

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

JOAO BOCK TRANSACTION	§	
SYSTEMS OF TEXAS, LLC,	§	
	§	
Plaintiff,	§	Civil Action No. 6:09-CV-368-LED
	§	
v.	§	
	§	
AMERICAN NATIONAL BANK OF	§	JURY TRIAL DEMANDED
TEXAS, CITY BANK TEXAS, FIRST	§	
NATIONAL BANK TEXAS, GRAND	§	
BANK OF TEXAS, LEGACYTEXAS	§	
BANK, MAIN STREET BANK, and	§	
TEXAS BANK AND TRUST COMPANY,	§	
	§	
Defendants.	§	

FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff Joao Bock Transaction Systems of Texas, LLC, (“Plaintiff”), by and through its undersigned counsel, files this First Amended Complaint for patent infringement against American National Bank of Texas, City Bank Texas, First National Bank Texas, Grand Bank of Texas, LegacyTexas Bank, Main Street Bank, and Texas Bank and Trust Company (collectively “Defendants”) as follows:

NATURE OF THE ACTION

1. This is a patent infringement action to stop each Defendant’s infringement of Plaintiff’s United States Patent No. 7,096,003 entitled “Transaction Security Apparatus” (the “003 patent”; a copy of which is attached hereto as Exhibit A). Plaintiff is the legal owner of all

of the rights under the '003 patent to bring this infringement action against the Defendants. Plaintiff seeks injunctive relief and monetary damages.

PARTIES

2. Plaintiff Joao Bock Transaction Systems of Texas, LLC ("Plaintiff") is a Limited Liability Company organized under the laws of the State of Texas and is located at 104 East Houston Street, Suite 170, Marshall, Texas 75670. Plaintiff is the exclusive licensee of the '003 patent, which license includes the right to exclude the Defendants from making, using, selling, offering to sell, advertising or importing in this district and elsewhere into the United States the patented invention(s) of the '003 patent and the exclusive right to sublicense the '003 patent, collect damages and sue for infringement and recover past damages.

3. Upon information and belief, Defendant American National Bank of Texas ("American National Bank") is a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at 102 West Moore Avenue, Terrel, TX 75160-0040.

4. Upon information and belief, Defendant City Bank Texas ("City Bank Texas") is a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at 5219 City Bank Parkway, Lubbock, TX 79407.

5. Upon information and belief, Defendant First National Bank Texas ("First National") is a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at 507 North Gray, Killeen, TX 76541.

6. Upon information and belief, Defendant Grand Bank of Texas (“Grand Bank”), a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at 2341 S. Belt Line Rd., Grand Prairie, TX 75051.

7. Upon information and belief, Defendant LegacyTexas Bank (“LegacyTexas”), is a banking subsidiary of LegacyTexas Group with its principal place of business located at 5000 Legacy Drive, Suite 260A, Plano, TX 75024.

8. Upon information and belief, Defendant Main Street Bank (“Main Street”), is a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at 23970 Highway North, Kingwood, TX 77339.

9. Upon information and belief, Texas Bank and Trust Company (“Texas Bank and Trust”), is a corporation organized and existing under the laws of the State of Texas, with its principal place of business located at P. O. Box 3188, 300 E. Whaley, Longview, TX 75601.

JURISDICTION AND VENUE

10. This action arises under the Patent Laws of the United States, 35 U.S.C. § 1 *et seq.*, including 35 U.S.C. §§ 271, 281-285. This Court has subject matter jurisdiction over this case for patent infringement under 28 U.S.C. §§ 1331 and 1338(a).

11. Upon information and belief, Defendants have transacted business and committed acts of infringement within the State of Texas, and more importantly, within this District, and are subject to the personal jurisdiction of this Court. The Court has personal jurisdiction over each Defendant because upon information and belief: each Defendant has minimum contacts within the State of Texas and the Eastern District of Texas; each Defendant has purposefully availed itself of the privileges of conducting business in the State of Texas and in the Eastern District of

Texas; each Defendant has sought protection and benefit from the laws of the State of Texas; each Defendant regularly conducts business within the State of Texas and within the Eastern District of Texas; and Plaintiff's causes of action arise directly from Defendants' business contacts and other activities in the State of Texas and in the Eastern District of Texas.

