

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

SECUREBUY, LLC,)
)
Plaintiff,) C.A. No. 13-1792-LPS
)
v.) [REDACTED] REDACTED:
) [REDACTED] PUBLIC VERSION
)
CARDINAL COMMERCE CORPORATION,)
) **JURY TRIAL DEMANDED**
)
Defendant.)

SECUREBUY, LLC'S AMENDED COMPLAINT FOR DECLARATORY JUDGMENT

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Dated: April 30, 2014

Plaintiff SecureBuy, LLC (“SecureBuy”), by and through its undersigned counsel, files this first Amended Complaint for a declaratory judgment against Defendant, CardinalCommerce Corporation (“CardinalCommerce”), and alleges as follows:

NATURE OF ACTION

1. This is an action for a declaratory judgment that SecureBuy does not infringe any valid claim of United States Patent Nos. 8,140,429 (“the ‘429 Patent”), 7,051,002 (“the ‘002 Patent”), and 7,693,783 (“the ‘783 Patent”) (collectively “the 3-D Secure Patents”), and for a declaratory judgment that the claims of the 3-D Secure Patents are invalid.

2. A true and correct copy of the ‘429 Patent is attached hereto as Exhibit A.

3. A true and correct copy of the ‘002 Patent is attached hereto as Exhibit B.

4. A true and correct copy of the ‘783 Patent is attached hereto as Exhibit C.

THE PARTIES

5. Plaintiff, SecureBuy, is a limited liability corporation organized and existing under the laws of the state of Mississippi, with its principal place of business located at 605 Crescent Blvd., Suite 200, Ridgeland, MS 39157. SecureBuy is a wholly owned subsidiary of SignatureLink, Inc.

6. On information and belief, CardinalCommerce, is a Delaware corporation, with its principal place of business located at 6119 Heisley Rd., Mentor, OH 44060.

7. On information and belief, the ‘429 Patent was assigned to CardinalCommerce from Chandra Balasubramanian, Francis Sherwin, and Michael A. Keresman, III on March 10, 2010.

8. On information and belief, the '002 Patent was assigned to CardinalCommerce from Chandra Balasubramanian, Francis Sherwin, and Michael A. Keresman, III on June 12, 2003.

9. On information and belief, the '783 Patent was assigned to CardinalCommerce from Chandra Balasubramanian, Francis Sherwin, and Michael A. Keresman, III on August 4, 2006.

10. On information and belief, CardinalCommerce advertises its e-commerce payment authentication products and services on its website to merchants in this District at <http://www.cardinalcommerce.com/about/>. These services include payment authentication for, *inter alia*, e-commerce transactions.

JURISDICTION AND VENUE

11. This action arises under the patent laws of the United States, Title 35 of the United States Code (35 U.S.C. § 1, et. seq.), and under the Federal Declaratory Judgment Act (28 U.S.C. §§ 2201 and 2202).

12. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 (federal question) and 1338(a) (action arising under an Act of Congress relating to patents).

13. This Court has personal jurisdiction over CardinalCommerce because of its incorporation in Delaware so as to make personal jurisdiction proper in this Court. CardinalCommerce also conducts or solicits business within this District at least through its website www.cardinalcommerce.com.

14. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b), (c), and 1400(b).

THE PRESENCE OF AN ACTUAL CONTROVERSY

15. In or about September and October 2013, Michael A. Keresman, Chief Executive Officer of CardinalCommerce, notified Greg Wooten, Chief Executive Officer of SecureBuy, that CardinalCommerce believes that one or more of SecureBuy's products, including SecureBuy 2.0, infringe CardinalCommerce's 3-D Secure Patents. Mr. Keresman further provided Mr. Wooten with a straw man licensing proposal between CardinalCommerce and SecureBuy for the 3-D Secure Patents that could be converted into a licensing agreement up until the end of October 2013.

16. By virtue of CardinalCommerce's actions and licensing proposal that expires October 31, SecureBuy faces an imminent threat of possible infringement liability that may potentially cripple its business at least with respect to sales of its SecureBuy 2.0 platform and services. Accordingly, there is a substantial controversy of sufficient immediacy and reality between SecureBuy and CardinalCommerce to warrant issuance of a declaratory judgment.

17. SecureBuy denies that it infringes any valid claim of the 3-D Secure Patents. SecureBuy now seeks a declaratory judgment that it does not infringe any valid claim of the 3-D Secure Patents.

