

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

HBAC MATCHMAKER MEDIA, INC.

Plaintiff,

v.

THE DIRECTV GROUP, INC.,

Defendant.

Civil Action No. 13-432-SLR

JURY TRIAL DEMANDED

AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff HBAC MatchMaker Media, Inc. (“HBAC”) files this Amended Complaint for patent infringement against The DirecTV Group, Inc. (“DirecTV” or “Defendant”), and alleges as follows:

THE PARTIES

1. HBAC is a Delaware corporation with a principal place of business at 3 Center Knolls, Bronxville, New York 10708.
2. On information and belief, DirecTV is a corporation organized and existing under the laws of the state of Delaware, with its principal place of business at 2230 East Imperial Highway, El Segundo, California 90245. DirecTV may be served in Delaware through its registered agent for service of process, Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

JURISDICTION AND VENUE

3. This action arises under the patent laws of the United States, Title 35 of the United States Code. This Court has exclusive subject matter jurisdiction over this case for patent infringement under 28 U.S.C. §§ 1331 and 1338(a).

4. This Court has personal jurisdiction over Defendant for at least the following reasons: (1) Defendant is incorporated under the laws of the State of Delaware; (2) Defendant has committed acts of patent infringement in this District and in Delaware; (3) Defendant engages in other persistent courses of conduct and derives substantial revenue from products and/or services provided to individuals in this District and in Delaware; and (4) Defendant has purposefully established systematic and continuous contacts with this District and should reasonably expect to be haled into Court here.

5. Venue is proper in this district under 28 U.S.C. §§ 1391(b) and (c), and 1400(b) because Defendant is incorporated under the laws of the State of Delaware, Defendant does business in Delaware, and Defendant has committed acts of infringement in Delaware and in this District.

THE ASSERTED PATENTS

6. On June 30, 1998, the United States Patent and Trademark Office (“USPTO”) duly and legally issued U.S. Patent No. 5,774,170 (the “’170 Patent”), entitled “System and Method for Delivering Targeted Advertisements to Consumers,” to Kenneth C. Hite, Walter S. Ciciora, Tom Alison, and Robert G. Beauregard. A true and correct copy of the ’170 Patent is attached as Exhibit A. HBAC is the owner by assignment of the ’170 Patent, and holds all rights and interest in the ’170 Patent.

7. On December 14, 1999, the USPTO duly and legally issued U.S. Patent No. 6,002,393 (the “’393 Patent”), entitled “System and Method for Delivering Targeted

Advertisements to Consumers Using Direct Commands,” to Messrs. Hite, Ciciora, Alison, and Beauregard. A true and correct copy of the ’393 Patent is attached as Exhibit B. HBAC is the owner by assignment of the ’393 Patent, and holds all rights and interest in the ’393 Patent.

8. Collectively, the ’170 Patent and the ’393 Patent are referred to as the “Asserted Patents.”

FACTUAL BACKGROUND

9. In the early 1990s, four inventors – Messrs. Hite, Ciciora, Alison, and Beauregard – recognized the potential for advanced advertising with the proliferation of digital devices, and developed the core technology and techniques for addressable advertising. Each inventor brought significant relevant experience to the endeavor. Ken Hite, HBAC’s Chief Executive Officer, is a twenty-five year advertising veteran. Tom Alison, a Harvard MBA and HBAC’s President and Chief Operating Officer, has over three decades of experience in marketing and new media, with extensive experience in direct marketing. Robert Beauregard, HBAC’s Executive Vice President, Treasurer and Secretary, has over forty years of experience in advertising, marketing, and publishing. Walt Ciciora, Ph.D., HBAC’s Executive Vice President and Chief Technology Officer, literally co-wrote the book on cable television. The first edition of *Modern Cable Television Technology: Video, Voice, and Data Communications* received a book award from The Cable Center in 2000. With decades of experience in the cable technology field, Dr. Ciciora has been elected to the Cable Technology Hall of Fame, has twice been named “Man of the Year” by CED magazine, and has been inducted into the Academy of Digital Television Pioneers. He has been issued sixteen U.S. patents, and his work has been widely published.

