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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON
PORTLAND DIVISION

Digimarc Corporation,

Plaintiff,

vs.

Shazam Entertainment, Ltd.,

Defendant

Case No.: 3:09-CV-01355-KI

**SECOND AMENDED AND FIRST
SUPPLEMENTAL COMPLAINT FOR
PATENT INFRINGEMENT**

DEMAND FOR JURY TRIAL

SECOND AMENDED AND FIRST SUPPLEMENTAL
COMPLAINT FOR PATENT INFRINGEMENT; JURY DEMAND

Plaintiff Digimarc Corporation (“Digimarc”) makes the following allegations for its Second Amended and First Supplemental Complaint of Patent Infringement against defendant Shazam Entertainment, Ltd. (“Shazam”):

ASSERTED PATENTS

1. This is a patent infringement case involving U.S. Patent Nos. 7,349,552 (“the ’552 patent”), 7,587,602 (“the ’602 patent”), 7,590,259 (“the ’259 patent”), 6,829,368 (“the ’368 patent”), 7,562,392 (“the ’392 patent”), and 7,693,965 (“the ’965 patent”). The ’552 patent issued March 25, 2008; the ’602 patent issued September 8, 2009; the ’259 patent issued September 15, 2009; the ’368 patent issued December 7, 2004; the ’392 patent issued July 14, 2009; and the ’965 patent issued April 6, 2010. The ’552 and ’259 patents each issued from a series of applications extending back to July 27, 1995. The ’602 and ’392 patents each issued from applications extending back to May 19, 1999. The ’368 patent issued from applications extending back to January 26, 2000. The ’965 patent issued from applications extending back to November 18, 1993. Each of these patents issued to Plaintiff or its predecessor, and is assigned to and owned by Plaintiff Digimarc Corporation.

FACTUAL BACKGROUND

2. Digimarc is an industry leader in content identification technologies. Digimarc’s technology, and those of its licensees, has been broadly deployed across a range of applications spanning audio, video, images, and printed materials. For example, essentially all of the broadcast television in the United States is identified using technology licensed under Digimarc patents. Essentially every radio broadcast in the major United States markets is identified using technology licensed under Digimarc patents. Similarly, most of the driver licenses issued in the U.S. since 2007 incorporate Digimarc’s technology. With a technical staff of fifty (several with PhDs), the company actively partners with many other companies in developing leading edge market-focused solutions—providing them the benefit of Digimarc’s scientific and industry experience.

3. In today's media rich world, consumers are exposed to music in many different ways, including through movies and TV shows, night clubs, parties, radio, and the like. Identifying and then following up and learning more about that music is as difficult as it ever was. At the same time, internet technologies have built an expectation among consumers that immediate information can be obtained on a whim, preferably via the mobile devices that many carry everywhere. Today's music fans, like those in the past, experience an emotional connection with a new song, yet now, they expect to be able to easily and immediately identify the song, learn more about it, and conveniently acquire the song online. Geoff Rhoads, the founder of Digimarc, foresaw the need for technology to enable devices to identify audio and immediately link the consumer to associated internet services. His 1995 and 1996 patent applications are foundations on which popular music identification services like Shazam have been built.

4. Shazam Entertainment, Ltd. offers a music identification service using the content identification and web linking technology invented by Mr. Rhoads. In one popular implementation, Shazam's offering is used by a consumer to record a brief song excerpt using the microphone of a mobile device. The excerpt is analyzed to derive identifying data. Information communicated over the Internet is displayed to identify the song on the consumer's mobile device and related information. Among the related information commonly provided are musician biography and "discography" information, and opportunities for the consumer to purchase the song from an online vendor and view online concert videos.

5. The U.S. Patent Office issued Digimarc the '552, '602, '259, '368, '392, and '965 patents for some of its inventions on this technology.

