IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

COOLTVNETWORK.COM, INC.,

Plaintiff,

v.

FACEBOOK, INC.,

Defendant.

CIVIL ACTION NO. 1:19-cv-00292-LPS

JURY TRIAL DEMANDED

PLAINTIFF'S SECOND AMENDED COMPLAINT

Plaintiff CoolTVNetwork.com, Inc. ("Plaintiff"), by and through its undersigned counsel, files this Second Amended Complaint against Defendant Facebook, Inc. ("Defendant") as follows:

NATURE OF THE ACTION

1. This is a patent infringement action to stop Defendant's infringement of United States Patent No. 7,162,696 ("the '696 patent") entitled "Method and System for Creating, Using and Modifying Multifunctional Website Hot Spots". A true and correct copy of the '696 patent is attached hereto as <u>Exhibit A</u>. Plaintiff is the owner by assignment of the '696 patent. Plaintiff seeks monetary damages and injunctive relief.

PARTIES

Plaintiff is a corporation having a principal place of business located at 17731 N.W.
14th CT. Miami, Florida 33169.

3. Upon information and belief, Defendant is a corporation organized and existing under the laws of the State of Delaware with a principal place of business located at 1 Hacker Way, Menlo Park, California 94025. Defendant can be served with process by serving Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808.

JURISDICTION AND VENUE

4. This action arises under the Patent Laws of the United States, 35 U.S.C. § 1 *et seq.*, including 35 U.S.C. §§ 271, 281, 283, 284, and 285.

5. This Court has subject matter jurisdiction over this case for patent infringement under 28 U.S.C. §§ 1331 and 1338(a).

6. The Court has personal jurisdiction over Defendant because Defendant is present within or has minimum contacts within the State of Delaware and the District of Delaware; Defendant has purposefully availed itself of the privileges of conducting business in the State of Delaware and in the District of Delaware; Defendant has sought protection and benefit from the laws of the State of Delaware; Defendant regularly conducts business within the State of Delaware and within the District of Delaware; and Plaintiff's cause of action arises directly from Defendant's business contacts and other activities in the State of Delaware and in the District of Delaware. Further, this Court has personal jurisdiction over Defendant because it is incorporated in Delaware and has purposely availed itself of the privileges and benefits of the laws of the State of Delaware.

7. More specifically, Defendant, directly and/or through intermediaries, ships, distributes, uses, offers for sale, sells, and/or advertises products and services in the United States, the State of Delaware, and the District of Delaware including but not limited to the Accused Instrumentalities as detailed below. Upon information and belief, Defendant has committed patent infringement in the State of Delaware and in the District of Delaware. Defendant solicits and has solicited customers in the State of Delaware and in the District of Delaware. Defendant has paying customers who are residents of the State of Delaware and the District of Delaware and who each use and have used the Defendant's products and services in the State of Delaware and in the District of Delaware and who each use and have used the Defendant's products and services in the State of Delaware and in the District of Delaware and who each use and have used the Defendant's products and services in the State of Delaware and in the District of Delaware.

8. Venue is proper in the District of Delaware pursuant to 28 U.S.C. §§ 1400(b). On information and belief, Defendant is incorporated in this district and has directly and/or indirectly committed acts of patent infringement in this district.

COUNT I – PATENT INFRINGEMENT

9. Plaintiff refers to and incorporates herein the allegations of Paragraphs 1-8 above.

10. The '696 patent was duly and legally issued by the United States Patent and Trademark Office on January 9, 2007 after full and fair examination. Plaintiff is the owner by assignment of the '696 patent and possesses all rights of recovery under the '696 patent, including the exclusive right to sue for infringement and recover past damages and obtain injunctive relief.

11. Defendant owns, uses, operates, advertises, controls, sells, and otherwise provides systems, methods and apparatus that infringe the '696 patent. The '696 patent provides, among other things, "a Multifunctional Hot Spot method comprising: defining at least one hot spot by a communication with instructions stored on a tangible retaining medium; accessing at least one of the hot spots from a globally accessible network; performing at least one of a plurality of predetermined functions executed with the selection of each particular hot spot; wherein said hot spots reside on and are accessible from a digital video or audio file; wherein said predetermined functions are selected from a mode control; wherein the mode control comprises a plurality of modes; wherein the plurality of modes comprise a shop mode, a bid mode, an interact mode, an entertainment mode, and a link mode; wherein said specific mode further toggles based on time stamps in said digital video or digital audio file; wherein said hot spots are visualized by outlines, shading, or illumination or a combination of each, at a predetermined area on the display; wherein said Multifunctional Hot Spot apparatus is made to reside on and is executing on a computing

system; selecting and activating at least one of said predetermined functions by clicking on each particular Multifunctional Hot Spot."

