

1 XP. "AutoPlay" is that part of Windows™ that tells the computer to run a program automatically
2 once a storage medium like a CD-ROM is inserted. Before "AutoPlay," a computer generally
3 required a user to perform a series of complex steps to run a program. The "AutoPlay" technology
4 has been a critical step in making PCs much more user-friendly, and in allowing PCs to be the
5 "digital hub" for a variety of different interactive media. Thus, today a majority of the setup CDs
6 used to install new computer software for the Windows™ platform use the "AutoPlay" technology.
7 For instance, Microsoft's software products such as MS Office™ and Windows™ use "AutoPlay" to
8 simplify and automate software installation.

9 2. The "AutoPlay" technology is also widely used in Windows™-based PCs to support
10 many consumer multimedia applications. For example, the "AutoPlay" feature supports
11 automatically playing DVDs and automatically viewing digital photos on Windows™ PCs.

12 3. Plaintiff TV Interactive Data Corporation holds the valid patents on the "AutoPlay"
13 technology, and defendant Microsoft Corporation has infringed those patents, first, by using it in
14 Windows™ directly, and second, by contributing to and inducing infringement by every computer
15 sold with Windows™ installed.

16 **PARTIES**

17 4. Plaintiff TV Interactive Data Corporation ("TVI") is a California corporation, with its
18 sole business location at 22293 Old Logging Road, Los Gatos, in Santa Cruz County, California,
19 95033.

20 5. Defendant Microsoft Corporation ("Microsoft") is a Washington corporation,
21 headquartered in Redmond, Washington, but doing business throughout this judicial district and
22 indeed throughout the world.

23 **JURISDICTION**

24 6. This action arises under the federal patent statute, 35 U.S.C. § 271, §§ 281-285, and §
25 291 and this court therefore has jurisdiction under 28 U.S.C. § 1331 and § 1338(a).

26 **VENUE**

27 7. Venue is proper in this district under 28 U.S.C. § 1391(b) and § 1400(b).
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1 **INTRADISTRICT ASSIGNMENT**

2 8. This is a patent infringement action, and, under Local Rule 3–2(c) and General Order
3 44 of this Court, venue is therefore proper in any Courthouse in this district.

4 **FACTUAL BACKGROUND**

5 9. Plaintiff TVI is a software and technology licensing company that specializes in
6 educational software development. The AutoPlay technology that is the subject of this lawsuit was
7 invented by Peter Redford and Donald Stern while they were developing an interactive educational
8 device for children in the early 1990's.

9 10. Redford and Stern recognized that one of the barriers to using computers, particularly
10 for beginners, and to making interactive media applications more user-friendly, was the inherent
11 complexity of getting programs to start.

12 11. To solve that problem, Redford and Stern developed what they called the “autostart
13 driver,” a set of hardware or software instructions that would tell a computer, once a storage media
14 like a CD-ROM was inserted, to look for a file with a predetermined name. If that file was found,
15 then the computer would automatically start a desired application.

16 12. On August 18, 1998, the United States Patent and Trademark Office (USPTO) duly
17 and properly issued United States Letters Patent 5,795,156 (the ‘156 patent attached as Exhibit A),
18 entitled “Host Device Equipped with Means for Starting a Process in Response to Detecting
19 Insertion of a Storage Media,” to Redford and Stern, with plaintiff TVI listed as the assignee. Later,
20 on June 29, 2001, the USPTO duly and properly issued United States Letters Patent 6,249,863 (the
21 ‘863 patent attached as Exhibit B), again to Redford and Stern with plaintiff TVI as the assignee.
22 Both patents are based on divisional applications, with the filing date of the parent application being
23 July 1, 1994.

24 13. Microsoft Windows™ products contain “AutoPlay” functionality the same as that
25 disclosed and claimed in the ‘156 and ‘863 patents. As Microsoft’s own Computer Dictionary
26 describes it, “AutoPlay” includes:
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1 A feature in Windows 95 that allows it to automatically operate a CD-
2 ROM. When a CD is inserted into a CD-ROM drive, Windows 95
3 looks for a file called AUTORUN.INF on the CD. If the file is found,
4 Windows 95 will open it and carry out its instructions, which are
5 usually to set up an application from the CD-ROM on the computer's
6 hard disk or to start the application once it has been installed.

