

POLSINELLI LLP
CHRIS HOLM (SBN 249388)
cholm@polsinelli.com
WES M. KLIMCZAK (SBN: 294314)
wklimczak@polsinelli.com
2049 Century Park East, Suite 2900
Los Angeles, CA 90067
Telephone: (310) 556-1801
Facsimile: (310) 556-1802

Attorneys for Plaintiff
UPAID SYSTEMS, LTD.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

UPAID SYSTEMS, LTD.,

Plaintiff,

v.

MONTEREY EXPRESS WASH
(CORPORATE ENTITY STATUS
UNKNOWN),

Defendant.

CASE NO. 18-2551

**COMPLAINT FOR PATENT
INFRINGEMENT AND DEMAND
FOR JURY TRIAL**

Plaintiff Upaid Systems, Ltd. (“Upaid” or “Plaintiff”) complains of
Defendant Monterey Express Wash, corporate entity status unknown
 (“Defendant”), as follows:

NATURE OF LAWSUIT

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

PARTIES

2. Plaintiff Upaid is a business company organized under the law of the
British Virgin Islands. Its principal place of business is located at Trident
Chambers, Wickhams Cay, Road Town, Tortola, British Virgin Islands.

1 3. Since 1998, Upaid has been innovating and developing new payment
2 products around the world. Upaid was one of the first companies to offer a mobile
3 phone service for credit card payment and secure transaction processing. Through
4 years of in-house research and development, Upaid's innovations in the field of
5 transaction technology has resulted in almost sixty patents world-wide (eight in the
6 United States alone), the most recent of which was granted by the European Patent
7 Office on October 31, 2017. The patent asserted in this Complaint, U.S. Patent No.
8 8,976,947 ("the '947 patent"), is just one of these many patents awarded to Upaid in
9 the field of transaction technology, a true and correct copy is attached as **Exhibit A**.

10 4. Upon information and belief, Defendant Monterey Express Wash, a
11 business with a corporate entity status unknown, operates a laundromat located at
12 23 Soledad Drive, Monterey, California 93940

13 5. According to information available about Defendant's laundromat,
14 located at <https://www.montereyexpresswash.com/laundromat-services/> (attached
15 as **Exhibit B**), Defendant uses Card Concept Inc. products, including the
16 LaundryCard, FasCard, and/or FasCard Mobile App systems.

17 **JURISDICTION AND VENUE**

18 6. Upaid's claim for patent infringement against Defendant arises under
19 the patent laws of the United States, 35 U.S.C. §§ 1 *et seq.*, including 35 U.S.C. §§
20 271 and 281. Consequently, this Court has original subject matter jurisdiction over
21 this suit pursuant to 28 U.S.C. §§ 1331 (federal question) and 1338(a) (patent
22 infringement).

23 7. Defendant is subject to the general personal jurisdiction of the Court
24 because it is registered to do business and maintains its headquarters in California.

25 8. Defendant is subject to specific personal jurisdiction of this Court
26 because, upon information and belief, Defendant has done business in this judicial
27 district, has committed and continues to commit acts of patent infringement within
28 this judicial district and has harmed and continues to harm Upaid in this judicial

1 district by, among other things, using Card Concepts Inc.'s LaundryCard, FasCard
2 and/or FasCard Mobile App systems.

3 9. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b),
4 (c), (d) and/or 1400(b) because, upon information and belief, Defendant is subject
5 to personal jurisdiction and has committed acts of patent infringement within this
6 district.

7 **GENERAL BACKGROUND OF THE INVENTION**

8 10. Beginning in 1998, Upaid has provided centralized mobile payment
9 processing platforms for banks, mobile operators, and merchants utilizing a
10 plurality of different networks. Upaid has also offered "Text-cheque," SMS bill
11 payment and authorization products; along with an enhanced platform (e.g., Unified
12 Payment Platform), a mobile payments service for mobile operators, financial
13 services organizations and merchants. Upaid has also provided mobile applications,
14 such as recharge of prepaid accounts through SMS, electronic bill payment and
15 presentment, and billing for mobile content. In addition, Upaid has offered
16 marketing downloads and prepaid top-up services; along with consulting, scoping,
17 project management, technical support, and training services.

18 11. Since, the conception and development of Upaid's enhanced platform
19 in 1998, Upaid has engaged in strategic partnerships around the world. For over 3
20 years, Upaid offered "on demand" m-commerce (electronic commerce conducted
21 on mobile phones) capabilities to IBM's customers and had a project office within
22 IBM. IBM executives selected Upaid as the preferred service provider for its
23 electronic payment platform, which transitioned into IBM's mainstream payment
24 platform. Upaid also had a strategic partnership with Visa International related to
25 the Visa Mobile Service, which utilized Upaid's mobile recharge and mobile bill-
26 pay products. Upaid's mobile bill-pay product (also known as "Text cheque") was
27 utilized by Cofinoga (owned by BNP Paribas) to enable their customers to utilize
28 short message services (SMS) for bill pay and balance information. Upaid also

1 worked with Brazil's leading mobile operators and banks to enable recharge
2 transactions throughout the country servicing over 50 million users and processing
3 nearly 2 million transactions a month.

4 12. Upaid was founded in 1997 by Simon Joyce. During this time, Mr.
5 Joyce realized the fragmentation of networks between the carriers was a bottleneck
6 for innovation. Since the networks were fragmented and there was no
7 interoperability between the networks, each carrier offered a set of communication
8 services that could operate on their specific network, and not in the other carriers'
9 networks. In one such example, a mobile telephone user on one carrier's network
10 could not send a text message to a mobile telephone user on another carrier's
11 network because the networks (and services) operated as closed data networks, also
12 known as walled gardens. In another such example, a pre-paid mobile telephone
13 user was unable to use international roaming on a pre-paid mobile telephone service
14 and, users of pre-paid mobile services, were also unable to check remaining pre-
15 paid credit balance during calls in real-time because the systems in place could only
16 check a user's credit at the start of a call and could not actually stop the call when
17 the user ran out of credit. In situations where a user's telephone was stolen, a pre-
18 paid SIM could be put into the stolen telephone (no SIM locking at the time) and a
19 person could call an expensive international number and leave the call established
20 without the call being cut off once the pre-paid credit on that SIM was used.

21 13. Mr. Joyce realized the need to improve the above example limitations
22 (along with other limitations) and the lack of interoperability between these
23 networks, in order to drive innovation. Mr. Joyce's solution was to create an
24 enhanced platform, external to these carrier networks, that was configured to
25 operate communication services and transactions for these carrier networks.
26 Development of this enhanced platform was carried out at a cost of over 12 million
27 dollars in research and development by Upaid.