18. SecureBuy also seeks a declaratory judgment that one or more of the claims of the 3-D Secure Patents are invalid for at least the reason that the claims of the 3-D Secure Patents are anticipated by prior art.

COUNT I

DECLARATORY JUDGMENT OF NON-INFRINGEMENT OF THE '429 PATENT

19. The allegations of paragraphs 1-18 are incorporated by reference as if fully set forth herein.

20. SecureBuy's products and systems, including its SecureBuy 2.0 platform, do not infringe any valid claim of the '429 Patent, including but not limited to claim 1 identified by CardinalCommerce in its presentation of October 10, 2013.

21. SecureBuy has not contributed to and is not contributing to infringement of any claims of the '429 Patent, including but not limited to claim 1, by others.

22. SecureBuy has not induced and is not inducing infringement of any claims of the '429 Patent, including but not limited to claim 1.

23. An actual controversy exists between SecureBuy and CardinalCommerce as to whether or not SecureBuy has infringed, or is infringing, the '429 Patent, has contributed to infringement or is contributing to infringement of the '429 Patent, and has induced infringement or is inducing infringement of the '429 Patent.

24. The controversy is such that, pursuant to Federal Rule of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a declaration, in the form of a judgment, that by its activities SecureBuy has not infringed and is not infringing any valid and enforceable claim of the '429 Patent, has not contributed to infringement and is not contributing to infringement of the '429 Patent, and/or has not induced infringement and is not inducing infringement of the '429 Patent. Such a determination and declaration is necessary and appropriate at this time.

COUNT II

DECLARATORY JUDGMENT OF INVALIDITY OF THE '429 PATENT

25. The allegations of paragraphs 1-24 are incorporated by reference as if fully set forth herein.

26. Based on the above-stated conduct, SecureBuy is informed and believes that CardinalCommerce contends that SecureBuy infringes one or more claims of the '429 Patent.

27. SecureBuy denies that it infringes any valid and enforceable claim of the '429 Patent, and avers that the assertions of infringement cannot be maintained consistently with statutory conditions of patentability and the statutory requirements for disclosure and claiming that must be satisfied for patent validity under at least one of 35 U.S.C. §§ 101, 102, 103, and 112.

28. The claims of the '429 patent, including at least claim 1, are invalid under 35 U.S.C. § 102 based on the prior art as of the applicable priority date.

29. The claims of the '429 patent, including at least claim 1, is invalid under 35 U.S.C. § 103 based on the prior art as of the applicable priority date.

30. The claims of the '429 patent, including at least claim 1, are invalid under 35 U.S.C. § 101 for lack of patentable subject matter based on the abstract nature of the claimed invention.

31. The claims of the '429 patent, including at least claim 1, are invalid under 35 U.S.C. § 112 for failure to meet the requirements for patent specifications, including but not limited to the failure to contain an adequate written description of the invention and /or a failure to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

32. Accordingly, an actual controversy exists between SecureBuy and CardinalCommerce as to the validity of the '429 Patent. The controversy is such that, pursuant to Federal Rules of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a

declaration, in the form of a judgment, that the '429 Patent is invalid. Such a determination and declaration is necessary and appropriate at this time.

COUNT III

DECLARATORY JUDGMENT OF NON-INFRINGEMENT OF THE '002 PATENT

33. The allegations of paragraphs 1-32 are incorporated by reference as if fully set forth herein.

34. SecureBuy's products and systems, including its SecureBuy 2.0 platform, do not infringe any valid claim of the '002 Patent.

35. SecureBuy has not contributed to and is not contributing to infringement of any claims of the '002 Patent by others.

36. SecureBuy has not induced and is not inducing infringement of any claims of the '002 Patent.

37. An actual controversy exists between SecureBuy and CardinalCommerce as to whether or not SecureBuy has infringed, or is infringing, the '002 Patent, has contributed to infringement or is contributing to infringement of the '002 Patent, and has induced infringement or is inducing infringement of the '002 Patent.

38. The controversy is such that, pursuant to Federal Rule of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a declaration, in the form of a judgment, that by its activities SecureBuy has not infringed and is not infringing any valid and enforceable claim of the '002 Patent, has not contributed to infringement and is not contributing to infringement of the '002 Patent, and/or has not induced infringement and is not inducing infringement of the '002 Patent. Such a determination and declaration is necessary and appropriate at this time.

