

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No. 1:16-cv-01006

GEMALTO S.A.,

Plaintiff,

v.

CPI CARD GROUP INC.,

Defendant.

Jury Trial Demanded

ORIGINAL COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff Gemalto S.A. (“Gemalto”) files this Complaint against Defendant, CPI Card Group Inc. (“CPI”) and alleges as follows:

Parties

1. Plaintiff Gemalto S.A., is a French corporation whose principal place of business is located in Meudon, France.
2. Defendant CPI Card Group Inc. is a corporation organized under the laws of the State of Delaware, having its principal place of business at 10368 West Centennial Road, Littleton, CO 80127.

Jurisdiction

3. This Court has subject matter jurisdiction over the claims set forth below based on applicable statutory provisions, including 28 U.S.C. §§ 1331 and 1338(a), because this action arises under the patent laws of the United States, 35 U.S.C. §§ 1 *et seq.*

4. This Court has general and specific personal jurisdiction over CPI. CPI resides in this judicial district and solicits and transacts business in this judicial district on a regular basis. Furthermore, upon information and belief, CPI has committed and continues to commit acts of patent infringement in this judicial district, as set forth below. In conducting its business in this judicial district, CPI derives substantial revenue from its patent infringement.

Venue

5. Venue is proper in the District of Colorado under 35 U.S.C. §§ 1391(b), 1391(c), 1391(d), and 1400(b) because CPI has committed acts within this judicial district giving rise to this action, and CPI has conducted and continues to conduct business in this judicial district, including one or more acts of using, selling, and offering to sell its infringing products and/or services in this judicial district.

6. Venue in the District of Colorado is also proper because the instant case is related to *Gemalto S.A. v. CPI Card Group, Inc.*, 1:15-cv-02776-RM-MJW, currently pending in this judicial district.

7. Venue in the District of Colorado is also proper because the majority of CPI's documents and relevant evidence are located at, or can be easily obtained at or transferred to, CPI's offices within this judicial district. Additionally, numerous potentially relevant witnesses are also located within this judicial district, and/or regularly and systematically travel to CPI's offices in this district.

Background Facts

8. On September 7, 2004, the United States Patent & Trademark Office ("USPTO") issued U.S. Patent No. 6,786,418 ("the '418 Patent"), entitled "Smart Card Customizing

System,” to Gemplus (“Gemplus”) as assignee. A true and correct copy of the ’418 Patent is attached as Exhibit A.

9. By operation of a series of assignments, Gemalto is the owner of all right, title, and interest in the ’418 Patent, including the right to recover damages for past, present, and future infringement of the patent and the right to seek injunctive relief against infringement of the patent. More specifically, Gemalto is the owner of the ’418 Patent by virtue of: (1) a Nunc Pro Tunc Confirmatory Assignment of Patent Rights executed by Francois Maurel on May 2, 2016; (2) an Assignment of Patent Rights executed by Francois Maurel on May 2, 2016; and (3) an assignment by reason of merger and absorption of Gemplus S.A. into Axalto S.A. and the concurrent name change of the resulting merged corporation to Gemalto S.A.

10. The technology of the ’418 Patent relates to customization or personalization of microcircuit cards (also referred to as “smart cards” and/or “chip cards”). Smart card technology includes payment cards such as credit and debit cards that are embedded with microchip technology in addition to, or in lieu of, a magnetic stripe. A smart card requires personalization (which includes, for example, storage of the user’s financial account information, PIN number, etc.) in order to enable the user to use the card.

11. On information and belief, CPI’s smart cards issued to individual users that are intended to be linked to the users’ own financial accounts require customization or personalization before the user may use the card to perform ordinary and customary financial transactions.

12. CPI’s website states that “[a]s a leading provider of integrated credit, debit and prepaid debit card solutions in North America, [CPI is] well positioned to support our customers in the U.S. market conversion to EMV (Smart Cards). We serve our customers through a

network of nine production and personalization facilities, including seven PCI-compliant high-security facilities in North America, which are each certified by one or more of the card payment brands — Visa, MasterCard, American Express, Discover, and Canada's Interac.” (<http://www.cpicardgroup.com/our-solutions/emv/>, last accessed May 2, 2016).

13. CPI’s website further states that “Personalization & Fulfillment -- CPI delivers secure, high-quality personalization and fulfillment services. With multiple certified production facilities, state-of-the-art equipment, and proven quality assurance processes, CPI is the best choice to support your card programs. We support a variety of card personalization technologies, including EMV cards, contactless cards, custom cards, instant card issuance and more.” (<http://www.cpicardgroup.com/our-solutions/secure-payment/#personalization>, last accessed May 2, 2016).

14. One of CPI’s smart card personalization systems is marketed under the trademark Card@Once[®] and is described by CPI on its website as follows: “Instant Issuance -- Card@Once[®] provides a secure on-site hardware and software solution to instantly issue magnetic stripe and EMV permanent [*sic* – payment] cards. Instant card issuance is ideal for financial institutions, credit unions, payday loan, money transfer and smaller retail outlets, allowing issuers the opportunity to educate customers on the proper usage of their new EMV chip card. Customers walk away with a fully-activated ready-to-use credit or debit payment card.” (<http://www.cpicardgroup.com/our-solutions/secure-payment/#personalization>, last accessed May 2, 2016).

