

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

UNILOC USA, INC. and UNILOC  
LUXEMBOURG S.A.,

Plaintiffs,

v.

NETFLIX, INC.,

Defendant.

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CIVIL ACTION NO. 2:16-cv-574  
**JURY TRIAL DEMANDED**

**ORIGINAL COMPLAINT  
FOR PATENT INFRINGEMENT**

Plaintiffs, Uniloc USA, Inc. and Uniloc Luxembourg, S.A. (together “Uniloc”), as and for their complaint against defendant, Netflix, Inc. (“Defendant”), allege as follows:

**THE PARTIES**

1. Uniloc USA, Inc. (“Uniloc USA”) is a Texas corporation having a principal place of business at Legacy Town Center I, Suite 380, 7160 Dallas Parkway, Plano Texas 75024. Uniloc also maintains a place of business at 102 N. College, Suite 603, Tyler, Texas 75702.

2. Uniloc Luxembourg S.A. (“Uniloc Luxembourg”) is a Luxembourg public limited liability company having a principal place of business at 15, Rue Edward Steichen, 4<sup>th</sup> Floor, L-2540, Luxembourg (R.C.S. Luxembourg B159161).

3. Uniloc has researched, developed, manufactured, and licensed information security technology solutions, platforms and frameworks, including solutions for securing software applications and digital content. Uniloc owns and has been awarded a number of patents. Uniloc’s technologies enable, for example, software and content publishers to securely distribute and sell

their high value technology assets with minimum burden to their legitimate end users. Uniloc's technology are used in several markets, including, for example, software and game security, identity management, intellectual property rights management, and critical infrastructure security.

4. Upon information and belief, Defendant is a Delaware corporation having a principal place of business at 100 Winchester Circle, Los Gatos, California 95032 and offers its products, including those accused herein of infringement, to customers and/or potential customers located in Texas and in the judicial Eastern District of Texas. Defendant may be served with process through its registered agent: National Registered Agents, Inc., 1999 Bryan St., Suite 900, Dallas TX 75201.

#### **JURISDICTION AND VENUE**

5. Uniloc brings this action for patent infringement under the patent laws of the United States, 35 U.S.C. § 271 *et seq.* This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a) and 1367.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(c) and 1400(b). Upon information and belief, Defendant is deemed to reside in this judicial district, has committed acts of infringement in this judicial district, and/or has purposely transacted business involving the accused products in this judicial district, including sales to one or more customers in Texas.

7. Defendant is 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.

**PATENT-IN-SUIT**

8. U.S. Patent No. 8,566,960 (the ‘960 Patent’), entitled SYSTEM AND METHOD FOR ADJUSTABLE LICENSING OF DIGITAL PRODUCTS was filed on November 17, 2008 and claims priority to Provisional Application No. 60/988,778, filed on November 17, 2007. The ‘960 Patent issued on October 22, 2013. A true and correct copy of the ‘960 Patent is attached as Exhibit A hereto.

9. The ‘960 Patent spent nearly five years being examined at the United States Patent and Trademark Office. During examination of the ‘960 Patent, trained United States Patent Examiners considered more than two-hundred twenty (220) references before determining that the inventions claimed in the ‘960 Patent deserved patent protection. Such references include, for example, various references from IBM, Microsoft, Amazon, Northrop Grumman Corporation, Audible, Inc., Digital Equipment Corporation, Intel, AT&T, Fujitsu, Avaya, California Institute Of Technology, Disney, Adobe, Canon, Texas Instruments, Napster, NBC, Sony, Samsung, EBay, and Alcatel.

10. The ‘960 Patent issued after *Bilski v. Kappos*, 561 U.S. 593 (2010), and *Mayo Collaborative Servs’. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012). And although the examinations predated *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014), that case applied the *Mayo* framework and stated that its holding “follows from our prior cases, and *Bilski* in particular ....”

11. The ‘960 Patent claims technical solutions to problems unique to computer networks, such as controlling access to digital products in a manner that allows authorized

customers the freedom to access the digital products even if using various electronic devices over time, while mitigating the risk that software licenses are illegitimately “shared amongst end users or even in worst case shared anonymously over the Internet resulting in massive piracy and copyright abuse of the product.” (*See, e.g.*, ‘960 Patent, col. 1, lines 30-60).

12. Although the systems and methods taught in the ‘960 Patent have been adopted by leading businesses today, at the time of invention, the technologies taught in the ‘960 Patent claims were innovative and novel, as evidenced, for example, by the breadth and volume of the references considered during prosecution.

13. Further, the ‘960 Patent claims improve upon the functioning of a computer system by granting considerable freedom to access digital products under certain usage expectations, thereby minimizing the impact of digital rights management upon authorized users.

14. Certain claims of the ‘960 Patent require a specific configuration of modules. For example, certain claims of the ‘960 Patent require “a communication module for receiving a request for authorization to use the digital product from a given device; a processor module in operative communication with the communication module; [and] “a memory module in operative communication with the processor module and comprising executable code . . . .” That executable code itself requires a particular configuration set forth in those claims. At least this example claim language confirms the ‘960 Patent recites meaningful limitations that are explicitly tied to machines.

