

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

PRINCETON DIGITAL IMAGE CORPORATION,

Plaintiff,

v.

HSN INTERACTIVE LLC and
IAC/INTERACTIVECORP,

Defendants.

Case No.

JURY TRIAL DEMANDED

COMPLAINT

Princeton Digital Image Corporation (hereafter “Princeton”), Plaintiff, brings this action against HSN Interactive LLC and IAC/InterActiveCorp (hereafter “Defendants”), and alleges that:

PARTIES

1. Plaintiff Princeton is a corporation organized and doing business under the laws of Texas.
2. Upon information and belief, Defendant HSN Interactive LLC is a Delaware corporation having as its agent for service of process Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808. Defendant IAC/InterActiveCorp is a Delaware corporation having as its agent for service of process National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, DE 19904. Upon information and belief, each Defendant regularly conducts and transacts business in Delaware within this Judicial District, and throughout the United States, itself and/or through one or more subsidiaries, affiliates, business divisions, or business units.

JURISDICTION AND VENUE

3. This is an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 271, *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 Defendants since, on information and belief, each Defendant has transacted business in this judicial district, directly or through intermediaries, and/or committed acts of infringement in this judicial district.

6. Venue in this district over Defendants 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, and at all applicable times was valid and subsisting. 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 of its 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. Upon information and belief, each Defendant infringed the ‘056 patent in violation of 35 U.S.C. § 271(a) by using the patented invention to, *inter alia*, encode images in a manner that infringed claims 18, 19, 20, 21 and 23 of the ‘056 patent. For example, upon

information and belief, Defendants encoded image data into JPEG files for purposes of producing JPEG images of products sold through Defendants' websites and/or converting existing images of such products into JPEG images of said products having different sizes and/or image quality, all for display on Defendant's websites (including HSN.com, ShoeBuy.com, RealEstate.com, and the websites of the Cornerstone Brands portfolio: Frontgate, Ballard Designs, Garnet Hill, Smith+Noble, The Territory Ahead, TravelSmith and Improvements) for the purpose of selling said products.

10. Princeton is entitled to recover from each Defendant damages as a result of Defendants' acts of infringement of the '056 Patent in an amount subject to proof at trial.

PRAYER AND RELIEF

WHEREFORE, Princeton prays for judgment against each Defendant and for the following relief:

- A. a judgment declaring that Defendants infringed the '056 patent;
- B. an accounting for damages under 35 U.S.C. § 284 from each Defendant for its infringement of the '056 patent, and an award of damages ascertained against each Defendant in favor of Princeton, together with interest and costs thereon; and
- C. such other and further relief as the Court may deem just and proper.

JURY DEMAND

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

Respectfully submitted,

O'KELLY ERNST & BIELLI, LLC

Dated: March 12, 2013

/s/ Sean T. O'Kelly

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