10. These four individuals developed the fundamental inventions behind addressable advertising in digital media – the capability to target, deliver, and display specific ads to specific

households. For their work, they received two pioneering patents – the '170 and '393 Patents. The significance of their work is evidenced in part by the overwhelming recognition these patents have received in the field. The '170 Patent has been cited nearly 400 times in other patents, and the '393 Patent has been cited nearly 200 times. Patents issued to entities such as Google, Microsoft, IBM, Sony, Intel, Hughes, The Nielson Company, Sprint, and General Motors, among many more, cite the groundbreaking HBAC patents.

COUNT I

(Infringement of U.S. Patent No. 5,774,170)

11. HBAC incorporates and re-alleges the allegations of paragraphs 1-10 as if fully set forth above.

12. Upon information and belief, DirecTV has infringed directly and continues to infringe directly, within the United States, one or more claims of the '170 Patent in violation of 35 U.S.C. § 271. DirecTV performs a claimed method by targeting advertisements to its customers who view video content transmitted by DirecTV. DirecTV itself states in its "Privacy Policy": "DIRECTV Receivers, Authorized Devices, Authorized Applications, and certain other services we offer to our subscribers may use . . . technologies that help us better understand user behavior We also use certain of these technologies to deliver advertisements in our services that relate to our subscribers' interests" *See* http://www.directv.com/DTVAPP/content/legal/privacy_policy. For example, upon information and belief, DirecTV maintains a central storage system storing video advertisements, and delivers targeted advertisements for display to a user's television. DirecTV also has infringed directly and continues to infringe directly, within the United States, one or more claims of the '170 Patent by, among other things, making, using, importing, offering for sale, and/or selling

systems that provide targeted advertisements to consumers viewing content transmitted by DirecTV, in a manner claimed in the '170 Patent.

13. Upon information and belief, DirecTV gained knowledge of the '170 Patent no later than approximately January 15, 2002, as a result of DirecTV's patent prosecution activities. On that date, DirecTV (under its previous name, Hughes Electronics Corporation) filed patent application number 10/046,841, which became U.S. Patent No. 8,782,691 (the "DirecTV '691 Patent"), entitled "Time Shifted Targeted Advertisements Based Upon User Profiles." The DirecTV '691 Patent, in describing its purported invention, states that "A program is received and a targeted advertisement is selected from the subset of the predetermined advertisements based upon the meta data and the private profile and played with the program. Management of the advertisements (e.g. selecting and storing predetermined advertisements and selecting targeted advertisements) can be facilitated by an advertisement controller within the receiver." The specification of the DirecTV '691 Patent discusses the '170 Patent in a section entitled "Description of the Relevant Art," and even incorporates the '170 Patent by reference. In-house attorneys at DirecTV involved in the prosecution of the DirecTV '691 Patent included John Crook, Georgann Grunebach, and Todd Snyder. Upon information and belief, Ms. Grunebach has served as Assistant General Counsel at DirecTV.

14. DirecTV also had knowledge of the '170 Patent through its prosecution of patent application number 09/492,725 (the "DirecTV '725 application"), which ultimately issued as U.S. Patent No. 7,877,290, entitled "System and Method for Transmitting, Receiving and Displaying Advertisements." The two named inventors on the DirecTV '725 application are Robert G. Arsenault and Tam T. Leminh. Upon information and belief, Mr. Arsenault is a Senior Vice President at DirecTV, and Mr. Leminh is a Senior Vice President, Software Engineering at DirecTV. Multiple in-house DirecTV counsel – including John Crook, Georgann

Grunebach, and Todd Snyder – directly addressed the '170 Patent numerous times over the course of eight years in submissions to the United States Patent and Trademark Office (“PTO”) during the prosecution of the DirecTV '725 application, responding as the PTO issued six rejections of the DirecTV '725 application over the '170 Patent. These rejections issued on November 15, 2002, September 12, 2006, November 27, 2007, July 2, 2008, March 7, 2009, and November 27, 2009. DirecTV also filed multiple appellate briefs regarding the DirecTV '725 application that discuss the '170 Patent, and in 2004, the Board of Patent Appeals and Interferences issued a decision on DirecTV's application directly addressing the '170 Patent.

