IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

COOLTVNETWORK.COM, INC.,

Plaintiff,

v.

SNAP INC.,

Defendant.

CIVIL ACTION NO. 1:19-cv-00534-LPS

PATENT CASE

JURY TRIAL DEMANDED

PLAINTIFF'S FIRST AMENDED COMPLAINT

Plaintiff CoolTVNetwork.com, Inc. ("Plaintiff"), by and through its undersigned counsel, files this First Amended Complaint against Defendant Snap, 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 an Incorporation 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 2772 Donald Douglas Loop North Santa Monica, CA 90405. 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 State 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

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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 Snapchat 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.

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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, 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 infringement.

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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 at least as of the date this lawsuit was filed 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, E.I. Du Pont De Nemours and Co. v. Heraeus Holding GMBH*, 2012 WL 4511258, at 6 (D. Del. Sep. 28, 2012) ("[W]hile Twombly and Iqbal require facts to be pled that allow for the plausible inference that the elements of an inducement claim can be met, when it comes to knowledge of the patent-at-issue, a plaintiff's filing (and a defendant's receipt) of the complaint are facts that establish such knowledge-at least as of the date of the filing").

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.

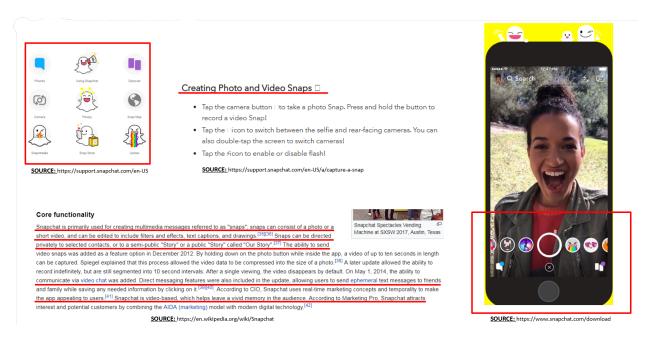
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20. Defendant continues advising, encouraging, or otherwise inducing others to use the systems, methods, and apparatus claimed by the '696 patent to the injury of Plaintiff. Since at least the filing date of the Original Complaint, Defendant has had knowledge of the '696 patent, and by continuing the actions described above, 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, E.I. Du Pont De Nemours and Co. v. Heraeus Holding GMBH*, 2012 WL 4511258, at 6 (D. Del. Sep. 28, 2012) ("[W]hile Twombly and Iqbal require facts to be pled that allow for the plausible inference that the elements of an inducement claim can be met, when it comes to knowledge of the patent-at-issue, a plaintiff's filing (and a defendant's receipt) of the complaint are facts that establish such knowledge-at least as of the date of the filing").

21. Claim 17 of the '696 patent, claims:





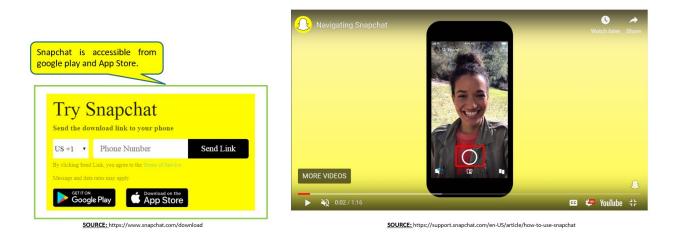
defining at least one hot spot by a communication with instructions stored on a tangible retaining medium;

Defendant and its users define at least one hotspot by a communication with instructions stored on a tangible retaining medium. Specifically, clickable hotspots are defined by a communication via the internet containing coding instructions which are stored on Defendant's servers and the user's phone.

| Instructions are accessed or stored by a device memory (RAM). | Navigating Snapchat | Watch later Share |
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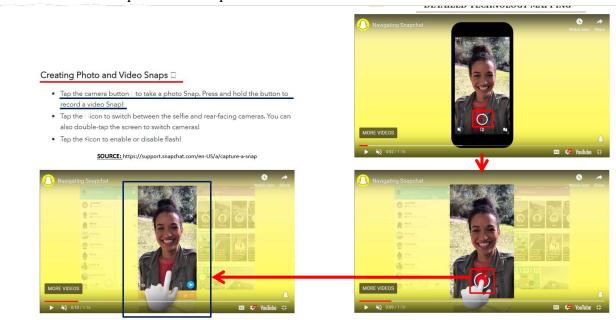
accessing at least one of the hot spots from a globally accessible network;

Defendant and its users access at least one of the hotspots from a globally accessible network via the internet.

