

**UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

**PROMONTORY INTERFINANCIAL
NETWORK, LLC
1515 N. Courthouse Road, Suite 800
Arlington, Virginia 22201,**

Plaintiff,

v.

**DOUBLE ROCK CORPORATION, p/k/a
RESERVE MANAGEMENT CORPORATION
1250 Broadway
New York, New York 10001,**

and

**ISLAND INTELLECTUAL PROPERTY LLC
1250 Broadway
New York, New York 10001,**

and

**LIDS CAPITAL LLC
1250 Broadway
New York, New York 10001,**

and

**INTRASWEEP LLC
1250 Broadway
New York, New York 10001**

Defendants.

Civil Action No. 3:09cv217 REP

JURY TRIAL DEMANDED

AMENDED COMPLAINT

Plaintiff Promontory Interfinancial Network, LLC (“Promontory”) brings this action seeking declaratory and injunctive relief and damages against Defendant Double Rock Corporation p/k/a Reserve Management Corporation (“the Reserve”), LIDs Capital LLC (“LIDs

Capital”), Island Intellectual Property LLC (“Island IP”), and Intrasweep LLC (“Intrasweep”, collectively with the Reserve, LIDs Capital and Island IP, “the Reserve Parties”). The Reserve Parties have threatened to assert against Promontory, and its customers, patents that the Reserve Parties obtained through inequitable conduct, that are invalid, and that Promontory does not infringe. To address the harms resulting from the Reserve Parties’ unlawful conduct, Promontory alleges for its complaint as follows:

NATURE OF ACTION

1. Promontory and the Reserve have competed in the market for providing “deposit sweep services” to broker-dealers. In a deposit sweep service, cash held in customer accounts at broker-dealers is transferred electronically (“swept”) into federally-insured and interest-bearing deposit accounts until the cash is needed by the customer. Financial institutions have offered such services to their customers since at least the early 1980s. Nonetheless, more than ten years later in the late 1990s, the Reserve began filing United States patent applications purporting to claim methods and systems for providing deposit sweep services that are indistinguishable from these earlier services. The methods and systems claimed by the Reserve were well-known when it filed its applications: the “invention” the Reserve sought to patent involves nothing more than the application of longstanding legal principles found in banking statutes, regulations, and court decisions.

2. Knowing that deposit sweep services offered years before would likely prevent it from obtaining any issued patents, the Reserve, and more recently, Island IP, concealed from and misrepresented to the United States Patent and Trademark Office (“PTO”) material information about these earlier services during the prosecution of its patent applications. The Reserve also concealed from and misrepresented to the PTO material information about the Reserve’s own

deposit sweep service -- including that it was offered for sale more than one year prior to the first Reserve patent application. As a result of these concealments and misrepresentations, three of the applications filed by the Reserve Parties have now issued as United States Patents Nos. 6,374,231 (“the ’231 patent”), 7,509,286 (“the ’286 patent”) and 7,519,551 (“the ’551 patent”) (collectively, “the Reserve Patents”). The Reserve assigned its rights to the Reserve Patents and related patent applications to Island IP, a wholly owned subsidiary of the Reserve, in December 2008.

3. Promontory offers its customers a deposit sweep service that works in a fundamentally different way than the Reserve’s deposit sweep service and the methods and systems that are the subject of the Reserve Patents and related patent applications. The Reserve Parties know or should know that Promontory’s service is not covered by these patents and applications and that the Reserve Patents and related patent applications are invalid and unenforceable. Yet the Reserve has falsely stated to Promontory’s customers and service providers that Promontory’s deposit sweep service practices the Reserve Patents and related applications and that Promontory’s customers and service providers may incur liability for patent infringement. This improper and malicious conduct by the Reserve has harmed Promontory’s business and reputation and has caused Promontory to lose substantial potential revenue.