28 14. Mr. Joyce is a named inventor on the patent in this suit, along with a

1 plurality of other Upaid patents on which he is also a named inventor. The
2 inventors, including Mr. Joyce, invented machines, systems, computer
3 programming structures and methods, at least as early as September 1998, related to
4 advanced communication services, including but not limited to: accepting,
5 processing, verifying, and charging, over a plurality of different external networks
6 via an enhanced platform. The provision of these services by an enhanced platform
7 over a plurality of different external networks represented a significant
8 improvement over the prior art, thereby encompassing patentability distinct systems
9 and methods for advanced communication services, including pre-authorized
10 communication services and transactions.

11 15. The term “pre-authorized communication services and transactions”
12 (sometimes referred to as “advanced communication services”) are any such online
13 services and transactions, such as e-commerce, information inquiry, financial,
14 communication, entertainment, etc. Embodiments of the patent claims include a
15 platform for providing the pre-authorized communication services and transactions
16 and can constitute a complete operation system for use by operators, customers, and
17 the like. The platform itself, along with other components of the system are
18 connected by the plurality of networks (external to the platform), including, but not
19 limited to landline communication networks, wireless communication networks,
20 wide area networks, global computer networks, cable networks, satellite networks,
21 etc. The Upaid patent is not limited to certain networks or pre-authorized
22 communication services and transactions, but the inventions of the patents were
23 developed primarily with pre-authorized communications services and transactions
24 via a platform and external networks in mind, and the use of these terms help
25 describe what was done in developing the inventions.

26 **EARLY PRECURSORS OF THE UPAID PATENT INVENTION**

27 16. At one time, Upaid developed a platform for pre-authorizing
28 communication services and transactions, which are the invention(s) described in

1 the '947 patent. The products were the IN TOUCH Mass-Market Prepaid Calling
2 System, NetManager and CallManager, copies of the design documents are
3 attached hereto as **Exhibit C**.

4 17. For a number of reasons, as illustrated above, it is preferable for the
5 platform and advanced communication services to be able to operate over a
6 plurality of external networks, some of which were not designed or configured to
7 handle the type of data being sent from the platform and/or advanced
8 communication services.

9 18. Upaid began development of its patented technology in the late 1990s,
10 including its products: IN TOUCH Mass-Market Prepaid Calling System,
11 NetManager and CallManager. NetManager is an enhanced platform for providing
12 a complete suite of intelligent network switching features over a plurality of
13 different networks. CallManager is a complete prepaid solution addressing wireline
14 and wireless networks.

15 19. NetManager was built for use in server computers running Windows
16 NT 5.0 Server and utilizing COM based 3-tier software features, ADO/OLE DB
17 based database connectivity and SQL Service 6.5/7.0 database server.

18 20. Component Object Model (COM) is a binary-interface standard for
19 software components introduced by Microsoft in 1993. It is used to enable inter-
20 process communication object creation in a large range of programming languages.
21 The COM software architecture enabled NetManager to be built from binary
22 software components. The COM software architecture, enabled NetManager to
23 integrate binary executables from different vendors, written in different parts of the
24 world and at different times, to interoperate. NetManager also offers digital and
25 analog interface support, along with Standard R2 MF signaling and Advanced
26 Intelligent Networks support. Figure 1 shows an example of the NetManager
27 Software Architecture.
28

NetManager Software Architecture

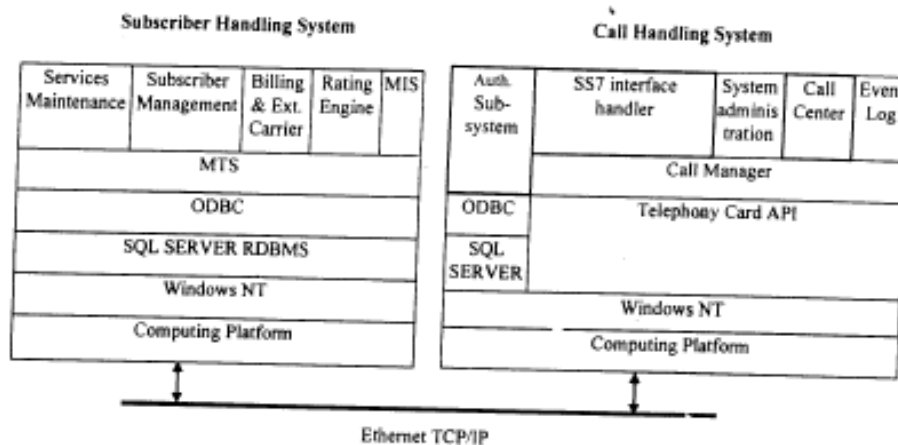


Figure 1: NetManager Software Architecture

21. NetManager is part of the enhanced platform configured to provide intelligent network switching features. NetManager is transparent to users and enables operation of advanced communication services over “legacy” switches, thus avoiding upgrading to “new generation switches.” Figure 2 shows an example of the technologies offered between the systems.

Features CLI/DNIS Based	New Generation Switches	Legacy Switches	Net Manager™
Abbreviated Dialing	✓	✓	✓
Password Service	✓	✓	✓
Automatic Alarm	✓	✓	✓
Conference Call	✓✓	x	✓
Multiline Hunting	✓✓	x	✓
Calling Line Identification Presentation	✓✓	x	✓
Calling Line Identification Restriction	✓✓	x	✓
Call Forward - Busy	✓✓	x	✓
Call Forward - No reply	✓✓	x	✓
Call Forwarding- Unconditional	✓✓	x	✓
Call Forward - Selective	✓✓	x	✓
Call Accept - Selective	✓✓	x	✓
Call Back	✓✓	x	✓
Distinctive Ringing	✓✓	x	✓
Network Voice Mail	✓✓	x	✓
Interception Service	✓✓	x	✓
Call Forward - Busy	✓✓	x	✓
Call Forward - No reply	✓✓	x	✓
Default ✓	Extra Cost ✓✓	Not Avail. x	

Figure 2: Available Features for Switches and NetManager

22. Advanced communication services are not available on the legacy

switches and generally cost extra for the new generation switches. NetManager, however, offered the advanced communication services utilizing the legacy switches (and networks) via the enhanced platform. The advanced communication services can include telephony services and online services, including pre-authorized online transactions, such as e-commerce, information inquiry, communication, entertainment, etc.

23. CallManager includes two main components, Switch Manager and Card Manager. Switch Manager provides advanced communication services and was built for use in server computers running Windows NT 5.0 Server. Card Manager provides a complete operations support system that is Open Database connectivity (ODBC) compliant. Figure 3 illustrates dataflow between the Switch Manager and Card Manager for providing advanced communication services.

