

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

**FASTVDO LLC,**

**Plaintiff,**

**v.**

**COREL INC.,**

**Defendant.**

**Civil Action No.**

**DEMAND FOR JURY TRIAL**

**COMPLAINT**

Plaintiff FastVDO LLC (“FastVDO”) alleges as follows:

**PARTIES**

1. FastVDO is a Florida limited liability corporation with a principal place of business at 750 N. Atlantic Ave., Cocoa Beach, FL 32931.
2. On information and belief, Corel Inc. (“Corel”) is a Delaware corporation with a principal place of business at 7385 Ravendale Drive, Mountain View, CA 94043.

**JURISDICTION AND VENUE**

3. This is an action for patent infringement arising under the patent laws of the United States of America, 35 U.S.C. § 1, *et seq.*, including § 271. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).
4. This Court has personal jurisdiction over Corel because, among other reasons, Corel is incorporated under the laws of the State of Delaware, and Corel has conducted and continues to conduct regular and ongoing business in Delaware. Additionally, on information and belief, Corel has committed and continues to commit acts of direct and indirect infringement in this District by making, using, importing, offering for sale, and/or selling infringing products, and inducing others to perform method steps claimed by FastVDO’s patent in Delaware.
5. Venue is proper in this district under 28 U.S.C. §§ 1391(b)-(c) and 1400(b) because, among other reasons, Corel is incorporated under the laws of the State of Delaware, and

Corel has conducted and continues to conduct regular and ongoing business in Delaware. Additionally, on information and belief, Corel has committed and continues to commit acts of direct and indirect infringement in this District by making, using, importing, offering for sale, and/or selling infringing products, and inducing others to perform method steps claimed by FastVDO's patent in Delaware.

## **COUNT I**

### **(Infringement of U.S. Patent No. RE 40,081)**

6. FastVDO is the owner by assignment and merger of United States Patent No. RE 40,081 ("the '081 patent"), entitled "Fast Signal Transforms With Lifting Steps." The '081 patent reissued on February 19, 2008, based on an initial application filed December 16, 1998. A true and correct copy of the '081 patent is attached hereto as Exhibit A. The '081 patent enables digital video compression through the coding and decoding of blocks of digital image intensities with a block coder and transform coder that utilizes an invertible linear transform having a +/-1 butterfly step, a lifting step, and a scaling factor. International Telecommunications Union – Telecommunication Standardization Sector (ITU-T) H.264 (also known as MPEG-4 Part 10, Audio Video Coding or AVC) (herein "H.264" or "MPEG-4 AVC") is a video compression standard that performs digital image compression by coding and decoding blocks of digital image intensities with a block coder and with a transform coder that includes an invertible linear transform, which is representable as a cascade using at least one +/-1 butterfly step, at least one lifting step, and at least one scaling factor. The FastVDO patent is essential to the H.264 standard, and it was properly identified to the International Telecommunications Union on May 14, 2003, before the promulgation of the H.264 standard in March 2005.

7. On information and belief, in violation of one or more provisions of 35 U.S.C. § 271, Corel has infringed one or more claims of the '081 patent by making, using, importing, selling, or offering to sell software that uses H.264 to code and/or decode video, including, but not limited to DVD MovieFactory Pro 7, VideoStudio Pro X5 Ultimate, VideoStudio Pro X5, Photo & Video Bundle Corporate License, Photo & Video Suite X5, DVD Copy 6, Corel Video

Studio Pro X2, Corel Video Studio X3, Corel Photo & Video Pro Bundle, Corel 3D video software, Pinnacle Studio 16, Pinnacle Studio 16 Plus, Pinnacle Studio 16 Ultimate, and Pinnacle Studio 16 Plus. Additionally, Corel has had knowledge of the '081 patent since at least November 8, 2012,<sup>1</sup> or alternatively since being served with this complaint, and Corel has induced others, such as its customers and/or consumers of H.264 content produced by its customers, to code and/or decode digital images with H.264 and practice the method steps of the '081 patent with its marketing materials, advertising materials, manuals and customer support services since at least this time. For example, Corel's website promotes "New H.264 Compression" as a feature for VideoStudio Pro X3 (included in Corel Photo & Video Pro Bundle).<sup>2</sup> According to Corel's website, Video Studio Pro X3 allows customers to "[g]et HD quality in smaller files by creating HD MPEG-4 files with the H.264 codec." *Id.* Video Studio Pro X3 uses H.264 compression to create "New! Web-ready files" that can be uploaded "directly to YouTube™, Facebook®, Vimeo® and Flickr®" or output to CD, DVD, or Blue-ray Disc.<sup>3</sup> Similarly, as shown below, Corel's website promotes the ability of its 3D software to create web-ready files with MPEG-4 HD compression<sup>4</sup>:

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<sup>1</sup> See Exhibit B.