12. Upon information and belief, Defendants have made, used, offered for sale, imported, sold, or advertised, and continue to make, use, offer to sell, import, sell, or advertise, online products and services in this district and elsewhere into the United States that infringe one or more claims of the '003 patent. More specifically, each Defendant, directly and/or through intermediaries, makes, uses, sells, ships, distributes, offers for sale, or advertises its products and services in the United States, the State of Texas, and the Eastern District of Texas. Upon information and belief, each Defendant has committed patent infringement in the State of Texas and in the Eastern District of Texas, and/or has induced others to commit patent infringement in the State of Texas and in the Eastern District of Texas. Each Defendant solicits customers in the State of Texas and in the Eastern District of Texas. Each Defendant has many paying customers who are residents of the State of Texas and the Eastern District of Texas and who each use respective Defendant's products and services in the State of Texas and in the Eastern District of Texas.

13. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391 and 1400(b).

COUNT I – PATENT INFRINGEMENT

14. On August 22, 2006, the United States Patent and Trademark Office duly and legally issued the '003 patent to the inventors Raymond Anthony Joao and Robert Richard Bock. Raymond Anthony Joao and Robert Richard Bock assigned all rights, title and interest in and to

the '003 patent to Joao Bock Transaction Systems, LLC. Joao Bock Transaction Systems, LLC granted an exclusive license to Joao Bock Transaction Systems of Texas, LLC in the '003 patent, giving Joao Bock Transaction Systems of Texas, LLC the right to exclude the Defendants from making, using, selling, offering to sell, advertising or importing the patented invention(s) of the '003 patent, and the exclusive right to sublicense the '003 patent, collect damages and initiate lawsuits against the Defendants. The '003 patent is in full force and effect. Plaintiff is the exclusive licensee of the '003 patent and possesses all rights of recovery under the '003 patent for this litigation.

15. Upon information and belief, the Defendants have infringed and continue to infringe, one or more claims of the '003 patent by making, using, importing, providing, offering to sell, advertising and/or selling (directly or through intermediaries), in this District and elsewhere in the United States, infringing products and services.

16. By way of example, each of the Defendants infringes and/or induces infringement of the '003 patent because each Defendant uses a computer system that serves as a transaction security apparatus for its business operations. The transaction security apparatus has a processing device that processes information regarding transactions on a customer's account(s) (i.e., credit card account, bank account). Each Defendant's transaction security apparatus has a receiver for receiving information regarding transactions on, and uses of, the account. The receiver receives information from customers. The receiver also receives information from external computer systems connected to each Defendant's transaction security apparatus. Each Defendant's transaction security apparatus stores information regarding when a customer wants to receive notifications regarding the account activity. Each Defendant's transaction security apparatus has a transmitter for transmitting information regarding its business operations (i.e.,

account activity). Each Defendant's transaction security apparatus utilizes the processing device for managing the flow of information and for executing programs to process the information. The processing device processes incoming transactions, and utilizes account information stored in the memory device. The processing device generates an electronic notification regarding activity on a customer's account. The transmitter of each Defendant's transaction security apparatus transmits the signal to the customer and notifies the customer of the activity.

17. Upon information and belief, each of the Defendants has induced and is actively inducing others to infringe one or more claims of the '003 patent, in this District and elsewhere in the United States. Defendants actively and knowingly, aid and abet others, and specifically Defendants' customers, to use Defendants' technology and account services for sending notifications regarding activity on credit card accounts and bank accounts. Each Defendant knowingly aids and abets its customers to use its website-based business operations and services; and each Defendant utilizes a computer systems that is a transaction security apparatus to implement its website-based operations and services that infringe the '003 patent. Each Defendant, thereby induces its customers to perform the step(s) required to infringe at least one or more claims of the '003 patent. In this manner, each Defendant infringes, and/or induces infringement of one or more claims of the '003 patent.

18. By way of example, each of the Defendants infringes and/or induces infringement of the '003 patent because, *inter alia*, each Defendant uses a computer system that serves as a transaction security apparatus for its financial operations. Each Defendant actively and knowingly aids and abets its customers' use of its website-based financial operations and services, thereby inducing its customers to perform the step(s) required to infringe at least one or more claims of the '003 patent. The transaction security apparatus processes information

