IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

ISOURCELOANS LLC, a Delaware limited liability company,	)	
Plaintiff,	)	Civil Action No. 2:13CV521
v.	)	(JURY TRIAL DEMANDED)
SUNTRUST MORTGAGE, INC., a Virginia corporation,	)	
Defendant.	)	

COMPLAINT WITH JURY DEMAND

Plaintiff iSourceLoans LLC ("iSource"), for its Complaint against Defendant SunTrust Mortgage, Inc. ("SunTrust" or "Defendant"), alleges as follows:

I. THE PARTIES

1. iSource is a Delaware limited liability company with a principal place of business located at 1875 Century Park East, Suite 700, Los Angeles, California 90067.

2. Upon information and belief, SunTrust is a corporation organized and existing under the laws of the Commonwealth of Virginia, with a place of business located at 901 Semmes Avenue, Richmond, Virginia 23224. SunTrust can be served with process through its registered agent, Corporation Service Company, Bank of America Center, 16th Floor 1111 East Main Street, Richmond, Virginia 23219.

II. JURISDICTION AND VENUE

3. This Court has exclusive jurisdiction of this action for patent infringement pursuant to 28 U.S.C. § 1338(a).

4. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

5. Upon information and belief, SunTrust has minimum contacts with this judicial district such that this forum is a fair and reasonable one. SunTrust has transacted and/or, at the time of the filing of this Complaint, is transacting business within the Eastern District of Virginia. Further, upon information and belief, SunTrust has committed acts of patent infringement complained of herein within the Eastern District of Virginia, including offering a web-based program for managing several aspects of mortgage loan services in the district. For these reasons, personal jurisdiction exists over SunTrust.

6. Venue over this action is proper in this Court under 28 U.S.C. §§ 1391(b) and (c) and 28 U.S.C. § 1400(b).

III. THE TECHNOLOGY

7. At the center of this dispute is technology related to mortgage loans and a method and system for a loan broker to enable real estate agents, mortgage bankers, mortgage brokers, banks, institutions, certified public accountants (CPA), attorneys, home builders, direct consumers and other mortgage and non-mortgage related persons to originate a real estate loan or mortgage transaction for potential home buyers or owners that is compliant with certain federal and state regulations, including the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 *et. seq.* ("RESPA").

8. Many individuals are involved in the process to purchase or finance real property. A real estate agent helps a buyer find and negotiate the purchase of a property from a seller. If the buyer will not pay cash for the purchase then the buyer also becomes the borrower in the transaction. The borrower may directly contact a lender to obtain a mortgage loan. More often though, a mortgage loan is obtained through a mortgage broker or with the help of a loan

originator. A loan originator works with the borrower to gather and organize the information (such as the borrower's financial information) to obtain a loan. Mortgage brokers may search many lenders to find loan terms that best fit a borrower's need. In some instances, the mortgage broker may also be a loan originator.

9. Once the borrower decides on the type of loan they wish to obtain, the mortgage broker or others may use the information gathered from the borrower to apply for the loan. The mortgage broker or others may be eligible to receive some form of compensation for the loan origination for providing these services, but only if sufficient services were provided under state and/or federal regulations. The value of the dollars to be transferred may be based on the amount of the loan and/or may be determined by using a standard fee calculation or some other metric.

10. At present, almost all loan applications are submitted to an automated underwriting system (AUS). Lending institutions may have their own internal underwriting systems or may use third party underwriting systems, such as Freddie Mac Loan Prospector, Fannie Mae Desktop Originator, or Fannie Mae Desktop Underwriter. An underwriter (or AUS) uses data from the loan application to determine if the borrower qualifies for the loan. The underwriter (or AUS) may request additional information about either the property or the borrower. The underwriter (or AUS) may issue an approval, refer with caution, set conditions on the approval, declare that the loan is ineligible for delivery, or in the case of an AUS, refer the loan application to a human underwriter.

11. If the borrower is approved for the loan (or even if the loan is declined), the lender will provide the borrower with certain disclosures required by law, such as a Good Faith Estimate.