COUNT IV

DECLARATORY JUDGMENT OF INVALIDITY OF THE '002 PATENT

39. The allegations of paragraphs 1-38 are incorporated by reference as if fully set forth herein.

40. Based on the above-stated conduct, SecureBuy is informed and believes that CardinalCommerce contends that SecureBuy infringes one or more claims of the '002 Patent.

41. SecureBuy denies that it infringes any valid and enforceable claim of the '002 Patent, and avers that the assertions of infringement cannot be maintained consistently with statutory conditions of patentability and the statutory requirements for disclosure and claiming that must be satisfied for patent validity under at least one of 35 U.S.C. §§ 101, 102, 103, and 112.

42. The claims of the '002 patent, including at least claim 1, are invalid under 35 U.S.C. § 102 based on the prior art as of the applicable priority date.

43. The claims of the '002 patent, including at least claim 1, is invalid under 35 U.S.C. § 103 based on the prior art as of the applicable priority date.

44. The claims of the '002 patent, including at least claim 1, are invalid under 35 U.S.C. § 101 for lack of patentable subject matter based on the abstract nature of the claimed invention.

45. The claims of the '002 patent, including at least claim 1, are invalid under 35 U.S.C. § 112 for failure to meet the requirements for patent specifications, including but not limited to the failure to contain an adequate written description of the invention and /or a failure to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

46. Accordingly, an actual controversy exists between SecureBuy and CardinalCommerce as to the validity of the '002 Patent. The controversy is such that, pursuant to Federal Rules of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a declaration, in the form of a judgment, that the '002 Patent is invalid. Such a determination and declaration is necessary and appropriate at this time.

COUNT V

DECLARATORY JUDGMENT OF NON-INFRINGEMENT OF THE '783 PATENT

47. The allegations of paragraphs 1-46 are incorporated by reference as if fully set forth herein.

48. SecureBuy's products and systems, including its SecureBuy 2.0 platform, do not infringe any valid claim of the '783 Patent.

49. SecureBuy has not contributed to and is not contributing to infringement of any claims of the '783 Patent by others.

50. SecureBuy has not induced and is not inducing infringement of any claims of the '783 Patent.

51. An actual controversy exists between SecureBuy and CardinalCommerce as to whether or not SecureBuy has infringed, or is infringing, the '783 Patent, has contributed to infringement or is contributing to infringement of the '783 Patent, and has induced infringement or is inducing infringement of the '783 Patent.

52. The controversy is such that, pursuant to Federal Rule of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a declaration, in the form of a judgment, that by its activities SecureBuy has not infringed and is not infringing any valid and enforceable claim of the '783 Patent, has not contributed to infringement and is not contributing to infringement of the '783 Patent, and/or has not induced infringement and is not inducing

infringement of the '783 Patent. Such a determination and declaration is necessary and appropriate at this time.

COUNT VI

DECLARATORY JUDGMENT OF INVALIDITY OF THE '783 PATENT

53. The allegations of paragraphs 1-52 are incorporated by reference as if fully set forth herein.

54. Based on the above-stated conduct, SecureBuy is informed and believes that CardinalCommerce contends that SecureBuy infringes one or more claims of the '783 Patent.

55. SecureBuy denies that it infringes any valid and enforceable claim of the '783 Patent, and avers that the assertions of infringement cannot be maintained consistently with statutory conditions of patentability and the statutory requirements for disclosure and claiming that must be satisfied for patent validity under at least one of 35 U.S.C. §§ 101, 102, 103, and 112.

56. The claims of the '783 patent, including at least claim 1, are invalid under 35 U.S.C. § 102 based on the prior art as of the applicable priority date.

57. The claims of the '783 patent, including at least claim 1, is invalid under 35 U.S.C. § 103 based on the prior art as of the applicable priority date.

58. The claims of the '783 patent, including at least claim 1, are invalid under 35 U.S.C. § 101 for lack of patentable subject matter based on the abstract nature of the claimed invention.

59. The claims of the '783 patent, including at least claim 1, are invalid under 35 U.S.C. § 112 for failure to meet the requirements for patent specifications, including but not limited to the failure to contain an adequate written description of the invention and /or a failure

to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

60. Accordingly, an actual controversy exists between SecureBuy and CardinalCommerce as to the validity of the '783 Patent. The controversy is such that, pursuant to Federal Rules of Civil Procedure 57 and 28 U.S.C. § 2201 et seq., SecureBuy is entitled to a declaration, in the form of a judgment, that the '783 Patent is invalid. Such a determination and declaration is necessary and appropriate at this time.