12. Defendant has been and is now infringing the '696 patent in the State of Delaware, in this judicial district, and elsewhere in the United States, by, among other things, directly or through intermediaries, making, using, importing, testing, providing, supplying, distributing, selling, and/or offering for sale systems, methods and apparatus (including, without limitation, the Defendant's products including Facebook Stories Ads, Instagram Stories Ads and related functionality identified herein as the "Accused Instrumentality") that provide a methods, apparatus and systems for creating, using and modifying multifunctional website hotspots including software that identifies, programs and activates hot spots with a plurality of functions wherein the functions include a shopping mode for selecting and purchasing items on a website or in a video, a digital call mode for facilitating videoconferencing and telephone calls over a globally accessible network, a digital storage area for selecting, retrieving and playing selected digital media files, a bid mode that facilitates audio and video communication during multi-task communication interface for conducting an auction and/or accepting bids, an interact mode for communicating a user with a live streamed digital media file, a link mode for directly linking to pre-identified URL addresses and an entertain mode for retrieving and activating digital media files, wherein the functions are selected based on user inputs or predetermined parameters and are activated by clicking a predetermined hot spot, covered by at least claim 17 of the '696 patent to the injury of CoolTVNetwork.com, Inc. Defendant is directly infringing, literally infringing, and/or infringing the '696 patent under the doctrine of equivalents. Defendant is thus liable for infringement of the '696 patent pursuant to 35 U.S.C. § 271.

13. Defendant has induced and continues to induce infringement of the '696 patent by intending that others use, offer for sale, or sell in the United States, products and/or methods covered by one or more claims of the '696 patent, including, but not limited to, methods, systems, and apparatus for creating, using and modifying multifunctional website hot spots. Defendant provides these products to others, such as customers, resellers and end-use consumers who, in turn, use, offer for sale, or sell in the United States these methods, systems, and apparatus for creating, using and modifying the spots that infringe one or more claims of the '696 patent.

14. Defendant indirectly infringes the '696 patent by inducing infringement by others, such as resellers, customers and end-use consumers, in accordance with 35 U.S.C. § 271(b) in this District and elsewhere in the United States. Direct infringement is a result of the activities performed by the resellers, customers and end-use consumers of the mobile banking functionality, including methods, systems, and apparatus for creating, using and modifying multifunctional website hot spots.

15. Defendant received notice of the '696 patent at least as of the date this lawsuit was filed.

16. Defendant affirmative acts of providing and/or selling the methods, systems, and apparatus for creating, using and modifying multifunctional website hot spots, including manufacturing and distributing, and providing instructions for using the methods, systems, and apparatus for creating, using and modifying multifunctional website hot spots in their normal and customary way to infringe one or more claims of the '696 patent. Defendant performs the acts that constitute induced infringement, and induce actual infringement, with the knowledge of the '696 patent and with the knowledge or willful blindness that the induced acts constitute

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infringement.

17. Defendant specifically intends for others, such as resellers, customers and end-use consumers, to directly infringe one or more claims of the '696 patent, or, alternatively, has been willfully blind to the possibility that its inducing acts would cause infringement. By way of example, and not as limitation, Defendant induces such infringement by its affirmative action by, among other things: (a) providing advertising on the benefits of using the Accused Instrumentalities' functionality; (b) providing information regarding how to use the Accused Instrumentalities' functionality; (c) providing instruction on how to use the Accused Instrumentalities' functionality; and (d) providing hardware and/or software components required to infringe the claims of the '696 patent.

18. Accordingly, a reasonable inference is that Defendant specifically intends for others, such as resellers, customers and end-use consumers, to directly infringe one or more claims of the '696 patent in the United States because Defendant has knowledge of the '696 patent since at least November 16, 2016 and Defendant actually induces others, such as resellers, customers and end-use consumers, to directly infringe the '696 patent by using, selling, and/or distributing, within the United States, methods, systems, and apparatus for creating, using and modifying multifunctional website hot spots. *See* Exhibit B, Declaration of Franz Wakefield.