<sup>2</sup> See

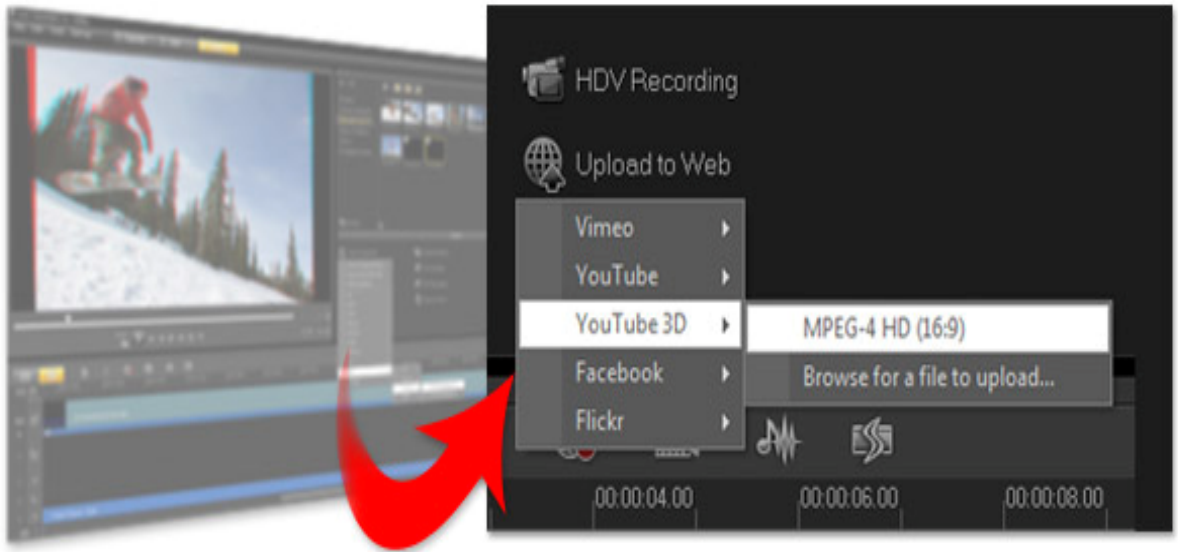
<http://www.corel.com/corel/product/index.jsp?pid=prod3700073&cid=catalog20038&segid=502&storeKey=us&languageCode=en#sharing> (attached hereto as Exhibit C).

<sup>3</sup> See

<http://www.corel.com/corel/product/index.jsp?pid=prod3700073&cid=catalog20038&segid=502&storeKey=us&languageCode=en#tab2> (attached hereto as Exhibit D).

<sup>4</sup> See

<http://www.corel.com/corel/pages/index.jsp?pgid=800046&storeKey=us&languageCode=en#tab4> (attached hereto as Exhibit E).



Choose **Upload to YouTube™ 3D** and your video will be automatically created as a side-by-side 3D video file in MPEG-4 HD format. Just follow the on-screen instructions to log into YouTube™ and upload your 3D video to your YouTube™ account.

These representative marketing materials exemplify how Corel induces its customers to use its accused products to code and/or decode video with H.264, and/or code digital images with H.264 and transmit these compressed digital images to others for decoding and viewing to perform the method steps of the '081 patent (e.g., coding and decoding blocks of digital image intensities with a block coder and coder that utilizes an invertible linear transform having a +/- butterfly step, a lifting step, and a scaling factor). By continuing the representative aforementioned activities with knowledge of the '081 patent and its essentiality to the H.264 standard, Corel has known, or should have known, that it was inducing infringement by causing the method steps of the '081 patent to be performed.

### **PRAYER FOR RELIEF**

FastVDO prays for the following relief:

1. A judgment that Corel has directly infringed (either literally or under the doctrine of equivalents) one or more claims of the '081 patent;
2. A judgment that Corel has induced the infringement of one or more claims of the '081 patent;
3. A permanent injunction enjoining Corel and its officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in active concert or participation with them, from infringing each of the '081 patent;
4. An award of damages resulting from Corel's acts of infringement in accordance with 35 U.S.C. § 284;
5. A judgment and order finding that this is an exceptional case within the meaning of 35 U.S.C. § 285 and awarding to FastVDO its reasonable attorneys' fees;
6. A judgment and order requiring Corel to provide an accounting and to pay supplemental damages to FastVDO, including without limitation, pre-judgment and post-judgment interest; and
7. Any and all other relief to which FastVDO may show itself to be entitled.

**DEMAND FOR JURY TRIAL**

FastVDO demands a trial by jury on all issues so triable.

Dated: November 9, 2012

FARNAN LLP

/s/ Brian E. Farnan

Joseph J. Farnan, III (Bar No. 3945)  
Brian E. Farnan (Bar No. 4089)  
919 North Market Street, 12<sup>th</sup> Floor  
Wilmington, DE 19801  
(302) 777-0300  
bfarnan@farnanlaw.com

*Attorneys for Plaintiff  
FastVDO, LLC*

Of Counsel:

Alexander C.D. Giza  
Marc A. Fenster  
Kevin P. Burke  
RUSS, AUGUST & KABAT  
12424 Wilshire Boulevard, 12th Floor  
Los Angeles, CA 90025-1031  
(310) 826-7474  
agiza@raklaw.com  
mfenster@raklaw.com  
kburke@raklaw.com