

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

NCR Corporation,

Plaintiff,

v.

Lighthouse Consulting Group, LLC,

Defendant.

Civil Action No. 2:19-cv-00392

JURY TRIAL DEMANDED

COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff NCR Corporation (“NCR”) brings this Complaint for Declaratory Judgment (the “Complaint”) against Defendant Lighthouse Consulting Group, LLC (“Lighthouse”). NCR seeks declaratory relief pursuant to 28 U.S.C. §§ 2201 and 2202, declaring United States Patent Nos. 8,590,940 (“the ’940 Patent”) and 7,950,698 (“the ’698 Patent”)¹ invalid and not infringed by NCR.

NATURE OF THE ACTION

1. This is an action by NCR, a hardware, software, and services supplier, to protect its financial institution customers from meritless patent infringement lawsuits. Lighthouse is a patent assertion entity that, on information belief, is in the sole business of monetizing patents by filing suits against end users for the purpose of obtaining licensing and settlement amounts to which it is not entitled.

2. On information and belief, Lighthouse does not currently make or sell any products or services, and its only business activity at present is patent assertion.

¹ Reissued as U.S. Reissue Patent No. 44,274.

3. NCR is a global technology leader in consumer transaction technologies, including within the financial services industry. It is a leading developer and provider of remote check deposit software and hardware, including mobile check deposit applications.

4. Lighthouse filed a first lawsuit, *Lighthouse Consulting Group, LLC v. Bank of America, N.A.*, Civil Action No. 2:19-cv-250-JRG-RSP, in the Eastern District of Texas on July 12, 2019 (Complaint attached hereto as **Exhibit A**), in which it accuses NCR customer Bank of America, N.A. (“Bank of America”) of patent infringement, based on Bank of America’s use of mobile check deposit technology provided to it by NCR.

5. NCR is aware of at least twenty-six additional lawsuits to date that Lighthouse has filed in the Eastern District of Texas, Western District of Texas, and District of New Jersey, stating practically identical allegations against other financial institutions and directed to infringement of the same patents.

6. At least eight of Lighthouse’s other lawsuits were filed against customers of NCR’s mobile check deposit technology, including three other cases filed in this Court:

- *Lighthouse Consulting Group, LLC v. CitiGroup, Inc.*, No. 2:19-cv-00264-JRG-RSP (E.D. Tex. filed Aug. 5, 2019),
- *Lighthouse Consulting Group, LLC v. SunTrust Bank*, No. 2:19-cv-00340-JRG-RSP (E.D. Tex. filed Oct. 15, 2019), and
- *Lighthouse Consulting Group, LLC v. LegacyTexas Bank*, No. 2:19-cv-00374-JRG-RSP (E.D. Tex. filed Nov. 15, 2019).

7. Lighthouse's lawsuits against NCR customers also include four filed in the Western District of Texas:

- *Lighthouse Consulting Group, LLC v. Fifth Third Bank*, No. 6:19-cv-00596-ADA (W.D. Tex. filed Oct. 13, 2019),
- *Lighthouse Consulting Group, LLC v. Regions Bank*, 6:19-cv-00601-ADA (W.D. Tex. filed Oct. 15, 2019),
- *Lighthouse Consulting Group, LLC v. Morgan Stanley*, 6:19-cv-00599-ADA (W.D. Tex. filed Oct. 14, 2019), and
- *Lighthouse Consulting Group, LLC v. Capital One, N.A.*, No. 6:19-cv-00622-ADA (W.D. Tex. filed Oct. 18, 2019).

8. Lighthouse's lawsuits against NCR customers also include one filed in the District of New Jersey:

- *Lighthouse Consulting Group, LLC v. The PNC Financial Services Group, Inc.*, No. 3:19-cv-19004-FLW-DEA (D.N.J. filed Oct. 15, 2019).

9. All of these NCR customers sued by Lighthouse have demanded that NCR indemnify them against Lighthouse's claims pursuant to agreements between NCR and the respective companies, and NCR has agreed to defend them against what NCR believes to be baseless claims.

10. Lighthouse's lawsuits raise the specter of litigation against NCR itself for at least contributory, induced, and/or direct infringement, as the supplier of the accused products, and of subjecting NCR to judgments based on indemnity claims by its customers.

11. Case law recognizes the right of a supplier in NCR's situation to file for a declaratory judgment to resolve, once and for all, whether the asserted patents are valid and

whether its products infringe. Under the “customer suit” exception, such litigation by a supplier takes precedence over litigation against its customers, and to that end, district courts are additionally permitted to enjoin customer suits pending resolution of a supplier suit such as this. *E.g., Katz v. Lear Siegler, Inc.*, 909 F. 2d 1459, 1464 (Fed. Cir. 1990).