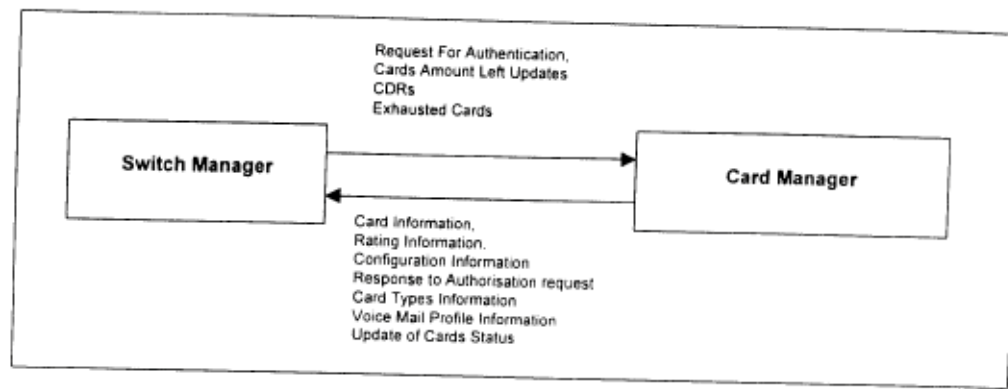


Figure 3: Dataflow between Switch Manager and Card Manager

24. CallManager can also maintain external service information, for example, services offered by external carriers, such as telephony, fax, electronic mail, e-commerce, etc. Figure 4 is an example graphical user interface illustrating external services maintained by CallManager.

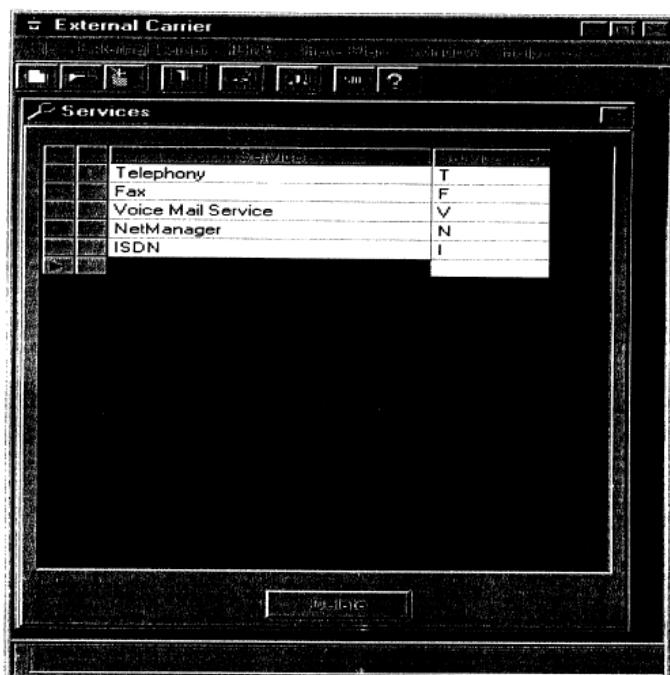


Figure 4: Graphical User Interface of CallManager External Services

25. CallManager also offers pre-authorized payment solutions, for example, for each user account. The pre-authorization can include a deposit amount, credit limit, credit limit left, current balance, last paid debt, etc. Figure 5 is a graphical user interface of payments maintained by CallManager.

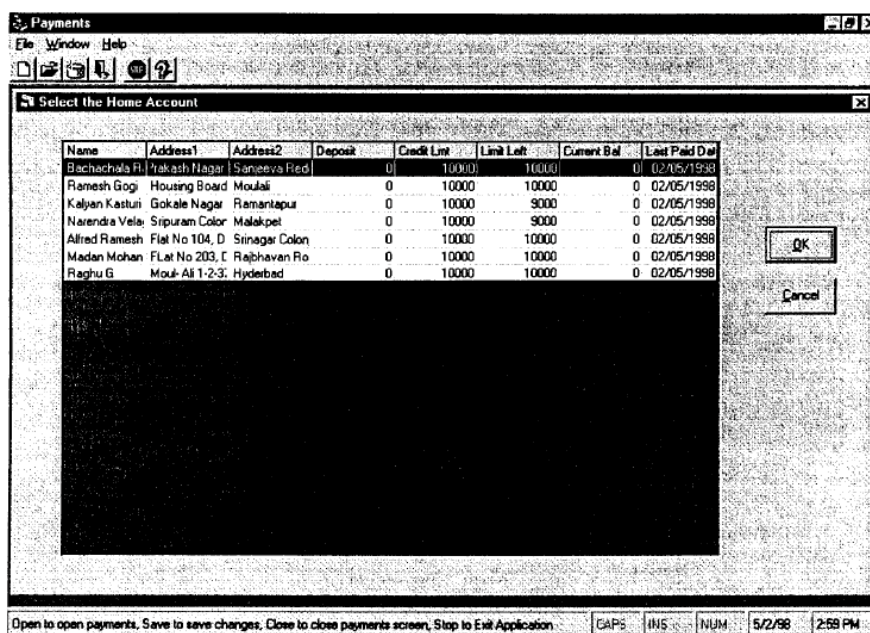


Figure 5: Graphical User Interface of CallManager Payments

1 26. The functionality of NetManager and CallManager could also include
2 a remote access server for providing advance communication services over the
3 Internet, etc. Incoming inquires could be routed to the remote access server to
4 enable pre-authorized online transactions, such as e-commerce, information inquiry,
5 financial, communication, entertainment, etc.

6 **DEVELOPMENT OF THE PATENTED INVENTION**

7 27. Upaid's first step in solving the problems present in the prior art circa
8 1998 was to develop the above-mentioned products. Mr. Joyce, one of the inventors
9 of '947 patent, had the insight and wherewithal to break from conventional
10 communication services and create advanced communication services through
11 existing communication switches even in those circumstances in which the
12 hardware communication switch was not configured to provide such
13 communication services. In the late 1990s and even the early 2000s, most Internet
14 access in homes was provided via dial-up carriers. That is, networks that were slow,
15 unreliable and unable to service advanced communications services. The invention
16 described in the '947 patent enabled these advanced communication services to be
17 implemented on networks without significant infrastructure upgrades/replacements.

18 **EXAMINATION AND ISSUANCE OF THE UPaid PATENTS**

19 28. As is well known, to obtain a patent an inventor must file an
20 application with the United States Patent and Trademark Office ("USPTO"), and in
21 that application must disclose what the inventor invented in sufficient detail such
22 that one of skilled in the art can make and/or use the invention.

23 29. Examiners at the USPTO review patent applications to determine
24 whether a claimed invention should be granted a patent. In general, the most
25 important task of a patent examiner is to review the technical information disclosed
26 in a patent application and to compare it to the state of the art. This involves reading
27 and understanding a patent application, and then searching the prior art to determine
28 what technological contribution the application teaches the public. A patent is a

1 reward for informing the public about specific technical details of a new invention.
2 The work of a patent examiner includes searching prior patents, scientific literature
3 databases, and other resources for prior art. Then, an examiner reviews the claims
4 of the patent application substantively to determine whether each complies with the
5 legal requirements for granting of a patent. A claimed invention must meet
6 patentability requirements including statutory subject matter, novelty, inventive
7 step or non-obviousness, industrial application (or utility) and sufficiency of
8 disclosure. Examiners must apply federal laws (Title 35 of the United States Code),
9 rules, judicial precedents, and guidance from agency administrators.

