

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

PRINCETON DIGITAL IMAGE CORPORATION,

Plaintiff,

v.

MICROSOFT CORPORATION,

Defendant.

Case No.

JURY TRIAL DEMANDED

COMPLAINT

Princeton Digital Image Corporation (hereafter “Princeton”), Plaintiff, brings this action against Microsoft Corporation (“Defendant” or “Defendant Microsoft”), and alleges that:

PARTIES

1. Plaintiff Princeton is a corporation organized and doing business under the laws of Texas, having its offices at 1530 SSW Loop 323, Suite 124, Tyler, TX 75701.
2. Upon information and belief, Microsoft Corporation is a Washington corporation conducting business in this federal judicial district.

JURISDICTION AND VENUE

3. This is an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 1, *et seq.*
4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).
5. This Court has personal jurisdiction over Defendant since, on information and belief, Defendant has transacted business in this judicial district and/or has committed acts of infringement in this judicial district.

6. Venue in this district over Defendant is proper under 28 U.S.C. §§ 1391(c) and (d) and 1400(b).

BACKGROUND

7. On March 14, 1989, United States Patent No. 4,813,056 (hereafter “the ‘056 Patent”) was duly and legally issued to Nicola J. Fedele, as the inventor thereof. A copy of the ‘056 Patent, which is entitled “Modified Statistical Coding of Digital Signals,” is attached hereto as Exhibit “A.”

8. Nicola J. Fedele originally assigned his rights to the ‘056 Patent to General Electric Company, which assigned all rights, title and interest in and to the ‘056 Patent to Princeton Digital Image Compression, LLC. Princeton Digital Image Compression, LLC has assigned all rights, title and interest in and to the ‘056 Patent to Princeton Digital Image Corporation, Plaintiff herein, the current holder of the ‘056 Patent.

INFRINGEMENT OF THE ‘056 PATENT

9. Plaintiff Princeton repeats and re-alleges each and every statement contained in the preceding paragraphs as if fully set forth at length herein.

10. Defendant Microsoft has infringed and/or continues to infringe the ‘056 Patent in that without authority it makes, uses, offers to sell, sells, and/or imports products and methods that infringe the ‘056 Patent.

11. Defendant was given actual notice by at least correspondence of its infringement of the ‘056 patent on or before December 29, 2006. Despite that notice, Defendant continued to infringe the ‘056 patent.

12. Upon information and belief, Defendant’s acts of infringement of the ‘056 patent are deliberate and willful.

13. Defendant Microsoft's products that infringe the Plaintiff's '056 Patent include, but are not limited to, Microsoft Photo Editor, Microsoft Office Picture Manager, Microsoft Digital Picture Pro 9, and Microsoft Office Document Scanner products.

14. Upon information and belief, Defendant Microsoft has induced others to manufacture, import, use, sell, and/or offer to sell products that infringe one or more claims of the '056 Patent in that Defendant Microsoft induced others to manufacture, import, use, sell, and/or offer to sell the infringing products at a time when it knew that such actions constituted patent infringement. Defendant Microsoft's actions have constituted and/or continue to constitute contributory infringement of the '056 Patent in violation of 35 U.S.C. § 271(c) and/or the active inducement of others under 35 U.S.C. § 271(b) to engage in direct infringement under 35 U.S.C. § 271(a) with a knowledge of and an intent to induce specific infringement.

15. On information and belief, Defendant Microsoft jointly infringed the '056 Patent through knowing, significant, active, and intentional actions with one or more persons and/or entities to manufacture, import, distribute, offer to sell, sell, and use Defendant's infringing products.

16. By Defendant Microsoft's infringement of the '056 Patent, it has made unlawful gains and profits, and Plaintiff Princeton is entitled to recover from Defendant those damages sustained as a result of Defendant's wrongful acts of infringement of the '056 Patent in an amount subject to proof at trial.

PRAYER AND RELIEF

WHEREFORE, Princeton prays for the following relief:

- A. a judgment declaring that Defendant and any joint infringers have infringed Plaintiff Princeton's 056 Patent;
- B. recover damages from Defendant resulting from Defendant's infringement, and that said damages be enhanced in view of Defendant's willful and wanton conduct;
- C. recover interest and costs pursuant to 35 U.S.C. § 284 and attorneys' fees pursuant to 35 U.S.C. § 285;
- D. a permanent injunction pursuant to 35 U.S.C. § 283, enjoining Defendant from further acts of infringement and, additionally, enjoining any and all such other persons and/or entities that are manufacturing, importing offering for sale and selling the infringing products; and
- E. such other and further relief as the Court deems just and proper under the circumstances.

JURY DEMAND

Plaintiff PDIC demands a trial by jury of all issues properly triable by jury in this action.

Respectfully submitted,

O'KELLY ERNST & BIELLI, LLC

Dated: December 20, 2012

/s/ Sean T. O'Kelly
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