12. NCR thus brings this action under 28 U.S.C. §§ 2201 and 2202 for a declaratory judgment (a) that the accused NCR products do not infringe the Lighthouse patents; (b) that the Lighthouse patents are invalid; and (c) that Lighthouse be enjoined from proceeding with any litigation against NCR’s customers over the Lighthouse patents.

THE PARTIES

13. NCR is a Maryland corporation with its principal place of business in Atlanta, Georgia.

14. On information and belief, Lighthouse is a Massachusetts limited liability company having a principal place of business located at 27 William Fairfield Drive, Wenham, MA 01984. On information and belief, Lighthouse’s registered agent, Robert Peter Popadic, is also located at this address.

JURISDICTION AND VENUE

15. This is a civil action regarding allegations of patent infringement arising under the patent laws of the United States, 35 U.S.C. § 101 et seq., in which NCR seeks declaratory relief under the Declaratory Judgment Act, 28 U.S.C. § 2201 et seq., and thus raises a federal question.

16. In July, 2019, Lighthouse sued Bank of America, alleging that the “remote depositing” functionality² (the “Accused Functionality”) of Bank of America’s “Mobile Checking

² Lighthouse alternately refers to this as the “mobile imaging technology” and the “mobile deposit functionality.”

Application”³ directly and indirectly infringes U.S. Patent Nos. 8,590,940 and 7,950,698, both titled “Ubiquitous Imaging Device Based Check Image Capture” (collectively, the “Asserted Patents”). *E.g.*, Compl. ¶¶ 7–8, 12, 43, 46 & 60–61, *Lighthouse Consulting Group, LLC v. Bank of Am., N.A.*, No. 2:19-cv-250-JRG-RSP (E. D. Tex. filed July 12, 2019).

17. Lighthouse specifically names NCR as a likely supplier of the Accused Functionality to Bank of America, alleging that “Fiserv or NCR provides” the technology. *Id.* ¶ 34. Lighthouse further claims that “[t]here is no substantial non-infringing use” for the Accused Functionality; that it “was specifically designed to operate in a manner that infringes”; and that it “does not operate in any way that does not infringe” the Asserted Patents. *Id.* ¶¶ 55, 70.

18. NCR’s customers have demanded indemnification from NCR related to Lighthouse’s lawsuits, and NCR has agreed to defend them against Lighthouse’s claims.

19. On November 6, 2019, Lighthouse served a “Disclosure of Asserted Claims and Infringement Contentions” in the Bank of America case, which included claim charts with some additional detail on its allegations. A review of these claim charts, to the extent they could be understood, confirmed, based on the Accused Functionality, that Lighthouse’s allegations are directed specifically to the mobile deposit software products NCR provides to Bank of America and the other NCR customers Lighthouse has sued (the “NCR Accused Products”).

20. NCR continues to sell, and instruct customers in the use of, the NCR Accused Products.

³ Lighthouse alternately refers to this as the “Mobile Check Deposit Application.”

21. For at least the foregoing reasons, Lighthouse's allegations give rise to implied direct and/or indirect infringement claims against NCR and its lawsuits have exposed NCR to potential indemnity and infringement liability.

22. Lighthouse's allegations and lawsuits threaten actual and imminent injury to NCR that can only be redressed by judicial relief and, thus, there is a substantial controversy between NCR and Lighthouse that is of sufficient immediacy and reality for the Court to issue a declaratory judgment. Absent such a declaration of noninfringement and/or invalidity, Lighthouse's continued wrongful assertions of infringement will cause NCR harm.

23. This Court has personal jurisdiction over Lighthouse at least because Lighthouse sued Bank of America, Citigroup, Inc., SunTrust Bank, and LegacyTexas Bank in this Court over the same patents, thereby purposefully availing itself of the privilege of conducting activities here, and those cases, among others, gave rise to the controversy between NCR and Lighthouse at issue in this action.

24. Venue is proper in this Court under 28 U.S.C. § 1391(b)(2) and (3), because a substantial part of the events or omissions giving rise to NCR's claim occurred in this district and because Lighthouse is subject to the Court's personal jurisdiction.

FACTUAL BACKGROUND

25. NCR is a leading developer and supplier of consumer transaction technologies, including remote and mobile check deposit software and related hardware and services. NCR licenses this software to financial institution customers to allow their account holders to make, and the financial institution to validate and process, check deposits from mobile devices.