12. Upon AUS approval or if the originator must submit the application to a human underwriter, the originator sends the complete loan application package to the lender. The lender verifies the submitted information and requests additional documentation when necessary.

13. When the loan transaction is fully approved, the lender will cause the closing documents to be prepared and again make certain disclosures to the borrower as required by law. The borrower accepts the loan by executing the closing documents.

14. Prior to the enactment of RESPA in 1974, some companies and individuals were involved in deceptive practices that artificially inflated costs associated with mortgage loans. RESPA was apparently created to eliminate illegal referral fees, among other things, by requiring agents to perform non-duplicative services necessary for completion of a contemplated real estate transaction in order to receive an origination fee. Thus, RESPA has been interpreted to regulate when sufficient services have been performed to justify payment of an origination fee to one or more individuals or entities.

15. RESPA does not define who is eligible to originate a loan. Rather, RESPA has been interpreted to regulate what services must be performed in order to receive the origination fee. Thus, though mortgage brokers or loan originators typically originate loans, others, including properly qualified CPAs, could originate loans and receive the origination fee if they perform sufficient services under RESPA.

16. Mr. Russell McDonald ("Russ") has been in the real estate business since 1976, working as a buyer, seller, lender, borrower and broker for various institutions. In 1990, he started his own mortgage broker company, Wymac Capital, Inc. ("Wymac"), with his partner Darrell Wiley. In 1992, Russ' son, Mr. Russell McDonald II ("Russell"), became a real estate loan officer with Wymac. Russell was disappointed with the level of technology available in the

industry and, along with his father, Russ, was always trying to create different software solutions to streamline the mortgage originating, underwriting and issuance workflows and processes.

17. Russ, Russell and Mr. Wiley formed Sourcetec, Inc. ("Sourcetec") in 1994 to first create and then market software for the mortgage lending and equipment leasing industries. As is relevant here, Russ and Russell conceived of and developed a technology that allowed a non-mortgage professional who knew little about real estate finance regulations to originate a loan and remain RESPA compliant. That same technology also improved the loan processing efficiency of knowledgeable loan officers. It was this work that led to filing and issuance of U.S. Patent No. 7,315,841 ("the '841 Patent"), U.S. Patent No. 7,340,435 ("the '435 Patent") and U.S. Patent No. 8,527,402 ("the '402 Patent"). Sourcetec was the original assignee of these patents and called the new software Cypher™.

18. Cypher™ allows not only mortgage brokers, but also non-mortgage professionals such as real estate agents, real estate brokers, CPAs, financial planners, credit unions, banks, and builders, to originate loans and foster compliance with RESPA and other laws and regulations. Since its market introduction in 1998, Cypher™ has been used by over 400 individuals or entities to originate more than 8,000 loans.

19. iSource is now the sole owner of the '841 Patent, the '435 Patent and the '402 Patent by assignments, and has the exclusive right to enforce and collect past, present, and future damages for infringement of the '841 Patent, the '435 Patent and the '402 Patent during all relevant time periods.

IV. THE PATENTS

20. On January 1, 2008, the '841 Patent was duly and legally issued for "Mortgage Loan and Financial Services Data Processing System." A true and correct copy of the '841 Patent is attached as Exhibit A.

21. On March 4, 2008, the '435 Patent was duly and legally issued for a "Mortgage Loan Data Processing System and Method for a Loan Broker." A true and correct copy of the '435 Patent is attached as Exhibit B.

22. On September 3, 2013, the '402 Patent was duly and legally issued for a "Mortgage Loan Data Processing System and Method for a Loan Broker." A true and correct copy of the '402 Patent is attached as Exhibit C.

23. The '841 Patent, the '435 Patent and the '402 Patent include numerous claims, all of which are directed to patentable subject matter under 35 U.S.C. § 101.

24. The '841 Patent, the '435 Patent, and the '402 Patent and the claims therein are presumed patent eligible, valid, and enforceable pursuant to 35 U.S.C. § 282.