15. The ‘960 Patent claims are not directed to a “method of organizing human activity,” “fundamental economic practice long prevalent in our system of commerce,” or “a building block of the modern economy.” Further, the systems and methods claimed in the ‘960 Patent were not a

longstanding or fundamental economic practice at the time of patented inventions. Nor do they involve a method of doing business that happens to be implemented on a computer. Nor were they fundamental principles in ubiquitous use on the Internet or computers in general.

16. Instead, as explained above, the ‘960 Patent claims are directed toward a solution rooted in computer technology and use technology unique to computers and computer networking to overcome a problem specifically arising in the realm of digital products in the Internet age where piracy and unauthorized use is rampant.

17. Because the claims of the ‘960 Patent are directed to improving the functioning of such computers and computer networks, they cannot be considered abstract ideas. *Enfish, LLC v. Microsoft Corp.*, 2015-1244, 2016 WL 2756255, at \*8 (Fed. Cir. May 12, 2016).

18. Indeed, the Federal Circuit in *Enfish* reaffirmed that software is a “large field of technological progress” which patents can protect:

Much of the advancement made in computer technology consists of improvements to software that, by their very nature, may not be defined by particular physical features but rather by logical structures and processes. We do not see in *Bilski* or *Alice*, or our cases, an exclusion to patenting this large field of technological progress.

*Id.*

19. The ‘960 Patent does not claim, or attempt to preempt, the performance of an abstract business practice on the Internet or using a conventional computer.

20. The claimed subject matter of the ‘960 Patent is not a pre-existing but undiscovered algorithm.

21. Publications of the application leading to the ‘960 patent have been referenced by more than seventy (70) other applications including patent applications by Microsoft; Symantec;

Nokia; and Avaya.

**INVENTOR**

22. Ric B. Richardson (“Mr. Richardson”) is the inventor of the ‘960 Patent.

23. Mr. Richardson is no stranger to innovation. Mr. Richardson is a well-known Australian inventor who has been inventing since the 1970s. Mr. Richardson currently has more than 130 inventions. Such inventions have been licensed by more than a hundred companies, including, but not limited to Microsoft, IBM, Sony, Electronic Arts, Activision, and Adobe.

24. Mr. Richardson has been featured on national Australian shows such as the “The Big Deal” and “A Done Deal” as a result of such inventions.

25. Mr. Richardson has sought patent protection on some of his inventions and is listed as an inventor on at least a dozen granted patents.

26. Uniloc was founded on one of Mr. Richardson’s first United States patents, U.S. Patent No. 5,490,216 (the “‘216 Patent”). Mr. Richardson’s ‘216 Patent was involved in prior litigation where a Rhode Island jury awarded Uniloc entities \$388 million for infringement by Microsoft Corporation. At the time, this patent verdict was one of the largest in history.

27. Mr. Richardson moved to the United States from Australia and spent nearly a dozen years commercializing his inventions. Mr. Richardson has since returned to Australia and spends his free time mentoring young entrepreneurs on a pro-bono basis. Mr. Richardson continues to develop new inventions to this day.

**COUNT I**

(INFRINGEMENT OF U.S. PATENT NO. 8,566,960)

28. Uniloc incorporates the preceding paragraphs herein by reference.

29. Uniloc Luxembourg is the owner, by assignment, of the '960 Patent.

30. Uniloc USA is the exclusive licensee of the '960 Patent with ownership of all substantial rights therein, including the right to grant sublicenses, to exclude others, and to enforce, sue and recover past damages for the infringement thereof.

31. Defendant has marketed and currently markets a digital product steaming service under the name "Netflix streaming service."

32. In its 2015 annual report, Defendant states that it has "over 75 million streaming members" and further notes "[o]ur core strategy is to grow our streaming membership business globally within the parameters of our consolidated net income and operating segment contribution profit (loss) targets."

33. Like Uniloc, Defendant relies upon intellectual property to protect its inventions. Defendant's 2015 annual report also notes:

We regard our trademarks, service marks, copyrights, patents, domain names, trade dress, trade secrets, proprietary technologies and similar intellectual property as important to our success. We use a combination of patent, trademark, copyright and trade secret laws and confidentiality agreements to protect our proprietary intellectual property.

