

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Case No. 1:23-cv-1030

SHARON TEDESCO and MARC TEDESCO,

Plaintiffs,

vs

**SPOONFLOWER, INC. and
SHUTTERFLY, LLC**

Defendant.

**COMPLAINT FOR PATENT
INFRINGEMENT
(JURY TRIAL DEMANDED)**

Plaintiffs, **Sharon Tedesco** and **Marc Tedesco**, for their complaint against Defendants **Spoonflower, Inc.** (“Spoonflower”) and **Shutterfly, LLC** (“Shutterfly”), allege as follows:

I. NATURE OF THE ACTION

1. This is an action for patent infringement arising under the patent laws of the United States, 35 U.S.C. §§ 1, *et seq.*, and seeking, among other relief, damages for infringement pursuant to 35 U.S.C. §§ 271, *et seq.* (including but not limited to 35 U.S.C. §§ 271(a) and (b)).

2. The patents in suit, U.S. Patent Nos. 7,310,885 and 7,409,769, relate to encoding fabrics in ways that allow them to be accurately measured, marked, cuffed, and cut. The claims of the patents are more fully set out in the patents themselves but in general, cover fabrics encoded with “procedure maps:” marks on the fabric which enable identification, by machine or person, of one or more fabric characteristics (such as, for example, the direction of the fabric’s grain or nap). Fabrics that are encoded in this fashion can be more accurately aligned during the cutting and manufacturing process. This reduces errors and reduces the time required to create garments, upholstery, draperies, linens, quilts, and other products from sheets of fabric. The inventions, which won awards for their contribution to the field, were adopted and have been and are being used by Defendant Spoonflower as a significant part of their custom fabric printing business and those infringing uses have been marketed, and still are being marketed, by Defendant Shutterfly. Plaintiffs now seek relief on account of these

unlicensed infringements.

II. THE PARTIES

3. Sharon Tedesco and Marc Tedesco (Mr. and Mrs. Tedesco) are individual citizens and residents of the State of California. As described in further detail below, they are the inventors and owners of the inventions and patents asserted herein.

4. Defendant Spoonflower, Inc., doing business as *spoonflower.com*, is a corporation organized under the laws of Delaware that sought and was granted a certificate of authority to do business in North Carolina in 2008. Its registered agent and registered principal place of business are both located in North Carolina; and its principal office is located at 3871 S. Alston Ave. Durham, NC 27713, where its president, secretary, and chief financial officer all have their address—all according to the reports filed by this defendant with the North Carolina Secretary of State.

5. Defendant Shutterfly, LLC, which now is closely affiliated with Defendant Spoonflower and profits from Spoonflower's activities including those that are the subject of this Complaint, is a corporation organized under the laws of Delaware that sought and was granted a certificate of authority to do business in North Carolina in 2019. Defendant Shutterfly has a registered agent and registered office in North Carolina, owns and controls use of the SPOONFLOWER name and brand under which Defendant Spoonflower conducts its infringing activities, and has the right to control the quality of Defendant Spoonflower's infringing goods and services.

III. JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction under 35 U.S.C. § 271 and 28 U.S.C. §§ 1331 and 1338.

7. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(c) and 28 U.S.C. § 1400(b).

8. Defendants are subject to the personal jurisdiction of this Court because, among other things, Defendant Spoonflower has a regular and established place of business in this Judicial District

and identifies Durham, North Carolina as its headquarters location; Defendant Shutterfly sought and was granted authority to do business in North Carolina and does business in this district and throughout North Carolina; Defendants recruit and employ staff who work at Defendants' facilities within this Judicial District as well as, at least for Shutterfly, elsewhere in North Carolina; and both Defendants have committed acts of patent infringement in this district and have purposefully availed themselves of the privilege of conducting business within this judicial district.

IV. FACTUAL ALLEGATIONS

A. The Patents in Suit

9. On or around 2004, Mr. and Mrs. Tedesco, working together, invented a novel fabric having a procedure map and methods for the use of such procedure maps, and filed applications to protect their inventions, the first of which was filed on March 4, 2004.