4. Since as early as 2006, the Reserve Parties have been asserting that Promontory was infringing the Reserve Patents and Related Applications. Most recently, in a letter to Promontory’s counsel dated March 10, 2009, the Reserve Parties reiterated their allegation that Promontory was wrongly using the purported inventions claimed in the ’231 patent, the applications for the ’286 patent and the ’551 patent, as well as the pending Related Applications, reciting

[Y]our June 30, 2006 letter which categorically denied Promontory's use of the claimed invention and incorrectly asserted that the '231 Patent and the pending patent applications "circumvent, if not violate, federal regulatory requirements." Your client, or at least its banking counsel, should have realized that both of these assertions were untrue. [...] Since that time, your client's willful misappropriation of Double Rock's inventions to compete with Double Rock has resulted in substantial harm to Double Rock, including the loss of several clients, and has eroded Double Rock 's profits on the products it has been able to sell.

5. Accordingly, a substantial, immediate, and real controversy exists between Promontory and the Reserve Parties that can be fully resolved in this action, and therefore, Promontory brings claims under federal law to declare the '551 patent invalid, unenforceable, and not infringed. Promontory seeks declaratory and injunctive relief, attorney's fees, and costs.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction over Promontory's declaratory judgment claims (Counts I – III) pursuant to 28 U.S.C. §§ 1331 and 1338(a), because they present a federal question arising under Title 35 of the United States Code, and pursuant to 28 U.S.C. §§ 2201 and 2202, because an actual controversy exists as to the invalidity, unenforceability, and infringement of the Reserve Patents. Venue in this Court is proper pursuant to 28 U.S.C. § 1391(b), because the Reserve Parties reside in this judicial district and because a substantial part of the events or omissions giving rise to Promontory's claims occurred in this judicial district.

7. This Court has personal jurisdiction over the Reserve Parties, because, upon information and belief: (i) the Reserve Parties have contracted to supply services or things in this Commonwealth; (ii) the Reserve Parties have caused tortious injury in this Commonwealth by an act or omission outside this Commonwealth; and (iii) the Reserve Parties regularly do or solicit

business, and engage in other persistent course of conduct, and derive substantial revenue from goods used or consumed or services rendered, in this Commonwealth.

PARTIES

8. Plaintiff Promontory Interfinancial Network, LLC is a Delaware limited liability company with its principal place of business at 1515 N. Courthouse Road, Arlington, Virginia 22201. Promontory was founded in 2002 by banking-industry leaders, including a former Comptroller of the Currency, Vice Chairman of the Federal Reserve Board, and Chief of Staff of the Federal Deposit Insurance Corporation (“FDIC”). Promontory provides services to the financial services industry, including, among other things, deposit sweep services for broker-dealers.

9. Upon information and belief, Defendant Double Rock Corporation, which was previously known as Reserve Management Corporation, is a New Jersey corporation with its principal place of business at 1250 Broadway, New York, New York 10001. The Reserve is a direct competitor of Promontory in the market for deposit sweep services. Upon information and belief, the Reserve is the sublicensee of LIDs Capital for the '551 patent with respect to providing cash management services for broker dealers and asset managers.

10. Upon information and belief, Defendant Island Intellectual Property LLC, which is a wholly-owned, patent-holding subsidiary of Double Rock Corporation, is a Delaware limited liability company with its principal place of business at 1250 Broadway, New York, New York 10001. The Reserve assigned all rights to the Reserve Patents and related patent applications to Island IP on December 4, 2008. Upon information and belief, throughout the existence of Island IP, Defendant Island IP has been controlled by the Reserve, and Defendants Island IP and the Reserve have acted through the same agents and been represented by the same counsel.

11. Upon information and belief, LIDs Capital, which is a wholly-owned subsidiary of Double Rock Corporation, is a limited liability corporation organized and existing under the laws of Delaware with its principal place of business at 1250 Broadway, New York, New York 10001. Upon information and belief, LIDs Capital is the exclusive licensee of the '231 and '286 patents and related patent applications, and the '551 patent with respect to providing cash management services for broker dealers and asset managers. Upon information and belief, throughout the existence of LIDs Capital, Defendant LIDs Capital has been controlled by the Reserve, and Defendants LIDs Capital and the Reserve have acted through the same agents and been represented by the same counsel.

12. Upon information and belief, Intrasweep LLC, which is a wholly-owned subsidiary of Double Rock Corporation, is a limited liability company organized and existing under the laws of Delaware with its principal place of business at 1250 Broadway, New York, New York 10001. Upon information and belief, Intrasweep is the exclusive licensee of Island IP for the '551 patent with respect to providing cash management services for banks in connection with money market deposit accounts and demand deposit accounts that facilitate the transfer of funds between money market deposit accounts and demand deposit accounts. Upon information and belief, throughout the existence of Intrasweep, Defendant Intrasweep has been controlled by the Reserve, and Defendants Intrasweep and the Reserve have acted through the same agents and been represented by the same counsel.