19. As a result of Defendant acts of infringement, Plaintiff has suffered and will continue to suffer damages in an amount to be proved at trial.

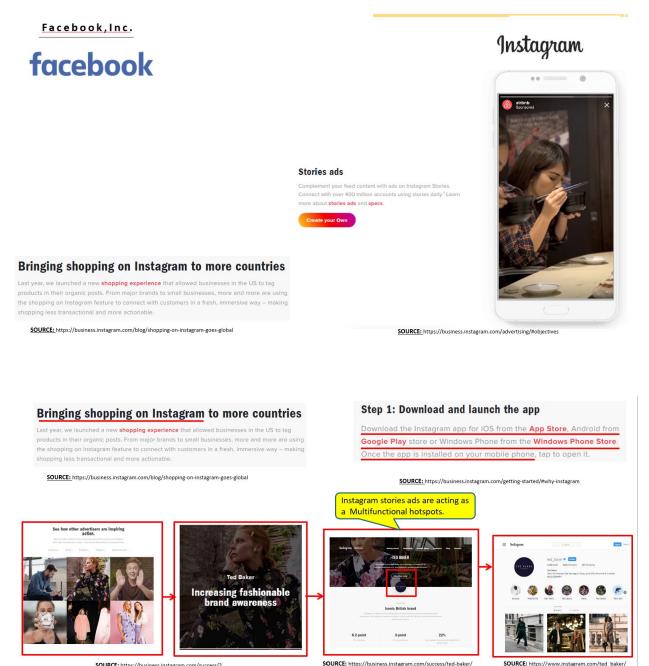
20. Defendant continues advising, encouraging, or otherwise inducing others to use the systems, methods, and apparatus claimed by the '696 patent to the injury of Plaintiff. Specifically, since at least November 20, 2016, Defendant has had knowledge of the '696 patent. Franz Wakefield, President of Plaintiff CoolTVNetwork.com, Inc. sent Mr. Mike Schroepfer,

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Facebook CTO a message at the 2016 Web Summit in Lisbon, Portugal describing the '696 patent and providing a link to a youtube video advertisement for one of Plaintiff CoolTVNetwork.com, Inc.'s products (https://www.youtube.com/watch?v=ApPQ-k8hYu4) which at 1 minute 16 seconds in the video depicts U.S. Patent No. 7,162,696. Franz Wakefield, President of Plaintiff CoolTVNetwork.com, Inc. personally witnessed Mr. Mike Schroepfer read the message on his phone while he was on stage and respond to Plaintiff stating that he couldn't speak with Plaintiff today as he was flying out right after his presentation. See Exhibit B, Declaration of Franz Wakefield. Additionally, Plaintiff spoke with Julien Codorniou, Director for Facebook at Work at a booth run by Facebook employees at the Web Summit in Lisbon, Portugal on or around November 20, 2016. Plaintiff sent a follow up email to Julien Codorniou, Director for Facebook at Work thanking Julien for their conversation which mentioned CoolTVNetwork.com, Inc.'s technology and suggested that it would be a great addition to Facebook's products as it would enable clickable video that can be used as a monetization tool, to launch Facebook at Work from live and/or prerecorded videos, and/or to add a spontaneous call-to-action for viewers. Franz then provided a link to the CoolTVNetwork.com, Inc. video mentioned above and further mentioned that he would be interested in discussing a licensing deal for use of the ClickVideoShop technology by Facebook. See Exhibit B, Declaration of Franz Wakefield. If these communications were not enough to notify Facebook of its infringement of the '696 patent, by the filing date of the Original Complaint in this case, Facebook has had knowledge of the '696 patent and specifically intends to infringe the '696 patent. By continuing the actions described above, Defendant has specific intent to induce infringement of the '696 patent pursuant to 35 U.S.C. § 271(b), and has further contributed to said infringement of the '696 patent by their customers by providing them with the Accused Instrumentalities so that their customers could

directly infringe the '696 patent. See Exhibit B, Declaration of Franz Wakefield.

- Claim 17 of the '696 patent, claims: 21.
- A Multifunctional Hot Spot method comprising: 22.

