

FILED-CLERK  
U.S. DISTRICT COURT  
07 JUL 30 PM 4:22  
TEXAS-EASTERN  
BY \_\_\_\_\_

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

RONALD A. KATZ TECHNOLOGY  
LICENSING, L.P.,

Plaintiff,

v.

UAL CORPORATION; UNITED  
AIRLINES, INC.; MILEAGE PLUS  
HOLDINGS, INC.; MILEAGE PLUS  
MARKETING, INC.; UAL LOYALTY  
SERVICES, LLC; and MILEAGE PLUS,  
INC.,

Defendants.

CASE NO. 2:07cv317  
Jury Trial Demanded

**PLAINTIFF RONALD A. KATZ TECHNOLOGY LICENSING, L.P.'S  
COMPLAINT FOR PATENT INFRINGEMENT**

Plaintiff, Ronald A. Katz Technology Licensing, L.P. ("Katz Technology Licensing"), by  
counsel, alleges as follows:

**THE PARTIES**

1. Plaintiff Katz Technology Licensing is a limited partnership organized under the  
laws of the State of California, and having a principal place of business at 9220 Sunset Blvd.  
#315, Los Angeles, California 90069.

2. On information and belief, Defendant UAL Corporation is a corporation  
organized under the laws of the State of Delaware, and having a principal place of business at 77  
West Wacker Drive, Chicago, IL 60601.

3. On information and belief, Defendant United Air Lines, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1200 E. Algonquin Road, Arlington Heights, IL 60005.

4. On information and belief, Defendant Mileage Plus Holdings, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1200 E. Algonquin Road, Arlington Heights, IL 60005.

5. On information and belief, Defendant Mileage Plus Marketing, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1200 E. Algonquin Road, Arlington Heights, IL 60005.

6. On information and belief, Defendant UAL Loyalty Services, LLC is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1200 E. Algonquin Road, Arlington Heights, IL 60005.

7. On information and belief, Defendant Mileage Plus, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1600 Golf Road, Suite 520, Rolling Meadows, IL 60008.

#### **JURISDICTION AND VENUE**

8. This is a civil action for patent infringement arising under the United States patent statutes, 35 U.S.C. § 1 *et seq.*

9. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §§ 1331 and 1338(a).

10. UAL Corporation, United Air Lines, Inc., Mileage Plus Holdings, Inc., Mileage Plus Marketing, Inc., UAL Loyalty Services, LLC and Mileage Plus, Inc. (collectively, the United defendants) are each subject to this Court's personal jurisdiction because they each do

and have done substantial business in this judicial district, including: (i) operating infringing automated telephone call processing systems, including without limitation the United Air Lines Reservations Sales, United Mileage Plus Customer Service for Premiers, United Mileage Plus Customer Service Line, United Air Lines International Reservation Sales, and United Airlines local numbers that allow their customers, including customers within this State and in this District, to perform reserving, ticketing, purchasing, ordering, verification, confirmation and funding functions over the telephone; and (ii) regularly doing or soliciting business, engaging in other persistent courses of conduct, and/or deriving substantial revenue from services provided to individuals in this State and in this District. In addition, United Airlines, Inc. has designated an agent for service of process in the State of Texas.

11. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b)-(c) and 1400(b).

#### **BACKGROUND FACTS**

12. Ronald A. Katz (“Mr. Katz”), founder of Katz Technology Licensing, is the sole inventor of each of the patents in suit. Mr. Katz has been widely recognized as one of the most prolific and successful inventors of our time, and his inventions over the last forty-plus years have been utilized by literally millions of people.

13. In 1961, Mr. Katz co-founded Telecredit Inc. (“Telecredit”), the first company to provide online, real-time credit authorization, allowing merchants to verify checks over the telephone. Further innovations from Telecredit include the first online, real-time, point-of-sale credit verification terminal, which enabled merchants to verify checks without requiring the assistance of a live operator, and the first device that used and updated magnetically-encoded

cards in automated teller machines. Multiple patents issued from these innovations, including patents co-invented by Mr. Katz.

14. Telecredit was eventually acquired by Equifax, and has now been spun off as Certegy, a public company traded on the New York Stock Exchange. Certegy continues to provide services in the credit and check verification field established by Mr. Katz and Telecredit.

15. Mr. Katz's inventions have not been limited to telephonic check verification. Indeed, Mr. Katz is responsible for advancements in many fields of technology. Among his most prominent and well-known innovations are those in the field of interactive call processing. Mr. Katz's inventions in that field are directed to the integration of telephonic systems with computer databases and live operator call centers to provide interactive call processing services.

16. The first of Mr. Katz's interactive call processing patents issued on December 20, 1988. More than fifty U.S. patents have issued to Mr. Katz for his inventions in the interactive call processing field, including each of the patents-in-suit.