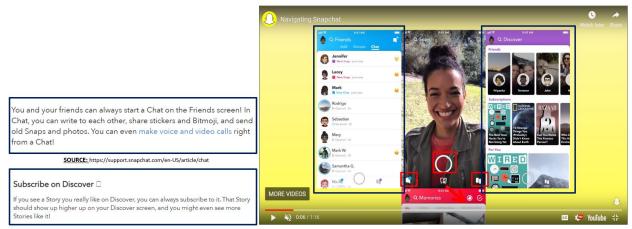


performing at least one of a plurality of predetermined functions executed with the selection of each particular hot spot;

Defendant and its users perform at least one of a plurality of predetermined functions executed with the selection of each particular hotspot.



SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat



SOURCE: https://support.snapchat.com/en-US/article/discover

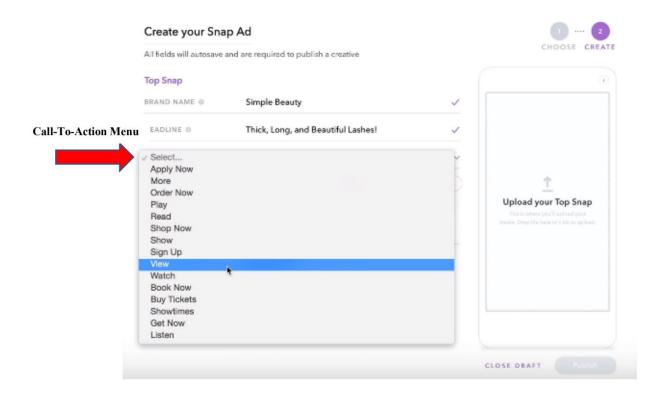
SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

| Ad Formats | | | | |
|------------|---|--|--|--|
| SNAP AD | A Snap Ad is full screen photo or video with sound on. You can add an attachment to your Snap Ad to let your audience take an action immediately, like visiting your website or installing your app. | | | |
| STORY AD | A Story Ad is made of a collection of 3 to 20 Snap Ads. They're great for telling deeper stories or showcasing multiple products. | | | |
| AR LENS | AR Lens is an augmented reality experience that users interact with through Snapchat's camera by placing characters or products in the world around them or transforming their face. | | | |
| FILTER | Filters are artistic overlays that Snapchatters can add to the photo and video Snaps they take on Snapchat. | | | |

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

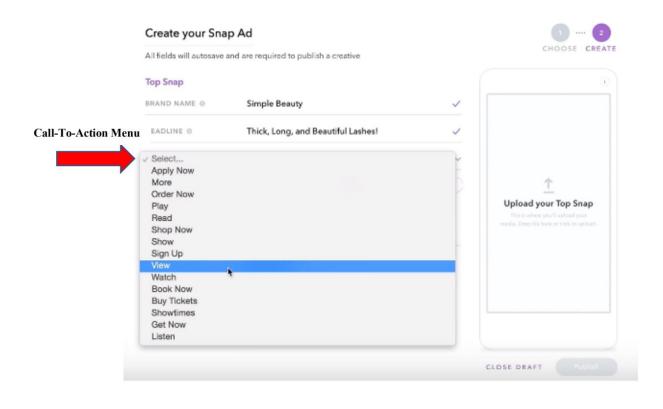
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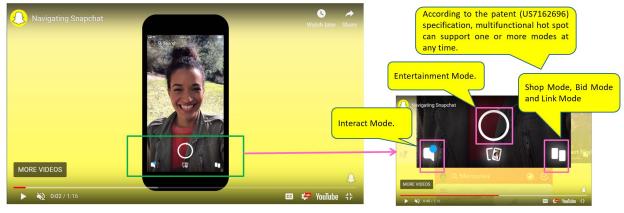
wherein said predetermined functions are selected from a mode control;



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wherein the mode control comprises a plurality of modes;





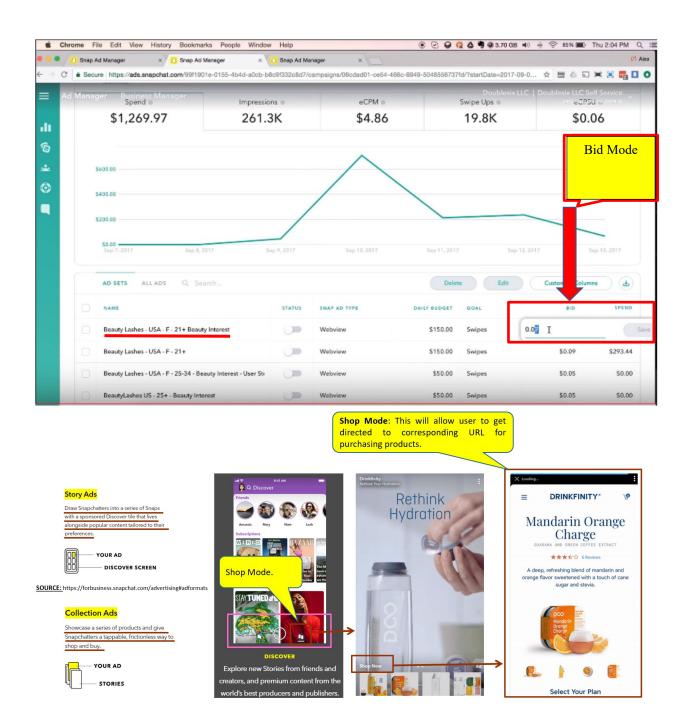
SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