10. On December 25, 2007, United States Patent No. 7,310,885 (the '885 Patent), titled "Fabric Having a Procedure Map," was duly and lawfully issued to Mr. and Mrs. Tedesco as joint inventors of the inventions claimed in the patent, and joint owners of the resulting patent. A true copy of the '885 Patent is attached hereto as Exhibit A.

11. On August 12, 2008, a second patent, United States Patent No. 7,409,769 (the '769 Patent), also titled "Fabric Having a Procedure Map," was duly and lawfully issued to Mr. and Mrs. Tedesco as joint inventors of the inventions claimed in the patent, and joint owners of the resulting patent. A true copy of the '769 Patent is attached hereto as Exhibit B. Collectively, the two patents are referred to as the "Asserted Patents."

12. An example of the pertinent scope of the '885 Patent can be found in claim 24 of the '885 Patent.

13. Examples of the pertinent scope of the '769 Patent can be found in claims 6 and 9, and in claims 14 and 20, of the '769 Patent.

14. Each of the Asserted Patents has been in full force and effect since its issuance. Mr. and

Mrs. Tedesco own the right to seek damages for past, current, and future infringement of the Asserted Patents.

B. Defendants, Their Products, and Their Infringements

15. Defendant Spoonflower is a print-on-demand business that solicits designers worldwide to create designs, and then prints those designs on fabric (including conventional sewing fabrics and wallpapers) in response to orders from the designers and other customers. According to Spoonflower, its print-to-order process allows it to keep millions of designs in its “Marketplace,” and to print any design on fabric.

16. Spoonflower primarily advertises, markets and promotes all of its products—including the infringing products described hereafter—over the Internet, including on its own website, on YouTube, and through social media. Spoonflower encourages its designers and customers to promote all of these products through these media as well, and supports them in doing so. Shutterfly directs traffic to Spoonflower’s website where these infringements are promoted.

17. One challenge that a print-to-order fabric business faces is how to efficiently and accurately position fabric for processing. The challenge increases with increased automation and increased quantities of fabric orders to be processed.

18. Spoonflower’s solution to the business challenge adopted Mr. and Mrs. Tedesco’s invention.

19. Beginning at least as early as 2019 and continuing thereafter, Spoonflower, both in commerce within the United States and in foreign commerce subject to United States regulation, has made, used, sold, and offered for sale, has manufactured in whole or in part and/or imported, and distributed, products that infringe claims of the Asserted Patents, and using methods that infringe claims of the Asserted Patents, including but not limited to fabrics comprising procedure maps that facilitate the cutting and shaping of fabric for its consumers’ projects (the “Accused Products”).

20. In or before June 2023, Spoonflower entered into a corporate relationship with

Shutterfly. As shown below, Spoonflower described the relationship as an “acquisition” by Shutterfly of Spoonflower, that occurred in 2021:



21. Defendant Shutterfly currently describes Defendant Spoonflower as part of “Our Brands,” saying that “Shutterfly’s family of brands is uniquely positioned to power self-expression on an unprecedented scale for a diverse range of consumers.”

22. Defendant Shutterfly has filed in the United States Patent and Trademark Office an assignment transferring to from Spoonflower to Shutterfly all rights in Spoonflower’s trademarks throughout the world, including “all rights to collect royalties, products and proceeds in connection with” the assigned rights.

23. Defendant Shutterfly is effectively and/or actually in the position of a parent company with respect to Defendant Spoonflower, and has been and is inducing and facilitating and contributing to Spoonflower’s infringements.

24. Spoonflower and Shutterfly continue to engage in the infringements initiated by Spoonflower, and will continue to do so unless halted by order of the Court.

25. Defendants are jointly and severally liable for the infringements complained of herein.

26. Mr. and Mrs. Tedesco were not aware of Spoonflower’s infringements when those infringements commenced or of the initiation and extent of Shutterfly’s involvement, have not granted

either Defendant permission to use, sell, offer, or import fabric with the claimed procedure map, and have issued no license or permission of any kind to either Defendant under either or both of the Asserted Patents.

27. However, in or around June 2022, Sharon Tedesco purchased samples of fabric from Spoonflower's website and found that the fabrics from which the samples had been cut comprised a procedure map which enabled identification of fabric characteristics such as the bias and selvedge.