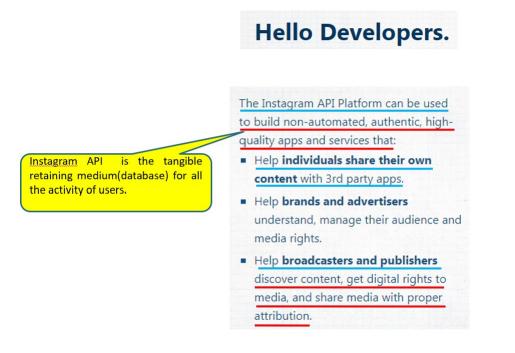


SOURCE: https://business.instagram.com/success/?

SOURCE: https://business.instagram.com/success/ted-baker/

defining at least one hot spot by a communication with instructions stored on a tangible retaining medium;

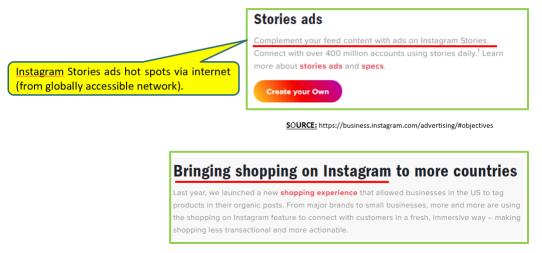
Defendant provides at least one hot spot by a communication with instructions stored on a tangible retaining medium i.e. Facebook servers, and a user's smart phone.



SOURCE: https://www.instagram.com/developer/

accessing at least one of the hot spots from a globally accessible network;

Defendant provides at least one of the hot spots from a globally accessible network i.e. the internet.

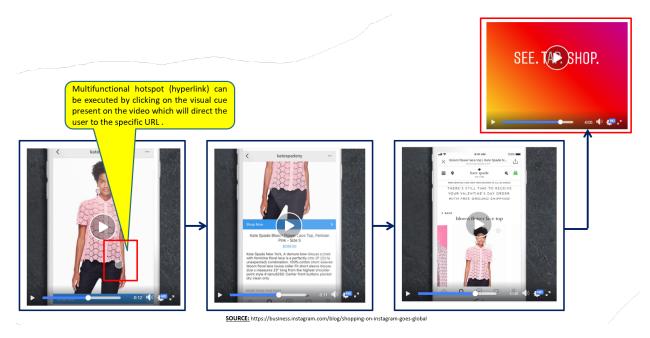


 $\underline{\textbf{SOURCE:}} \ \texttt{https://business.instagram.com/blog/shopping-on-instagram-goes-global}$

performing at least one of a plurality of predetermined functions executed with the selection of each particular hot spot;

Defendant provides particular hot spots which are performed when at least one of a plurality of predetermined functions are executed with the selection of each said particular hot spot.





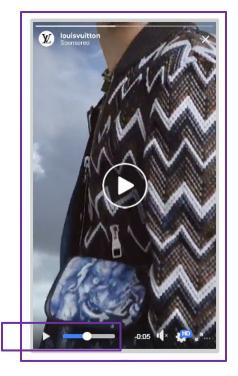
wherein said hot spots reside on and are accessible from a digital video or audio file;

Defendant provides hot spots that reside on and are accessible from a digital video or audio file.



Running stories ads

With its full-screen, vertical format, your business can share photos and videos that immerse Instagrammers in your content. And with the ability to target your ads by reach, video views, traffic, conversions, app installs and brand awareness, you can drive business results at the same time.



SOURCE: https://business.instagram.com/a/stories-ads

wherein said predetermined functions are selected from a mode control;

Defendant provides predetermined functions that are selected from a mode control.

Ads Manager is your starting point for running ads on Facebook, Instagram, Messenger or Audience Network. It's an allin-one tool for creating ads, managing when and where they'll run and tracking how well your campaigns are performing. Ads Manager is a powerful ad management tool, but it's designed for advertisers of any experience level.

SOURCE: https://en-gb.facebook.com/business/tools/ads-manager

Getting started

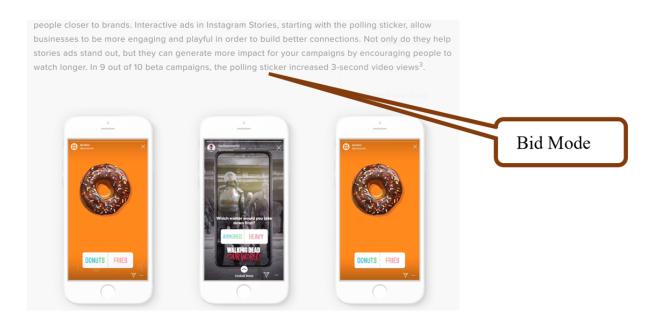
Like most ads on Instagram, you can use Ads Manager or Power Editor to launch stories ads. Make sure that you select your ad objective first, and then expand the Instagram placement selector to select Instagram Stories. Learn more about stories ad specs and objectives.