15. DirecTV also cited the '170 Patent in various Information Disclosure Statements (“IDS”) submitted to the PTO during the prosecution of other DirecTV patents. For instance, DirecTV identified the '170 Patent in an IDS filed on or about April 10, 2007 in the prosecution of the application that would issue as U.S. Patent No. 7,552,458, entitled “Method and Apparatus for Transmission Receipt and Display of Advertisements.” DirecTV identified the '170 Patent in an IDS filed on or about June 10, 2004 in the prosecution of the application that would issue as U.S. Patent No. 7,684,409, entitled “Efficient Message Delivery in a Multi-channel Uni-directional Communications System.” DirecTV identified the '170 Patent in an IDS filed on or about August 20, 2008 in the prosecution of the application that would issue as U.S. Patent No. 8,571,933, entitled “Advertisements in a Television Recordation System.” DirecTV identified the '170 Patent in an IDS filed on or about October 15, 2008 in the prosecution of the application that would issue as U.S. Patent No. 8,571,934, entitled “Method and System for Dynamic Ad Placement.”

16. DirecTV, upon information and belief, had knowledge of the '170 Patent before this Complaint was originally filed for at least the reasons discussed in preceding paragraphs 13 – 15. Upon information and belief, DirecTV's patent prosecution activities involved technology

that it was implementing or considering implementing. The '170 Patent was duly issued by the United States Patent and Trademark Office, and is presumed valid. DirecTV undertook its actions of, *inter alia*, performing a claimed method by targeting advertisements to its customers who view video content transmitted by DirecTV and of making, using, offering for sale, and/or selling systems that provide targeted advertisements to consumers viewing content transmitted by DirecTV despite an objectively high likelihood that such activities infringe the '170 Patent. Given the knowledge of the '170 Patent discussed above, including DirecTV's discussion of the '170 Patent as relevant art for its own purported inventions for which it sought patent protection, the substantial risks of infringement were either known to DirecTV or were so obvious that they should have been known. As such, DirecTV has and continues to willfully infringe the '170 Patent.

17. DirecTV's acts of infringement have caused damage to HBAC, and HBAC is entitled to recover from DirecTV the damages sustained by HBAC as a result of DirecTV's wrongful acts in an amount subject to proof at trial, including enhancement of damages due to DirecTV's willful infringement.

COUNT II

(Infringement of U.S. Patent No. 6,002,393)

18. HBAC incorporates and re-alleges the allegations of paragraphs 1-13 as if fully set forth above.

19. Upon information and belief, DirecTV has infringed directly and continues to infringe directly, within the United States, one or more claims of the '393 Patent in violation of 35 U.S.C. § 271. DirecTV performs a claimed method by targeting advertisements to consumers who view video content transmitted by systems owned or controlled by DirecTV. DirecTV itself states in its "Privacy Policy": "DIRECTV Receivers, Authorized Devices, Authorized

Applications, and certain other services we offer to our subscribers may use . . . technologies that help us better understand user behavior We also use certain of these technologies to deliver advertisements in our services that relate to our subscribers' interests" *See* http://www.directv.com/DTVAPP/content/legal/privacy_policy. For example, upon information and belief, DirecTV maintains a central storage system storing video advertisements, and delivers targeted advertisements for display to a user's television. DirecTV also supplies program materials, such as television programming and video content, into which advertisements are inserted. *See, e.g.,* http://www.directvadsales.com/pdf/DIRECTV_2013_Media_Kit.pdf (describing video advertising opportunities for those who wish to advertise on DirecTV's systems). DirecTV also has infringed directly and continues to infringe directly, within the United States, one or more claims of the '393 Patent by, among other things, making, using, importing, offering for sale, and/or selling systems that provide targeted advertisements to consumers viewing content transmitted by DirecTV, in a manner claimed in the '393 Patent.

