

SUSAN D. FAHRINGER, Bar No. 162978

SFahringer@perkinscoie.com
RYAN SPEAR (Pro Hac Vice)

RSpear@perkinscoie.com
PERKINS COIE LLP

1201 Third Avenue, Suite 4900
Seattle, WA 98101-3099

Telephone: 206.359.8000
Facsimile: 206.359.9000

SUNITA BALI, Bar No. 274108

SBali@perkinscoie.com
PERKINS COIE LLP

505 Howard Street, Suite 1000
San Francisco, CA 94105

Telephone: 415.344.7000
Facsimile: 415.344.7050

Attorneys for Plaintiffs Digital Content Protection, LLC
and Warner Bros. Entertainment Inc.

OTTO O. LEE, Bar No. 173987

olee@iplg.com

KEVIN VIAU, Bar No. 275556

kviau@iplg.com

BONNIE J. WOLF, Bar No. 284872

bonniewolf@iplg.com

INTELLECTUAL PROPERTY LAW GROUP LLP

12 South First Street, 12th Floor

San Jose, California 95113

Telephone: (408) 286-8933

Facsimile: (408) 286-8932

Attorneys for Defendant Ace Deal Inc.

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

DIGITAL CONTENT PROTECTION, LLC, and
WARNER BROS. ENTERTAINMENT INC.,

Plaintiffs,

v.

ACE DEAL INC.,

Defendant.

Case No.: 4:15-cv-6341-DMR

**STIPULATION AND [PROPOSED]
ORDER ENTERING FINAL JUDGMENT
AND PERMANENT INJUNCTION**

STIPULATION

1
2 Plaintiffs Digital Content Protection, LLC (“DCP”) and Warner Bros. Entertainment Inc.
3 (“Warner Bros.”) (collectively, “plaintiffs”), along with defendant Ace Deal Inc. (“Ace Deal”)
4 (together with plaintiffs, the “parties”) have agreed to a settlement of their dispute. Accordingly, the
5 parties jointly stipulate and agree to be bound as follows:

6
7 1. This Court has jurisdiction over the parties and the subject matter of this action, and
8 venue is proper in this Court. Ace Deal consents to the jurisdiction of this Court for the purpose of
9 entry of the Final Judgment and Permanent Injunction, attached as Exhibit A.

10 2. High-Bandwidth Digital Content Protection (“HDCP”) is a technological measure that
11 effectively controls access to copyrighted works and protects the rights of copyright owners, as
12 contemplated by the Digital Millennium Copyright Act (“DMCA”).

13
14 3. HDCP encrypts content as it travels from a wide variety of digital devices, including
15 set-top boxes, Digital Versatile Discs (“DVDs”) and Blu-ray players, computers, Digital Video
16 Recorders (“DVRs”) and game consoles, to digital display devices, such as high-definition
17 televisions (“HDTVs”) (collectively, “Digital Devices”).

18
19 4. Many copyright owners, including plaintiff Warner Bros., require that Digital Devices
20 be protected with HDCP in order to display their copyrighted content, including premium
21 commercial entertainment content that is displayed on Digital Devices such as high-value digital
22 motion pictures, television programs, and video games (“Digital Content”).

23
24 5. In the ordinary course of its operation, HDCP requires the application of information,
25 or a process or a treatment, with the authority of the copyright owner, to gain access to a copyrighted
26 work. HDCP is therefore a technological measure that effectively controls access to works protected
27 by the Copyright Act as set forth in the DMCA. *See* 17 U.S.C. § 1201(a)(3)(B).
28

6. In the ordinary course of its operation, HDCP prevents, restricts, or otherwise limits the ability to copy or otherwise use copyrighted works without the authority of the copyright owners. HDCP is therefore a technological measure that effectively protects Digital Content and the rights of copyright owners therein by preventing end users from engaging in the unauthorized reproduction, adaptation, public performance, or distribution of Digital Content or portions thereof, as set forth in the DMCA. *See* 17 U.S.C. § 1201(b)(2)(B).

7. Plaintiff DCP is the owner of all rights in HDCP.

8. Plaintiff Warner Bros. owns or controls copyrights in many of the most successful and critically acclaimed movies and recorded television programs released in the United States. Warner Bros. has the right to require the use of HDCP to control access to and to protect its rights in copyrighted Digital Content.

9. Defendant Ace Deal is a corporation organized and existing under the laws of California, and having its principal place of business at 1172 Murphy Avenue, Suite 237, San Jose, California 95131.

10. Ace Deal has imported, offered to the public, provided and otherwise trafficked in devices marketed under the “Panlong” brand name that are designed to circumvent HDCP and to eliminate HDCP’s access controls and protections. Those devices are identified in the table below and referred to collectively as the “Panlong Devices.”