17. In 1988, Mr. Katz partnered with American Express to establish FDR Interactive Technologies, later renamed Call Interactive, to provide interactive call processing services based on Mr. Katz's inventions. The American Express business unit involved in this joint venture later became known as First Data.

18. Early clients of Call Interactive included *The New York Times*, ABC's *Monday Night Football*, KABC Radio, CBS News, and Beatrice Foods (Hunt-Wesson division).

19. Many of these clients utilized Call Interactive technology for high-profile events. For example, CBS News hired Call Interactive to operate an interactive, real-time telephone poll to gauge viewer reaction to President George H.W. Bush's 1992 State of the Union address.

20. Mr. Katz sold his interest in Call Interactive to American Express in 1989 but continued to provide advisory services to Call Interactive until 1992. American Express later spun off the First Data business unit into a separate corporation, and with that new entity went Mr. Katz's interactive call processing patents and the Call Interactive call processing business. The former Call Interactive, now known as First Data Voice Services, continues to provide call processing solutions today.

21. In 1994, Mr. Katz formed Katz Technology Licensing, which acquired the rights to the entire interactive call processing patent portfolio, including the rights to each of the patents-in-suit, from First Data, the owner of all of the Katz interactive call processing patents at that time.

22. The marketplace has clearly recognized the value of Mr. Katz's inventions. Indeed, over 175 companies, including in some instances direct competitors of the United defendants, have licensed the patents-in-suit. Licensees include IBM, Hewlett-Packard, Bank of America, JPMorgan Chase, Wells Fargo, HSBC, Citibank, Verizon, Sprint, Microsoft, Delta Airlines, Merck, Sears, and Home Shopping Network. These licenses and others acknowledge the applicability of the patents-in-suit to multiple fields of use, including but not limited to financial services call processing, automated securities transactions, automated credit card authorization services, automated wireless telecommunication services and support, automated health care services, and product and service support.

23. The United defendants employ the inventions of certain of the patents-in-suit. Katz Technology Licensing, through its licensing arm A2D, L.P., has repeatedly attempted to engage the United defendants in licensing negotiations, but to date, the United defendants have not agreed to take a license to any of the patents-in-suit.

24. The United defendants filed for Chapter 11 bankruptcy protection on December 9, 2002 in the United States Bankruptcy Court for the Northern District of Illinois (“Bankruptcy Court”).

25. The United defendants emerged from bankruptcy protection on February 1, 2006.

26. During the bankruptcy proceeding, Katz filed proofs of claim against the United defendants for patent infringement. Katz originally filed Claim No. 40941 on May 9, 2003, asserting a general unsecured claim based upon the acts of patent infringement committed by the United defendants prior to their filing for bankruptcy protection. Katz subsequently amended that general unsecured claim through its filing of still-pending Claim No. 43823 on December 17, 2004. Katz filed Claim No. 43515 on February 16, 2004, asserting an administrative claim based upon the United defendants’ acts of patent infringement committed during the pendency of the bankruptcy proceedings. Katz subsequently amended that administrative claim through its filing of still-pending Claim No. 45010 on March 1, 2006. The Bankruptcy Court has not adjudicated Claim No. 43823 or Claim No. 45010.

27. Katz files this Complaint to assert claims against the United defendants for their past and ongoing acts of patent infringement since they emerged from bankruptcy protection.

#### **THE PATENTS-IN-SUIT**

28. On July 7, 1992, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,128,984 (“the ‘984 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor.

29. On October 5, 1993, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,251,252 (“the ‘252 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor.

30. On October 27, 1998, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,828,734 (“the ‘734 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor.

31. On October 26, 1999, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,974,120 (“the ‘120 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor.

**COUNT I**  
**(POST-BANKRUPTCY PATENT INFRINGEMENT BY THE UNITED DEFENDANTS)**

32. Katz Technology Licensing realleges and incorporates by reference paragraphs 1-31 of this Complaint as if fully set forth herein.

33. Katz Technology Licensing is the sole holder of the entire right, title, and interest in the ‘984, ‘252, ‘734 and ‘120 Patents.

34. On information and belief, the United defendants operate automated telephone call processing systems, including without limitation the United Air Lines Reservations Sales, United Mileage Plus Customer Service for Premiers, United Mileage Plus Customer Service Line, United Air Lines International Reservation Sales, and United Airlines local numbers that allow their customers to perform reserving, ticketing, purchasing, ordering, verification, confirmation and funding functions over the telephone.