10 30. To have signatory authority (either partial or full), Examiners must
11 pass a test equivalent to the Patent Bar. All examiners must have a college degree in
12 engineering or science. Examiners are assigned to "Art Units," typically groups of
13 8-15 Examiners in the same area of technology. Thus, by way of required
14 background and work experience, Examiners have special knowledge and skill
15 concerning the technologies examined by them and in their particular Art Unit.

16 31. The basic steps of the examination consist of:

- 17 • reviewing patent applications to determine if they comply with basic
- 18 format, rules and legal requirements;
- 19 • determining the scope of the invention claimed by the inventor;
- 20 • searching for relevant technologies to compare similar prior inventions
- 21 with the invention claimed in the patent application; and
- 22 • communicating findings as to the patentability of an applicant's
- 23 invention via a written action to inventors/patent practitioners.

24 32. Communication of findings as to patentability are done by way of one
25 or more Office Actions in which the Examiner accepts or rejects proposed claims
26 filed by the applicant(s) and provides reasons for rejections. The applicant(s) are
27 then permitted to file a Response to Office Action, in which claims may be
28 amended to address issues raised by the Examiner, or the applicant states reasons

1 why the Examiner's findings are incorrect. If an applicant disagrees with a Final
2 Rejection by an Examiner, the applicant may file an appeal with the Patent Trial
3 and Appeal Board ("PTAB"). If, after this process, the USPTO determines that the
4 application meets all requirements, a patent is duly allowed, and after an issue fee is
5 paid, the patent is issued.

6 33. A patent duly allowed and issued by the USPTO is presumptively
7 valid and becomes the property of the inventor(s) or assignee(s).

8 34. A "Continuation Application" is one where, typically after allowance
9 but in any event prior to issuance, the inventor applies for a second, related patent.
10 A Continuation employs the same invention disclosure as the previous, allowed
11 application, but seeks new or different claims. A patent issued on a Continuation
12 Application receives the priority date of the previously allowed patent, but the
13 applicant must disclaim any patent life beyond that of the first allowed patent to
14 which the Continuation seeks priority. The '947 patent is a Continuation of U.S.
15 Patent No. 7,308,087 (the "'087 patent), which is a Continuation of U.S. Patent No.
16 6,714,632 (the "'632 patent), which is a Continuation of U.S. Patent No. 6,381,316
17 (the "'316 patent"), which is a Continuation of U.S. Patent No. 6,320,947 (the
18 "'947 II patent").

19 **EXAMINATION AND ISSUANCE OF THE '947 II PATENT**

20 35. The '947 II patent was filed on September 14, 1999 and claims priority
21 to two provisional applications (No. 60/100,440 and No. 60/100,470 both filed
22 September 15, 1998). The '947 II patent was examined for over two years from the
23 date of filing of the application on September 14, 1999, through the issue date of
24 November 20, 2001. A true and correct copy of the examination file (referred to as
25 a "file jacket") for the '947 II patent is attached hereto as **Exhibit D**.

26 36. There were two Examiners involved in examining the application for
27 the '947 II patent, Examiner Quoc Tran ("Examiner Tran") and Supervisor Curtis
28 Kuntz ("Supervisor Kuntz").

1 37. As evidenced by the Notice of References Cited, four patents and
2 applications were located and were considered in rejecting the filed claims of the
3 application for the '947 II patent, under 35 U.S.C. §§ 102 and 103, in the First
4 Office Action mailed July 18, 2000. *See* Exhibit D at p. 108-116. Examiner Tran
5 also considered 20 references supplied by the Applicant via Information Disclosure
6 Statements July 7, 2000. *See Id.* at p. 95-102.

7 38. In response to the First Office Action, Applicant amended the claims
8 and put forth an introduction to the technology, namely, "[t]he present invention is
9 an advanced intelligent communication method and system using a single,
10 converged enhanced service platform that provides subscriber-requested
11 communication services through existing communication switches even in those
12 circumstances in which the hardware communication switch is not configured to
13 provide such communications services ... Advantageously, through the enhanced
14 services communication platform, a non-corporate individual user can use a single
15 universal prepaid card and a single, unified, prepaid account to make a voice call, to
16 transfer and receive internet provided data, and to complete online transactions,
17 over a plurality of networks of different types, using a mobile telephone, a personal
18 computer, or any other suitably enabled communication device anywhere in the
19 world." *See Id.* at p. 117-154.

20 39. After the response to the First Office Action was filed, an interview
21 was held with Examiner Quan and Supervisor Kuntz. During the interview, a
22 discussion took place regarding the user request, plurality of different networks as
23 claimed and enhanced communication services. *See Id.* at p. 155-156. After the
24 interview, a supplemental response with claim amendments were filed. *See Id.* at p.
25 157-176. The application for the '947 II patent was deemed to be in a condition for
26 allowance and subsequently issued. *See Id.* at p. 177-223.

27 **EXAMINATION AND ISSUANCE OF THE '316 PATENT**

28 40. The '316 patent was filed on May 9, 2001 and claims priority the '947

1 II patent. The '316 patent was examined for approximately one year from the date
2 of filing of the application on May 9, 2001 through the issue date of April 30, 2002.
3 A true and correct copy of the examination file (referred to as a "file jacket") for the
4 '316 patent is attached hereto as **Exhibit E**.

5 41. The same two Examiners were involved in examining the application
6 for the '316 patent, Examiner Tran and Supervisor Kuntz.

7 42. As evidenced by the Notice of References Cited, seven patents and
8 applications were located that were considered in rejecting the filed claims of the
9 application, in the First Office Action mailed July 17, 2001. *See Exhibit E* at p. 80-
10 85. Examiner Tran also considered 91 references supplied by the Applicant via
11 Information Disclosure Statements on October 12, 2001. *See Id.* at p. 104-112.

12 43. The First Office Action included a non-statutory obviousness-type
13 double patenting rejection, as being unpatentable over claims 1, 29 and 56 of the
14 '947 II patent. *See Id.* at p. 80-85. Subsequently, the Applicant filed a terminal
15 disclaimer to obviate the double patent rejection on August 1, 2001, along with a
16 supplement Information Disclosure Statement citing six additional patents, which
17 the Examiner considered before issuing an allowance mailed November 29, 2001.
18 *See Id.* at p. 113-114. The issue fee was subsequently paid and the application
19 issued on April 30, 2002. *See Id.* at p. 121-161.

20 **EXAMINATION AND ISSUANCE OF THE '632 PATENT**

21 44. The '632 patent was filed on April 3, 2002 and claims priority to the
22 '316 patent. The '632 patent was examined for over two years from the date of
23 filing of the application on April 3, 2002 through the issue date of May 30, 2004. A
24 true and correct copy of the examination file (referred to as a "file jacket") for the
25 '632 patent is attached hereto as **Exhibit F**.