SOURCE: https://business.instagram.com/a/stories-ads

wherein the mode control comprises a plurality of modes;

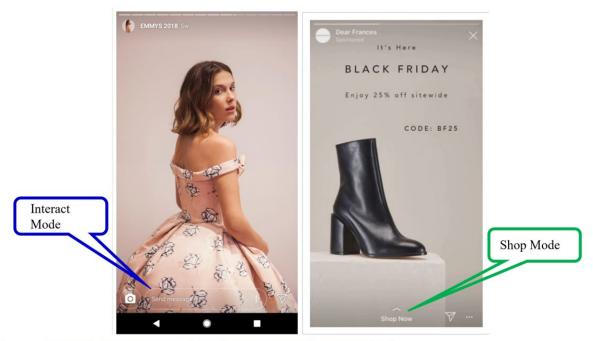
Defendant provides a mode control that comprises a plurality of modes i.e. shop, interact, link, bid, and entertain.



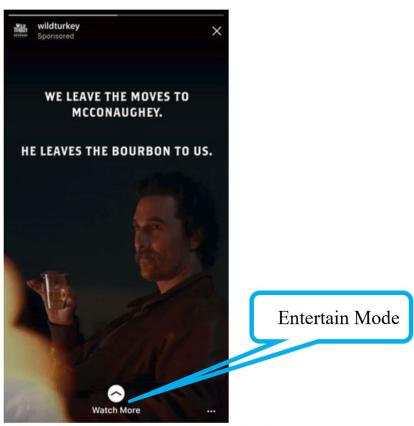
Source: https://business.instagram.com/blog/bringing-interactivity-to-instagram-stories-ads

Advertisers can go to Ads Manager, select Instagram Stories as their only ad placement, and check the box for "Add an interactive poll" when uploading their creative and editing their text.

<u>Source</u>: <u>https://www.adweek.com/digital/brands-can-now-add-instagrams-poll-sticker-to-instagram-stories-ads/</u></u>



Source: https://adespresso.com/blog/instagram-stories-examples/



Source: https://sproutsocial.com/insights/instagram-story-ads/

wherein the plurality of modes comprise a shop mode, a bid mode, an interact mode, an entertainment mode, and a link mode;

Defendant provides a plurality of modes that comprise a shop mode i.e. to purchase a product, a bid mode i.e. to vote, an interact mode i.e. to chat, an entertainment mode i.e. share photos and video, and a link mode i.e. clicking on an ad and bringing the user to another URL containing information.



Waterdrop's campaign was highly successful, increasing the sales conversion rate by 24% compared to the previous month. It reached 1.8 million people in just 10 days, which marked a 6X increase compared to the previous month. The company also attracted 8.4X more website visitors over this period.

SOURCE: https://business.instagram.com/success/waterdrop/

Be entertaining and engaging



As the first telco company to use the carousel ad format in Instagram Stories with the lead generation objective, Virgin Media wanted ad creative that was as entertaining as it was engaging. It worked with

SOURCE: https://business.instagram.com/success/virgin-media/

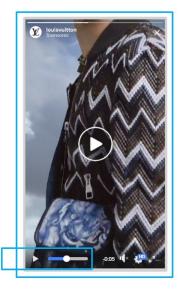


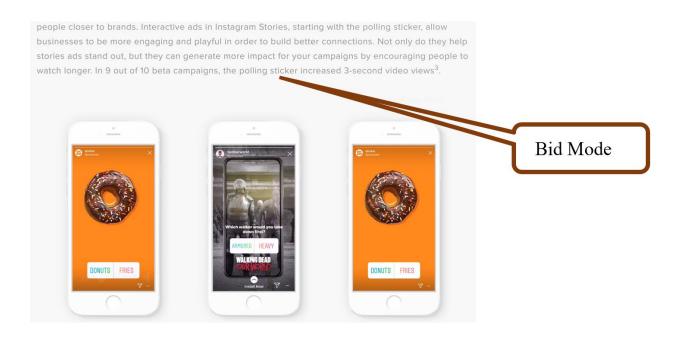
Running stories ads

With its full-screen, vertical format, your business can share photos nd videos that immerse Instagrammers in your content. And with the ability to target your ads by reach, video views, traffic, conversions, app installs and brand awareness, you can drive business results at the same time.



