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12 SOFTVAULT SYSTEMS, INC.

13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**
15 **SAN JOSE DIVISION**

16 SOFTVAULT SYSTEMS, INC.
17 Plaintiff,
18 vs.
19 QUARK SOFTWARE, INC.,
20 Defendant.

CASE NO.

**COMPLAINT FOR INFRINGEMENT
OF
U.S. PATENT NOS. 6,249,868 AND
6,594,765**

JURY TRIAL DEMANDED

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22
23 Plaintiff SOFTVAULT SYSTEMS, INC. files its Complaint against Defendant QUARK
24 SOFTWARE, INC., alleging as follows:

25 **THE PARTIES**

26 1. Plaintiff SOFTVAULT SYSTEMS, INC. ("SOFTVAULT") is a corporation
27 organized and existing under the laws of the State of Washington with its principle place of
28 business in the State of Washington.

1 SYSTEMS.” A true and correct copy of the ‘765 Patent is attached hereto as Exhibit B and
2 made a part hereof.

3 7. The ‘868 Patent and the ‘765 Patent are sometimes referred to herein collectively
4 as “the Patents-in-Suit.”

5 8. As it pertains to this lawsuit, the Patents-in-Suit, very generally speaking, relate to
6 a method and system of protecting electronic, mechanical, and electromechanical devices and
7 systems, such as for example a computer system, and their components and software from
8 unauthorized use. Specifically, certain claims of the ‘868 and ‘765 Patents disclose the
9 utilization of embedded agents within system components to allow for the enablement or
10 disablement of the system component in which the agent is embedded. The invention disclosed
11 in the Patents-in-Suit discloses a server that communicates with the embedded agent through the
12 use of one or more handshake operations to authorize the embedded agent. When the embedded
13 agent is authorized by the server, it enables the device or component, and when not authorized
14 the embedded agent disables the device or component.

15 **FIRST CLAIM FOR RELIEF**

16 **(Patent Infringement)**

17 9. SoftVault repeats and realleges every allegation set forth above.

18 10. SoftVault is the owner of the Patents-in-Suit with the exclusive right to enforce
19 the Patents-in-Suit against infringers, and collect damages for all relevant times, including the
20 right to prosecute this action.

21 11. Upon information and belief, Quark is liable under 35 U.S.C. §271(a) for direct
22 infringement of the Patents-in-Suit because it manufactures, makes, has made, uses, practices,
23 imports, provides, supplies, distributes, sells, and/or offers for sale products and/or systems that
24 practice one or more claims of the Patents-in-Suit.

25 12. Upon information and belief, Quark is also liable under 35 U.S.C. §271(b) for
26 inducing infringement of, and under 35 U.S.C. §271(c) for contributory infringement of the
27 Patents-in-Suit because it manufactures, makes, has made, uses, practices, imports, provides,
28

1 supplies, distributes, sells, and/or offers for sale products and/or systems that practice one or
2 more claims of the Patents-in-Suit.

3 13. More specifically, Quark infringes the Patents-in-Suit because it manufactures,
4 makes, has made, uses, practices, imports, provides, supplies, distributes, sells, and/or offers for
5 sale products and systems which prevent unauthorized use of a computer system through the
6 ability to enable or disable the operation of a device's components through an authorization
7 process performed by an embedded agent in the application software and a server, known as
8 product activation. Upon information and belief, many of Quark's software applications include
9 the accused product activation features, including its QuarkXPress, QuarkCopyDesk, and Quark
10 Print Collection applications which communicate with a Quark License Administrator (QLA)
11 server to activate the products.

12 14. All Quark products which include its product activation features have, at a
13 minimum, in the past directly infringed and continue to directly infringe at least Claim 44 of the
14 '868 Patent, as well as at least Claim 11 of the '765 Patent.

15 15. Quark includes the product activation features in its software applications to
16 enforce licensing policies and ensure that only authorized copies of Quark software applications
17 may be installed and used on a client computer. The product activation feature requires that a
18 portion of the code in the installed Quark application communicate with a Quark license server,
19 called Quark License Administrator (QLA), over the Internet to activate (or enable) the
20 application. Each time a Quark application is launched, the product activation feature sends a
21 request for a license to the QLA server. The QLA server exchanges messages constituting a
22 handshake operation with the product activation code in the application to obtain a valid license
23 for the application. When the product activation code in the application obtains a valid license
24 from the QLA server, it enables the application in which it is embedded to operate normally.
25 When the product activation code does not receive a valid license from the QLA server, the
26 application is disabled.

27 16. By providing these systems, Quark has, in the past and continues to induce its
28 customers and/or end users to infringe at least Claim 44 of the '868 Patent, as well as at least

1 Claim 11 of the '765 Patent. For example, end users of the accused products directly infringe at
2 least Claim 44 of the '868 Patent, as well as at least Claim 11 of the '765 Patent, when using or
3 employing these systems.

4 17. On information and belief, Quark possessed a specific intent to induce
5 infringement by at a minimum, providing user guides and other sales-related materials, by way
6 of advertising, solicitation, and provision of product instruction materials, instructing its
7 customers and end users on the normal operation of the accused products that infringe the
8 Patents-in-Suit.

9 18. Quark has actual notice of the Patents-in-Suit at least as early as the filing of this
10 Complaint. Therefore, Quark had knowledge of, or was willfully blind to, the existence of the
11 Patents-in-Suit since the time of the filing of this Complaint, if not earlier.

12 19. By providing these systems, Quark has, in the past and continues to contribute to
13 the infringement of its customers and/or end users of at least Claim 44 of the '868 Patent, as well
14 as at least Claim 11 of the '765 Patent.

15 20. Upon information and belief, the product activation feature within Quark's
16 accused products has no substantial non-infringing uses, and Quark knows that the product
17 activation feature is especially made or especially adapted for use in a product that infringes the
18 Patents-in-Suit.

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

23 **PRAYER FOR RELIEF**

24 SoftVault requests that the Court find in its favor and against Quark, and that the Court
25 grant SoftVault the following relief:

- 26 a. Judgment that one or more claims of the Patents-in-Suit have been infringed,
27 either literally and/or under the doctrine of equivalents, by Quark;

- 1 b. Judgment that Quark account for and pay to SoftVault all damages to and costs
2 incurred by SoftVault because of Quark' infringing activities and other conduct
3 complained of herein;
- 4 c. That Quark, its officers, agents, servants and employees, and those persons in
5 active concert and participation with any of them, be permanently enjoined from
6 infringement of the Patents-in-Suit. In the alternative, if the Court finds that an
7 injunction is not warranted, SoftVault requests an award of post judgment royalty
8 to compensate for future infringement;
- 9 e. That SoftVault be granted pre-judgment and post-judgment interest on the
10 damages caused to it by reason of Quark' infringing activities and other conduct
11 complained of herein;
- 12 f. That this Court declare this an exceptional case and award SoftVault its
13 reasonable attorney's fees and costs in accordance with 35 U.S.C. § 285; and
- 14 g. That SoftVault be granted such other and further relief as the Court may deem just
15 and proper under the circumstances.

16 **JURY DEMAND**

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

19 DATED: June 25, 2015.

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