

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

INTELLECTUAL VENTURES I LLC §
and §
INTELLECTUAL VENTURES II LLC §

Plaintiffs, §

v. §

HCC Insurance Holdings, Inc., §
HCC Life Insurance Company; §
HCC Specialty Insurance Company; §
HCC Specialty Underwriters, Inc.; §
Houston Casualty Company; §
and §
Professional Indemnity Agency, Inc. §

Defendants. §

Civil Action No.

JURY TRIAL DEMANDED

ORIGINAL COMPLAINT FOR PATENT INFRINGEMENT

Plaintiffs file this Original Complaint for Patent Infringement against HCC Insurance Holdings, Inc., HCC Life Insurance Company, HCC Specialty Company, HCC Specialty Underwriters, Inc., Houston Casualty Company, and Professional Indemnity Agency, Inc. (“HCC” or “Defendants”); and allege as follows:

I. NATURE OF THE SUIT

1. This is a claim for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code.

II. THE PARTIES

2. Plaintiff **Intellectual Ventures I LLC** (“Intellectual Ventures I”) is a Delaware

limited liability company having its principal place of business located at 3150 139th Ave. SE, Bellevue, Washington 98005.

3. Plaintiff **Intellectual Ventures II LLC** (“Intellectual Ventures II”) is a Delaware limited liability company having its principal place of business located at 3150 139th Ave. SE, Bellevue, Washington 98005.

4. Defendant **HCC Insurance Holdings, Inc.** is a Delaware corporation that underwrites and markets insurance products throughout the United States, including the State of Texas and this District from its principal office in Houston, Texas. HCC Insurance Holdings, Inc. may be served through its registered agent National Registered Agents, Inc., 1999 Bryan St., Ste. 900, Dallas, Texas 75201.

5. Defendant **HCC Life Insurance Company** is an Indiana corporation authorized to conduct insurance business in the State of Texas, including this District. HCC Life Insurance Company may be served through its registered agent National Registered Agents, Inc., 1999 Bryan Street, Suite 900, Dallas, Texas 75201.

6. Defendant **HCC Specialty Insurance Company** is an Oklahoma corporation authorized to conduct insurance business in the State of Texas, which it does from its offices located in this District at 5601 Granite Parkway, 11th Floor, Plano, Texas 75024. HCC Specialty Insurance Company may be served through its registered agent J. Angela Ables, 201 S. Kerr, Suite 600, Oklahoma City, OK 73102.

7. Defendant **HCC Specialty Underwriters, Inc.** is a corporation organized and existing under the laws of the commonwealth of Massachusetts and authorized to conduct business in the State of Texas, including this District. HCC Specialty Underwriters, Inc. may be

served through its registered agent National Registered Agents, Inc., 1999 Bryan Street, Suite 900, Dallas, Texas 75201.

8. Defendant **Houston Casualty Company** is a Texas corporation and authorized to conduct insurance business in the State of Texas, including this District. Houston Casualty Company may be served with process according to Chapter 804 of the Texas Insurance Code by serving its the president, an active vice president, secretary, or attorney in fact at its principal place of business at 13403 Northwest Freeway, Houston, Texas 77040.

9. Defendant **Professional Indemnity Agency, Inc.** is a New Jersey corporation authorized to conduct business in the State of Texas including this District. Professional Indemnity Agency, Inc. may be served through its registered agent National Registered Agents, Inc., 1999 Bryan St., Ste. 900, Dallas, Texas 75201.

III. JURISDICTION AND VENUE

10. This action arises under the patent laws of the United States, Title 35 of the United States Code. Thus, this Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).

11. Defendants maintain continuous and systematic contacts within this District through their relationship with insurance brokers, agents, adjusters, and customers. Through these contacts, Defendants encourage agents throughout the district to sell and market their insurance services to businesses and individuals throughout this District. Defendants also collect premium payments from businesses and individuals throughout this District. And Defendants receive, process, and adjust claims either directly or through independent adjusters throughout this District, where such claims are based on events that have occurred within this District. On

information and belief at least one defendant, HCC Specialty Insurance Company, maintains offices and employees in this District at its facility in Plano, Texas 75024.