SOURCE: https://business.instagram.com/a/stories-ads

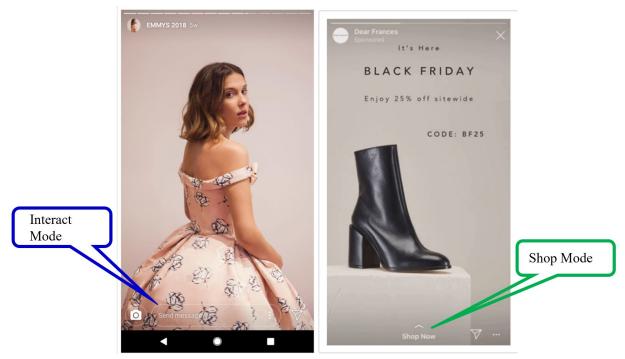




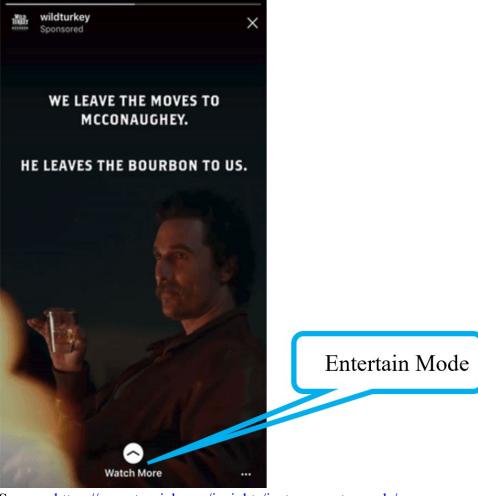
Source: https://business.instagram.com/blog/bringing-interactivity-to-instagram-stories-ads

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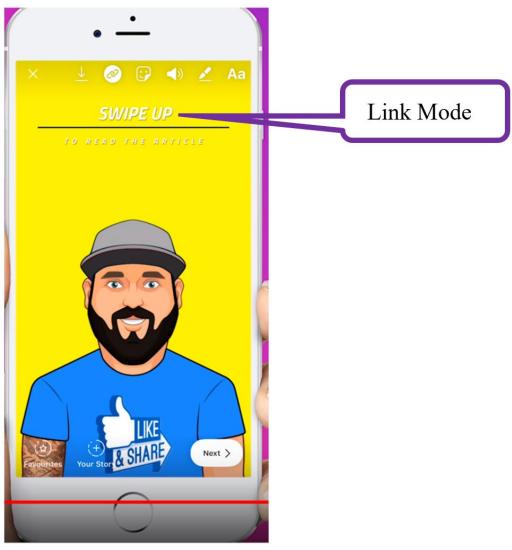
<u>Source</u>: <u>https://www.adweek.com/digital/brands-can-now-add-instagrams-poll-sticker-to-instagram-stories-ads/</u></u>



Source: https://adespresso.com/blog/instagram-stories-examples/



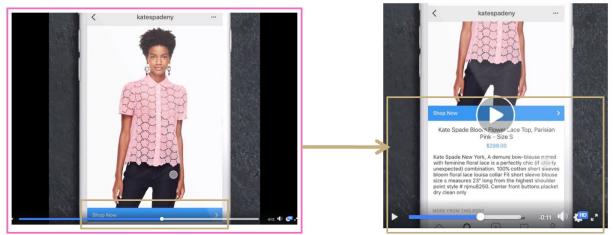
Source: https://sproutsocial.com/insights/instagram-story-ads/



Source: https://www.youtube.com/watch?v=ZD99idAkOQU

wherein a specific mode is selected by a user through an expandable graphical user interface bar;

Defendant provides specific modes that are selected by a user through an expandable graphical user interface bar.



SOURCE: https://business.instagram.com/blog/shopping-on-instagram-goes-global

wherein said specific mode further toggles based on time stamps in said digital video or digital audio file;

Defendant provides a specific mode that further toggles based on time stamps in said digital video or digital audio file.