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

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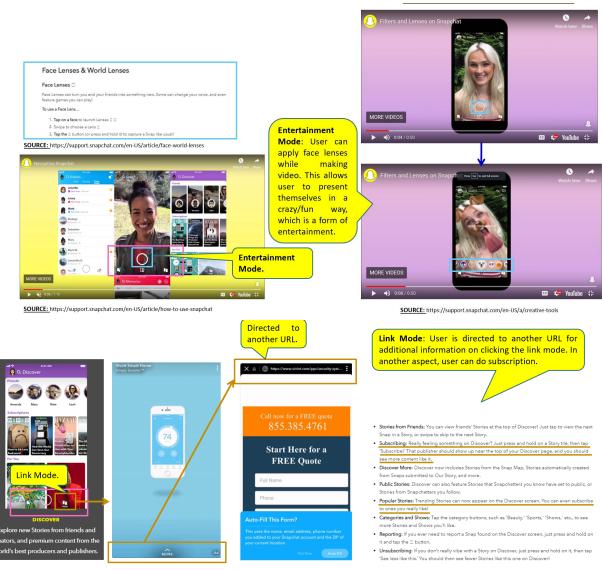
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SOURCE: https://forbusiness.snapchat.com/advertising#adformats

SOURCE: https://forbusiness.snapchat.com/advertising#adformats



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SOURCE: https://forbusiness.snapchat.com/advertising#adformats

SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

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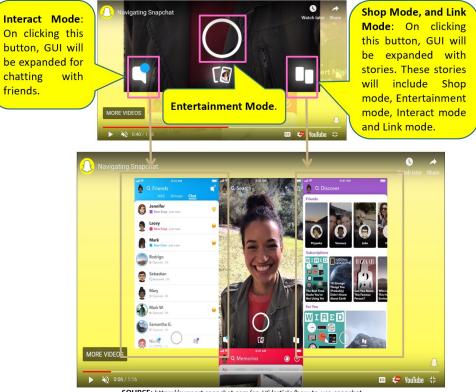


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wherein a specific mode is selected by a user through an expandable graphical user interface bar;

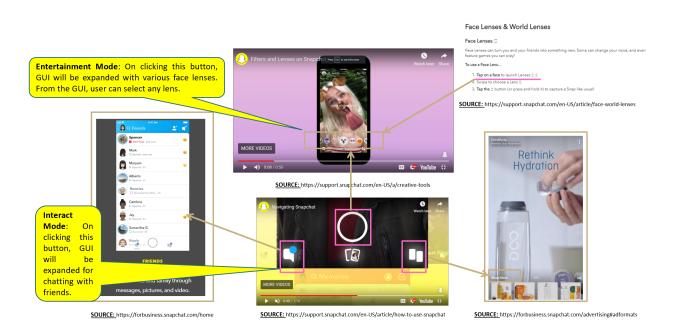
Defendant directly infringed the method and apparatus claims of the '696 patent by making, selling and using the accused instrumentalities including by testing the accused instrumentalities, manufacturing the accused instrumentalies, and selling the accused instrumentalities to their enduser/consumers. The evidence below demonstrates how a user of the accused instrumentalities, which included Defendant when they tested the accused instrumentalities and the Defendant's endusers/consumers of the accused instrumentalies can select a specific mode through an expandable graphical user interface bar.

"The software further comprises a function expandable menu bar for identifying, offering and delivering the plurality of activity modes of the instant invention. The function expandable menu bar comprises a plurality of different activity modes or options which is preferably displayed at the bottom area of the video being played. The location of the function expandable menu bar may vary." *See*, Col. 2, *l*. 64-67; and Col. 3, *l*. 1-3.



SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

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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.

Snap Ads (Collection Ads) and Story Ads are comprised of individual screens, where each screen can be created with it's own hotspot or "call-to-action buttons," or as Snap calls them "Attachments," or multiple hotspots or "calls-for-action" and then put together in one complete Story running on an intrinsic timeline; whether the hotspots or calls-for-action are for "swiping up" to visit a website, to "shop now," to swipe up to purchase a product, to "watch," to swipe up to watch more relevant content; ads are made accessible to Snapchatters in a tappable, frictionless way directly from the Stories Timeline. The Snapchat Application and The Snapchat Ads Manager Software and Apparatus are built to run ads through the Stories Timeline on a designated time interval which is deleted after a specified time window. Each screen which acts as a Story/Ad is added to the Snapchat Stories Timeline, and becomes a time stamp which runs on the assembled Stories Timeline (adding videos instead of pictures can lengthen the predetermined time window of The Stories Timeline: Snap allows ads to have various types of "Attachments," like Top Snap Only, Web View, App Install, Deep Link, Long Form Video, and AR Lens); thus the function of the Hotspots/Attachments, also known in the art as "calls-to-action," depends on what screen of the Story Timeline is being viewed by the user; which can vary depending on the time interval of the Story Timeline playing on the screen, and the screen being viewed at the current time 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.