12. This Court has specific personal jurisdiction over each Defendant pursuant to due process because each Defendant resides in this District. Additionally, each Defendant, directly or through intermediaries, has conducted and conducts substantial business in this forum, including but not limited to: (i) engaging in at least part of the infringing acts alleged herein; (ii) purposefully and voluntarily placing one or more infringing products or services into the stream of commerce with the expectation that they will be purchased by consumers in this forum; and/or (iii) regularly doing or soliciting business, engaging in other persistent courses of conduct, or deriving substantial revenue from goods and services provided to individuals in Delaware and in this District.

13. On information and belief, HCC Insurance Holdings, Inc., directly or through intermediaries, has conducted or conducts substantial business in this District.

14. On information and belief, HCC Life Insurance Company, directly or through intermediaries, has conducted or conducts substantial business in this District.

15. On information and belief, HCC Specialty Insurance Company maintains at least one office in this District in Plano, Texas.

16. On information and belief, HCC Specialty Underwriters, Inc., directly or through intermediaries, has conducted or conducts substantial business in this District.

17. On information and belief, Houston Casualty Company, directly or through intermediaries, has conducted or conducts substantial business in this District.

18. On information and belief, Professional Indemnity Agency, Inc., directly or through intermediaries, has conducted or conducts substantial business in this District.

19. Venue is proper in this Court under 28 U.S.C. §§ 1391(b)-(d) and 1400(b) for at least the reasons set forth above.

IV. BACKGROUND

20. Intellectual Ventures was founded in 2000 on the fundamental premise that inventions are valuable. Since its founding, Intellectual Ventures has built on this premise by working to ensure that a market for invention continues to thrive. Intellectual Ventures creates inventions and files patent applications for those inventions, collaborates with others to develop and patent inventions, and acquires and licenses patents from individual inventors, universities, and other institutions. A significant aspect of Intellectual Ventures' business is managing the intellectual property owned and controlled by Plaintiffs such as the patents at issue in this case.

21. Intellectual Ventures' business includes purchasing important inventions from individual inventors and institutions and then licensing the inventions to those who need them. Through this business, Intellectual Ventures allows inventors to reap a financial reward from their innovations, which is frequently difficult for individual inventors to do. To date, Intellectual Ventures has acquired more than 70,000 patent assets and, in the process, has paid individual inventors hundreds of millions of dollars for their inventions. Intellectual Ventures has committed over \$6 billion in capital for inventions. Intellectual Ventures, in turn, has earned more than \$3 billion by licensing these patents to some of the world's most innovative and successful technology companies who continue to use them to make computer equipment, software, semiconductor devices, and a host of other products.

22. Intellectual Ventures also creates inventions. Intellectual Ventures has a staff of scientists and engineers who develop ideas in a broad range of fields, including agriculture, computer hardware, life sciences, medical devices, semiconductors, and software. Intellectual

Ventures has invested millions of dollars developing such ideas and files hundreds of patent applications on its inventions every year, making it one of the top patent filers in the world. Intellectual Ventures has also invested in laboratory facilities to assist with the development and testing of new ideas.

23. Intellectual Ventures also invents by collaborating with inventors and research institutions around the world. Intellectual Ventures has developed inventions by selecting a technical challenge, requesting proposals for inventions to solve the challenge from inventors and institutions, selecting the most promising ideas, rewarding the inventors and institutions for their contributions, and filing for patents on the ideas. Intellectual Ventures has invested millions of dollars in this way and has created a network of more than 4,000 inventors worldwide.

24. Defendants are an insurance holding company and its subsidiary companies that collect premiums from policyholders and insureds. Defendants build wealth for their stockholder by maximizing their collected premium dollars and minimizing the claims they pay to their customers. Plaintiffs contend that Defendants maximize their profits in part by using systems and methods that implement the inventions of the patents-at-issue and refusing to compensate the patent owners for that use.

25. This cause of action asserts infringement of patents that Intellectual Ventures acquired as part of its effort to create an efficient market for inventions. This case involves United States Patent No. 6,516,442 B1, entitled “Channel Interface and Protocols for Cache Coherency In a Scalable Symmetric Multiprocessor System” (the “442 Patent”); United States Patent No. 7,516,177 B2, entitled “Apparatus for Distributing Content Objects to a Personalized Access Point of a User of a Network-Based Environment and Method” (the “177 Patent”); United States Patent No. 7,757,298 B2, entitled “Method and Apparatus for Identifying and

Characterizing Errant Electronic Files” (the “’298 Patent”); and United States Patent No. 7,949,752 B2, entitled “Network System Extensible by Users” (the “’752 Patent”) (collectively, the “Patents-in-Suit”).

