

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WISCONSIN

YAVITZ LLC,

Plaintiff,

V.

MICROSOFT CORP.,

Defendant.

Case No. 10-cv-146

## JURY TRIAL DEMANDED

## COMPLAINT

Now comes Plaintiff Yavitz LLC before this Court and states for its complaint and petition for relief against Defendant Microsoft Corp. as follows:

## PARTIES

1. Plaintiff Yavitz LLC (“Plaintiff” or “Yavitz”) is an Illinois limited liability corporation with its principal office address at 4105 N Perryville Road, Loves Park, IL 61111.

2. Upon information and belief, Defendant Microsoft Corp. (“Microsoft”) is a Washington corporation having its principal office address at One Microsoft Way, Redmond, Washington 98052-6399, and its Wisconsin registered agent address at CSC-Lawyers Incorporating Service Company, 8040 Excelsior Drive, Suite 400, Madison, WI 53717.

## JURISDICTION AND VENUE

3. These claims arise under the Patent Laws of the United States, 35 U.S.C. §101 *et seq.*, in that each is a claim for infringement of a United States patent. The jurisdiction of this Court is founded upon 28 U.S.C. §§ 1331 and 1338(a).

4. This Court has personal jurisdiction over Microsoft. Upon information and belief, Microsoft has transacted business in this judicial district and has committed, contributed to, and/or induced acts of patent infringement in this judicial district.

5. Venue within this District is proper under 28 U.S.C. §§ 1391(b) and (c) and 1400(b).

### **BACKGROUND FACTS**

6. Yavitz is the sole owner by assignment of United States Patent No. 6,463,469 (“the ‘469 Patent”), which issued on October 8, 2002, and is entitled “Computer-Based RDS/MBS Receiver System for Use With Radio Broadcast Signal.” A copy of the ‘469 Patent is attached hereto as Exhibit A.

7. Yavitz is the sole owner by assignment of United States Patent No. 6,473,792 (“the ‘792 Patent”), which issued on October 29, 2002 and is entitled “Method of Simulating Broadband Internet Content Downloads.” A copy of the ‘792 Patent is attached hereto as Exhibit B.

8. On October 9, 2006, Dr. Edward Yavitz, a named inventor on the ‘469 and ‘792 Patents and the sole member of Yavitz LLC, sent a letter to Microsoft, attached hereto as Exhibit C, which explained as follows:

I am very excited about ZUNE. But I have a simple \$5 hardware improvement that will allow for the following when the user is listening to FM radio on the ZUNE:

1. As each song from the FM station is heard, pictures of the band or the album cover appear on the ZUNE screen.
2. If the listener presses the ZUNE button during the song, THAT song will be downloaded to his/her ZUNE the next time it is connected to the internet...automatically and without knowing the artist or name of the song. Instant automatic ordering. . . .

THIS IS ALL POSSIBLE AND PATENTED (6463469 and pats pend) SO I-POD and google CAN'T DO IT, but Microsoft can, if you take the time to talk to me. Remember, these desirable features are not now possible on ZUNE but could be for a nominal cost.

Please email or call.

(Attached as Exhibit C).

9. Three days later, Dr. Yavitz sent a follow-up plan, explaining one embodiment for the proposed feature:

3. By agreement, Clear Channel and other FM stations would broadcast these numbers real time with music/advertising over RBDS frequency (already used to send call letters and music type). Infrastructure is ready today.
4. Listener presses ZUNE button whenever a song or advertisement of interest is heard. ONE STEP FOR USER!
5. RDS- FM receiver inside ZUNE picks up these numbers and stores them when ZUNE button is pressed.
6. When connected to Internet and MSFT music store, album cover pops up or those stored (tagged) song tracks and music is transferred to ZUNE.

(Attached as Exhibit D).

10. Dr. Yavitz concluded by reiterating that the concept was patented. (*Id.*).
11. Having twice described the patented idea to Microsoft for incorporation in its Zune MP3 player, Dr. Yavitz never heard back from Microsoft.

12. Two years later, Microsoft adopted the patented feature proposed by Dr. Yavitz, announcing it as a major innovation that would set the Zune apart from its competitors.

13. Microsoft's press release touted the feature that Dr. Yavitz had proposed two years earlier (and that he had patented still earlier), and Microsoft even included statements from Clear Channel:

**REDMOND, Wash. — Sept. 8, 2008** — Zune, Microsoft Corp.'s end-to-end music and entertainment service, again revolutionizes how customers discover and connect to the music they love, where and how they want it. Starting next week, every Zune portable media player will let consumers wirelessly download or stream millions of songs on the go from thousands of wireless hot spots around the country. Free, powerful software and firmware updates will give Zune owners



the ability to discover, tag and purchase songs directly from the built-in FM radio, wirelessly access the Zune Marketplace store on the go, and tap into interactive, personalized music recommendations that add even more value to the Zune Pass subscription. Zune is also expanding its device lineup with new 16GB and 120GB capacities as well as shiny new blue-on-silver and sleek all-black color schemes. The new features will begin rolling out on Sept. 16, 2008.



**On Sept. 16, 2008, the Microsoft Zune portable media player will give users the ability to buy music directly from the FM radio built into each device.**

“Digital music services really come alive when they help people find not only the music they know they like, but the music they didn’t know they would love,” said Chris Stephenson, general manager of Global Marketing for Zune at Microsoft. “With the combination of subscription, wireless access to millions of tracks, and powerful discovery features like personal recommendations and the ability to buy music from FM radio, Zune is taking the digital music experience to the next level.”