PANLONG DEVICES

#	Device Name	Model Number
1.	HDMI 2.0 Splitter with HDCP 2.2	PL0102SP-2.0
2.	Panlong HDMI 2.0 Splitter 4-Port with HDCP 2.2	PL0104SP-2.0
3.	3-Port HDMI 2.0 Switch	PL0301SW-2.0
4.	5-Port HDMI 2.0 Switch	PL0501SW-2.0
5.	HDMI Extender	PL-373HE
6.	Receiver for HDMI Extender	PL-373RX
7.	HDMI to HDMI Optical Audio Extractor	DC-1114971067

8.	HDMI Audio Extractor Converter	DC-1115873488
9.	HDMI Matrix Switch	DC-PLM922E
10.	UHD v1.3 1080P HDMI Splitter	PL-HDV-312
11.	HDMI Extender	PL-372A
12.	Premium HDMI Splitter v1.3 4 Port	PL-814
13.	UHD v1.4 4K HDMI Splitter	PL-912
14.	Premium HDMI Splitter v1.4 4 Port	PL-914
15.	3 Port 4K UHD HDMI Switch	PL-SW431A

11. Ace Deal stipulates that it sold 2,078 Panlong Devices.

12. In common parlance, the Panlong Devices are “strippers.” Inserted between an HDCP-compliant source device and a non-HDCP-compliant sink device, a Panlong Device will remove (or “strip”) HDCP encryption from copyrighted Digital Content as it is transmitted from the source device to the sink device. As a result, the copyrighted Digital Content is rendered “in the clear,” making it vulnerable to unauthorized access, copying, and redistribution, and enabling Panlong Device users to access, copy, and distribute copyrighted Digital Content without the authority of the copyright owner.

13. Ace Deal’s actions with respect to the Panlong Devices render Digital Content vulnerable to unauthorized access, copying, and distribution, harm Warner Bros. by rendering its Digital Content vulnerable to unauthorized access, copying, and distribution, and impair the effectiveness of HDCP, jeopardizing DCP’s licensing revenues.

14. The Panlong Devices are primarily designed or produced for the purpose of circumventing HDCP, *see* 17 U.S.C. §§ 1201(a)(2)(A), 1201(b)(1)(A); have only limited commercially significant purpose or use other than to circumvent HDCP, *see id.* §§ 1201(a)(2)(B), 1201(b)(1)(B); and have been marketed by Ace Deal or others acting in concert with Ace Deal with Ace Deal’s knowledge for use in circumventing HDCP, *see id.* §§ 1201(a)(2)(C), 1201(b)(1)(C). The Panlong Devices descramble a scrambled work, decrypt an encrypted work, or otherwise avoid,

1 The Panlong Devices descramble a scrambled work, decrypt an encrypted work, or otherwise avoid,
2 bypass, circumvent, remove, deactivate, or impair HDCP, without the authority of copyright owners.

3 *See id.* §§ 1201(a)(3)(A), 1201(b)(2)(A).

4 15. By trafficking in the Panlong Devices, Ace Deal has violated plaintiffs' rights under
5 the DMCA. *See id.* §§ 1201(a)(2), 1201(b)(1).
6

7 16. In addition, Ace Deal has published statements and information, on its website and
8 elsewhere, implying that Ace Deal and the Panlong Devices are associated with or otherwise
9 authorized or approved by plaintiffs, and that the Panlong Devices comply with HDCP encryption
10 technology or are otherwise consistent with the terms of an HDCP license.
11

12 17. By publishing these statements, Ace Deal has violated plaintiffs' rights under the
13 Lanham Act. *See* 15 U.S.C. § 1125(a)(1).

14 18. Plaintiffs are therefore entitled to the relief set forth in the Final Judgment and
15 Permanent Injunction, which is attached as Exhibit A.
16

17 19. The parties jointly request that this Court enter the Final Judgment and Permanent
18 Injunction as a final judgment in this matter.

19 IT IS SO STIPULATED AND AGREED.

20 Dated: May 25, 2016

PERKINS COIE LLP

21 By: /s/ Ryan Spear

22 Susan D. Fahringer
23 Ryan Spear
24 1201 Third Avenue, Suite 4900
Seattle, WA 98101
Telephone: 206.359.8000

25 Sunita Bali
26 505 Howard Street, Suite 1000
San Francisco, CA 94105
Telephone: 415.344.7000

27 Attorneys for Plaintiffs Digital Content
28 Protection, LLC and Warner Bros. Entertainment
Inc.

1 Dated: May 25, 2016

INTELLECTUAL PROPERTY LAW GROUP LLP

2 By: /s/ Bonnie J. Wolf

3 Otto O. Lee

4 Kevin Viau

Bonnie J. Wolf

12 South First Street, 12th Floor

5 San Jose, California 95113

6 Telephone: (408) 286-8933

7 Facsimile: (408) 286-8932

8 Attorneys for Defendant Ace Deal Inc.

9 Pursuant to Local Rule 5-1(i)(3), filing counsel attests that all other signatories listed, on
10 whose behalf the filing is submitted, concur in the content and have authorized the filing.