Core functionality

Snapchat Spectacles Vending ⁶⁷ Machine at SXSW 2017, Austin, Texas

Snapchat is primarily used for creating multimedia messages referred to as "snaps"; snaps can consist of a photo or a short video, and can be edited to include filters and effects, text captions, and drawings.^{[35][36]} Snaps can be directed privately to selected contacts, or to a semi-public "Story" or a public "Story" called "Our Story".^[37] The ability to send

video snaps was added as a feature option in December 2012. By holding down on the photo button while inside the app, a video of up to ten seconds in length can be captured. Spiegel explained that this process allowed the video data to be compressed into the size of a photo.^[38] A later update allowed the ability to record indefinitely, but are still segmented into 10 second intervals. After a single viewing, the video disappears by default. On May 1, 2014, the ability to communicate via video chat was added. Direct messaging features were also included in the update, allowing users to send ephemeral text messages to friends and family while saving any needed information by clicking on it.^{[39][40]}. According to CIO, Snapchat uses real-time marketing concepts and temporality to make the app appealing to users.^[41] Snapchat is video-based, which helps leave a vivid memory in the audience. According to Marketing Pro, Snapchat attracts interest and potential customers by combining the AIDA (marketing) model with modern digital technology.^[42]

SOURCE: https://en.wikipedia.org/wiki/Snapchat

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

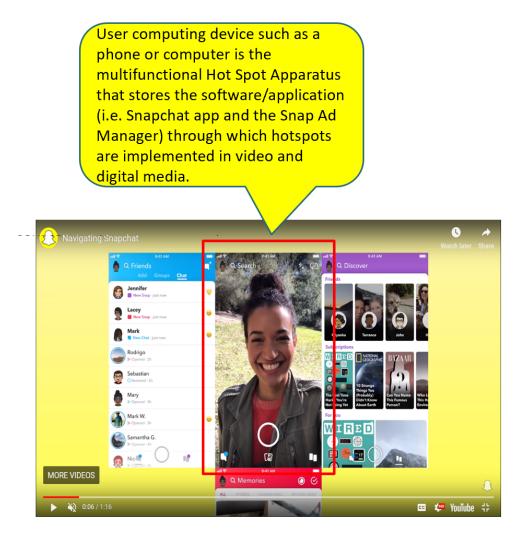


SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat



SOURCE: https://support.snapchat.com/en-US/article/capture-a-snap

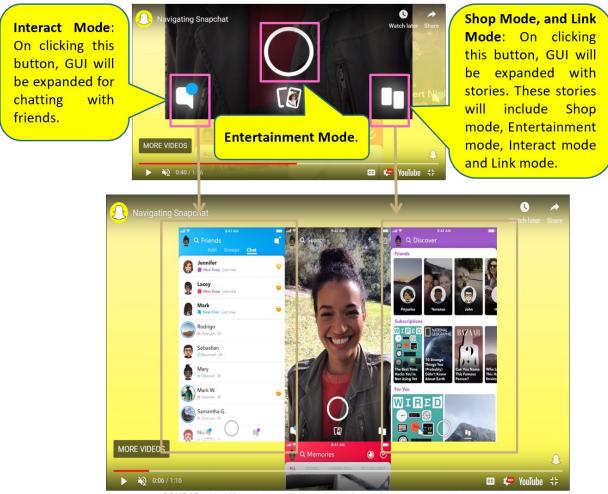
wherein said Multifunctional Hot Spot apparatus is made to reside on and is executing on a computing system;



SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

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

Defendant and its users select and activate at least one of said predetermined functions by clicking on each particular Multifunctional Hot Spot by clicking the hotspot and the GUI expanding allowing the Defendant and its users to interact, shop, link to another site, entertain etc.



SOURCE: https://support.snapchat.com/en-US/article/how-to-use-snapchat

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

23. 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.

24. 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.

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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 31, 2019

Respectfully submitted,

DEVLIN LAW FIRM LLC

/s/ Timothy Devlin

Timothy Devlin (No. 4241) 1526 Gilpin Avenue Wilmington, DE 19806 Phone: (302) 449-9010 Fax: (302) 353-4251 tdevlin@devlinlawfirm.com

Austin Hansley (*pro hac vice* application forthcoming) Texas Bar No.: 24073081 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.