28. Annotated copies of the purchased samples are attached and labeled as Exhibit C.

29. Defendants have disclosed the methods of manufacture utilized to produce the fabrics received by Mrs. Tedesco and those still being offered for sale, which include digitally printing multiple designs on a length of fabric, each design being surrounded by markings such as those shown on Exhibit C, said markings being at many points across the breadth and throughout the length of the fabric and said markings comprising a procedure map as disclosed and claimed in each of the Asserted Patents.

30. It is evident from review of the markings of these procedure maps that they serve no decorative purpose and instead identify one or more of the characteristics claimed by the Asserted Patents. This is illustrated, for example, in the legend of Exhibit C and depicted in the fabric samples shown in Exhibit C.

31. Defendants, including at least Spoonflower directly and at least Shutterfly via acts of contributory infringement and inducement to infringe, have sold and offered for sale a plurality of fabrics comprising procedure maps that identify the characteristics claimed by the Asserted Patents, such as those illustrated in Exhibit C, and have included images of the same in their marketing and promotional materials.

32. An example of an image showing fabric bearing a portion of an infringing procedure map, that is currently posted on the Spoonflower.com website and being used by Defendants to promote infringing products, is attached as Exhibit D.

33. All of the fabrics sold or offered for sale by Defendants, directly or indirectly, comprising procedure maps that identify one or more of the characteristics claimed by the Asserted Patents infringe the asserted claims of those patents.

C. Defendants' Knowledge of the Patents-in-Suit, and Continued Infringement

34. Since at least as early as May 2022, Defendants have been on express notice of each of the Asserted Patents and aware of its obligation not to infringe those patents.

35. Defendants were given a first express notice, on or about May 4, 2022, identifying the Asserted Patents and notifying Spoonflower that its online sale of certain fabrics infringed the Asserted Patents.

36. Defendants were given a second notice, on or about June 24, 2022, again informing Defendants of the Asserted Patents. This second notice not only provided notice of infringement to Defendant concerning the Asserted Patents but also provided Defendants with an infringement analysis setting out some of the bases on which infringement exists.

37. At all times, Defendants have failed and refused to cease making, using, selling, offering for sale, importing infringing products, contributing to, and/or inducing infringement of the claims of the Asserted Patents, and have declined to offer Mr. and Mrs. Tedesco a royalty for doing so.

V. CAUSES OF ACTION

COUNT I – Infringement of U.S. Patent No. 7,310,885 [35 U.S.C §271]

38. Mr. and Mrs. Tedesco hereby adopt and re-allege the allegations of Sections I through IV above.

39. Defendants sell and offer to sell, promote the sale of, manufacture in whole or part and/or import into the United States, and distribute, fabrics that literally meet, or are the functional equivalent of, inventions claimed in the '885 Patent; and on information and belief practicing methods that literally meet, or are the functional equivalent of, inventions claimed in the '885 Patent.

40. Defendants cause others to become involved in, to advertise and promote, to order, and

otherwise to benefit from products produced and marketed by Defendants in violation of the protection afforded Plaintiffs by the '885 Patent.

41. Defendants, through their aforesaid activities, infringe and induce others to infringe the claims of the '885 Patent.

42. Defendants have committed and continue to commit acts of direct or equivalent infringement and inducement to infringe the '885 Patent by making, using, selling, offering to sell, manufacturing in whole or part and/or importing into the United States, and distributing Accused Products including, for example, fabric displaying pattern 8091225, and other infringing fabric products that include similar functionality.

43. As a result of Defendants' infringement of the '885 Patent, Mr. and Mrs. Tedesco have been damaged and Defendants have been enriched. Mr. and Mrs. Tedesco are entitled to recover for damages sustained as a result of Defendants' wrongful acts, including Defendants' unjust enrichment, in an amount yet to be determined.

44. In addition, Defendants' infringing acts and practices have caused and are causing immediate and irreparable harm to Mr. and Mrs. Tedesco.