26 45. The same two Examiners were involved in examining the application
27 for the '632 patent, Examiner Tran and Supervisor Kuntz, along with Primary
28 Examiner Binh Tieu.

1 46. A First Office Action was mailed June 21, 2002. *See* Exhibit F at p.
2 95-106. Examiner Tran considered 104 references supplied by the Applicant via
3 Information Disclosure Statements on April 3, 2002, along with references from
4 Examiner's search noted in the Notice of References Cited. *See Id.* at p. 85-94; 107.
5 The First Office Action included a non-statutory obviousness-type double patenting
6 rejection, anticipatory and obviousness-type rejections under 35 U.S.C. §§ 102 and
7 103 rejections, along with allowable dependent claims. *See Id.* at p. 95-106.

8 47. In response to the Office Action, claim amendments were made,
9 specifically the allowable dependent claims were integrated into the independent
10 claims. Another Information Disclosure Statement with an additional three
11 international reference was also provided. *See Id.* at p. 109-137.

12 48. On December 31, 2002, a Second Office Action was mailed which
13 included non-statutory obviousness-type double patenting rejection, as being
14 unpatentable over claims 1-45 of the '947 II patent and 1-30 of the '316 patent. *See*
15 *Id.* at p. 151-156. Subsequently, the Applicant filed a terminal disclaimer to obviate
16 the double patent rejection on March 31, 2003, along with clarifying claim
17 amendments and a supplement Information Disclosure Statement (on March 20,
18 2003) citing four additional patents, which the Examiner considered. *See Id.* at p.
19 181-182.

20 49. The Examiner mailed a Third Office Action on May 6, 2003 with an
21 anticipatory rejection under 35 U.S.C. § 102 to a newly discovered reference. *See*
22 *Id.* at p. 183-199. In response, further claim amendments were made on June 16,
23 2003, that is, the platform controls one of the external networks to provide the
24 service/transaction and being outside of the plurality of external networks of
25 different types. *See Id.* at p. 202-216. Subsequently, the Examiner issued a Notice
26 of Allowance. *See Id.* at p. 217-224. Before the application issued, the Examiner
27 considered, on April 2, 2004, a further 12 references via Applicant submitted
28 Information Disclosure Statements. *See Id.* at p. 253-256.

1 50. The issue fee was subsequently paid and the application issued on
2 March 30, 2004.

3 **EXAMINATION AND ISSUANCE OF THE '087 PATENT**

4 51. The '087 patent was filed on October 15, 2003 and claims priority to
5 the '632 patent. The '087 patent was examined for over four years from the date of
6 filing of the application on October 15, 2003 through the issue date of December
7 11, 2007. A true and correct copy of the examination file (referred to as a "file
8 jacket") for the '087 patent is attached hereto as **Exhibit G**.

9 52. The same two Examiners were involved in examining the application
10 for the '087 patent, Examiner Tran and Supervisor Kuntz.

11 53. A First Office Action was mailed March 24, 2005. *See* Exhibit G at p.
12 375-384. Examiner Tran considered 138 references supplied by the Applicant via
13 Information Disclosure Statements on October 15, 2003, November 24, 2003, and
14 June 29, 2004 along with references from Examiner's search noted in the Notice of
15 References Cited. *See Id.* at p. 385-465. The Examiner also performed a search for
16 relevant references using the EAST system, specifically searching classes 379
17 (subclasses: 114.01, 114.03, 114.05, 114.17, 114.2, 144.05, 144.06 and 114.05) and
18 455 (subclasses: 405 and 406). *See Id.* at p. 399. The First Office Action included
19 anticipatory and obviousness-type rejections under 35 U.S.C. §§ 102 and 103 based
20 on combinations of several pieces of prior art, all for machines or methods, or parts
21 of machines or methods, for telecommunication services. *See Id.* at p. 375-384. On
22 information and belief, it is the practice of the USPTO not to cite excessive
23 cumulative art, in other words, in this instance, the art cited is representative of
24 considerable other art located by the USPTO and not cited. Further on information
25 and belief, it is the practice of the USPTO to discuss in its Office Actions those
26 pieces of art that best represent the cited art. The face of the '087 patent lists
27 hundreds of prior art references considered by the Examiner in the prosecution of
28 the '087 patent.

1 54. In response to the First Office Action, claim amendments were made,
2 specifically defining the “accounts” as “pre-authorized” and that the additional
3 funds are “a real-time transaction.” *See Id.* at p. 355-372.

4 55. A Second Office Action was mailed November 15, 2005, and included
5 obviousness-type rejections under 35 U.S.C. § 103 of the claims. *See Id.* at p. 338-
6 350. The Examiner, performed an updated search on the EAST system on
7 November 13, 2005. *See Id.* at p. 353. Subsequently, the Applicant filed further
8 claim amendments in a Request for Continued Examination (RCE) focusing on “a
9 platform connected to a plurality of networks” and the pre-authorized account “used
10 in paying for at least one communication service or transaction, provided or
11 consummated, respectively via at least one of the networks of different types which
12 are external to the platform” on May 18, 2006. *See Id.* at p. 325-336.

13 56. On June 21, 2006, the Examiner updated his prior art search on the
14 EAST system. *See Id.* at p. 332. The Examiner did not find any new relevant prior
15 art and mailed an Ex Parte Quayle Action, on June 29, 2005, in which claims were
16 allowed except for formal matters, specifically, a non-statutory double patenting
17 rejection with the claims being unpatentable over claims 1-50 of the ’632 patent.
18 *See Id.* at p. 316-320. On November 29, 2006, Applicant filed a terminal disclaimer,
19 which was approved on December 18, 2006. *See Id.* at p. 311-314.

20 57. On February 8, 2007, the Examiner updated the prior art search on the
21 EAST system. *See Id.* at p. 86-87. The Examiner did not find any new relevant prior
22 art and mailed a Notice of Allowance on February 23, 2007. *See Id.* at p. 75-78. On
23 May 23, 2007, Applicant filed an RCE along with new claims 57-64. *See Id.* at p.
24 55-65. The Examiner performed yet another prior art search on the EAST system
25 and, again, did not find any new relevant prior art and mailed another Notice of
26 Allowance on February August 8, 2007. *See Id.* at p. 45-51. The issue fee was paid,
27 by Applicant, on October 30, 2007 and the application subsequently issued as a
28 patent on December 11, 2007. *See Id.* at p. 8-9.

EXAMINATION AND ISSUANCE OF THE '947 PATENT

58. The '947 patent was filed on October 31, 2007 and claims priority to the '087 patent. The '947 patent was examined for over seven years from the date of filing of the application on October 31, 2007 through the issue date of March 10, 2015. A true and correct copy of the examination file (referred to as a "file jacket") for the '947 patent is attached hereto as **Exhibit H**.