26. On July 12, 2019, Lighthouse sued NCR's customer Bank of America in this Court, alleging that Bank of America infringes the '940 Patent and '698 Patent.

27. A copy of the '940 Patent is attached hereto as **Exhibit B**.

28. A copy of the '698 Patent, reissued as U.S. Reissue Patent No. 44,274, is attached hereto as **Exhibit C**.

29. Lighthouse purports to be the owner of “all right, title and interest to” the Asserted Patents. Compl. ¶¶ 8 & 12, *Lighthouse Consulting Group, LLC v. Bank of Am., N.A.*, No. 2:19-cv-250-JRG (E.D. Tex. filed July 12, 2019).

30. Lighthouse alleges that Bank of America infringes the '940 Patent:

by, among other things, directly and/or indirectly or through intermediaries, making, using, importing, testing, providing, supplying, distributing, selling, and/or offering for sale systems . . . that provide a system for depositing checks via an image capture device coupled with an electronic transmission means, utilizing a carrier including a feature to permit alignment of the check in a specified manner, receiving front and back images of the deposited check by the bank server, pairing the front and back images of the deposited check for purposes of depositing the check into the user's bank account, covered by one or more claims of the '940 patent

Id. ¶ 43.

31. Lighthouse alleges that Bank of America infringes the '698 Patent on the same grounds, namely:

by, among other things, directly and/or indirectly or through intermediaries, making, using, importing, testing, providing, supplying, distributing, selling, and/or offering for sale systems . . . that provide a method for depositing checks via an image capture device coupled with an electronic transmission means, utilizing a carrier including a feature to permit alignment of the check in a specified manner, receiving front and back images of the deposited check by the bank server, pairing the front and back images of the deposited check for purposes of depositing the check into the user's bank account, covered by one or more claims of the '698 patent

Id. ¶ 60.

32. The NCR Accused Products do not infringe, nor have they ever infringed, directly or indirectly, any claim of the Asserted Patents.

33. The '940 Patent is directed to a “system for remote depositing of a plurality of negotiable instruments” that includes a “carrier” — a physical device, well-known in the banking

industry and similar to an envelope. This is reflected, for example, in the '940 Patent's two independent claims, both of which recite "a carrier for receiving the plurality of negotiable instruments . . . designed to permit one front image of all the negotiable instruments," and that the negotiable instruments are "secured to the carrier." In addition, Claim 1 recites that the carrier has "a front and back side" and Claim 6 recites that the carrier has "a surface area."

34. The '698 Patent is directed to a "method for remote depositing of a negotiable instrument" that likewise includes a carrier. For example, the '698 Patent's two independent claims recite "a carrier[] designed to permit a front image and a back image of the negotiable instrument, when the negotiable instrument is secured to the carrier." In addition, Claim 1 recites that the carrier has "a front side and back side" and Claim 6 recites an "area on the surface of the carrier" and an "electronic image of the front and back of the carrier."

35. The NCR Accused Products do not use a carrier or any equivalent thereof. The check is not inserted into or secured to a carrier or anything else. Rather, the check is loose, and the NCR Accused Products simply use a mobile device's camera to take a picture of the check while it is resting by itself on a tabletop or other surface. For at least these reasons, the NCR Accused Products do not infringe either the '940 or '698 Patents.

36. The claims of the Asserted Patents are also invalid for failure to satisfy one or more of the requirements of Title 35 of the United States Code, including, without limitation, 35 U.S.C. §§ 101–103 and 112. For example, the claims of the Asserted Patents are directed to abstract ideas under *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014) and its progeny. In another example, the claims are anticipated and/or rendered obvious by the prior art. In another example still, the claims lack written description, are not enabled, and/or are not sufficiently definite.

37. NCR has a direct and substantial interest in defeating any patent infringement claims relating to the NCR Accused Products. Lighthouse's allegations directly implicate NCR and give rise to implied direct and/or indirect infringement claims against NCR, and Lighthouse's lawsuits have exposed NCR to potential indemnity and infringement liability.

38. This controversy is between parties having adverse legal interests and is of sufficient immediacy and reality to warrant issuance of a declaratory judgment under 28 U.S.C. § 2201(a) as to the alleged validity and infringement of the Asserted Patents.

39. Because NCR supplies the Accused Functionality, resolution of this action will resolve the lawsuits against its customers.

40. NCR has brought this action to seek a timely resolution of Lighthouse's allegations, and to remove itself and its customers from the cloud over their respective businesses created by Lighthouse's current lawsuits and the looming threat of future lawsuits.