11 **[PROPOSED] ORDER ENTERING**
12 **FINAL JUDGMENT AND PERMANENT INJUNCTION**

13 Based on the parties' stipulation, and good cause being shown, IT IS SO ORDERED.

14 The Clerk of the Court is directed to enter the Final Judgment and Permanent Injunction, attached as
15 Exhibit A, as the Court's final judgment in this matter. All other existing dates and deadlines in this
16 matter are hereby vacated.
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18
19 Dated: _____

20 Hon. Donna M. Ryu
United States Magistrate Judge

EXHIBIT A

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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

DIGITAL CONTENT PROTECTION, LLC, and
WARNER BROS. ENTERTAINMENT INC.,

Plaintiffs,

v.

ACE DEAL INC.,

Defendant.

Case No.: 4:15-cv-6341-DMR

**FINAL JUDGMENT AND
PERMANENT INJUNCTION**

Based on the parties' stipulation, and good cause being shown, IT IS HEREBY ORDERED
AND ADJUDGED:

1. FINAL JUDGMENT is entered against defendant Ace Deal Inc. ("Ace Deal") on
Count One of plaintiffs' complaint (Dkt. 1), "Violation of the Digital Millennium Copyright Act,
17 U.S.C. § 1201(a)(2) and § 1201(b)(1)."

2. FINAL JUDGMENT is entered against defendant Ace Deal on Count Two of
plaintiffs' complaint (Dkt. 1), "Violation of the Lanham Act, 15 U.S.C. § 1125(a)(1)."

3. Plaintiffs shall recover \$5,250,000 in monetary damages from defendant Ace Deal.

4. Ace Deal and its officers, agents, servants, employees, attorneys, receivers, trustees,
successors, and assigns, along with any persons involved in the operation of the website
acepanlong.com (or any other website through which Ace Deal offers its products), and any other
persons or entities acting in active concert or participation with any of the foregoing persons or

1 entities who receive actual notice of this Final Judgment and Permanent Injunction, shall be, and
 2 hereby are, immediately and permanently enjoined and restrained from:

3 a. Importing, manufacturing, offering to the public, providing, selling, using, or
 4 otherwise trafficking in the devices identified in the table below, which are referred to collectively in
 5 this Final Judgment and Permanent Injunction as the “Panlong Devices”:
 6

7 **PANLONG DEVICES**

#	Device Name	Model Number
1.	HDMI 2.0 Splitter with HDCP 2.2	PL0102SP-2.0
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8.	HDMI Audio Extractor Converter	DC-1115873488
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10.	UHD v1.3 1080P HDMI Splitter	PL-HDV-312
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12.	Premium HDMI Splitter v1.3 4 Port	PL-814
13.	UHD v1.4 4K HDMI Splitter	PL-912
14.	Premium HDMI Splitter v1.4 4 Port	PL-914
15.	3 Port 4K UHD HDMI Switch	PL-SW431A

18 b. Importing, manufacturing, offering to the public, providing, selling, using, or
 19 otherwise trafficking in any technology, product, service, device, component or part thereof that is
 20 primarily designed or produced to circumvent HDCP, or has only limited commercially significant
 21 purpose or use other than to circumvent HDCP, or is or has been marketed for use in circumventing
 22 HDCP (“Product”);
 23

24 c. Importing, manufacturing, offering to the public, providing, selling, using or otherwise
 25 trafficking in any Product that enables, contributes to, or induces the unauthorized use, distribution,
 26 or copying of copyrighted works owned by Warner Bros.; and
 27
 28

1 d. Inducing, enabling, supporting, or otherwise assisting any other person or entity to
2 engage in the activities described in Paragraphs 4(a)-(c).

3 5. In addition, Ace Deal and all persons or entities in active concert or participation with
4 Ace Deal must:

5 a. Cease advertising, promoting, or otherwise publishing any statements conveying or
6 suggesting that Ace Deal and its activities are associated with, approved by, or authorized by DCP or
7 its licensees;
8

9 b. Identify (by product name, quantity, and supplier) all of the following items in
10 Ace Deal's custody, possession or control:

11 i. Panlong Devices; and
12 ii. Products that are primarily designed or produced to circumvent HDCP, or have
13 only limited commercially significant purpose or use other than to circumvent HDCP, or are or have
14 been marketed for use in circumventing HDCP;
15

16 c. Deliver up to DCP all items identified under Paragraph 5(b).

17 6. Nothing in this Final Judgment and Permanent Injunction precludes DCP or Warner
18 Bros. from asserting any claims or rights that arise solely after Ace Deal's stipulation to this Final
19 Judgment and Permanent Injunction or that are based upon any violation of this Final Judgment and
20 Permanent Injunction or any breach of a provision, representation, or warranty of the parties'
21 settlement agreement.
22

23 7. Nothing in this Final Judgment and Permanent Injunction precludes DCP or Warner
24 Bros. from asserting any claims or rights against any non-party to this lawsuit.
25

26 8. This Final Judgment and Permanent Injunction is final and may not be appealed by
27 any party.
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