59. The same two Examiners were involved in examining the application for the '947 patent, Examiner Tran and Supervisor Kuntz.

60. On September 3, 2008, the Examiner performed a prior art search on the EAST system, specifically, searching classes 379 (subclasses: 114.01, 114.03, 114.05, 114.15, 114.16, 114.17, 114.2, and 144.08) and 455 (subclasses: 405 -408). See Exhibit H at p. 665. The Examiner did not find any relevant art and mailed an Ex Parte Quayle Action, in which claims were allowed except for formal matters, specifically, a non-statutory double patenting rejection with the claims being unpatentable over claims 1-26 of the '087 patent and claims 1-50 of the '632 patent. See *Id.* at p. 655-661.

61. Prior to a response to the Ex Parte Quayle Action, Applicant filed a lawsuit against Satyam Computer Services in the Eastern District of Texas Marshal Division (2-07-CV-114) related to inventor declarations provided by Satyam Computer Services. Applicant petitioned the USPTO to suspend prosecution of the '947 patent during the above-styled lawsuit. See *Id.* at p. 567-568; 505-508; 463-489; 221-341. By April 30, 2014, the above-styled lawsuit was settled and Applicant withdrew its petition to suspend examination and filed a Terminal Disclaimer. See *Id.* at p. 213-216. A Notice of Allowance was mailed October 24, 2014, the issue fee was paid January 23, 2015 and the '947 patent issued on March 10, 2015. See *Id.* at p. 148-154.

62. On or about June 9, 2014, during the prosecution of the '947 patent and before the Notice of Allowance was mailed, the *Alice Corp. v. CLS Bank*

1 *International*, 573 U.S. ___, 134 S. Ct. 2347 (2014) opinion was issued from the
2 United States Supreme Court. On or about December 16, 2014, before the '947
3 patent issued or the issue fee was paid, the USPTO published in the Federal
4 Register, its Interim Guidance on Patent Subject Matter Eligibility ("Interim
5 Eligibility Guidance") expressly for use by USPTO personnel in determining
6 subject matter eligibility under 35 U.S.C. 101 in light of recent US Supreme Court
7 cases, specifically including *Alice Corp*, a copy of the published Interim Eligibility
8 Guidance is attached hereto as **Exhibit Q**. The December 2014 Interim Eligibility
9 Guidance was preceded by a number of other guidances, as stated in the publication
10 of the Interim Eligibility Guidance. On information and belief, all personnel in the
11 USPTO, including Examiners Tran and Kuntz, were well aware of *Alice Corp.*, the
12 US Supreme Court cases that preceded *Alice*, and of the Interim Eligibility
13 Guidance and preceding guidances.

14 63. Upon information and belief, subsequent the release of the December
15 2014 Interim Eligibility Guidance, pending applications, including applications
16 where a Notice of Allowance had been mailed, were reviewed under the Guidance
17 and, where appropriate, the Notice of Allowances were rescinded and prosecution
18 re-opened. Examiner Tran and the USPTO made no rejection of any of the claims
19 of the '947 patent for subject matter eligibility, and on information and belief did
20 not regard the subject matter of the claims as directed to any abstract idea or
21 ineligible subject matter. See Exhibit H.

22 **EXAMINATION AND ISSUANCE OF THE '377 PATENT**

23 64. The '377 patent was filed on December 23, 2014 and claims priority to
24 the '947 patent. The '377 patent was examined for almost two years from the date
25 of filing of the application on December 23, 2014 through the issue date of August
26 30, 2016. A true and correct copy of the examination file (referred to as a "file
27 jacket") for the '377 patent is attached hereto as **Exhibit I**.

28 65. The same two Examiners were involved in examining the application

1 for the '377 patent, Examiner Tran and Supervisor Kuntz.

2 66. On September 16, 2015, the Examiner performed a prior art search to
3 “update search from parent cases” and “updated EAST,” specifically, searching
4 classes 379 (subclasses: 114.01, 114.03, 114.05, 114.15-114.17, 114.2, and 144.08)
5 and 455 (subclasses: 405-408). *See* Exhibit I at p. 164. The Examiner also
6 performed a CPC-Search using Symbols H04M15/00, 68, 8038, 854 and
7 G06Q20/00, 32, 347. *Id.* The Examiner was also aware of the hundreds of
8 references found and/or provided in the parent applications. The Examiner did not
9 find any relevant art and mailed an Ex Parte Quayle Action, in which claims were
10 allowed except for formal matters, specifically, a 35 U.S.C. § 101 rejection where
11 the scope of the claim “can be a signal or carrier wave” and a non-statutory double
12 patenting rejection with the claims being unpatentable over claims 1-55 of the '947
13 patent. *See Id.* at p. 156-162. The Examiner did not put forth any subject matter
14 eligibility rejections regarding *Alice Corp.* or using the December 2014 Interim
15 Eligibility Guidance. *See* Exhibit I. Upon information and belief, Examiner Tran
16 and Supervisor Kuntz did not regard the subject matter of the claims as directed to
17 any abstract idea or ineligible subject matter.

18 67. In response to the Ex Parte Quayle Action, Applicant amended the
19 claims to include “non-transitory” to overcome the 35 U.S.C § 101 rejection and
20 filed a Terminal Disclaimer. *See Id.* p. 69; 143-152. On March 14, 2016, Applicant
21 filed an RCE to file an updated Application Data Sheet, Corrected Filing Receipt
22 and consideration of an Information Disclosure Statement including over 170
23 references. *See Id.* at 46-56; 69-82. Upon review of the references and updating the
24 prior art search, the Examiner issued a Notice of Allowance on April 26, 2016 and
25 the '377 patent issued on August 30, 2016. *See Id.* at p. 4-31.

26 **IMPROVEMENTS AND PROBLEMS SOLVED BY THE '947 PATENT**

27 68. The invention(s) disclosed in the '947 patent are improvements over
28 the prior art. The '947 patent enables the operation of advanced communications

1 services regardless of equipment or network hardware limitations.

2 69. The invention(s) disclosed in the '947 patent improve the functions of
3 the advanced communications services and the functions of the external networks
4 on which the advanced communications services operate, including but not limited
5 to those described in ¶¶ 10-27 above.

6 70. The invention(s) disclosed in the '947 patent enable advanced
7 communication services, which are normally dependent on the carriers' (e.g.,
8 network) equipment and thus restricted by the carriers' equipment, to operate over
9 the carriers' equipment which the advanced communication services cannot
10 normally operate. The ability to utilize advanced communication services,
11 regardless of the user's location, is highly desirable. For example, a user may have
12 access depending on the city or country they are located, or may have access at
13 their place of business, but not their residence. At the time of the invention, the
14 industry solution to this problem was to upgrade operating systems, software and
15 hardware that can facilitate the operation of the advanced communication services.
16 The industry solution was time consuming, took substantial effort and was very
17 expensive. However, instead of upgrading and replacing the operating systems,
18 hardware and software, the '947 patent improved the operation of the carriers'
19 equipment and networks by enabling the advanced communication services to
20 operate on the carrier's equipment and networks via Upaid's enhanced platform.