25. The '841 Patent generally relates to a data processing system and method for managing the origination of a mortgage loan. The Abstract of the '841 Patent provides:

> The present invention includes a data processing system and method for managing the origination of a mortgage loan by a loan originator in coordination with a loan broker for a loan customer. The loan originator is not the loan broker. The loan originator provides services necessary for the origination of the mortgage loan and not duplicative of services provided by the loan broker.

26. Without limitation as to the claims to be asserted in this action, and for exemplary purposes only, Independent Claim 1 of the '841 Patent states:

> 1. A data processing system, comprising:
>
> means for managing the origination of a mortgage loan by a loan originator in coordination with a loan broker distinct from the loan originator for a loan customer distinct from the loan originator using already possessed data for the loan customer, comprising:
>
> means for the loan originator providing services necessary for the origination of the mortgage loan and not duplicative of services provided by the loan broker, further comprising:
>
> means for collecting data regarding the loan customer not previously possessed by the loan originator;
>
> means for generating a loan application for the loan customer regarding the not previously possessed data and the already possessed data regarding the loan customer;

means for generating disclosure documents regarding the mortgage loan and the already possessed data and the not previously possessed data regarding the loan customer; and means for transferring the loan application to the loan broker; and

means for verifying the services are legally compliant with the guidelines of federal and state law.

27. The '435 Patent generally relates to a data processing system and method for a loan broker to manage a mortgage loan. The Abstract of the '435 Patent provides:

> The present invention includes a data processing system and method for a loan broker managing a mortgage loan originated by a loan originator for a loan customer. The loan originator is not the loan broker. The loan originator provides services necessary for the origination of the mortgage loan and not duplicative of services provided by the loan broker.

28. Without limitation as to claims to be asserted in this action and for exemplary purposes only, Independent Claim 1 of the '435 Patent reads:

> 1. A system, comprising:
>
> means for processing a mortgage loan for a loan customer by a loan originator at least partly operating a loan originator computer in coordination with a loan broker distinct from the loan originator, comprising:
>
> means for the loan originator providing services necessary for the origination of the mortgage loan and not duplicative of services provided by the loan broker, further comprising:
>
> means for transferring the loan application data for the loan customer from a loan originator computer to the loan broker computer operated by a loan broker;
>
> means for reviewing the loan application data to determine completeness; and
>
> means for completing the loan application whenever loan application data is incomplete by contacting the loan originator; and
>
> means for verifying the services are legally compliant with the guidelines of federal and state law.

29. The '402 Patent generally relates to a data processing system and method for managing the origination of a mortgage loan by a non-loan broker. The Abstract of the '402 Patent relevantly provides:

> An exemplary embodiment includes a data processing system and method for managing the origination of a mortgage loan by a loan originator in coordination with a loan broker for a loan customer. The loan originator is not the

loan broker. The loan originator provides services necessary for the origination of the mortgage loan and not duplicative services provided by the loan broker.

30. Without limitation as to claims to be asserted in this action and for exemplary purposes only, Independent Claim 1 of the '402 Patent reads:

> 1. A system comprising:
> a graphical user interface adapted to receive loan application data from a loan originator regarding a loan customer, wherein the receipt of loan application data is a first loan originator service;
> one or more storage devices adapted to store the loan application data;
> one or more additional graphical user interfaces for receiving additional data, the receipt of the additional data coordinated by the loan originator, wherein the receipt of additional data is a second loan originator service;
> a processor adapted to generate a loan application based on the loan application data and the additional data; and
> a loan application transfer interface that electronically transfers the loan application to a computer associated with a lender, wherein first and second loan originator services are not duplicative of a lender's services such that the loan originator qualifies for compensation under one or more of:
> a law regulating loan origination compensation,
> a regulation regulating loan origination compensation,
> a guideline relating to loan origination compensation, and
> a licensing requirement regulating loan origination compensation.

V. DEFENDANT'S INFRINGEMENT

31. SunTrust is a mortgage lender and a mortgage servicer. According to SunTrust's website, it is the seventh largest residential mortgage lender and the sixth largest servicer of mortgage loans in the United States. It services loans in all 50 states and the District of Columbia, has its headquarters in Richmond, Virginia, and operates in Alabama, Delaware, Florida, Georgia, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, West Virginia and the District of Columbia.

