

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
Eastern Division

QURIO HOLDINGS, INC.,

Plaintiff,

v.

DIRECTV, and
DIRECTV HOLDINGS, LLC,

Defendants.

Civil Action No. 14-cv-07502

Hon. John Z. Lee

Hon. Mag. J. Michael T. Mason

JURY TRIAL DEMANDED

FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff, Qurio Holdings, Inc. (“Qurio”), alleges the following for its complaint of patent infringement against DirecTV and DirecTV Holdings LLC (collectively hereinafter “DirecTV” or “Defendants”).

NATURE OF THE ACTION

This is an action for patent infringement of (1) United States Patent No. 8,102,863 entitled “High-Speed WAN To Wireless LAN Gateway” (“the 863 Patent”), (2) United States Patent No. 7,787,904 entitled “Personal Area Network Having Media Player And Mobile Device Controlling The Same” (“the 904 Patent”), and (3) United States Patent No. 8,879,567 entitled “High-Speed WAN To Wireless LAN Gateway” (“the 567 Patent”), each owned by Plaintiff Qurio, under the Patent Laws of the United States, 35 U.S.C. § 1, *et seq.*, and seeking damages and injunctive and other relief under 35 U.S.C. § 281, *et seq.*

THE PARTIES

1. Plaintiff Qurio is a Delaware corporation with a principal place of business at 20 Depot Street, Suite 2A, Peterborough, New Hampshire 03458-1453. Qurio is a technology company that develops technological solutions for network communications, telephony, and media delivery and distribution, including images, video and music.

2. On information and belief, Defendant DirecTV is a California-based corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 2260 East Imperial Hwy., El Segundo, California 90245.

3. On information and belief, Defendant DirecTV Holdings LLC (“DirecTV Holdings”) is a California-based corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 2230 East Imperial Hwy., El Segundo, California 90245, and is a subsidiary of Defendant DirecTV.

JURISDICTION AND VENUE

4. This is an action for patent infringement arising under the Patent Laws of the United States, Title 35 of the United States Code.

5. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a) because the action concerns the infringement of United States patents.

6. Venue is proper in this Judicial District pursuant to 28 U.S.C. §§ 1391 and 1400(b) because, among other reasons, Defendants have transacted business in this District, Defendants have committed and continue to commit acts of patent infringement in this District, and Defendants have regular and established places of business in this District.

7. Upon information and belief, this Court has personal jurisdiction over Defendants because Defendants have done and are doing substantial business in this Judicial District, both

generally and with respect to the allegations in this complaint, and Defendants have committed one or more acts of infringement in this District. Defendants maintain continuous and systematic contacts in this District, purposefully avail themselves of the privileges of doing business in this District, and/or deriving substantial revenue from goods and services provided to individuals in this District.

THE PATENTS-IN-SUIT

8. Plaintiff Qurio is the original owner and has been at all relevant times the owner by assignment of the 863 Patent, entitled “High-Speed WAN To Wireless WLAN Gateway,” which the United States Patent and Trademark Office duly and legally issued on January 24, 2012. A true and correct copy of the 863 Patent is attached hereto as Exhibit A.

9. The 863 Patent is generally directed to providing communication between a high-speed wide-area network (“WAN”) network and a lower speed Wireless Local Area Network (“WLAN”).

10. Plaintiff Qurio is the original owner and has been at all relevant times the owner by assignment of the 904 Patent, entitled “Personal Area Network Having Media Player And Mobile Device Controlling The Same,” which the United States Patent and Trademark Office duly and legally issued on August 31, 2010. A true and correct copy of the 904 Patent is attached hereto as Exhibit B.

11. The 904 Patent is generally directed to utilizing mobile devices to control content played by a plurality of media devices.

12. Qurio is the original owner and has been at all relevant times the owner by assignment of the 567 Patent, entitled “High-Speed WAN To Wireless WLAN Gateway,” which the United States Patent and Trademark Office duly and legally issued on November 4, 2014.

The 567 Patent is a Continuation of the 863 Patent. A true and correct copy of the 567 Patent is attached hereto as Exhibit H.