21 71. Another object and advantage of the present invention is it allows
22 connectivity through a plurality of external networks of different types that are
23 external to the enhance platform.

24 72. The invention(s) disclosed in the '947 patent and the claims thereof,
25 represent new, novel and useful improvements over the prior art.

26 73. The '947 patent, having been duly examined, allowed, and issued, for
27 which Upaid paid substantial fees to the USPTO, represent property rights of Upaid
28 and Defendant has, as herein set forth, infringed those rights. Upaid estimates that

1 the research and development cost of bringing the inventions to the point of
2 reduction to practice and creating the end product that it was able to bring to market
3 was over \$12 million.

4 **COUNT 1**

5 **PATENT INFRINGEMENT OF UNITED STATES PATENT NO. 8,976,947**

6 74. Plaintiff incorporates by reference the allegations contained in the
7 foregoing paragraphs.

8 75. Upaid is the named assignee of, owns all right, title and interest in, and
9 has standing to sue for infringement of the '947 patent, entitled "Enhanced
10 Communication Platform and Related Communication Method Using the
11 Platform," which issued on March 10, 2015 (a true and correct copy is attached as
12 **Exhibit A**).

13 76. The '947 patent claims, among other things, a method for pre-
14 authorized communication services and transactions using computer networks; a
15 non-transitory machine-readable storage medium having encoded thereon program
16 code; a user communication device configured to communicate with a transactions
17 platform; a method of crediting a pre-authorized account of a user; a system for
18 crediting an account of a user of a transceiver who has another account controlled
19 by a separate system; a platform outside of external networks of different types and
20 connectable to a transceiver of a user, a billing platform and another platform; and a
21 platform configured to provide communication services and change amounts in
22 accounts associated with users.

23 77. The '947 patent solves a problem with the art that is rooted in
24 computer technology that uses computer networks. The '947 patent does not merely
25 recite the performance of some business practice known from the pre-Internet world
26 along with the requirement to perform it on the Internet.

27 78. Upon information and belief, Defendant owns and operates a laundry
28 center at 23 Soledad Drive, Monterey, CA 93940 with approximately 18 washing

1 machines and 20 drying machines, each washing and drying machine using
2 automated payment systems, specifically, Card Concepts Inc.'s LaundryCard,
3 FasCard, and/or FasCard Mobile App systems. Photographs of Card Concepts
4 Inc.'s FasCard and X-Charger systems in use at Defendant's laundry center are
5 attached as **Exhibit J**.

6 79. The FasCard system can operate as a stand-alone system but can also
7 operate in conjunction with an application downloaded and installed on a
8 customer's smartphone. The mobile application embodiment of the FasCard system
9 is referred to herein as the "FasCard Mobile App" system. Collectively, the
10 LaundryCard, FasCard and FasCard Mobile App systems are referred to
11 collectively as the "Accused Systems."

12 80. The LaundryCard system focuses on automating a laundromat by
13 eliminating coin, handling all cash collections, employee management, equipment
14 service and store marketing. According to Card Concepts Inc.'s website,
15 www.laundrycard.com/products (attached as **Exhibit K**), "LaundryCard™ has been
16 successfully installed in over 800 laundromats. This system focuses on automating
17 [one's] laundromat by eliminating coin, handling all cash collections, employee
18 management, equipment service, store marketing and much more."

19 81. The FasCard system accepts any combination of coins, credit or debit
20 cards, and loyalty card for use in laundromats as well as other vending machines.
21 According to Card Concepts Inc.'s website, www.laundrycard.com/products,
22 "FasCard is designed to meet the needs of laundries of all sizes. Laundromats and
23 multi-housing laundry rooms will benefit from this cost-effective system designed
24 to accept any combination of coins, credit or debit cards, and loyalty cards." See
25 **Exhibit K**

26 82. The FasCard Mobile App system allows customers to access FasCard
27 through their smartphones. According to Card Concepts Inc.'s website,
28 www.laundrycard.com/products/fascard/app (attached as **Exhibit L**), "The FasCard

1 App allows customers to ... view machine availability ... to remotely start
2 machines ... to select a location, [and] to add value to their accounts.”

3 83. Upaid provided a first notice of the '947 patent to Defendant on April
4 13, 2018 (a true and correct copy is attached as **Exhibit M**). This first notice
5 identified the '947 patent, provided a copy of the '947 patent, and also served to
6 alert Defendant of its unauthorized use and infringement of the '947 patent. To
7 date, Defendant failed to provide any response, acknowledgement or even request
8 further information of Upaid.

9 **Defendant's Use of the LaundryCard System**

10 84. Defendant has infringed and continues to infringe – directly,
11 contributorily, and/or by active inducement – one or more claims of the '947 patent
12 through its unauthorized use, and/or causing to be used, devices and/or systems and
13 methods that embody or practice the inventions claimed in the '947 patent, such as
14 Card Concepts Inc.'s LaundryCard system. For example, the LaundryCard system
15 infringes the '947 patent through its unauthorized use of at least: method claims 1-
16 6, 8 and 10; method claim 11-15, and 17-19; method claim 20; method claim 21;
17 method claim 22; method claim 23; method claim 24; apparatus claims 25-28, 30;
18 apparatus claims 31-34, 36 and 37; method claims 38, 40, 41, 42, 54; method
19 claims 44-47, 55; and, system claims 50 and 52. **Exhibit N** attached hereto provides
20 an explanation of how the LaundryCard system meets the limitations of the
21 aforementioned claims either literally or pursuant to the doctrine of equivalents.

22 85. With respect to the apparatus and system claims (claims 25-28, 30-34,
23 36-37, 50 and 52) Defendant directly infringes through at least the use of the
24 LaundryCard system.

25 86. Further, Defendant induces infringement of these claims (claims 25-
26 28, 30-34, 36-37, 50 and 52) through its customers' use of the Laundry Card
27 system. Defendant, as detailed above, had actual knowledge of the '947 patent
28 through at least the Plaintiff's letter to Defendant alleging infringement. See Exhibit

1 M. Defendant also provides its customers with all of the hardware and software of
2 the LaundryCard system to ensure that the LaundryCard system functions and
3 operates as described in **Exhibit N**, which meets all of the limitations of the claims.

4 87. Further, Defendant contributes to the infringement of the claims
5 (claims 25-28, 30-34, 36-37, 50 and 52) as the Defendant had actual knowledge of
6 the '947 patent through at least the Plaintiff's letter to Defendant alleging
7 infringement. See Exhibit M. Further, the LaundryCard system has no substantial
8 non-infringing use beyond the operation of the system as described in **Exhibit N**,
9 which meets all of the limitations of the claims.