20. Upon information and belief, DirecTV gained knowledge of the '393 Patent no later than approximately January 15, 2002, as a result of DirecTV's patent prosecution activities. On that date, DirecTV (under its previous name, Hughes Electronics Corporation) filed patent application number 10/046,841, which became U.S. Patent No. 8,782,691 (the "DirecTV '691 Patent"), entitled "Time Shifted Targeted Advertisements Based Upon User Profiles." The DirecTV '691 Patent, in describing its purported invention, states that "A program is received and a targeted advertisement is selected from the subset of the predetermined advertisements based upon the meta data and the private profile and played with the program. Management of the advertisements (e.g. selecting and storing predetermined advertisements and selecting targeted advertisements) can be facilitated by an advertisement controller within the receiver." The specification of the DirecTV '691 Patent discusses the '393 Patent in a section entitled

“Description of the Relevant Art,” and even incorporates the ’393 Patent by reference. In-house attorneys at DirecTV involved in the prosecution of the DirecTV ’691 Patent included John Crook, Georgann Grunebach, and Todd Snyder. Upon information and belief, Ms. Grunebach has served as Assistant General Counsel at DirecTV.

21. DirecTV also had knowledge of the ’393 Patent through its prosecution of patent application number 11/043,713 (the “DirecTV ’713 application”), which ultimately issued as U.S. Patent No. 8,572,639, entitled “Broadcast Advertisement Adapting Method and Apparatus.” Upon information and belief, the named inventor on the DirecTV ’713 application was Hughes Electronics Corp.’s chief architect. In-house DirecTV counsel Todd Snyder directly addressed the ’393 Patent numerous times over the course of four years in submissions to the PTO during the prosecution of the DirecTV ’713 application, responding as the PTO issued nine rejections of DirecTV’s patent application over the ’393 Patent. These rejections issued on November 12, 2008, April 24, 2009, July 6, 2009, March 19, 2010, August 25, 2010, February 2, 2011, August 18, 2011, March 13, 2012, and December 19, 2012.

22. DirecTV, upon information and belief, had knowledge of the ’393 Patent before this Complaint was originally filed for at least the reasons discussed in preceding paragraphs 20 – 21. Upon information and belief, DirecTV’s patent prosecution activities involved technology that it was implementing or considering implementing. The ’393 Patent was duly issued by the United States Patent and Trademark Office, and is presumed valid. DirecTV undertook its actions of, *inter alia*, performing a claimed method by targeting advertisements to its customers who view video content transmitted by DirecTV and of making, using, offering for sale, and/or selling systems that provide targeted advertisements to consumers viewing content transmitted by DirecTV despite an objectively high likelihood that such activities infringe the ’393 Patent. Given the knowledge of the ’393 Patent discussed above, including DirecTV’s discussion of the

'393 Patent as relevant art for its own purported inventions for which it sought patent protection, the substantial risks of infringement were either known to DirecTV or were so obvious that they should have been known. As such, DirecTV has and continues to willfully infringe the '393 Patent.

23. DirecTV's acts of infringement have caused damage to HBAC, and HBAC is entitled to recover from DirecTV the damages sustained by HBAC as a result of DirecTV's wrongful acts in an amount subject to proof at trial, including enhancement of damages due to DirecTV's willful infringement.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, HBAC respectfully requests a trial by jury of all issues properly triable by jury.

PRAYER FOR RELIEF

For the above reasons, HBAC respectfully requests that this Court grant the following relief in favor of HBAC:

(a) A judgment in favor of HBAC that DirecTV has infringed one or more claims of each of the Asserted Patents;

(b) A judgment in favor of HBAC that DirecTV has willfully infringed one or more claims of each of the Asserted Patents;

(c) A judgment and order requiring DirecTV to pay HBAC its damages, costs, expenses, and pre-judgment and post-judgment interest for DirecTV's infringement of each of the Asserted Patents;

(d) A judgment and order for treble damages pursuant to 35 U.S.C. § 284;

(e) A judgment against DirecTV declaring that this is an exceptional case within the meaning of 35 U.S.C. § 285 as against DirecTV and awarding HBAC its reasonable attorneys' fees against DirecTV; and

(f) Any and all such other relief as the Court deems just and proper.

October 30, 2014

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