34. Defendant also hold a number of patents on its streaming service. The following are listed on its website:

Streaming	
Patent Number	Issue Date
8,234,715	7/31/2012
8,355,433	1/15/2013
8,365,235	1/29/2013
8,386,621	2/26/2013
8,417,476	4/9/2013
8,433,814	4/30/2013
8,443,056	5/14/2013
8,532,290	9/10/2013
8,566,442	10/22/2013
8,612,771	12/17/2013
8,631,455	1/14/2014
8,682,139	3/25/2014
8,689,267	4/1/2014
8,689,269	4/1/2014
8,749,426	6/10/2014
8,756,708	6/17/2014
8,782,420	7/15/2014
8,838,961	9/16/2014
8,861,926	10/14/2014
8,863,255	10/14/2014
8,935,581	1/13/2015
8,949,465	2/3/2015
8,954,495	2/10/2015
8,954,596	2/10/2015
8,963,847	2/24/2015
8,966,014	2/24/2015
8,997,160	3/31/2015
9,015,289	4/21/2015
9,021,537	4/28/2015
9,026,586	5/5/2015
9,027,141	5/5/2015

Source: <https://help.netflix.com/en/node/25888>

35. Defendant provides access to Netflix streaming service for a fee of \$7.99/month for its basic service plan. If this fee is not paid or the service is cancelled, the digital product steaming service is discontinued and one may no longer stream the desired digital product.

36. One subscribing to this \$7.99/month service is limited to a number of simultaneous streams. Upon information and belief, the \$7.99/month service provides a technical or contractual one simultaneous stream.

37. While the \$7.99/month service provides one simultaneous stream, Defendant allows deviations from this based on certain criteria. In particular, when certain criteria have been satisfied, a single account may stream more than one simultaneous stream.

38. Defendant also has a first enhanced service for its Netflix Streaming service called



the standard service plan that provides two simultaneous streams for a fee of \$9.99/month.

39. While the \$9.99/month service for provides two simultaneous streams, Defendant allows deviations from this based on certain criteria.

40. Defendant also has a second enhanced service for its Netflix Streaming service called the premium service plan that provides four simultaneous streams for a fee of \$11.99/month.

41. While the \$11.99/month service for provides four simultaneous streams, Defendant allows deviations from this based on certain criteria.

42. Defendant also has a trial service for that allows one access to the digital product for one month. After such a trial period, one can continue to access one the service plans by paying a monthly subscription fee.

43. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

## Choose the plan that's right for you

Downgrade or upgrade at any time

	Basic	Standard	Premium
Monthly price after free month ends on 6/18/16	\$7.99	\$9.99	\$11.99
HD available	×	✓	✓
Ultra HD	×	×	✓
Screens you can watch on at the same time	1	2	4
Watch on your laptop, TV, phone and tablet	✓	✓	✓
Unlimited movies and TV shows	✓	✓	✓
Cancel anytime	✓	✓	✓
First month free	✓	✓	✓

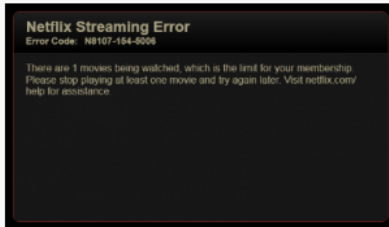
\*Ultra HD only available on the 4 screen + HD plan. High Definition (HD) and Ultra High Definition (Ultra HD) availability subject to your Internet service and device capabilities. Not all content available in HD or Ultra HD. See [Terms of Use](#) for more details.

**Source:** <https://www.netflix.com/getstarted>

44. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

Netflix has always maintained streaming limitations in their terms of service and in their Frequently Asked Questions. The company, to this day, still **proclaims** "you may watch [Netflix streaming on] only one device at a time" if you are a stream-only customer. Their **terms of service** emphasize this point in all-capital letters:

**YOU WILL BE ALLOWED TO INSTANTLY WATCH SIMULTANEOUSLY ON ONLY ONE SUCH DEVICE AT ANY GIVEN TIME.** For certain membership plans in the United States, you may instantly watch simultaneously on more than one Netflix ready device within your household. **Click here** to view the number of devices on which you may simultaneously view movies & TV shows that are associated with your plan. The number of devices and concurrent streams may change without notice to you. For certain limited membership plans in the United States, your available Netflix ready device may be limited to personal computers.



While those clearly are the policies of Netflix, the reality has been customers could easily stream two or more concurrent shows over their Netflix streaming account from different devices without provoking an error message. But that changed this past weekend, when we began to receive news tips from frustrated customers.

Some consumers never realized they could watch multiple streams at the same time, and were unconcerned with Netflix potentially limiting this feature. For them, it was tantamount to abusing their Netflix account. It is a fact some customers have shared their accounts with friends and family members, something that streaming restrictions

would go a long way to discourage. But there are legitimate uses as well, especially in large families with different viewing habits.

We feel it's important for Netflix to convey exactly what their policy is regarding concurrent video streaming. If Steve Swasey wants customers to feel assured they can watch two streams concurrently, their FAQ and terms of service should be updated to reflect that. It's clear Netflix reserves the right to change the number of devices and concurrent streams without notice, something our readers obviously feel very strongly about.

**Source:** <http://stopthecap.com/2011/09/07/netflix-restores-concurrent-video-streams-now-back-to-two-per-customer/>

45. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

Netflix says my account is already in use when I try to watch.