7 14. Likewise, the training materials for Windows XP, Microsoft's most recent Windows
8 product, explain that:

9 Regardless of the sources of the installation files, almost all software
10 programs are installed by running an executable file that is usually
11 called Setup.exe. Many software manufacturers use files called
12 autorun files, which are located in the root directory of the place from
13 which the program is being installed—usually a CD-ROM. When you
14 insert the CD-ROM into its drive, your computer checks the drive, and
15 if it finds an autorun file, it starts it. The autorun file in turn starts an
16 executable file that either leads you through the setup process or
17 simply starts the program contained on the CD-ROM. Autorun files
18 take the guesswork out of the setup process, because they don't require
19 you to browse to a specific location, find a specific file, run a specific
20 program, or make any sort of decision about which installation action
21 to take.

22 **THE MICROSOFT AUTOPLAY PATENT**

23 15. On April 2, 2002, the USPTO issued Patent No. 6,366,966 (the '966 patent) (Exhibit
24 C), to a number of claimed inventors, listing defendant Microsoft Corporation as assignee, and a
25 filing date of December 13, 1994, several months after the filing date that applies to the '156 and
26 '863 patents. The '966 patent claims the same subject matter as the claims in the '156 and '863
27 patents, namely "a method in a computer system for automatically executing a computer program
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1 stored on a medium upon insertion of the medium into a drive,” and indeed, expressly references the
2 ‘156 patent in its specification.

3 16. Like plaintiff’s ‘156 and ‘863 patents, defendant’s ‘966 patent recognizes the utility,
4 benefits, and value of the “AutoPlay” technology:

5 [C]onventional operating systems cannot automatically run an
6 application program on a medium. The operating system typically
7 only runs a program in response to a request to run the program. For
8 example, the user might enter a run command at the operating system’s
9 command line.

10 Users are demanding greater ease of use from computers. Users want
11 to use programs, they do not want to have to perform a series of steps
12 to use the programs. Thus, a method and system for automatically
13 running a program stored on a medium upon detection of insertion of
14 the medium into a drive are beneficial. Such a method and system are
15 beneficial because they enable a user to run a program without any
16 action being required on the part of the user (other than inserting the
17 medium into the drive).

18 17. Microsoft’s ‘966 patent was rejected during prosecution as anticipated and obvious in
19 view of the specification that ultimately became the Redford and Stern ‘156 and ‘863 patents.
20 Microsoft was unable to overcome the rejections and was forced to submit an affidavit stating that it
21 reduced its invention to practice prior to July 1, 1994, the effective filing date of the Redford and
22 Stern patents.

23 **COUNT I--PATENT INFRINGEMENT (‘156 PATENT)**

24 18. Plaintiff TVI restates and realleges each of the allegations set forth in paragraphs 1
25 through 17 of this Complaint and incorporates them herein.

26 19. Defendant Microsoft has infringed the claims of the ‘156 patent, as defined in 35
27 U.S.C. § 271, in this judicial district and throughout the United States by for example, installing its
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1 Windows™ operating system software from Windows 95 and later on computers for testing and
2 other purposes, by inducing computer manufacturers and sellers in this judicial district and
3 throughout the United States to infringe, by contributing to the infringement of the ‘156 patent by
4 offering to sell and selling its Windows™ operating system software from Windows 95 and later for
5 installation onto computers that are later sold to the end-user, and by supplying or causing to be
6 supplied its Windows™ operating system software from Windows 95 and later for installation on
7 computers in foreign countries.

8 20. Those versions of Windows 95 and later that infringe the claims of the ‘156 patent
9 include, without limitation, Windows 95, Windows 98, Windows Millennium Edition, Windows NT
10 4.0, Windows 2000, Windows XP, and several other versions between and more recent including
11 without limitation all editions, versions, subversions, and builds.

12 21. Defendant Microsoft’s infringement of the ‘156 patent has been and is willful.
13 Defendant listed the ‘156 patent as a reference in its ‘966 patent application, and therefore has had
14 notice of its existence and application.

