the right to any remedies for infringement of it.

3
4 45. Sceptre is, and has been, on notice of the '184 patent since before this
5 lawsuit was filed.

6
7 46. Based on, among other things, the facts incorporated by reference in
8 paragraph 43, and alleged in paragraphs 44-45, Sceptre has and continues to directly
9 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
10 the '184 patent under 35 U.S.C. § 271, including at least claim 2.

11
12 47. Upon information and belief, the infringement of the '184 patent by
13 Sceptre has been willful.

14
15 48. Mitsubishi has been damaged and continues to be damaged by
16 Sceptre's infringement of the '184 patent.

17 **COUNT II: INFRINGEMENT OF U.S. PATENT NO. 6,097,759**

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19 49. The allegations contained in paragraphs 1-42 above are repeated and
20 realleged as if fully set forth herein.

21
22 50. Mitsubishi is the assignee and owner of the right, title, and interest in
23 and to the '759 patent, now and for the entire period of and relevant to the
24 infringement, including the right to assert all causes of action arising under said
25 patent and the right to any remedies for infringement of it.

26
27 51. Sceptre is, and has been, on notice of the '759 patent since before this
28 lawsuit was filed.

1 52. Based on, among other things, the facts incorporated by reference in
2 paragraph 49, and alleged in paragraphs 50-51, Sceptre has and continues to directly
3 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
4 the '759 patent under 35 U.S.C. § 271, including at least claims 4, 5, and 6.
5

6 53. Upon information and belief, the infringement of the '759 patent by
7 Sceptre has been willful.
8

9 54. Mitsubishi has been damaged and continues to be damaged by
10 Sceptre's infringement of the '759 patent.
11

12 **COUNT III: INFRINGEMENT OF U.S. PATENT NO. 5,606,539**

13 55. The allegations contained in paragraphs 1-42 above are repeated and
14 realleged as if fully set forth herein.
15

16 56. Philips is the assignee and owner of the right, title, and interest in and
17 to the '539 patent, now and for the entire period of and relevant to the infringement,
18 including the right to assert all causes of action arising under said patent and the
19 right to any remedies for infringement of it.
20

21 57. Sceptre is, and has been, on notice of the '539 patent since before this
22 lawsuit was filed.
23

24 58. Based on, among other things, the facts incorporated by reference in
25 paragraph 55, and alleged in paragraphs 56-57, Sceptre has and continues to directly
26 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
27 the '539 patent under 35 U.S.C. § 271, including at least claims 23, 24, 25, and 28.
28

1 59. Upon information and belief, the infringement of the '539 patent by
2 Sceptre has been willful.

3
4 60. Philips has been damaged and continues to be damaged by Sceptre's
5 infringement of the '539 patent.

6 **COUNT IV: INFRINGEMENT OF U.S. PATENT NO. 5,459,789**

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8 61. The allegations contained in paragraphs 1-42 above are repeated and
9 realleged as if fully set forth herein.

10 62. Thomson is the assignee and owner of the right, title, and interest in
11 and to the '789 patent, now and for the entire period of and relevant to the
12 infringement, including the right to assert all causes of action arising under said
13 patent and the right to any remedies for infringement of it.

14
15 63. Sceptre is, and has been, on notice of the '789 patent since before this
16 lawsuit was filed.

17
18 64. Based on, among other things, the facts incorporated by reference in
19 paragraph 61, and alleged in paragraphs 62-63, Sceptre has and continues to directly
20 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
21 the '789 patent under 35 U.S.C. § 271, including at least claims 1 and 2.

22
23 65. Upon information and belief, the infringement of the '789 patent by
24 Sceptre has been willful.