26. On February 4, 2003, the ’442 Patent was duly and lawfully issued by the United States Patent & Trademark Office (“PTO”). A copy of the ’442 Patent is attached hereto as Exhibit A.

27. On April 7, 2009, the ’177 Patent was duly and lawfully issued by the PTO. A copy of the ’177 Patent is attached hereto as Exhibit B.

28. On July 13, 2010, the ’298 Patent was duly and lawfully issued by the PTO. A copy of the ’298 Patent is attached hereto as Exhibit C.

29. On May 24, 2011, the ’752 Patent was duly and lawfully issued by the PTO. A copy of the ’752 Patent is attached hereto as Exhibit D.

30. Intellectual Ventures I LLC is the owner and assignee of all right, title, and interest in and to the ’298 and ’752 Patents and holds the right to sue and recover damages for infringement thereof, including past damages.

31. Intellectual Ventures II LLC is the owner and assignee of all right, title, and interest in and to the ’442 and ’177 Patents and holds the right to sue and recover damages for infringement thereof, including past damages.

32. Defendants provide insurance services throughout the United States, including personal and commercial property and casualty lines of insurance, among other insurance products and services. Defendants provide these services in part through online service platforms, which include but are not limited to the following websites: <http://www.hcc.com/>; <https://portal.hcch.com/>; and <https://www.totaleventinsurance.com/>. Defendants use and maintain

additional computer systems and software in the course of their business to provide, maintain, and service their insurance brokers, agents, adjusters, and customers. In connection with these online services, computer systems, and other software systems, Defendants infringe one or more claims of the '442 Patent, '177 Patent, '298 Patent, and '752 Patent.

V. CLAIMS

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

34. Based on the above-described services and products, Intellectual Ventures asserts several causes of action against Defendants. These causes of action are detailed as follows:

A. Direct Infringement of the '442 Patent

35. Defendants have directly infringed and continue to infringe at least claim 1 of the '442 Patent in violation of 35 U.S.C. § 271(a) by making and using in the United States, without Plaintiffs' authority, computer storage array systems that contain a matrix of switches, data channels, microprocessors, and memory, and perform error correction and data integrity operations within the system. By way of example only and without limiting Plaintiffs' claims to this specific example, Defendants HCC Life Insurance Company and its parent, HCC Insurance Holdings, Inc., infringe at least claim 1 of the '442 Patent by implementing, making, and using multiprocessor switch-fabric storage arrays built on a scalable virtual matrix design. Plaintiffs further contend that each Defendant utilizes a similar storage array in a manner that infringes the claims of the '442 Patent.

B. Direct Infringement of the '177 Patent

36. Defendants have directly infringed and continue to infringe at least claim 4 of the '177 Patent in violation of 35 U.S.C. § 271(a) by making and using in the United States, without Plaintiffs' authority, system(s) used to implement the portal websites accessed via <https://portal.hcch.com> and <https://www.totaleventinsurance.com/app/broker/brokerlogin.aspx>. By way of example only and without limiting Plaintiff's claims to this specific example, Defendants HCC Life Insurance Company and its parent HCC Insurance Holdings, Inc. infringe at least claim 1 of the '177 Patent through their implementation and use of systems that implement the portal website <https://portal.hcch.com>. Additionally on information and belief, Defendants HCC Specialty Insurance Company, HCC Specialty Underwriters, Inc., Professional Indemnity Agency, Inc., and their parent HCC Insurance Holdings, Inc. infringe at least claim 1 of the '177 Patent through their implementation and use of systems that implement the portal website <https://www.totaleventinsurance.com/>. Plaintiffs further contend that each Defendant utilizes a similar portal website in a manner that infringes the claims of the '177 Patent.

C. Direct Infringement of the '298 Patent

37. Defendants have directly infringed and continue to infringe at least claim 1 of the '298 Patent in violation of 35 U.S.C. § 271(a) by making and using in the United States, without Plaintiffs' permission, their computer systems methods that use the patented systems and methods for identifying and characterizing errant files such as potential computer viruses. By way of example only and without limitation, Plaintiffs contend that Defendant HCC Insurance Holdings, Inc., on behalf of itself and for all of its subsidiaries, has implemented, used, and continues to use enterprise virus scanning software and services that search for and identify potential computer virus files in a way that infringes at least claim 1 of the '298 Patent. Plaintiffs

further contend that each Defendant uses similar enterprise wide scanning software in a manner that infringes the claims of the '298 Patent.