32. SunTrust's customers include Correspondent/Broker Partners ("loan originators"). A business-to-business interface system that SunTrust offers to these loan originators is STMPartners.com, which is available at www.STMPartners.com. According to SunTrust's

website, the "focus of STMPartners.com is to deliver tools to our clients that will enhance the daily flow of business to SunTrust Mortgage."

33. Upon information and belief, a loan originator may use the STMPartners.com system to, among other things, upload data for a loan application for a loan applicant. The loan originator may upload a form containing the data (such as a 1003 form), download an existing AUS case file (which includes data from a 1003 form, AUS findings and credit information), or the loan originator may enter in data manually. The stored data may be accessed or changed after it has been uploaded to the STMParners.com system.

34. Upon information and belief, the STMPartners.com system prompts the loan originator to also enter additional information. The additional information includes missing data that is required for the AUS or may be based on the selected loan product. For example, if the loan originator selects an "Agency 30yr Fixed" loan product, the STMPartners.com system may request information from the loan originator about whether the loan applicant is self-employed or has been in the applicant's line of work for less than two years.

35. Upon information and belief, other interfaces on the STMPartners.com system allow the loan originator to view application data, generate an application with the application data or to submit the application for review. One such interface is called the "Pipeline." From the Pipeline, a loan originator views the real-time status of loan applications and performs actions with the application, such as access documents, continue/edit the application, copy the application, create a second mortgage, extend an interest rate lock, order credit, request a relock of an interest rate, submit the application to AUS, submit the loan application to SunTrust, view the AUS summary, view a credit summary, view a loan summary, view a transaction summary or withdraw the application.

36. Upon information and belief, the STMPartners.com system also generates disclosure statements, which statements include information in order to facilitate payment of a fee to a loan originator. By way of example only, and upon information and belief, STMPartners.com determines if a particular loan application or portion thereof qualifies the loan originator to receive remuneration. The system also determines the amount of remuneration based on data supplied to the system for the loan application.

37. Upon information and belief, SunTrust had actual knowledge of the '841 and '435 Patents during all times relevant to this action. This knowledge was gained through communications with Sourcetec.

38. Through this Complaint, SunTrust is now also on notice of the '402 Patent. It is believed that SunTrust will not discontinue use of the STMPartners.com system as a result of this notice.

39. SunTrust has and is continuing to infringe upon patent eligible, valid and enforceable claims of the '841, '435 and '402 Patents in violation of 35 U.S.C. § 271(a), (b), and/or (c) by its and its customer's loan originators' use of the STMPartners.com system.

40. SunTrust has no reasonable basis for believing that use of the STMPartners.com system does not infringe at least one patent eligible, valid and enforceable claim of the '841, '435 and '402 Patents, making that infringement willful.

VI. FIRST CLAIM FOR RELIEF
(SunTrust's Patent Infringement – U.S. Patent No. 7,315,841)

41. iSource incorporates by reference each and every allegation in paragraphs 1 through 40 as though fully set forth herein.

42. As described herein, SunTrust has and continues to violate 35 U.S.C. § 271 and is infringing one or more claims of the '841 Patent literally, or under the doctrine of equivalents, by

manufacturing, making, using, selling or offering for sale, in the United States, including the District of Virginia, products embodying the patented inventions claimed in the '841 Patent without authority, and/or has induced and contributed to the direct infringement of the '841 Patent by others by actively instructing, assisting and/or encouraging others to practice one or more of the inventions claimed in the '841 Patent, including but not limited to the STMPartners.com system identified in the preceding paragraphs, which is not a staple article or commodity of commerce suitable for substantial non-infringing use.

43. SunTrust's actions in infringing the '841 Patent have been, and are, willful, deliberate and/or in conscious disregard of iSource's rights, making this an exceptional case within the meaning of 35 U.S.C. § 285 and entitling iSource to the award of its attorneys' fees.