13. Like the '863 patent, the 567 Patent is generally directed to providing communication and interconnection between a first network and a second network.

DEFENDANTS' INFRINGING ACTIVITIES

14. Defendants distribute media content and provide video-on-demand and related services to their customers across the United States, by, among other things, transmitting content to their customers' televisions, digital video recorders ("DVRs"), set-top boxes ("STBs"), and wireless and other devices. Defendants purport to be the largest provider of Direct-to-Home, or "DTH," digital television services and the second largest provider in the multi-channel video programming distribution, or MVPD, industry in the United States. *See* Exhibit C (select portion of DirecTV 2013 Form 10-K/A (Amended Annual Report), at p. 2. Defendants purport to have over 20 million subscribers for their services in the United States. *See* Exhibit C (select portion of DirecTV 2013 Form 10-K/A (Amended Annual Report), at p. 2.

15. In filings with the United States Securities and Exchange Commission, Defendant DirecTV describes its business activities (and those of Defendant DirecTV Holdings) as follows:

DIRECTV, which we also refer to as the Company, we, or us, is a leading provider of digital television entertainment in the United States and Latin America. We operate two direct-to-home, or DTH, business units: DIRECTV U.S. and DIRECTV Latin America, which are differentiated by their geographic location and are engaged in acquiring, promoting, selling and distributing digital entertainment programming primarily via satellite to residential and commercial subscribers.

* * *

DIRECTV U.S. DIRECTV Holdings LLC and its subsidiaries, which we refer to as DIRECTV U.S., is the largest provider of DTH digital television services and the second largest provider in the multi-channel video programming distribution, or MVPD, industry in the United States. As of December 31, 2013, DIRECTV U.S. had approximately 20.3 million subscribers.

* * *

Through DIRECTV U.S., we provide approximately 20.3 million subscribers with access to hundreds of channels of digital-quality video entertainment and audio programming that we transmit directly to subscribers' homes or businesses via high-powered geosynchronous satellites. We also provide video-on-demand, or VOD, by "pushing" top-rated movies onto customers' digital video recorders, or DVRs, for instant viewing, as well as via broadband to our subscribers who have connected their set-top receiver to their broadband service. In addition, our subscribers have the ability to use directv.com or our mobile applications for smartphones and tablets to view authorized content, search program listings and schedule DVR recordings.

We believe we provide one of the most extensive collections of programming available in the MVPD industry, including over 195 national high-definition, or HD, television channels and two dedicated 3D channels. . . . As of December 31, 2013, we provided local channel coverage to markets covering over 99% of U.S. television households, 99% in HD.

* * *

To subscribe to the DIRECTV® service, subscribers sign up for our service directly through us or our national retailers, independent satellite television retailers or dealers, or regional telephone companies, which we refer to as telcos. We or one of our home service providers or dealers generally install the receiving equipment. The receiving equipment, which we refer to as a DIRECTV® System, consists of a receiving satellite dish antenna, one or more digital set-top receivers, which are typically leased to the subscriber, and remote controls. After acquiring and installing a DIRECTV System, subscribers activate the DIRECTV service by contacting us and subscribing to one of our programming packages that are tailored to appeal to specific segments of existing and potential customers.

* * *

[I]n 2013, we introduced the next generation DIRECTV Genie™, a premium high-definition whole-home DVR service with a terabyte hard drive that allows consumers to record five different high-definition programs simultaneously while viewing and controlling content from one DVR to four different locations in the house at the same time with the appropriate equipment. Our new DIRECTV Genie is our fastest DVR to date and comes equipped with a unique personalized recommendation engine, the ability to create a customizable sports portal for your favorite teams, interactive smart applications and built in Wi-Fi. . . . In addition, we continue to evolve our platform to meet our subscribers' desire to view quality content where they want it most. For example, we expanded access to our live streaming content offerings on certain devices both inside and outside of the home and increased the programming available for subscribers to watch provided they are connected to the Internet.

* * *

Our satellite-based service provides us with many advantages over ground-based cable television services. We have the ability to distribute hundreds of channels to millions of recipients nationwide with minimal incremental infrastructure cost per additional subscriber.

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