35. Since February 1, 2006, the United defendants have directly and contributorily infringed, and induced others to infringe, one or more claims of each of the patents identified in paragraph 33 of this Complaint by making, using, offering to sell, and/or selling within the United States automated telephone systems, including without limitation the United Air Lines Reservations Sales, United Mileage Plus Customer Service for Premiers, United Mileage Plus

Customer Service Line, United Air Lines International Reservation Sales, and United Airlines local numbers systems.

36. The United defendants continue to infringe, contributorily infringe, and induce others to infringe the patents identified in paragraph 33 of this Complaint.

37. Since February 1, 2006, the United defendants' infringement of the patents identified in paragraph 33 of this Complaint has been willful.

38. Since February 1, 2006, Katz Technology Licensing has been, and continues to be, damaged and irreparably harmed by the United defendants' infringement, which will continue unless the United defendants are enjoined by this Court.

#### **REQUEST FOR RELIEF**

WHEREFORE, Plaintiff Katz Technology Licensing respectfully requests the following relief:

A. A judgment holding the United defendants liable for acts of infringement of the patents identified in paragraph 33 of this Complaint committed since February 1, 2006;

B. A permanent injunction against the United defendants, their officers, agents, servants, employees, attorneys, parent and subsidiary corporations, assigns and successors in interest, and those persons in active concert or participation with them, enjoining them from continued acts of infringement of the '734, '984, '252 and '120 Patents;

C. An accounting for damages resulting from the United defendants' infringement of the patents identified in paragraph 33 of this Complaint since February 1, 2006, together with pre-judgment and post-judgment interest;

D. A judgment holding that the United defendants' infringement of the patents identified in paragraph 33 of this Complaint since February 1, 2006, is willful, and a trebling of



damages pursuant to 35 U.S.C. § 284;

E. A judgment holding this Action an exceptional case, and an award to Plaintiff Katz Technology Licensing for its attorneys' fees and costs pursuant to 35 U.S.C. § 285; and

F. Such other relief as the Court deems just and equitable.

Dated: July 30, 2007

Respectfully submitted,

By:  \_\_\_\_\_

Damon M. Young  
Lead Attorney  
State Bar No. 22176700  
[dmyoung64@aol.com](mailto:dmyoung64@aol.com)  
YOUNG PICKETT & LEE  
4122 Texas Boulevard  
P.O. Box 1897  
Texarkana, TX 75504-1897  
Telephone: (903) 794-1303  
Facsimile: (903) 792-5098

Of Counsel:

Stephen C. Neal  
[nealsc@cooley.com](mailto:nealsc@cooley.com)  
Ricardo Rodriguez  
[rr@cooley.com](mailto:rr@cooley.com)  
COOLEY GODWARD LLP  
Five Palo Alto Square  
3000 El Camino Real  
Palo Alto, CA 94306-2155  
Telephone: (650) 843-5000  
Facsimile: (650) 857-0663

Frank V. Pietrantonio  
[fpietrantonio@cooley.com](mailto:fpietrantonio@cooley.com)  
Jonathan G. Graves  
[jgraves@cooley.com](mailto:jgraves@cooley.com)  
COOLEY GODWARD LLP  
One Freedom Square  
11951 Freedom Drive  
Reston, VA 20190-5656  
Telephone: (703) 456-8000  
Facsimile: (703) 456-8100

*Attorneys for Plaintiff*  
*Ronald A. Katz Technology Licensing, L.P.*

**DEMAND FOR JURY TRIAL**

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff Ronald A. Katz Technology Licensing, L.P. hereby demands trial by jury.

Dated: July 30, 2007

Respectfully submitted,

By: 

Damon M. Young  
Lead Attorney  
State Bar No. 22176700  
[dmyoung64@aol.com](mailto:dmyoung64@aol.com)  
YOUNG PICKETT & LEE  
4122 Texas Boulevard  
P.O. Box 1897  
Texarkana, TX 75504-1897  
Telephone: (903) 794-1303  
Facsimile: (903) 792-5098

Of Counsel:

Stephen C. Neal  
[nealsc@cooley.com](mailto:nealsc@cooley.com)  
Ricardo Rodriguez  
[rr@cooley.com](mailto:rr@cooley.com)  
COOLEY GODWARD LLP  
Five Palo Alto Square  
3000 El Camino Real  
Palo Alto, CA 94306-2155  
Telephone: (650) 843-5000  
Facsimile: (650) 857-0663

Frank V. Pietrantonio  
[fpietrantonio@cooley.com](mailto:fpietrantonio@cooley.com)  
Jonathan G. Graves  
[jgraves@cooley.com](mailto:jgraves@cooley.com)  
COOLEY GODWARD LLP  
One Freedom Square  
11951 Freedom Drive  
Reston, VA 20190-5656  
Telephone: (703) 456-8000  
Facsimile: (703) 456-8100

*Attorneys for Plaintiff  
Ronald A. Katz Technology Licensing, L.P*