COUNT VII

DECLARATORY JUDGMENT OF UNENFORCEABILITY

61. The allegations of paragraphs 1-60 are incorporated by reference as if fully set forth herein.

62. At least the three named inventors, Chandra Balasubramanian, Francis Sherwin, and Michael A. Keresman, III, were involved in the filing and prosecution of the applications that led to the patents-in-suit. During prosecution of the patents-in-suit, the inventors each signed declarations acknowledging that they understood their duty to disclose material information to the Patent Office during prosecution of the respective applications as defined by 37 C.F.R. § 1.56.

63. During prosecution of the '002 patent, on August 10, 2005, Cardinal filed a status inquiry touting its involvement in the development of the 3-Domain Secure (3-D Secure) initiatives, which resulted in the Verified by Visa ("VbV") program. Cardinal also stated that it was a founding member in the MasterCard SPA initiative that led to the MasterCard SecureCode authentication program.

64. In both the provisional patent application (60/380,094) that is the priority document for the patents-in-suit, and in the specifications for the patents-in-suit, the Visa VbV and MasterCard

SPA programs and specifications are expressly referenced. In the provisional patent application filed by the inventors, it is claimed that the “VbV plug-in component supports VbV v0.0 and v1.0.1 message specifications.” The Background section of each of the patents-in-suit paraphrases sections of the description of the VbV specification and therefore, the inventors admit and knew about at least the VbV specifications and had knowledge that the VbV specification is prior art to the patents-in-suit.

65. In the provisional patent application to which the patents-in-suit claim priority, CardinalCommerce claimed that it invented conventional implementations of the Visa VbV and MasterCard SPA programs and specifications. See, e.g., page 14 and Diagrams A and B of provisional patent application number 60/380,094. [REDACTED]

66. On information and belief, at least by March 2002, CardinalCommerce had licensed and/or possessed copies of the specifications for the authentication programs by Visa and MasterCard. At least the VbV specification included a developers’ guide entitled, 3-D Secure™ Functional Requirements, Merchant Server Plug-In – Version 1.0 being dated July 13, 2001.

Section 2.4 describes certain options for developers:

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

67. [REDACTED]

68. At no time during the prosecution of any of the applications that led to the patents-in-suit did CardinalCommerce submit to the patent office copies of the Visa VbV or MasterCard SPA specifications upon which they based their provisional and non-provisional applications. Nor did Cardinal explain its role in the development of those programs. Nor did Cardinal explain that the basic idea of moving the MPI from the merchant server to a third party service provider server was Visa's idea, not Cardinal's. Nor did Cardinal explain that Visa contemplated using the credit card number to determine the payment brand for authentication. Nor did Cardinal ever clarify the record that it is not the inventor of the embodiments in the provisional patent application.

69. These Visa VbV and MasterCard SPA specifications are prior art that constitute material, non-cumulative information that is highly relevant to the patentability of the claims of the

patents-in-suit. For example, the specifications disclose different types of configurations including [REDACTED]

[REDACTED] all of which Cardinal and the inventors claim is part of invention claimed in the patents-in-suit.

70. On information and belief, at least the named inventors of the patents-in-suit were aware of the Visa and MasterCard specifications during the prosecution of each of the applications that led to the patents-in-suit, and intentionally withheld that information from the United States Patent and Trademark Office (PTO) in order to deceive the PTO into issuing a patent.

71. The materiality of this and other references not disclosed is further confirmed by Cardinal's official positions asserted in CardinalCommerce Corporation's Objections and Responses to SecureBuy, LLC's First Set of Interrogatories (Nos. 1-10). In those responses, Cardinal states that a number of factors evidence the purported non-obviousness of the '002, '783 and '429 patents, including: (1) that the payments industry was purportedly moving away from the inventions claimed in the patents-in-suit during the relevant time period; (2) that its inventive solutions were purportedly counterintuitive because they increase the number of communications, thereby increasing the time necessary for completing a transaction, and they increase the number of parties receiving highly sensitive, confidential information, which at the time of the invention having more parties with access to that information increased the opportunity for security breaches and fraud; and (3) that a centralized processor operated by a third party unrelated to the merchant and the issuer would have purportedly raised security concerns for one of ordinary skill in the art. These positions are directly contradicted by at least the Visa specification, which suggested the use of [REDACTED]

specifications been provided to the PTO, none of the patents-in-suit would have issued.