10 88. Finally, Defendant's infringement through use of the LaundryCard
11 system is willful given Defendant's knowledge of the '947 patent and Defendant's
12 continuous and intentional infringement of the '947 patent in disregard of
13 Plaintiff's rights in the '947 patent.

14 **Defendant's Use of the FasCard System**

15 89. Defendant has infringed and continues to infringe – directly,
16 contributorily, and/or by active inducement – one or more claims of the '947 patent
17 through its unauthorized use, and/or causing to be used, devices and/or systems and
18 methods that embody or practice the inventions claimed in the '947 patent, such as
19 Card Concepts Inc.'s FasCard system. For example, the FasCard system infringes
20 the '947 patent through its unauthorized use of at least: method claims 1-8, and 10;
21 method claims 11-18; method claim 19; method claim 20; method claim 21;
22 method claim 22; method claim 23; method claim 24; apparatus claims 25, 28, 30;
23 apparatus claims 31, 34, 36-37; method claims 38-40, 54; method claims 44-45, 55;
24 and, system claims 50-51 **Exhibit O** attached hereto provides an explanation of
25 how the FasCard system meets the limitations of the aforementioned claims either
26 literally or pursuant to the doctrine of equivalents.

27 90. With respect to the apparatus and system claims (claims 25, 28, 30-31,
28 34, 36-37 and 50-51) Defendant directly infringes through at least the use of the

1 FasCard system.

2 91. Further, Defendant induces infringement of these claims (claims 25,
3 28, 30-31, 34, 36-37 and 50-51) through its customers' use of the FasCard System.
4 Defendant, as detailed above, had actual knowledge of the '947 patent through at
5 least the Plaintiff's letter to Defendant alleging infringement. *See* Exhibit M.
6 Defendant also provides its customers with all of the hardware and software of the
7 FasCard system to ensure that the FasCard system functions and operates as
8 described in **Exhibit O**, which meets all of the limitations of the claims.

9 92. Further, Defendant additionally contributes to the infringement of the
10 claims (claims 25, 28, 30-31, 34, 36-37 and 50-51) as the Defendant had actual
11 knowledge of the '947 patent through at least the Plaintiff's letter to Defendant
12 alleging infringement. *See* Exhibit M. Further, the FasCard system has no
13 substantial non-infringing use beyond the operation of the system as described in
14 **Exhibit O**, which meets all of the limitations of the claims.

15 93. Finally, Defendant's infringement through use of the FasCard system
16 is willful given Defendant's knowledge of the '947 patent and Defendant's
17 continuous and intentional infringement of the '947 patent in disregard of
18 Plaintiff's rights in the '947 patent.

19 **Defendant's Use of the FasCard Mobile App System**

20 94. On information and belief, Defendant has infringed and continues to
21 infringe – directly, contributorily, and/or by active inducement – one or more
22 claims of the '947 patent through its unauthorized use, and/or causing to be used,
23 devices and/or systems and methods that embody or practice the inventions claimed
24 in the '947 patent, such as Card Concepts Inc.'s FasCard Mobile App system. For
25 example, the FasCard Mobile App system infringes the '947 patent through its
26 unauthorized use of at least: method claims 1-10; method claims 11-18; method
27 claim 19; method claim 20; method claim 21; method claim 22; method claim 23;
28 method claim 24; apparatus claims 25, 28, 30; apparatus claims 31, 34, 35, 36, 37;

1 method claims 38-43, 54; and system claims 50-51. **Exhibit P** attached hereto
2 provides an explanation of how the FasCard Mobile App system meets the
3 limitations of the aforementioned claims either literally or through the doctrine of
4 equivalents.

5 95. With respect to the asserted device and platform claims (claims 25, 28-
6 31 and 34-37 and 50-51) Defendant directly infringes through at least the use of the
7 FasCard Mobile App system.

8 96. Further, Defendant induces infringement of these claims (claims 25,
9 28-31 and 34-37 and 50-51) through its customers' use of the FasCard Mobile App
10 System. Defendant, as detailed above, had actual knowledge of the '947 patent
11 through at least the Plaintiff's letter to Defendant alleging infringement. See Exhibit
12 M. Defendant also provides its customers with all of the hardware and software of
13 the FasCard Mobile App system to ensure that the FasCard Mobile App system
14 functions and operates as described in **Exhibit P**, which meets all of the limitations
15 of the claims.

16 97. Further, Defendant additionally contributes to the infringement of the
17 claims (claims 25, 28-31 and 34-37 and 50-51) as the Defendant had actual
18 knowledge of the '947 patent through at least the Plaintiff's letter to Defendant
19 alleging infringement. See Exhibit M. Further, the FasCard Mobile App system has
20 no substantial non-infringing use beyond the operation of the system as describe in
21 **Exhibit P**, which meets all of the limitations of the claims.

22 98. Finally, Defendant's infringement through use of the FasCard Mobile
23 App system is willful given Defendant's knowledge of the '947 patent and
24 Defendant's continuous and intentional infringement of the '947 patent in disregard
25 of Plaintiff's rights in the '947 patent.

26 99. The acts of infringement of the '947 patent by Defendant have injured
27 Upaid, and Upaid is entitled to recover damages adequate to compensate it for such
28 infringement from Defendant, but in no event less than a reasonable royalty.

100. Plaintiff is in compliance with 35 U.S.C. § 287.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter judgment against Defendant and against its respective subsidiaries, successors, parents, affiliates, officers, directors, agents, servants, employees, and all persons in active concert or participation with it, granting the following relief:

1. The entry of judgment in favor of Upaid and against Defendant that Defendant has directly infringed and indirectly infringed (through inducement and contributing to infringement) claims of the '947 patent, literally and/or under the doctrine of equivalents pursuant to 35 U.S.C. §271;

2. Permanently enjoin Defendant as well as its respective agents, servants, officers, directors, employees and all persons acting in concert with them, directly or indirectly, from infringing, inducing others to infringe or contributing to the infringement of the '947 patent pursuant to 35 U.S.C. § 283;

3. Order that Defendant account for and pay to Upaid the damages to which Upaid is entitled as a consequence of Defendant's infringement of the '947 patent and to which available under 35 U.S.C. § 284, together with prejudgment interest from the date infringement began;

4. Find that Defendant's infringement is willful and accordingly award Upaid enhanced damages in accordance with 35 U.S.C. § 284;

5. Declare this case exceptional pursuant to 35 U.S.C. § 285 and award to Upaid its reasonable attorney's fees, expenses and costs in this action;

6. Award to Upaid post-judgment interest on the foregoing amounts at the maximum rate recoverable by law; and

7. Award to Upaid such other and further relief as the Court deems just and proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all issues so triable.

Dated: April 30, 2018

POLSINELLI LLP

By: /s/Chris L. Holm
Chris L. Holm
POLSINELLI LLP
cholm@polsinelli.com
Telephone: (310) 556-1801

Attorneys for Plaintiff
UPAID SYSTEMS, LTD.