45. Defendants have had actual knowledge of at least Spoonflower's infringement of the '885 Patent, and on information and belief their joint infringements of that patent, since no later than May 4, 2022.

46. Defendants' infringement of the '885 Patent since at least the date when Defendants were given notice on May 4, 2022, if not earlier, has been and continues to be deliberate and willful, and this is therefore an exceptional case warranting an award of enhanced damages for up to three times the actual damages awarded and attorney's fees to Mr. and Mrs. Tedesco pursuant to 35 U.S.C. §§ 284-285.

COUNT II – Infringement of U.S. Patent. No. 7,409,769 [35 U.S.C § 271]

47. Mr. and Mrs. Tedesco hereby adopt and re-allege the allegations of Sections I through

IV above.

48. Defendants sell and offer to sell, promote the sale of, manufacture in whole or part and/or import into the United States, and distribute, fabrics that literally meet, or are the functional equivalent of, inventions claimed in the '769 Patent as set out in at least claims 6 and 9, of the '769 Patent, practicing methods that literally meet, or are the functional equivalent of, inventions claimed in the '769 Patent as set out in at least claims 14, and 20 of that patent.

49. Defendants cause others to become involved in, to advertise and promote, to order, and otherwise to benefit from products produced by Defendants in violation of the protection afforded Plaintiffs by the '769 Patent.

50. Defendants, through their aforesaid activities infringe and induce others to infringe the claims of the '769 Patent.

51. Defendants have committed and continue to commit acts of direct or equivalent infringement and inducement to infringe the '769 Patent by making, using, selling, offering to sell, manufacturing in whole or part and/or importing into the United States, and distributing Accused Products including, for example, fabric displaying pattern 8091225, and other infringing fabric products that include similar functionality.

52. As a result of Defendants' infringement of the '769 Patent, Mr. and Mrs. Tedesco have been damaged and Defendants have been enriched. Mr. and Mrs. Tedesco are entitled to recover for damages sustained as a result of Defendants' wrongful acts, including Defendants' unjust enrichment, in an amount yet to be determined.

53. In addition, Defendants' infringing acts and practices have caused and are causing immediate and irreparable harm to Mr. and Mrs. Tedesco.

54. Defendants have had actual knowledge of at least Spoonflower's infringement of the '769 Patent, and on information and belief their joint infringements of that patent, since no later than May 4, 2022.

55. Defendants' infringement of the '769 Patent since at least the date when Defendants were given notice on May 4, 2022, if not earlier, has been and continues to be deliberate and willful, and this is therefore an exceptional case warranting an award of enhanced damages for up to three times the actual damages awarded and attorney's fees to Mr. and Mrs. Tedesco pursuant to 35 U.S.C. §§ 284-285.

VI. PRAYER FOR RELIEF

WHEREFORE, Mr. and Mrs. Tedesco pray for judgment against each Defendant, jointly and severally with each other Defendant, as follows:

- A. That said Defendant has infringed, and continues to infringe, each of the Asserted Patents;
- B. That said Defendant has induced infringement and continues to induce infringement, of each of the Asserted Patents.
- C. That said Defendant pay Mr. and Mrs. Tedesco damages adequate to compensate them for Defendants' infringement of the Asserted Patents, together with interest and costs under 35 U.S.C. § 284.
- D. That said Defendant be ordered to pay pre-judgment and post-judgment interest on the damages assessed;
- E. That said Defendant be ordered to pay supplemental damages to Mr. and Mrs. Tedesco, including interest, with an accounting, as needed;
- F. That said Defendant's infringement is willful and that the damages awarded to Mr. and Mrs. Tedesco should be enhanced for up to three times the actual damages awarded;
- G. That this is an exceptional case under 35 U.S.C. § 285 and that said Defendant pay Mr. and Mrs. Tedesco's attorney's fees and costs in this action; and
- H. That Mr. and Mrs. Tedesco be awarded such other and further relief, including equitable relief, as this Court deems just and proper.

VII. JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38(b), Mr. and Mrs. Tedesco hereby demand a trial by jury on all issues triable to a jury.

This the 28th day of November, 2023.

ATTORNEYS FOR PLAINTIFFS:

/s/ Susan Freya Olive

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