**COUNT I—DECLARATION OF NON-INFRINGEMENT OF
U.S. PATENT NO. 8,590,940**

41. NCR restates and incorporates by reference the foregoing paragraphs as though set forth fully herein.

42. Lighthouse has alleged, and continues to allege, that use or incorporation of NCR's technology infringes claims of the '940 Patent.

43. Neither NCR nor its customers infringes the '940 Patent, either directly or indirectly, and either literally or under the doctrine of equivalents, through their use or incorporation of any NCR technology, including the NCR Accused Products. For example, the NCR Accused Products do not use a "carrier" or any equivalent thereof, and thus do not infringe the '940 Patent.

44. An actual and justiciable controversy exists between NCR and Lighthouse as to NCR's non-infringement of the '940 Patent.

45. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 et seq., NCR seeks a declaration that it does not infringe any claim of the '940 Patent.

**COUNT II—DECLARATION OF NON-INFRINGEMENT OF
U.S. PATENT NO. 7,950,698 (REISSUED AS U.S. RE44,274)**

46. NCR restates and incorporates by reference the foregoing paragraphs as though set forth fully herein.

47. Lighthouse has alleged, and continues to allege, that use or incorporation of NCR's technology infringes claims of the '698 Patent.

48. Neither NCR nor its customers infringes the '698 Patent, either directly or indirectly, and either literally or under the doctrine of equivalents, through their use or incorporation of any NCR technology, including the NCR Accused Products. For example, the NCR Accused Products do not use a "carrier" or any equivalent thereof, and thus do not infringe the '698 Patent.

49. An actual and justiciable controversy exists between NCR and Lighthouse as to NCR's non-infringement of the '698 Patent.

50. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 et seq., NCR seeks a declaration that it does not infringe any claim of the '698 Patent.

**COUNT III—DECLARATION OF INVALIDITY OF
U.S. PATENT NO. 8,590,940**

51. NCR restates and incorporates by reference the foregoing paragraphs as though set forth fully herein.

52. The claims of the '940 Patent are invalid for failure to satisfy one or more of the requirements of Title 35 of the United States Code, including, without limitation, 35 U.S.C. §§ 101–103 and 112. For example, the claims of the Asserted Patents are directed to abstract ideas under *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014) and its progeny. In another example, the claims are anticipated and/or rendered obvious by the prior art. In another example still, the claims lack written description, are not enabled, and/or are not sufficiently definite.

53. An actual and justiciable controversy exists between NCR and Lighthouse as to the validity of the claims of the '940 Patent.

54. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 et seq., NCR seeks a declaration that the claims of the '940 Patent are invalid.

**COUNT IV—DECLARATION OF INVALIDITY OF
U.S. PATENT NO. 7,950,698 (REISSUED AS U.S. RE44,274)**

55. NCR restates and incorporates by reference the foregoing paragraphs as though set forth fully herein.

56. The claims of the '698 Patent are invalid for failure to satisfy one or more of the requirements of Title 35 of the United States Code, including, without limitation, 35 U.S.C. §§ 101–103 and 112. For example, the claims of the Asserted Patents are directed to abstract ideas under *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014) and its progeny. In another example, the claims are anticipated and/or rendered obvious by the prior art. In another example still, the claims lack written description, are not enabled, and/or are not sufficiently definite.

57. An actual and justiciable controversy exists between NCR and Lighthouse as to the validity of the claims of the '698 Patent.

58. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 et seq., NCR seeks a declaration that the claims of the '698 Patent are invalid.

PRAYER FOR RELIEF

WHEREFORE, NCR prays for a declaratory judgment against Lighthouse as follows:

- A. A declaration that NCR does not infringe any claim of the '940 Patent;
- B. A declaration that NCR does not infringe any claim of the '698 Patent;
- C. A declaration that each claim of the '940 Patent is invalid;
- D. A declaration that each claim of the '698 Patent is invalid;
- E. An injunction against Lighthouse and each of its officers, employees, agents, attorneys, and any persons acting on its behalf or in concert with it, restraining and enjoining them from further prosecuting or instituting any action alleging that any NCR method, product, or technology, or others' use of the same, infringes any claim of the '940 or '698 Patents;
- F. A declaration that this is an exceptional case under 35 U.S.C. § 285;
- G. An award of costs and attorneys' fees to NCR; and
- H. Such other relief as this Court or a jury may deem proper and just under the circumstances.

JURY TRIAL DEMAND

NCR requests a trial by jury on all issues so triable.

Dated: December 3, 2019

Respectfully submitted,

/s/ Stephen E. Baskin

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