15. CPI’s website further states that “Card@Once[®] is an innovative, secure, cost-effective approach to in-branch card issuance that is easy to implement, manage, and maintain.

Cardholders can walk away with a personalized payment card and use it immediately.” (<http://www.cpicardgroup.com/our-solutions/instant-issuance/>, last accessed May 2, 2016).

16. Elements of CPI’s Card@Once[®] smart card customization/personalization system are described by CPI as follows (at <http://www.cpicardgroup.com/our-solutions/instant-issuance/cardatonce/>, last accessed May 2, 2016):

Desktop payment card printer for instant issue debit and credit cards.

Card@Once[®] provides a best-in-class solution, making instant card issuance convenient for institutions of any size. With advanced customization capabilities and high-performance design, Card@Once[®] provides a comprehensive program to help you increase customer satisfaction and card usage while simultaneously reducing overall card issuance costs.

Card@Once[®] printers are perfectly suited for today’s branch layout. With their small and compact size, they require little countertop space and easily fit into tight work spaces. The printer is also virtually noiseless to operate and can be used throughout the branch without disturbing operations.

How Card@Once[®] Works

Our patented Card@Once[®] technology is quick and flexible. With our software as a service delivery model, card information is entered and a card design is selected, the card data is then encrypted, transmitted for processing to CPI, and returned to the printer where the card is programmed and printed — all in seconds. Your cardholder walks away with their card in hand. It’s that simple – it’s that fast!

17. Upon information and belief, as suggested by CPI's statement that its Card@Once[®] technology is patented, certain elements and functionalities of CPI's Card@Once[®] system are described in U.S. Patent No. 8,429,075. CPI has previously stated that "the above U.S. Patent [8,429,075] applies to EFT Source products, including but not limited to the Card@Once (registered) printer. US Patent No: 8429075. EFT is a CPI Card Group Company." (March 2, 2015 Press Release titled CPI Card Group Selected as ICBA's Preferred Service Provider for Instant Issuance for Community Banks with Card@Once Solution, <http://www.cpicardgroup.com/press-releases/cpi-card-group-selected-as-icbas-preferred-service-provider-for-instant-issuance-for-community-banks-with-cardonce-solution/>, last accessed May 2, 2016).

18. Gemalto has attempted to engage in negotiations with one or more representatives of CPI regarding licensing of Gemalto's patent portfolio since April 17, 2015.

19. After several attempts by Gemalto to resolve this matter, in a letter dated September 9, 2015 from David S. Bloch of Winston & Strawn LLP, CPI's counsel, CPI indicated that it "declines [Gemalto's] invitation to enter licensing negotiations."

Count I – Infringement of the '418 Patent

20. Gemalto incorporates the allegations contained in paragraphs 1-19 above as if set forth verbatim herein.

21. Gemalto holds all legal title, interest, and rights in the '418 Patent.

22. CPI did not and does not have a license or any right under the '418 Patent.

23. CPI has not and does not have any objectively sound or good faith basis to believe that it has the right to make, use, import, offer to sell, and/or sell products and/or processes within the scope of protection of the '418 Patent.

24. On information and belief, CPI has and continues to manufacture, use, sell, and offer to sell, without authority from Gemalto, its systems for customizing smart cards (including by way of example only, its CPI's Card@Once[®] smart card instant issuance system).

25. On information and belief, CPI's manufacture, use, sale, and offer to sell at least its Card@Once[®] smart card instant issuance system, infringes at least claims 1 and 7 of Gemalto's '418 Patent, as demonstrated by Exhibit B filed herewith, titled CLAIM CHART FOR INFRINGEMENT OF U.S. PATENT NO. 6,786,418, "Smart Card Customizing System" – CPI's Card@Once[®] System."

26. On information and belief, from at least the time of filing of this Complaint, CPI's infringement has been and continues to be with full knowledge of the '418 Patent and therefore is deliberate and willful.

27. Unless CPI's infringement is permanently enjoined, Gemalto will continue to be damaged and irreparably harmed.

Demand for Trial by Jury

Gemalto demands a jury trial on all issues so triable, pursuant to Rule 38 of the Federal Rules of Civil Procedure.

Prayer For Relief

WHEREFORE, Gemalto prays for the following relief:

1. A declaration that CPI has infringed and continues to infringe one or more claims of the '418 Patent and is liable to Gemalto for infringement;
2. A declaration that the '418 Patent is not invalid, and is enforceable;
3. A permanent injunction against CPI and its parents, subsidiaries, affiliates, officers, directors, agents, servants, employees, successors and assigns and all

others in active concert or participation with any of the foregoing from any further acts of infringement, including contributing to and/or inducing infringement, of the '418 Patent;

4. An award of damages, including pre-judgment and post-judgment interest, in an amount adequate to compensate Gemalto for CPI's infringement of the '418 Patent, and that the damages be trebled pursuant to 35 U.S.C. § 284;
5. An equitable accounting of damages owed by CPI for the period of infringement of the '418 Patent, following the period of damages established by Gemalto at trial;
6. A finding that this case is exceptional and an award of attorneys' fees pursuant to 35 U.S.C. § 285;
7. An award of costs, expenses, and disbursements; and
8. Such other and further relief as the Court deems Gemalto may be entitled to in law and equity.

Dated: May 3, 2016

GEMALTO S.A., by its Attorneys:

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