If you see any of the following messages:

“ Your Netflix account is in use on another device. ”

“ Too many people are using your account right now. ”

“ Sorry, too many people are using your account right now. ”

“ Your Netflix account is in use on too many devices. ”

Your Netflix account has reached the limit of active streams. There are two common causes for this:

▸ Too many people are using the account

▸ Playback was suddenly interrupted

**Source:** <https://help.netflix.com/en/node/29>

Netflix detects that you've stopped watching a movie or TV show when you press Stop on the player, or when you've watched all the way through. If Netflix playback is interrupted while a movie or TV show is still streaming (like losing Internet connectivity or turning off your device mid-stream), Netflix may not receive the message that playback has stopped. In that case, trying to play a movie or TV show again will result in an additional Netflix stream, which counts against your stream limit.

**Solution:** The error message will go away on its own, but it may take up to 2 hours.

**Source:** <https://help.netflix.com/en/node/29>

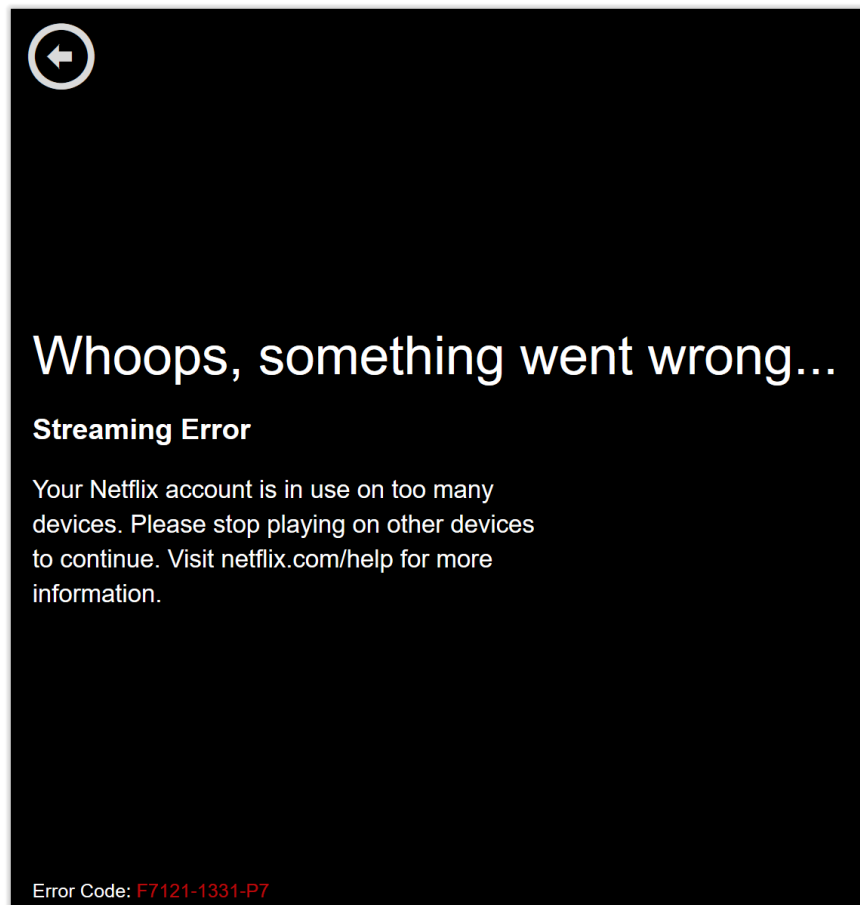
If you've shared your Netflix account with friends or family, they may be using Netflix while you're trying to watch. The number of users that can stream at the same time will depend on your Netflix plan. You can see the limit for your account, as well as other plan options, on the [Change Plan](#) page.

**Solution:** Make sure that no one else is using your account before trying to stream again.

If you're not sure what other device was streaming, [check out your recent streaming activity](#). If you see anything you don't recognize, check out our steps for addressing [Unrecognized Streaming Activity on Your Netflix Account](#).

**Source:** <https://help.netflix.com/en/node/29>

46. Upon information and belief, the following describes, at least in part, how Defendants' digital product steaming service works:



47. Upon information and belief, the following describes, the following are some of the cookies used in attempting to play the digital product using Defendant's service:

Name	Domain	Raw Size	Path
SecureNetflixId	.netflix.com	94 B	/
NetflixId	.netflix.com	770 B	/
lhpuuidh-browse-	.netflix.com	96 B	/
nmab	.netflix.com	16 B	/
nfvdid	.netflix.com	156 B	/
memclid	.netflix.com	43 B	/
docBytes	.netflix.com	14 B	/
cL	.www.netflix.com	93 B	/
profilesNewUser	.netflix.com	16 B	/
profilesNewSession	.netflix.com	19 B	/

48. Upon information and belief, the following describes, the following are some of the cookies used in playing the digital product using Defendant’s service:

Cookie Name	Domain	Size	Path
SecureNetflixId	.netflix.com	94 B	/
NetflixId	.netflix.com	726 B	/
ACID	.advertising.com	24 B	/
C2	.advertising.com	17 B	/
btpdb.	s.thebrighttag.com	35 B	/
lhpuuidh-browse-	.netflix.com	96 B	/
btpdb.	s.thebrighttag.com	39 B	/
btpdb.	s.thebrighttag.com	39 B	/
btpdb.	s.thebrighttag.com	35 B	/
btpdb.	s.thebrighttag.com	34 B	/
nmab	.netflix.com	16 B	/
nfvdid	.netflix.com	156 B	/
IDE	.doubleclick.net	61 B	/
tuuid	.bidswitch.net	41 B	/
memclid	.netflix.com	43 B	/
B	.yahoo.com	23 B	/
id	.doubleclick.net	69 B	/
docBytes	.netflix.com	14 B	/
cL	.www.netflix.com	93 B	/
profilesNewUser	.netflix.com	16 B	/
profilesNewSession	.netflix.com	19 B	/

49. Upon information and belief, the following describes, at least in part, get and post requests used in used in playing the digital product using Defendant’s service:

+	GET 565669433.jpg	so-s.nfiximg.net	33.2 KB	23.0.144.47:443
+	POST 15c4da2c7210dd3c2c3bce	netflix.com	99 B	54.243.90.245:443
+	POST log	netflix.com	25 B	54.243.108.61:443
+	POST presentationtracking	netflix.com	25 B	54.225.120.5:443
+	GET 5df85920b8a13d3b16a840e	netflix.com	739 B	54.243.90.245:443
+	POST debug	customerevents.netflix.com	25 B	23.23.252.208:443
+	POST manifest	netflix.com	56.9 KB	54.243.108.61:443
+	GET 565751062.jpg	so-s.nfiximg.net	71.2 KB	23.0.144.47:443
+	GET 0-34427?o=AQE6JdPx2z7_-	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	33.6 KB	23.246.23.174:443
+	GET 0-34427?o=AQE6JdPx2z7_-	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	33.6 KB	23.246.23.174:443
+	GET 46404285-46863510?o=AQ	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	448.5 KB	23.246.23.174:443
+	GET 46863511-47227697?o=AQ	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	355.7 KB	23.246.23.174:443
+	GET 5971228-6166853?o=AQE6.	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	191.0 KB	23.246.23.174:443
+	GET 47227698-47626395?o=AQ	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	389.4 KB	23.246.23.174:443
+	GET 6166854-6361668?o=AQE6.	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	190.2 KB	23.246.23.174:443
+	GFT 47626396-48026583?o=AO	inv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	390.8 KB	23.246.23.174:443
+	POST license	netflix.com	19.7 KB	54.243.108.61:443
+	GET 74660926-75060356?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	390.1 KB	23.246.23.174:443
+	GET 75060357-75481657?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	411.4 KB	23.246.23.174:443
+	GET 75481658-75979951?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	486.6 KB	23.246.23.174:443
+	GET 75979952-76936001?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	933.6 KB	23.246.23.174:443
+	GET 6947003-7142515?o=AQE6J	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	190.9 KB	23.246.23.174:443
+	GET 76936002-77417773?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	470.5 KB	23.246.23.174:443
+	GET 77417774-78380397?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	940.1 KB	23.246.23.174:443
+	GET 78380398-79023439?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	628.0 KB	23.246.23.174:443
+	GET 79023440-79447797?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	414.4 KB	23.246.23.174:443
+	GET 7142516-7337412?o=AQE6J	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	190.3 KB	23.246.23.174:443
+	POST log	netflix.com	25 B	54.243.90.245:443
+	GET 79447798-79707877?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	254.0 KB	23.246.23.174:443
+	GET 79707878-79976299?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	262.1 KB	23.246.23.174:443
+	GET 79976300-80352320?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	367.2 KB	23.246.23.174:443
+	GET 80352321-80820764?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	457.5 KB	23.246.23.174:443
+	GET 7337413-7532803?o=AQE6J	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	190.8 KB	23.246.23.174:443
+	GET 80820765-81288413?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	456.7 KB	23.246.23.174:443
+	GET 81288414-81855985?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	554.3 KB	23.246.23.174:443
+	GET 81855986-82277571?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	411.7 KB	23.246.23.174:443
+	GET 82277572-82859118?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	567.9 KB	23.246.23.174:443
+	GET 7532804-7727706?o=AQE6J	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	190.3 KB	23.246.23.174:443
+	GET 82859119-83426539?o=AQI	ipv4_1-cx10-c095.1.dfw003.ix.nfixvideo.net	554.1 KB	23.246.23.174:443



50. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

### Collection of Information

We receive and store information about you such as:

- **Information you provide us:** We collect information you provide to us which includes:
  - your name, email address, address or postal code, payment method and telephone number. We collect this information in a number of ways, including when you enter it while using our service, interact with our customer service, or participate in surveys or marketing promotions; and
  - information collected when you choose to provide reviews or ratings, taste preferences, account settings, set preferences in Your Account or otherwise provide information to us through our service or elsewhere.
- **Information we collect automatically:** We collect information regarding you and your use of our service, your interactions with us and our advertising, as well as information regarding your computer or other device used to access our service (such as gaming systems, smart TVs, mobile devices, and set top boxes). This information includes:
  - your activity on the Netflix service, such as title selections, watch history and search queries;
  - details regarding your interactions with customer service, such as the date, time and reason for contacting us, transcripts of any chat conversations, and if you call us, your phone number;
  - device IDs or unique identifiers, device and software characteristics (such as type and configuration), connection information, statistics on page views, referral URLs, IP address and standard web log information;
  - information collected via the use of cookies, web beacons and other technologies, including ad data (such as information on impressions delivered to a cookie, the site URL where the impression was delivered, as well as the date and time). See our Cookies and Internet Advertising section for more details.
- **Information from other sources:** We might supplement the information described above with information we obtain from other sources, including from both online and offline data providers. Such supplemental information could include demographic data, interest based data, and Internet browsing behavior.

**Source:** <https://help.netflix.com/legal/privacy?locale=en&docType=privacy>

51. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

### Use of Information

We use the information we collect to provide, analyze, administer, enhance and personalize our services and marketing efforts, to process your registration, your orders and your payments, and to communicate with you on these and other topics. For example, we use the information we collect for:

- determining your general geographic location, providing localized content, providing you with customized and personalized viewing recommendations for movies and TV shows we think will be enjoyable, determining your Internet service provider and helping us quickly and efficiently respond to inquiries and requests
- preventing, detecting and investigating potentially prohibited or illegal activities, including fraud, and enforcing our terms (such as determining free trial eligibility);
- analyzing and understanding our audience; improving our service (including our user interface experiences), delivery optimization, content selection, and recommendation algorithms;
- communicating with you concerning our service (for example by email, push notifications and text messaging), so that we can send you news about Netflix, details about new features and content available on Netflix, and special offers, promotional announcements and consumer surveys, and to assist you with operational requests such as password reset requests. Please see the "Your Choices" section of this Privacy Statement to learn how to set or change your communications preferences.

Source: <https://help.netflix.com/legal/privacy?locale=en&docType=privacy>

52. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

### Cookies and Internet Advertising

We and our Service Providers use cookies and other technologies (such as web beacons) for various reasons. For example, we use cookies and other technologies to make it easy to access our services by remembering you when you return, to provide and analyze our services, to learn more about our users and their likely interests, and to deliver and tailor marketing or advertising. We want you to be informed about our use of these technologies, so this notice explains the types of technologies we use, what they do and your choices regarding their use.

#### 1. What are cookies?

Cookies are small data files that are commonly stored on your device when you browse and use websites and online services. They are widely used to make websites work, or to work more efficiently, as well as to provide reporting information and assist with service or advertising personalization.

Cookies are not the only types of technology that enable this functionality; we also use other, similar types of technologies. See below for more information and examples.

#### 2. Why does Netflix use cookies?

We and our Service Providers may use the following types of cookies:

- **Essential cookies:** These cookies are strictly necessary to provide our website or online service. For example, we or our Service Providers may use these cookies to authenticate and identify our members when they use our websites and applications so we can provide our service to them. They also help us to enforce our Terms of Use, prevent fraud and maintain the security of our service.
- **Performance and functionality cookies:** These cookies are not essential, but help us to personalize and enhance your online experience with Netflix. For example, they help us to remember your preferences and prevent you from needing to re-enter information you previously provided (for example, during member sign up). We also use these cookies to collect information (such as popular pages, conversion rates, viewing patterns, click-through and other information) about our visitors' use of the Netflix service so that we can enhance and personalize our website and service and conduct market research. Deletion of these types of cookies will result in limited functionality of our service.
- **Advertising cookies:** These cookies use information about your visit to this and other websites, such as the pages you visit, your use of our service or your response to ads and emails, to deliver ads that are more relevant to you. These types of ads are called "Interest-Based Advertising." Many of the advertising cookies associated with our service belong to our Service Providers.

Source: <https://help.netflix.com/legal/privacy?locale=en&docType=privacy>

53. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

c. You may view a movie or TV show through the Netflix service primarily within the country in which you have established your account and only in geographic locations where we offer our service and have licensed such movie or TV show. The content that may be available to watch will vary by geographic location. Netflix will use technologies to verify your geographic location. **THE NUMBER OF DEVICES ON WHICH YOU MAY SIMULTANEOUSLY WATCH IS LIMITED**. Go to the change plan information in the "Your Account" page to see the number of devices on which you may simultaneously watch. **The number of devices available for use and the simultaneous streams may change from time to time at our discretion**.

**Source:** <https://help.netflix.com/legal/termsofuse?locale=en&docType=termsofuse>

54. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

Typically, in a digital content distribution system, a limit is placed on the number of concurrent streaming connections a particular user is allowed to establish. To enforce such a limit, when a user requests a new streaming connection, the number of currently established streaming connections associated with that user is observed, and if that number exceeds the maximum number of allowed concurrent streaming connections, then the request for the new streaming connection is denied.