15 22. Defendant Microsoft will continue to infringe the ‘156 patent unless enjoined by this
16 court.

17 23. Defendant Microsoft’s infringement of the ‘156 patent has injured plaintiff TVI and
18 caused it significant financial damage.

19 **COUNT II–PATENT INFRINGEMENT (‘863 PATENT)**

20 24. Plaintiff TVI restates and realleges each of the allegations set forth in paragraphs 1
21 through 23 of this Complaint and incorporates them herein.

22 25. Defendant Microsoft has infringed the claims of the ‘863 patent, as defined in 35
23 U.S.C. § 271, in this judicial district and throughout the United States by for example, installing its
24 Windows™ operating system software from Windows 95 and later on computers for testing and
25 other purposes, by inducing computer manufacturers and sellers in this judicial district and
26 throughout the United States to infringe, by contributing to the infringement of the ‘863 patent by
27 offering to sell and selling its Windows™ operating system software from Windows 95 and later for
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1 installation onto computers that are later sold to the end-user, and by supplying or causing to be
2 supplied its Windows™ operating system software from Windows 95 and later for installation on
3 computers in foreign countries.

4 26. Those versions of Windows 95 and later that infringe the claims of the ‘863
5 patent include, without limitation, Windows 95, Windows 98, Windows Millennium Edition,
6 Windows NT 4.0, Windows 2000, Windows XP, and several other versions between and more recent
7 including without limitation all editions, versions, subversions, and builds.

8 27. On information and belief, defendant Microsoft’s infringement of the ‘863 patent has
9 been and is willful.

10 28. Defendant Microsoft will continue to infringe the ‘863 patent unless enjoined by this
11 court.

12 **COUNT III–RELIEF FROM INTERFERING ‘966 PATENT**

13 29. Plaintiff TVI restates and realleges each of the allegations set forth in paragraphs 1
14 through 28 of this Complaint and incorporates them herein.

15 30. The federal patent statute, 35 U.S.C. § 291, provides in pertinent part that:

16 The owner of an interfering patent may have relief against the owner of another by
17 civil action, and the court may adjudge the question of the validity of any of the interfering patents,
18 in whole or in part.

19 31. Plaintiff’s ‘156 and ‘863 patents claim the same subject matter as defendant’s ‘966
20 patent.

21 32. Plaintiff’s ‘156 and ‘863 patents have priority over defendant’s ‘966 patent, however,
22 because Redford and Stern, the inventors on the ‘156 and ‘863 patents, conceived of the invention
23 and reduced it to practice before the inventors on the ‘966 patent did.

24 33. As a result, under 35 U.S.C. § 291, plaintiff is entitled to a judgment declaring the
25 ‘966 patent invalid.

26 **WHEREFORE** plaintiff TVI prays for the following relief:
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1 1. A declaratory judgment that defendant Microsoft has infringed the ‘156 and/or ‘863
2 patents.

3 2. A declaratory judgment that defendant Microsoft’s ‘966 patent is invalid and
4 unenforceable.

5 3. An order enjoining defendant Microsoft from infringing, inducing others to infringe,
6 and/or contributing to the infringement of the ‘156 and/or ‘863 patents, or in the alternative entry of
7 a compulsory license.

8 4. An order that defendant Microsoft account for and pay to plaintiff TVI the damages to
9 which it is entitled as a consequence of the infringement.

10 5. An award of compensatory damages to plaintiff TVI for infringement, in an amount
11 no less than a reasonable royalty for the use made of the invention by Microsoft.

12 6. A declaration that defendant Microsoft’s infringement has been willful.

13 7. A finding that this case is exceptional pursuant to 35 U.S.C. § 285.

14 8. An award of prejudgment interest, costs and disbursements, attorney fees, and
15 exemplary damages up to three times the amount of compensatory damages awarded.

16 9. Such other and further relief as the court may deem appropriate.

17
18 Dated: May 16, 2002

FOLGER LEVIN & KAHN LLP

19
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DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38(a), plaintiff TVI demands a jury trial on all counts of this Complaint.

Dated: May 16, 2002

FOLGER LEVIN & KAHN LLP

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