25
26 66. Thomson has been damaged and continues to be damaged by Sceptre's
27 infringement of the '789 patent.
28

1 **COUNT V: INFRINGEMENT OF U.S. PATENT NO. 5,491,516**

2 67. The allegations contained in paragraphs 1-42 above are repeated and
3 realleged as if fully set forth herein.
4

5 68. GE is the assignee and owner of the right, title, and interest in and to
6 the '516 patent, now and for the entire period of and relevant to the infringement,
7 including the right to assert all causes of action arising under said patent and the
8 right to any remedies for infringement of it.
9

10 69. Sceptre is, and has been, on notice of the '516 patent since before this
11 lawsuit was filed.
12

13 70. Based on, among other things, the facts incorporated by reference in
14 paragraph 67, and alleged in paragraphs 68-69, Sceptre has and continues to directly
15 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
16 the '516 patent under 35 U.S.C. § 271, including at least claims 1, 2, 3, and 4.
17

18 71. Upon information and belief, the infringement of the '516 patent by
19 Sceptre has been willful.
20

21 72. GE has been damaged and continues to be damaged by Sceptre's
22 infringement of the '516 patent.
23

24 **COUNT VI: INFRINGEMENT OF U.S. PATENT NO. 5,784,107**

25 73. The allegations contained in paragraphs 1-42 above are repeated and
26 realleged as if fully set forth herein.
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1 74. Panasonic is the assignee and owner of the right, title, and interest in
2 and to the '107 patent, now and for the entire period of and relevant to the
3 infringement, including the right to assert all causes of action arising under said
4 patent and the right to any remedies for infringement of it.

6 75. Sceptre is, and has been, on notice of the '107 patent since before this
7 lawsuit was filed.

9 76. Based on, among other things, the facts incorporated by reference in
10 paragraph 73, and alleged in paragraphs 74-75, Sceptre has and continues to directly
11 infringe and/or indirectly infringe, literally and/or under the doctrine of equivalents,
12 the '107 patent under 35 U.S.C. § 271, including at least claims 10 and 12.

14 77. Upon information and belief, the infringement of the '107 patent by
15 Sceptre has been willful.

17 78. Panasonic has been damaged and continues to be damaged by Sceptre's
18 infringement of the '107 patent.

20 **COUNT VII: INFRINGEMENT OF U.S. PATENT NO. 5,481,553**

21 79. The allegations contained in paragraphs 1-42 above are repeated and
22 realleged as if fully set forth herein.

24 80. Sony is the assignee and owner of the right, title, and interest in and to
25 the '553 patent, now and for the entire period of and relevant to the infringement,
26 including the right to assert all causes of action arising under said patent and the
27 right to any remedies for infringement of it.

1 **REQUEST FOR RELIEF**

2 WHEREFORE, Plaintiffs respectfully request that the Court enter a
3 judgment:
4

- 5
- 6 A. Declaring that Sceptre has infringed U.S. Patent Nos. 7,376,184,
7 6,097,759, 5,606,539, 5,459,789, 5,491,516, 5,784,107, and
8 5,481,553;
- 9 B. Awarding Plaintiffs damages adequate to compensate for
10 Sceptre’s infringing activities, including supplemental damages
11 for any post-verdict infringement up until entry of the final
12 judgment with an accounting as needed, together with
13 prejudgment and post-judgment interest on the damages
14 awarded; all of these damages to be enhanced in an amount up to
15 treble the amount of compensatory damages as justified under 35
16 U.S.C. § 284;
- 17 C. Declaring that this case is exceptional under 35 U.S.C. § 285 and
18 awarding Plaintiffs their reasonable costs and expenses of
19 litigation, including attorneys’ and experts’ fees; and
- 20 D. Awarding Plaintiffs such other and further relief as the Court
21 may deem just and proper.
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JURY DEMAND

Plaintiffs demand a trial by jury as to all claims and all issues properly triable
thereby.

Dated: June 26, 2014

Steven M. Bauer
Baldassare Vinti
Justin J. Daniels
Safraz W. Ishmael
Susan L. Gutierrez

PROSKAUER ROSE LLP

Attorneys for Plaintiffs

By: /s/ Susan L. Gutierrez
Susan L. Gutierrez