### **Wireless Connections**

More than 61 percent of people say they discover new music by listening to the radio. (1) With that in mind, Zune is taking advantage of the wireless connection and the built-in FM tuner to deliver a new feature called Buy from FM, which lets customers tag and purchase songs they hear on FM radio stations (2) directly from the Zune device. When the customer is in a Wi-Fi hot spot, the song can be immediately downloaded to the Zune device. If Wi-Fi is not available, the device will have a queue of songs ready to download when connected to a home computer or in a hot spot. Buy from FM uses Radio Data System and RT+ data feeds within the FM broadcast frequencies that identify song and artist data and enable the Zune service to identify and deliver the track to the customer.

“Microsoft’s decision to integrate an FM tuner into the Zune was revolutionary and they continue their extraordinary leadership with Buy from FM,” said John

Hogan, president and CEO of Clear Channel Radio. "We've always known that radio is the primary source for discovering new music, and Microsoft's decision to marry music discovery and delivery does two things: enables consumers to instantly satisfy their passion and enables FM song tagging to be enjoyed by all radio listeners, everywhere."

(Attached as Exhibit E).

14. In fact, the "Buy From FM" feature on the Zune operates as advertised by Microsoft.

15. This feature remains prominently touted as the first feature of the Zune MP3 players on the Microsoft website: "Every Zune lets you listen to your favorite FM radio stations and tag songs you like for later purchase." <http://www.zune.net/en-us/products/mp3players/default.htm>, attached as Exhibit F.

16. Despite using Dr. Yavitz's patented proposal and adopting it as a centerpiece of its Zune strategy, Microsoft never responded to Dr. Yavitz, and never attempted to secure a license on the patents.

**COUNT I: PATENT INFRINGEMENT OF THE '469 PATENT**

17. The allegations of paragraphs 1-16 are incorporated herein by reference.

18. Upon information and belief, Microsoft has infringed and, if not enjoined, will continue to infringe one or more claims of the '469 Patent by performing, without authority, one or more of the following acts: (a) making, using, offering for sale, or selling within the United States the invention as claimed in one or more claims of the '469 Patent, in violation of 35 U.S.C. § 271(a); (b) importing into the United States the invention as claimed in one or more claims of the '469 Patent, in violation of 35 U.S.C. § 271(a); (c) inducing infringement by Zune customers and users of one or more claims of the '469 Patent, in violation of 35 U.S.C. § 271(b); and/or (d) contributing to the infringement by Zune customers and users of one or more claims of the '469 Patent, in violation of 35 U.S.C. § 271(c) (the "acts of infringement of the '469 Patent").

19. Microsoft's acts of infringement of the '469 Patent include the manufacturing, using, marketing, offering for sale, and/or selling of the Microsoft Zune with the "Buy From FM" feature.

20. Upon information and belief, Microsoft will continue to infringe the '469 Patent unless enjoined by this Court.

21. As a result of Defendant's infringement, Yavitz has suffered and will continue to suffer damages.

22. Yavitz is entitled to recover from Microsoft the damages sustained by Yavitz as a result of Microsoft's wrongful acts in an amount subject to proof at trial.

**COUNT II: PATENT INFRINGEMENT OF THE '792 PATENT**

23. The allegations of paragraphs 1-22 are incorporated herein by reference.

24. Upon information and belief, Microsoft has infringed and, if not enjoined, will continue to infringe one or more claims of the '792 Patent by performing, without authority, one or more of the following acts: (a) making, using, offering for sale, or selling within the United States the invention as claimed in one or more claims of the '792 Patent, in violation of 35 U.S.C. § 271(a); (b) importing into the United States the invention as claimed in one or more claims of the '792 Patent, in violation of 35 U.S.C. § 271(a); (c) inducing infringement by Zune customers and users of one or more claims of the '792 Patent, in violation of 35 U.S.C. § 271(b); and/or (d) contributing to the infringement by Zune customers and users of one or more claims of the '792 Patent, in violation of 35 U.S.C. § 271(c) (the "acts of infringement of the '792 Patent").

25. Microsoft's acts of infringement of the '792 Patent include the manufacturing, using, marketing, offering for sale, and/or selling of the Microsoft Zune with the "Buy From FM" feature.



26. Upon information and belief, Microsoft will continue to infringe the '792 Patent unless enjoined by this Court.

27. As a result of Defendants' infringement, Yavitz has suffered and will continue to suffer damages.

28. Yavitz is entitled to recover from Microsoft the damages sustained by Yavitz as a result of Microsoft's wrongful acts in an amount subject to proof at trial.

### **JURY DEMAND**

Pursuant to Federal Rule of Civil Procedure 38 and the Seventh Amendment of the United States Constitution, Yavitz hereby demands a jury trial on all issues triable to a jury.

### **REQUEST FOR RELIEF**

WHEREFORE, Yavitz petitions this Court and requests that a judgment be entered and relief be granted as follows:

A. Declaring that Microsoft has infringed the '469 and '792 Patents as alleged herein (directly, by inducement, and/or contributorily);

B. Declaring that Microsoft's infringement of the '469 and '792 Patents is willful;

C. Permanently enjoining, restraining, and prohibiting Microsoft, and any party acting through, for, or in concert with Microsoft from further infringing (directly, by inducement, or contributorily) any claim of the '469 and '792 Patents;

D. Awarding to Yavitz such monetary or compensatory damages as may be found or deemed adequate to fully compensate Yavitz for each of Microsoft's acts of infringement of the '469 and '792 Patents; and

E. Awarding to Yavitz treble damages, pursuant to 35 U.S.C. § 284, and based on Microsoft's willful infringement of the '469 and '792 Patents.

F. Declaring this case exceptional and awarding to Yavitz its attorneys' fees, pursuant to 35 U.S.C. § 285;

G. Awarding to Yavitz its costs; and

H. Awarding to Yavitz such other, further, or general relief as this Court may deem proper.

Respectfully submitted,

Dated: March 5, 2010

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