An Instagram or Facebook Story is comprised of individual screens, where each screen can be created with its own hotspots or "call-to-action buttons" or multiple hotspots or "calls-foraction" and then put together in one complete Story by clicking the +icon; whether the hotspots or calls-for-action are for "swiping up" to visit a website, "shopping stickers," to click to purchase a product, "polls," for taking a vote or bidding, and then tally the results, and/or "#hashtags," for visiting a post etc. The Instagram Software is built to run the Story on a 15 second timeline which is deleted after 24 hours. Each screen added to the story becomes a time stamp which runs on the 15 second timeline (adding videos instead of pictures can lengthen the predetermined 15 second time window); thus the function of the hotspots "call-to-action" depending on what screen of the Story is being viewed can vary depending on the time interval of the story and the screen being viewed by the user. This is direct evidence of the "toggle" claim limitation as it pertains to the '696 patent infringement claim. The '696 patent specification supports this evidence by stating, "The function of hot spots may vary during the running of a digital media file based on time stamps or other parameters. The action of hot spots could be determined by a length of time into a video, or beginning and ending time stamps within the video or software correlating to the video." See '696 patent Col. 3 l. 45-50.

Running stories ads

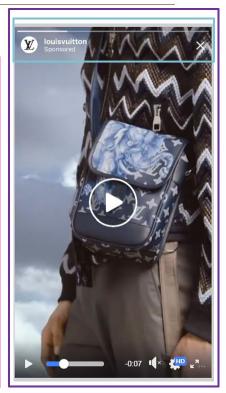
With its full-screen, vertical format, your business can share photos and videos that immerse Instagrammers in your content. And with the ability to target your ads by reach, video views, traffic, conversions, app installs and brand awareness, you can drive business results at the same time.

Viewing insights

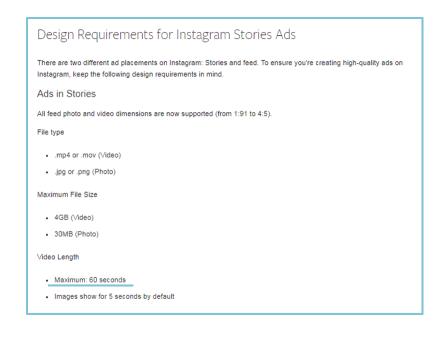
You can see how your Instagram Stories ads perform in the insights section of your business profile on the app. You can also view more metrics within Ads Manager and Power Editor including reach, impressions and video metrics just like you would for other ads.

Immersing your audience

Join more than 50% of business accounts that created stories in the last month.³ From playing up the vertical format, to remixing existing photos and videos, use Instagram's unique creative tools to tell your business story. With 60% of stories viewed with sound on, make sure that you share content that sounds as good as it looks.⁴



SOURCE: https://business.instagram.com/a/stories-ads?locale=en_GB

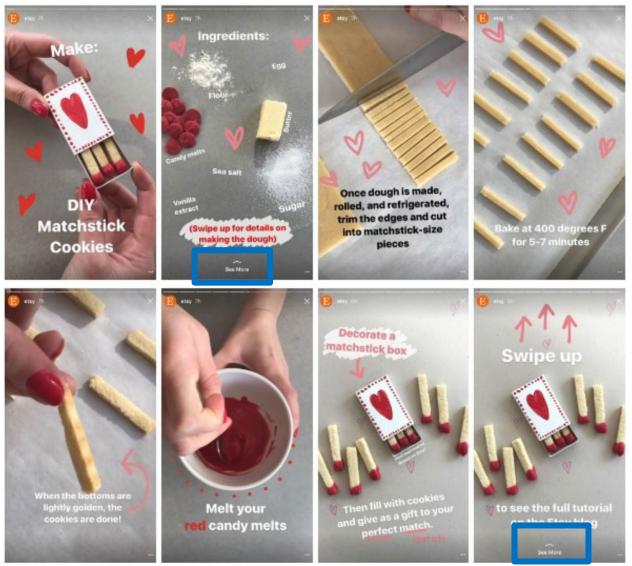


SOURCE: https://www.facebook.com/business/help/2222978001316177?ref=igb_advertising



• Use multiple clips: Want to tell a more in-depth story? Record your video on your phone (try to keep it to under a minute though, otherwise people might switch off) and then edit it into separate 15 second clips. This way, you can upload your clips chronologically to tell a longer and more complete narrative.