6. Shazam's offerings installed or used on mobile devices infringe at least these five Digimarc patents.

7. Upon information and belief, Shazam's offerings have been used by citizens of Oregon, in the state of Oregon.

8. Digimarc wrote Shazam in June 2009, alerting Shazam to six of Digimarc's patents - particularly explaining the application of certain claims from those patents to Shazam's offerings, and inviting Shazam to engage in discussions concerning a resolution that could include a collaborative business relationship exploiting shared interests of the companies. Such explanation included the '552 patent and the '368 patent, both asserted in this case. Shazam knew of the '602 and '259 patents no later than November 16, 2009 when a copy of the Complaint was emailed to Shazam's General Counsel, Bridget Kerle. Shazam knew of the '392 patent no later than April 7, 2010 when the First Amended Complaint was filed. Shazam knew of the '965 patent no later than April 12, 2010 when its counsel received a draft copy of this Second Amended And First Supplemental Complaint For Patent Infringement. To date, Digimarc and Shazam have not resolved the patent issues, and Shazam continues its infringing actions despite knowledge of Digimarc's patents.

9. Shazam knew that Digimarc was patenting its audio-recognition inventions no later than when it received the Patent Office's December 20, 2005 Office Action in patent application no. 10/087,204 in which the Patent Office rejected thirteen of Shazam's pending patent application claims because they were anticipated by Digimarc's U.S. Patent No. 6,505,160. In response to this Office Action, Shazam canceled all 13 claims rejected over Digimarc's patent.

10. Shazam was also informed of Digimarc's prior art technology when 10 of its 12 pending claims in Shazam's patent application no. 11/188,385 were rejected June 4, 2008 as obvious over Digimarc's published patent application US 2006-0174348, in view of another reference. Digimarc's published patent application US 2006-0174348 ultimately issued to Digimarc as the '602 patent. In response to the rejection over Digimarc's prior art, Shazam abandoned its patent application no. 11/188,385.

11. On information and belief, Shazam has known for years of the obvious risk that Digimarc owned patents covering its music identification system and its use, but was deliberately indifferent to that risk.

12. Shazam's offerings are especially made and adapted to compute attribute data from an audio signal, use the computed attribute to identify the audio signal, and to provide the identification and other information related to the identified audio signal back to a user. Shazam's offerings include software that is especially made and adapted to operate on mobile devices and to transmit the identification of the mobile device and the location where the audio signal was received along with the attribute information. Certain of Shazam's offerings are especially made and adapted to permit the user to view the identification information and to take subsequent actions, such as purchasing the audio media. Shazam's offerings are not suitable for any substantial use other than those just-noted.

13. Shazam provides its offerings with the intent that users will use them on mobile devices to capture an audio signal, receive information related to the identified audio signal, and to take subsequent actions, such as purchasing the audio media. Shazam instructs its customers on how to use its offerings and intends for its customers to use the offerings to perform the steps outlined in paragraph 12 above. Shazam knows or should have known that the use of the offerings infringe one or more of the asserted patent claims of each asserted patent.

14. Shazam encourages users to purchase and to install Shazam offerings on their mobile devices in the United States. On information and belief, Shazam has installed certain of its offerings described above on its own devices in the United States. On information and belief, Shazam has used its own devices with certain of its offerings installed to perform the steps outlined in paragraph 12 above.

THE PARTIES

15. Digimarc is a corporation with its principal place of business in this judicial district at 9405 SW Gemini Drive, Beaverton, OR 97008.

16. On information and belief, Shazam is a registered corporation organized and existing under the laws of England, having a principal place of business at 26 – 28 Hammersmith Grove, London, England, W6 7HA, and has a registered office for purposes of service of process in Palo Alto, California.

JURISDICTION AND VENUE

17. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

18. Shazam is subject to the personal jurisdiction of this Court. Shazam has sold and supplied its infringing offerings in this judicial district for use in this judicial district, said use constituting ongoing infringement in this judicial district.

19. Shazam maintains interactive systems through which Oregon residents can use, and on information and belief thousands of Oregon residents have used, the infringing Shazam offerings in this judicial district.

20. On information and belief, Shazam knows and intends that thousands of Oregon residents obtain, purchase and use its Shazam offerings within this judicial district.

COUNT ONE – PATENT INFRINGEMENT

United States Patent No. 7,349,552

21. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

22. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 7,349,552. A true copy of the '552 patent is attached as Exhibit A.

23. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '552 patent.

24. Shazam knew of the '552 patent no later than when it received Digimarc's letter to Shazam in June 2009.

25. On information and belief, Shazam infringes Claims 9, 11, and 13 of the '552 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

26. All conditions precedent to this cause of action have occurred or been performed.

COUNT TWO – PATENT INFRINGEMENT

United States Patent No. 7,587,602

27. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

28. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 7,587,602. A true copy of the '602 patent is attached as Exhibit B.

29. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '602 patent.

30. Shazam knew of the '602 patent disclosure no later than June 2008, when it received notice that 10 of its 12 pending claims in its patent application no. 11/188,385 were rejected as obvious over Digimarc's published patent application US 2006-0174348, in view of another reference. Digimarc's published patent application US 2006-0174348 ultimately issued to Digimarc on September 8, 2009, as the '602 patent.

31. On information and belief, Shazam infringes Claims 5, 6, 8, 10, 11, 17, and 18 of the '602 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

32. All conditions precedent to this cause of action have occurred or been performed.

COUNT THREE – PATENT INFRINGEMENT

United States Patent No. 7,590,259

33. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

34. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 7,590,259. A true copy of the '259 patent is attached as Exhibit C.

35. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '259 patent.

36. On information and belief, Shazam infringes Claims 48, 49, 50, 54, 55, 56, 57, 58, 59, 60, 61, 62, and 63 of the '259 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

37. All conditions precedent to this cause of action have occurred or been performed.

COUNT FOUR – PATENT INFRINGEMENT

United States Patent No. 6,829,368

38. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

39. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 6,829,368. A true copy of the '368 patent is attached as Exhibit D.

40. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '368 patent.

41. Shazam knew of the '368 patent no later than when it received Digimarc's letter to Shazam in June 2009.

42. On information and belief, Shazam infringes Claim 22 of the '368 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

43. All conditions precedent to this cause of action have occurred or been performed.

COUNT FIVE – PATENT INFRINGEMENT

United States Patent No. 7,562,392

44. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

45. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 7,562,392. A true copy of the '392 patent is attached as Exhibit E. A certificate of correction to U.S. Patent No. 7,562,392 issued on December 29, 2009. A true and correct copy of the certificate of correction to the '392 patent is attached as Exhibit F.

46. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '392 patent.

47. On information and belief, Shazam infringes Claims 5, 6, 7, 11, 12, 14, 16, 17, 19, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 38, 39, 42, 43, 44, 45, 46, 47, 48, 49, 51, 53, 54, 56, 57, 58, 59, 60, and 61 of the '392 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

48. All conditions precedent to this cause of action have occurred or been performed.

COUNT SIX – PATENT INFRINGEMENT

United States Patent No. 7,693,965

49. Digimarc incorporates the allegations stated in Paragraphs 1-20 as if fully set forth herein.

50. Digimarc is the sole owner of the entire right, title, and interest in United States Patent No. 7,693,965. A true copy of the '965 patent is attached as Exhibit G.

51. Digimarc has never licensed or permitted Shazam to practice any of the legal rights granted under the '965 patent.

52. On information and belief, Shazam infringes Claims 14, 15, 16, 17 and 18 of the '965 patent, under 35 U.S.C. §§ 271(a) (direct infringement), (b) (inducing infringement), and/or (c) (contributory infringement).

53. All conditions precedent to this cause of action have occurred or been performed.

PRAYER FOR RELIEF

WHEREFORE, Digimarc prays for the following relief:

SECOND AMENDED AND FIRST SUPPLEMENTAL
COMPLAINT FOR PATENT INFRINGEMENT; JURY DEMAND

1. A judicial determination that Shazam has infringed the above-identified claims of the '552, '602, '259, '368, '392, and '965 patents;
2. An award of damages and ongoing royalty for Digimarc;
3. A permanent injunction against defendant Shazam from committing further acts of infringement; and
4. Such other relief as this Court deems just and equitable.

DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38 and Local Rule 38.1, Plaintiff Digimarc demands a jury trial on all issues raised in this Complaint triable to a jury.

Respectfully submitted,

Dated: April 21, 2010

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