44. iSource has been damaged as a result of SunTrust's infringing conduct. SunTrust is thus liable to iSource in an amount that adequately compensates iSource for such infringement which cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

VII. SECOND CLAIM FOR RELIEF
(SunTrust's Patent Infringement – U.S. Patent No. 7,340,435)

45. iSource incorporates by reference each and every allegation in paragraphs 1 through 44 as though fully set forth herein.

46. As described herein, SunTrust has and continues to violate 35 U.S.C. § 271 and is infringing one or more claims of the '435 Patent literally, or under the doctrine of equivalents, by manufacturing, making, using, selling or offering for sale, in the United States, including the District of Virginia, products embodying the patented inventions claimed in the '435 Patent without authority, and/or has induced and contributed to the direct infringement of the '435 Patent by others by actively instructing, assisting and/or encouraging others to practice one or

more of the inventions claimed in the '435 Patent, including but not limited to the STMPartners.com system identified in the preceding paragraphs, which is not a staple article or commodity of commerce suitable for substantial non-infringing use.

47. SunTrust's actions in infringing the '435 Patent have been, and are, willful, deliberate and/or in conscious disregard of iSource's rights, making this an exceptional case within the meaning of 35 U.S.C. § 285 and entitling iSource to the award of its attorneys' fees.

48. iSource has been damaged as a result of SunTrust's infringing conduct. SunTrust is thus liable to iSource in an amount that adequately compensates iSource for such infringement which cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

VIII. THIRD CLAIM FOR RELIEF
(SunTrust's Patent Infringement – U.S. Patent No. 8,527,402)

49. iSource incorporates by reference each and every allegation in paragraphs 1 through 48 as though fully set forth herein.

50. As described herein, SunTrust has and continues to violate 35 U.S.C. § 271 and is infringing one or more of the '402 Patent literally, or under the doctrine of equivalents, by manufacturing, making, using, selling or offering for sale, in the United States, including the District of Virginia, products embodying the patented inventions claimed in the '402 Patent without authority, and/or has induced and contributed to the direct infringement of the '402 Patent by others by actively instructing, assisting and/or encouraging others to practice one or more of the inventions claimed in the '402 Patent, including but not limited to the STMPartners.com system identified in the preceding paragraphs, which is not a staple article or commodity of commerce suitable for substantial non-infringing use.

51. SunTrust's actions in infringing the '402 Patent have been, and are, willful, deliberate and/or in conscious disregard of iSource's rights, making this an exceptional case within the meaning of 35 U.S.C. § 285 and entitling iSource to the award of its attorneys' fees.

52. iSource has been damaged as a result of SunTrust's infringing conduct. SunTrust is thus liable to iSource in an amount that adequately compensates iSource for such infringement which cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

IX. JURY DEMAND

iSource hereby requests a trial by jury pursuant to Rule 38 of the Federal Rules of Civil Procedure.

X. PRAYER FOR RELIEF

iSource requests that the Court find in its favor and against SunTrust, and grant iSource the following relief:

A. Judgment that one or more claims of the '841 Patent, the '435 Patent and/or the '402 Patent has been infringed, either literally, and/or under the doctrine of equivalents, by SunTrust and/or by others whose infringement has been induced or contributed to by SunTrust;

B. Judgment that SunTrust account for and pay to iSource all damages to and costs incurred by iSource because of SunTrust's infringing activities and other conduct complained of herein in an amount not less than a reasonable royalty;

C. That such damages be trebled where allowed by law for SunTrust's willful infringement;

D. That iSource be granted pre-judgment and post-judgment interest on the damages caused to it by reason of SunTrust's infringing activities and other conduct complained of herein;

E. That this Court declare this an exceptional case and award iSource its reasonable attorney's fees and costs in accordance with 35 U.S.C. § 285;

F. Temporarily, preliminarily and permanently enjoin SunTrust, its officers, directors, employees, agents, servants, and all persons in active concert with any of them, from infringing and/or inducing others to infringe and/or contributing to the infringement of the '841 Patent, the '435 Patent and/or the '402 Patent; and

G. That iSource be granted such other and further relief as the Court may deem just and proper under the circumstances.

Respectfully submitted,

GOODMAN, ALLEN & FILETTI PLLC

Dated: September 20, 2013

By: _____

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