72. At least the inventors of the patents-in-suit had knowledge of the reasons why they believed the patents-in-suit are nonobvious, and therefore, knew of the materiality of the VbV and SPA specifications. Thus, the failure of the inventors to provide this information to the PTO amounts to inequitable conduct.

73. On information and belief, Cardinal was aware at least as early as March 18, 2002, when MasterCard International announced that 38 vendors, including CardinalCommerce, had licensed its Secure Payment Application (SPA™) utilizing MasterCard's Universal Cardholder Authentication Field (UCAF™) infrastructure, enabling those vendors to integrate the SPA security solution into new and existing platforms, that many other third parties unrelated to the merchant and the issuer were engaged in implementing at least the MasterCard SPA specification. On information and belief, Cardinal was aware that at least some of these third parties were offering a hosted solution prior to the filing of the patents-in-suit.

74. On information and belief, at least Michael Keresman was aware as early as at least November 1, 2001, prior to the filing date of any of the patents-in-suit, that companies including Cyota and Arcot offered competing solutions to acquirers and issuers, including a universal adapter for both the VbV and SPA specifications. The fact that Cyota and Arcot were offering multiple MPI's well prior to the filing date of the patents-in-suit was highly material to the patentability of the patents-in-suit. On information and belief, Mr. Keresman withheld information about Cyota and Arcot from the PTO, knowing the same to be material, with an intent to deceive the PTO into issuing a patent. Had information on the universal adapters providing multiple MPI's being developed by Cyota and Arcot been disclosed to the Patent and

Trademark Office during prosecution of the patents-in-suit, the examiner would not have found the inventions claimed therein patentable. Thus, these acts constitute inequitable conduct.

75. On June 12, 2003, Cardinal filed PCT application number PCT/US03/18531, claiming priority to the same provisional patent application as the patents-in-suit. On September 11, 2003, Cardinal filed an Australian patent application based on PCT/US03/18531, which published as AU-B-200324352, which was accepted on April 10, 2008 and published for Opposition. On July 24, 2008, Visa Inc. lodged an opposition against AU-B-200324352 asserting it was invalid, *inter alia*, over certain prior art, including information about Cyota.

76. Although the opposition was known to Cardinal in July of 2008, Cardinal and the inventors waited until the Opposition proceeding was terminated in July 2011, before it submitted any information to the patent office about the Opposition. Notably, Cardinal and the inventors failed to submit any of this information, which Cardinal and the inventors knew to be material to the patents-in-suit, in the '783 patent, which did not issue until April 6, 2010. For example, the information included many prior art references not cumulative to the record of the '783 patent that were highly relevant to the patentability of the claims of the '783 patent. These references include at least the references listed on the face of the '429 patent that are not listed on the face of the '783 patent. On information and belief, Cardinal, knowing the information to be material, waited until after the Opposition was concluded before it submitted the information in order to deceive the patent office. However, since the Opposition did not conclude until after the '783 patent issued, none of the information was ever submitted in that patent. By intentionally failing to submit the information in the '783 patent, knowing the same to be material, the inventors of the patents-in-suit committed inequitable conduct.

PRAYER FOR RELIEF

WHEREFORE, SecureBuy prays that:

- A. The Court declare that SecureBuy's systems and products do not infringe any valid claim of the '429 Patent;
- B. The Court declare that the claims of the '429 Patent are invalid under one or more of 35 U.S.C. §§ 101, 102, 103, and 112;
- C. The Court declare that SecureBuy's systems and products do not infringe any valid claim of the '002 Patent;
- D. The Court declare that the claims of the '002 Patent are invalid under one or more of 35 U.S.C. §§ 101, 102, 103, and 112;
- E. The Court declare that SecureBuy's systems and products do not infringe any valid claim of the '783 Patent;
- F. The Court declare that the claims of the '783 Patent are invalid under one or more of 35 U.S.C. §§ 101, 102, 103, and 112;
- G. The Court declare that the '002, '783 and '429 patents are unenforceable;
- H. SecureBuy be awarded its costs in this action; and
- I. SecureBuy be awarded such other and further relieve as this Court deems is just and proper.

DEMAND FOR A JURY TRIAL

In accordance with Federal Rules of Civil Procedure 38, SecureBuy hereby respectfully demands a trial by jury of all issues and claims so triable.

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Dated: April 30, 2014

Respectfully submitted,

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