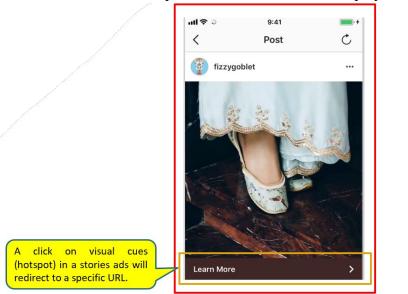
Source: https://blog.iconosquare.com/create-better-instagram-video-content/



Source: https://blog.hootsuite.com/how-to-use-instagram-stories/

wherein said hot spots are visualized by outlines, shading, or illumination or a combination of each, at a predetermined area on the display;

Defendant provides hot spots that are visualized by outlines, shading, or illumination or a combination of each, at a predetermined area on the display.





SOURCE: https://business.instagram.com/advertising/#types

wherein said Multifunctional Hot Spot apparatus is made to reside on and is executing on a computing system;

Defendant provides a multifunctional hot spot apparatus that is made to reside on and is executing on a computing system i.e. Facebook's servers, and the user's smart phone.





Download the Instagram app for iOS from the **App Store**, Android from **Google Play** store or Windows Phone from the **Windows Phone Store**. Once the app is installed on your mobile phone, tap to open it.

 $\underline{\textbf{SOURCE:}} \ \texttt{https://business.instagram.com/getting-started/\#why-instagram}$

selecting and activating at least one of said predetermined functions by clicking on each particular Multifunctional Hot Spot.

Defendant provides predetermined functions that are selected and activated by clicking on each particular said multifunctional hot spot.



SOURCE: https://business.instagram.com/blog/shopping-on-instagram-goes-global

23. Defendant's aforesaid activities have been without authority and/or license from Plaintiff.

24. To the extent any marking was required by 35 U.S.C. § 287, Plaintiff and all predecessors in interest to the '696 patent complied with all marking requirements under 35 U.S.C. § 287.

25. Plaintiff is entitled to recover from Defendant the damages sustained by Plaintiff as a result of the Defendant's wrongful acts in an amount subject to proof at trial, which, by law, cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

JURY DEMAND

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

PRAYER FOR RELIEF

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

- A. a judgment that Defendant directly and/or indirectly infringes one or more claims of the '696 patent;
- B. award Plaintiff damages in an amount adequate to compensate Plaintiff for Defendant's infringing products' infringement of the claims of the '696 patent, but in no event less than a reasonable royalty, and supplemental damages for any continuing post-verdict infringement until entry of the final judgment with an accounting as needed, under 35 U.S.C. § 284;
- C. award Plaintiff pre-judgment interest and post-judgment interest on the damages awarded, including pre-judgment interest, pursuant to 35 U.S.C. § 284, from the date of each act of infringement of the '696 patent by Defendant to the day a damages judgment is entered, and an award of post-judgment interest, pursuant to 28 U.S.C. § 1961, continuing until such judgment is paid, at the maximum rate allowed by law; and an accounting of all damages not presented at trial;
- D. a judgment and order finding this to be an exceptional case and requiring defendant to pay the costs of this action (including all disbursements) and attorneys' fees, pursuant to 35 U.S.C. § 285;
- E. award a compulsory future royalty for the '696 patent; and award such further relief as the Courts deems just and proper.

Dated: May 15, 2019

Respectfully submitted,

DEVLIN LAW FIRM LLC

/s/ Timothy Devlin

Timothy Devlin (No. 4241) 1306 N. Broom Street, 1st Floor Wilmington, DE 19806 Phone: (302) 449-9010 Fax: (302) 353-4251 tdevlin@devlinlawfirm.com

Austin Hansley Texas Bar No.: 24073081 (*Pro Hac Vice*) HANSLEY LAW FIRM, PLLC 13355 Noel Rd., STE. 1100 Dallas, Texas 75240 Telephone: (972) 528-9321 Ext. 1000 Facsimile: (972) 370-3559 Email: ahansley@hansleyfirm.com

ATTORNEYS FOR PLAINTIFF COOLTVNETWORK.COM, INC.

CERTIFICATE OF SERVICE

I hereby certify that on May 15, 2019, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, District of Delaware, using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

> <u>/s/ Timothy Devlin</u> Timothy Devlin