D. Direct Infringement of the '752 Patent

38. Defendants have directly infringed and continue to infringe at least claim 24 of the '752 Patent in violation of 35 U.S.C. § 271(a) by making and using in the United States, without Plaintiffs' permission, computer systems that use the patented systems and methods for utilizing network-based agents that consume service resources, such as computer memory and storage. By way of example only and without limitation, Plaintiffs contend that at least Defendants HCC Life Insurance Company and its parent, HCC Insurance Holdings, Inc., have infringed and continue to infringe claim 24 of the '752 Patent by implementing and using an enterprise network-based backup software. Plaintiffs further contend that each Defendant utilizes a similar enterprise network-based backup system that infringes the claims of the '752 Patent.

VI. VICARIOUS LIABILITY

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

40. Defendants HCC Insurance Holdings, Inc. and Houston Casualty Company conduct substantial business through the conduct of their subsidiaries. Plaintiffs contend that through control of its subsidiaries, Defendant HCC Insurance Holdings, Inc. and Houston Casualty Company engage in business throughout the world and markets its insurance products through a network of independent agents and brokers, through managing general agents that are owned directly and indirectly by Defendant HCC Insurance Holdings, Inc., Houston Casualty Company, and their subsidiaries, and directly through its subsidiaries to consumers. Defendants HCC Insurance Holdings, Inc., Houston Casualty Company, and their subsidiaries, which

include at least its co-defendant HCC Life Insurance Company, HCC Specialty Insurance Company, HCC Specialty Underwriters, Inc., and Professional Indemnity Agency, Inc., engage in the above-described conduct jointly and as part of an overall business strategy. Defendants share a common business objective, common offices, and common directors in such a way as to make the conduct of one equivalent to the conduct of all. As such, Plaintiffs contend that all Defendants are individually liable for their infringing conduct and are vicariously liable and/or jointly and severally liable for the infringing conduct of each other as well as their subsidiary entities.

VII. NOTICE

41. The allegations of paragraphs 1-40 above are incorporated by reference as if fully set forth herein.

42. At least by filing and serving this Original Complaint for Patent Infringement, Intellectual Ventures has given Defendants written notice of their infringement.

VIII. DAMAGES

43. The allegations of paragraphs 1-42 above are incorporated by reference as if fully set forth herein.

44. For the above-described infringement, Intellectual Ventures has been injured and seeks damages to adequately compensate it for Defendants' infringement of the '442, '177, '298, and '752 Patents. Such damages should be no less than the amount of a reasonable royalty under 35 U.S.C. § 284.

45. Plaintiffs further request a permanent injunction preventing Defendants and their officers, directors, agents, servants, employees, attorneys, licensees, successors, and assigns, and

those in active concert or participation with any of them, from infringing any of the patents-in-suit.

IX. JURY DEMAND

46. Plaintiffs request a jury trial of all issues triable of right by a jury.

PRAYER FOR RELIEF

WHEREFORE, Intellectual Ventures respectfully requests the following relief:

a. A judgment in favor of Intellectual Ventures that each Defendant has infringed the '442, '177, '298, and '752 Patents, whether literally or under the doctrine of equivalents, as described herein;

b. A judgment and order requiring each Defendant to pay Intellectual Ventures its damages under 35 U.S.C § 284, including supplemental damages for any continuing post-verdict infringement up until entry of the final judgment, with an accounting, as needed, and enhanced damages for willful infringement as provided by 35 U.S.C. § 284;

c. A permanent injunction enjoining each Defendant from continuing to infringe the '442, '177, '298, and '752 Patents;

d. A judgment and order requiring Defendants to pay Plaintiffs the costs of this action (including all disbursements);

e. A judgment and order requiring Defendants to pay Plaintiffs pre-judgment and post-judgment interest on the damages award;

f. A judgment and order requiring that in the event a permanent injunction preventing future acts of infringement is not granted, that Plaintiffs be awarded a compulsory ongoing licensing fee; and

g. Such other and further relief as the Court deems just and proper.

Respectfully submitted,



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