

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

FASTVDO LLC,

Plaintiff,

v.

**THE WALT DISNEY COMPANY, and
WALT DISNEY MOTION PICTURES
GROUP, INC.**

Defendants.

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, The Walt Disney Company (“Disney Company”) is a Delaware corporation with a principal place of business at 500 South Buena Vista Street, Burbank, CA 91521.
3. On information and belief, Walt Disney Motion Pictures Group, Inc. (“Disney Pictures Group”) is a California corporation with a principal place of business at 500 South Buena Vista Street, Burbank, CA 91521. Disney Company and Disney Group are collectively referred to as “Disney”.

JURISDICTION AND VENUE

4. 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).
5. This Court has personal jurisdiction over Disney because, among other reasons, Disney Company is incorporated under the laws of the State of Delaware, and Disney has

conducted and continues to conduct regular and ongoing business in Delaware. Additionally, on information and belief, Disney has committed direct and indirect acts of 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.

6. Venue is proper in this district under 28 U.S.C. §§ 1391(b)-(c) and 1400(b) because, among other reasons, Disney Company is incorporated under the laws of the State of Delaware, and Disney has conducted and continues to conduct regular and ongoing business in Delaware. Additionally, on information and belief, Disney has committed direct and indirect acts of 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)

7. 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 +/- 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. The claims of the FastVDO patent also encompass the VC-1 specification (“VC-1”) standardized by the Society of Motion Picture and Television Engineers.

8. On information and belief, in violation of one or more provisions of 35 U.S.C. § 271, Disney has infringed one or more claims of the ‘081 patent by making, using, importing, selling, or offering to sell products or services that encode video using an H.264 or VC-1 codec. Additionally, Disney has had knowledge of the ‘081 patent since at least November 8, 2012,¹ or alternatively since being served with this complaint, and Disney has induced infringement of the ‘081 patent since this time by encoding its movies to video with an H.264 or VC-1 codec (or causing these movies to be encoded using an H.264 or VC-1 codec), transmitting these videos to consumers (or causing these videos to be transmitted to consumers), and causing consumers to decode these videos with an H.264 or VC-1 codec for viewing. For example, Disney has directly or indirectly encoded the following movies to video with an H.264 codec: The Avengers², Up³, Toy Story⁴, The Prestige⁵, Pirates of the Caribbean: The Curse of the Black Pearl⁶, Sin City⁷, and Kill Bill: Volume 1⁸. These movies are being distributed as Blu-Ray discs in MPEG-4 AVC format. Consumers decode these videos with an H.264 codec in their Blu-Ray compliant devices when they watch these movies. By continuing the representative aforementioned activities with knowledge of the ‘081 patent and its essentiality to the H.264 and VC-1 standard, Disney has known, or should have known, that it was inducing infringement by causing the method steps of the ‘081 patent to be performed.

¹ See Exhibit B.

² See, e.g., <http://www.blu-ray.com/movies/movies.php?studioid=2> (attached hereto as Exhibit C).

³ See, e.g., <http://www.blu-ray.com/movies/Up-Blu-ray/6031/> (attached hereto as Exhibit D).

⁴ See, e.g., <http://www.blu-ray.com/movies/Toy-Story-Blu-ray/6641/> (attached hereto as Exhibit E).

⁵ See, e.g., <http://www.blu-ray.com/movies/The-Prestige-Blu-ray/262/> (attached hereto as Exhibit F).

⁶ See, e.g., <http://www.blu-ray.com/movies/Pirates-of-the-Caribbean-The-Curse-of-the-Black-Pearl-Blu-ray/59/> (attached hereto as Exhibit G).

⁷ See, e.g., <http://www.blu-ray.com/movies/Sin-City-Blu-ray/398/> (attached hereto as Exhibit H).

⁸ See, e.g., <http://www.blu-ray.com/movies/Kill-Bill-Volume-1-Blu-ray/38/> (attached hereto as Exhibit I).

PRAYER FOR RELIEF

FastVDO prays for the following relief:

1. A judgment that Disney has directly infringed (either literally or under the doctrine of equivalents) one or more claims of the '081 patent;
2. A judgment that Disney has induced the infringement of one or more claims of the '081 patent;
3. A permanent injunction enjoining Disney 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 Disney'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 Disney 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

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