regarding transactions on its customers' accounts. Each Defendant's transaction security apparatus has a receiver for receiving information regarding transactions on, and uses of, an account. The receiver receives information from customers. The receiver also receives information from external computer systems connected to each Defendant's transaction security apparatus (e.g., merchant's computer system is external to a bank's transaction security apparatus). Each Defendant's transaction security apparatus has a transmitter for transmitting notification(s) to customers. Each Defendant's transaction security apparatus has a memory device for storing information, programs and data required for its financial operations. The memory device stores account information for each customer. The memory device also stores information received from the customer and/or information received from external computer systems connected to each Defendant's transaction security apparatus. Each Defendant's transaction security apparatus has a processing device for handling the flow of information and for executing programs to process information. The processing device generates an electronic notification when certain conditions are met on a customer's account. For example, a customer wants to receive notifications regarding a transaction that posts to the account. Each Defendant's transaction security apparatus stores information regarding when a customer wants to receive notifications regarding the account activity. Each Defendant's processing device processes incoming transactions, and utilizes account information stored in the memory device (including processing information regarding when the customer wants to receive a notification). Each Defendant's processing device generates a signal when a transaction occurs on the customer's account (e.g., a transaction posts to the account). The transmitter of each Defendant's transaction security apparatus transmits the signal to the customer. The signal contains information regarding the activity on the account.

19. Upon information and belief, each of the Defendants infringes and/or induces infringement of the '003 patent because each Defendant uses a computer system that serves as a transaction security apparatus having account management tools for customers to establish controls on use of an account. Each Defendant actively and knowingly aids and abets its customers to use its website-based operations and services, thereby inducing its customers to perform the step(s) required to infringe at least one or more claims of the '003 patent. Each Defendant uses the transaction security apparatus described *supra*. Each Defendant's transaction security apparatus has a receiver for receiving information, and a transmitter for sending information. The receiver receives a customer's information regarding limitations on an account. The receiver receives information regarding a use of the account, or an attempted use of the account. The memory device of the transaction security apparatus stores information regarding accounts, including persons authorized to use the account and specific limitations on the use of the account(s). Each Defendant's transaction security apparatus has a processing device for processing the transactions or attempted transactions on the account. The processing device utilizes information stored in the memory device, including whether there are limitations on the attempted transaction (or attempted use) on the account based upon the limitations that the customer previously established on the account(s). The processing device generates a signal based on the stored information and determines whether the transaction or attempted transaction is authorized or not authorized. The signal contains information regarding whether the transaction is authorized or not allowed. The transmitter of the Defendant's transaction security apparatus sends a signal to the customer, notifying the customer of the activity on the account.

20. By way of example, each of the Defendants infringe and/or induce infringement of the '003 patent by actively and knowingly aiding and abetting its customers to perform step(s)

that infringe the '003 patent by, *inter alia*, allowing customers to establish restrictions on use of a company's bank account and/or credit card account. Each Defendant provides small business and/or corporate customers with technology tools to manage the business' financial accounts, to control access to the financial accounts, and to limit transactions on the account(s). Each Defendant uses a computer system which is a transaction security apparatus to implement its business operations and to actively and knowingly aid and abet its customers' use of accounts and services related to the account(s). A business owner logs into his/her account using the Defendant's website. The business owner uses the services and features provided by a Defendant(s) through the Defendant's website(s) to establish which employees have access to the business' financial accounts. The business customer establishes controls over transactions with the online banking module by setting limits on the monetary amount of transactions that are authorized. Each Defendant's transaction security apparatus stores this information at the memory device. The processing device of each Defendant's transaction security apparatus receives information regarding an employee's use or attempted use on the account. The processing device utilizes the information stored in the memory device regarding controls on use of the account. The processing device determines if the use or attempted use is authorized or not authorized. The processing device generates a signal indicating whether the use is authorized or not authorized. Each Defendant's transmitter transmits a signal with information regarding the transaction or attempted use of the account to the business owner.

21. Upon information and belief, Defendant American National Bank infringes and/or induces infringement of at least independent claims 47, 100, 102, 137, 169, 222, 259, 288, 317, 375, and 414, and dependent claims 64, 68, 121, 122, 132, 152, 153, 161, 185, 193, 240, 242, 264, 274, 300, 304, 336, 391, 393, 399, 400, and 404, with account management tools for small

businesses and commercial customers via “Cash Manager” and similar business banking solutions. Defendant American National Bank infringes and/or induces infringement of the ‘003 patent when its computer system sends customers notifications with information regarding activity on an account.

22. Upon information and belief, Defendant City Bank Texas infringes and/or induces infringement of at least independent claims 47, 100, 102, 137, 169, 222, 259, 288, 317, 375, and 414, and dependent claims 64, 68, 121, 122, 132, 152, 153, 161, 185, 193, 240, 242, 264, 274, 300, 304, 336, 391, 393, 399, 400, and 404, with account management tools for small businesses and commercial customers via “Cash Manager” and similar business banking solutions. Defendant City Bank Texas infringes and/or induces infringement of the ‘003 patent when its computer system sends customers notifications with information regarding activity on an account.