**Source:** United States Patent No. 9,258,207 listing Netflix, Inc. as Assignee.

55. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

In practice, oftentimes a previous streaming connection established by the user is terminated by the content player but the notification of the termination event is not received by the content server in a timely manner. This results in inaccurate and stale state information being stored on the content server related to the user, which may impact the user's viewing experience. For example, a user who has legitimately terminated a particular streaming connection may not be allowed to establish any new streaming connections if the content server does not know that the particular streaming connection has been terminated. Not allowing users to establish new streaming connections when those users are in compliance with the limitations placed on concurrent streaming connections can run the user experience and is, thus, highly undesirable in a content distribution system.

**Source:** United States Patent No. 9,258,207 listing Netflix, Inc. as Assignee.

56. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

One embodiment of the present invention sets forth a method for determining whether a streaming connection is active. The method includes the steps of receiving a first heartbeat packet from an endpoint device through which the streaming connection is established, where the first heartbeat packet indicates that the streaming connection is active, and waiting to receive a secure stop event indicating that the streaming connection is no longer active. The method also includes the steps of determining that no additional heartbeat packets have been received from the endpoint device and that the secure stop event was not received, and in response, determining that the streaming connection is inactive.

**Source:** United States Patent No. 9,258,207 listing Netflix, Inc. as Assignee.

57. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

Application & Data		Utilities	
Languages	Java, Python, Javascript	Transactional Email	Amazon SES
Database	MySQL, Cassandra, Oracle	Mobile Push Messaging	Urban Airship
Frameworks	Node.js	API Tools	Falcor
Cloud Hosting	Amazon EC2	<b>DevOps</b>	
Javascript UI Library	React	Code Collaboration & Version Control	GitHub
SQL Database-as-a-Service	Amazon RDS	Continuous Integration	Jenkins
NoSQL Database-as-a-Service	Amazon DynamoDB	Server Management	Apache Mesos
Database Cluster Management	Dynomite	Log Management	Sumo Logic
<b>Business Tools</b>		Mobile Error Monitoring	Criticism
Productivity Suite	Google Apps	Performance Monitoring	Boundary, LogicMonitor
Project Management	Confluence	<b>Open Connect CDN</b>	
Password Management	OneLogin	Operating System	FreeBSD
		Server	Nginx
		Routing	Bird daemon

Site: <http://highscalability.com/blog/2015/11/9/a-360-degree-view-of-the-entire-netflix-stack.html>

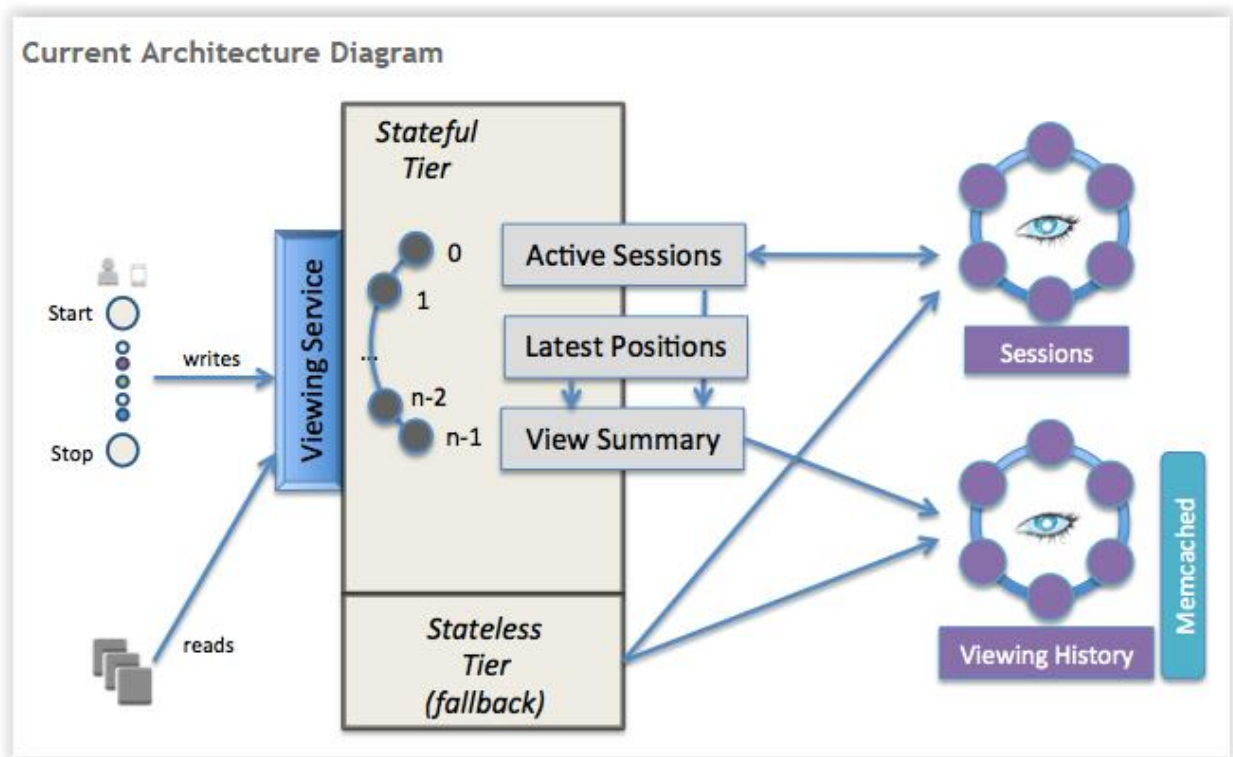
58. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:

### What else is being watched on my account right now?

Sharing an account with other family members usually means everyone gets to enjoy what they like when they'd like. It also means a member may have to have that hard conversation about who has to stop watching if they've hit their account's concurrent screens limit. To support this use case, Netflix's viewing data system gathers periodic signals throughout each view to determine whether a member is or isn't still watching.

Source: <http://techblog.netflix.com/search/label/cloud%20architecture>

59. Upon information and belief, the following describes, at least in part, how Defendant's digital product steaming service works:



Source: <http://techblog.netflix.com/search/label/cloud%20architecture>

60. Defendant has directly infringed, and continue to directly infringe one or more claims of the '960 Patent in this judicial district and elsewhere in Texas, including at least Claims 1-5, 7-8, 18, 22, and 25 literally and/or under the doctrine of equivalents, by or through making,

using, importing, offering for sale and/or selling its digital product steaming service during the pendency of the '960 Patent which *inter alia* comprises instructions for allowing a digital product to be used when a device identify is on record, calculating device count authorized for use with the digital product, setting a limit for a time period when a device identity is not on record, and allowing the digital product to be used when the device count is less than the limit.

61. In addition, should Defendant's digital product steaming service be found to not literally infringe the asserted claims of the '960 Patent, Defendant's accused products would nevertheless infringe the asserted claims of the '960 Patent. More specifically, the accused digital product steaming service performs substantially the same function (adjusting access to a digital product), in substantially the same way (comprising computer readable instructions contained in or loaded into non-transitory memory) to yield substantially the same result (effecting time-limited access to the digital product). Defendants would thus be liable for direct infringement under the doctrine of equivalents.

62. Defendant may have infringed the '960 Patent through other software, currently unknown to Uniloc, utilizing the same or reasonably similar functionality, including other versions of its digital product steaming service. Uniloc reserves the right to discover and pursue all such additional infringing software.

63. Uniloc has been damaged, reparably and irreparably, by Defendant's infringement of the '960 Patent and such damage will continue unless and until Defendant is enjoined.

64. Uniloc has entered into a Patent License, Release and Settlement Agreement with Flexera Software LLC ("Flexera"). Uniloc is not alleging infringement of the '960 Patent based on any product, software, system, method or service provided by Flexera Software LLC or any Flexera

Predecessor (“Flexera Products”). For the purposes of this action, a Flexera Predecessor is any predecessor business owned or controlled by Flexera, including, but not limited to, C-Dilla Limited, GLOBEtrotter Software, Inc., InstallShield Software Corporation, Flexera Holding LLC, Flex co Holding Company, Inc., Flexera Software Inc., Acrecco Software Inc., Intraware, Inc., Managesoft Corporation, HONICO Software GmbH, LinkRight Software L.L.C., and Logiknet, Inc. (d/b/a SCCM Expert) and only to the extent of, and limited to, the specific business, technologies and products acquired by Flexera from each of them, and Macrovision Corporation (renamed Rovi Solutions Corporation in July 2009) only to the extent of, and limited to, the specific business, technologies and products acquired by Flexera Holdings Company, Inc. in April 2008 (renamed Acrecco Software Inc.), which later changed its name in October 2009 to Flexera Software LLC. For purposes of this action, Flexera Products do not include any third party products or services that provide activation, entitlement, licensing, usage monitoring and management, auditing, or registration functionality or third party products and services that are activated, licensed or registered exclusively and independently of products, software, systems, methods or services provided by Flexera or Flexera Predecessors. All allegations of past infringement against defendant(s) herein are made exclusively and independently of the authorized use of Flexera Products.

**JURY DEMAND**

65. Uniloc hereby requests a trial by jury pursuant to Rule 38 of the Federal Rules of Civil Procedure.



**PRAYER FOR RELIEF**

Uniloc requests that the Court find in its favor and against Defendant, and that the Court grant Uniloc the following relief:

- (A) that Defendant has infringed the '960 Patent;
- (B) awarding Uniloc its damages suffered as a result of Defendant's infringement of the '960 Patent pursuant to 35 U.S.C. § 284;
- (C) enjoining Defendant, its officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries and parents, and all others acting in concert or privity with it from infringing the '960 Patent pursuant to 35 U.S.C. § 283;
- (D) awarding Uniloc its costs, attorneys' fees, expenses and interest, and
- (E) granting Uniloc such other and further relief as the Court may deem just and proper.

**Dated: May 30, 2016**

Respectfully submitted,

/s/ James L. Etheridge

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