23. Upon information and belief, Defendant First National infringes and/or induces infringement of at least independent claims 222, 259, 317, 370, 375, and 414, and dependent claims 240, 242, 264, 274, 336, 391, 404, and 406, with its notification services that send information on account activity to customers. Plaintiff reserves the right to seek discovery on Defendant First National’s business banking solutions, business accounts and corporate credit cards, and reserves the right to assert additional claims on those services pending additional discovery.

24. Upon information and belief, Defendant Grand Bank infringes and/or induces infringement of at least independent claims 222, 259, 317, 370, 375, and 414, and dependent claims 240, 242, 264, 274, 336, 391, 404, and 406, with its notification services that send information on account activity to customers. Plaintiff reserves the right to seek discovery on

Defendant Grand Bank's business banking solutions, business accounts and corporate credit cards, and reserves the right to assert additional claims on those services pending additional discovery.

25. Upon information and belief, Defendant LegacyTexas infringes and/or induces infringement of at least independent claims 47, 100, 102, 137, 169, 222, 259, 288, 317, 375, and 414, and dependent claims 64, 68, 121, 122, 132, 152, 153, 161, 185, 193, 240, 242, 264, 274, 300, 304, 336, 391, 393, 399, 400, and 404, with account management tools for small businesses and commercial customers via "Cash Manager" and similar business banking solutions. Defendant LegacyTexas infringes and/or induces infringement of the '003 patent when it sends customers notifications with information regarding activity on an account.

26. Upon information and belief, Defendant Main Street infringes and/or induces infringement of at least independent claims 47, 100, 102, 137, 169, 222, 259, 288, 317, 375, and 414, and dependent claims 64, 68, 121, 122, 132, 152, 153, 161, 185, 193, 240, 242, 264, 274, 300, 304, 336, 391, 393, 399, 400, and 404, with account management tools for small businesses and commercial customers via "Cash Manager" and similar business banking solutions. Defendant Main Street infringes and/or induces infringement of the '003 patent when it sends customers notifications with information regarding activity on an account.

27. Upon information and belief, Defendant Texas Bank and Trust infringes and/or induces infringement of at least independent claims 47, 100, 102, 137, 169, 222, 259, 288, 317, 375, and 414, and dependent claims 64, 68, 121, 122, 132, 152, 153, 161, 185, 193, 240, 242, 264, 274, 300, 304, 336, 391, 393, 399, 400, and 404, with account management tools for small businesses and commercial customers via "Cash Management" and similar business banking

solutions. Defendant Texas Bank and Trust infringes and/or induces infringement of the '003 patent when it sends customers notifications with information regarding activity on an account.

28. Each Defendant's aforesaid activities have been and continue to be without authority and/or license from Plaintiff.

29. Plaintiff is entitled to recover from each of the Defendants the damages sustained by Plaintiff as a result of the Defendants' wrongful acts in an amount subject to proof at trial.

30. Each defendant's infringement of Plaintiff's exclusive rights under the '003 patent will continue to damage Plaintiff, causing irreparable harm for which there is no adequate remedy at law, unless enjoined by this Court.

JURY DEMAND

31. Plaintiff demands a trial by jury on all issues.

PRAYER FOR RELIEF

Plaintiff Joao Bock Transaction Systems of Texas, LLC, respectfully requests the following relief:

- A. An adjudication that each of the Defendants have infringed and continue to infringe claims of the '003 patent;
- B. An award to Plaintiff of damages adequate to compensate Plaintiff for the Defendants' acts of infringement together with prejudgment interest;
- C. An award of Plaintiff's costs of suit and reasonable attorneys' fees pursuant to 35 U.S.C. § 285 due to the exceptional nature of this case, or as otherwise permitted by law with respect to the Defendants;

- D. A grant of permanent injunction pursuant to 35 U.S.C. § 283, enjoining the Defendants from further acts of (1) infringement, and (2) actively inducing infringement with respect to the claims of the '003 patent; and
- E. Any further relief that this Court deems just and proper.

Dated: April 13, 2010

Respectfully submitted,

/s/ Andrew Spangler
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CERTIFICATE OF SERVICE

I hereby certify that the counsel of record who are deemed to have consented to electronic service are being served today with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3).

April 13, 2010

/s/ Andrew Spangler
Andrew W. Spangler