FACTUAL BACKGROUND

Deposit Sweep Services

13. Broker-dealer customers commonly hold uninvested or “excess” cash in their brokerage accounts. The excess cash held in a brokerage account may result from interest or

dividend payments on securities, the sale of securities, or a deposit of cash by the customer. Under SEC regulations, a broker-dealer is not required to pay interest on such excess cash.

14. As a service to their customers, many broker-dealers will automatically invest, or “sweep,” the excess cash in a customer’s brokerage account into a liquid investment, such as a money market mutual fund or a bank deposit account. Broker-dealers may also offer cash management features on the brokerage account, allowing the customer to write checks, make debit card transactions, and make ATM withdrawals against the cash in the brokerage account. When a customer uses the cash management feature to make such a transaction, the broker-dealer withdraws funds from the money market fund or deposit account to satisfy the debits incurred by the customer.

15. Many broker-dealers that provide sweeps of excess cash offer their customers the option to sweep cash into a deposit account at a bank whose accounts are insured by the FDIC (hereinafter, “a deposit sweep arrangement”). In a typical deposit sweep arrangement, such as those supported by Promontory, on each business day the broker-dealer sweeps excess cash from the brokerage accounts into the deposit accounts and transfers funds back into the brokerage accounts that are necessary to satisfy any withdrawals or transactions by the broker-dealer’s customers (*e.g.*, check or debit card transactions).

16. In many deposit sweep arrangements, including those supported by Promontory, the cash swept from the brokerage accounts is primarily held in money market deposit accounts (“MMDAs”), a type of savings account, at one or more banks. Federal banking laws and regulations do not require banks to hold cash reserves against MMDAs so long as depositors are prohibited from making more than six transfers or withdrawals in a month, no more than three of which may be withdrawals by check or debit card, subject to certain exceptions.

17. A deposit sweep arrangement allows a broker-dealer customer to earn interest and obtain FDIC insurance on cash that is not immediately needed and that, if kept in the brokerage account, may not generate interest or obtain FDIC insurance. By using properly designed deposit sweep arrangements, customers can make unlimited transactions, including check and debit card transactions, from their brokerage accounts, while earning interest and/or obtaining FDIC insurance.

18. Some broker-dealers sweep customer funds into MMDAs at multiple banks. This permits the broker-dealer to offer customers FDIC insurance on their deposits in excess of the limit imposed upon a single depositor at a single bank, which is presently \$250,000.

19. Broker-dealers benefit from deposit sweep arrangements because the broker-dealers are typically paid a fee based on a percentage of the deposits placed with the bank.

20. A deposit sweep arrangement also benefits banks that hold swept funds because the arrangement provides such banks with a relatively large, long-term, and stable source of deposits. Further, by complying with the limits on the number of withdrawals or transfers that can be made in a month from an MMDA, such banks generally are not required to hold cash reserves on the swept funds while they are held in an MMDA.

21. Service providers such as Promontory enter into agreements with broker-dealers to provide processing services in connection with a deposit sweep arrangement, and with banks to accept swept funds into deposit accounts. These service providers, including Promontory, typically receive a fee from the banks for their services.

22. Upon information and belief, the first deposit sweep service was developed and offered by Merrill Lynch, Pierce, Fenner & Smith (“Merrill Lynch”). As a broker-dealer, Merrill Lynch offered this service to its brokerage customers at least as early as 1983 as a feature of

Merrill Lynch's Cash Management Account ("CMA"), a brokerage account with cash management features. Merrill Lynch called this feature the Insured Savings Account ("ISA") (collectively, "Original 1983 CMA/ISA Service").

23. Since Merrill Lynch introduced the Original 1983 CMA/ISA Service, many broker-dealers and banks have offered similar deposit sweep services to their customers.

24. Upon information and belief, at least as early 1998, Merrill Lynch began developing a second deposit sweep service. Merrill Lynch offered this second service to its brokerage customers at least as early as 2000 under the name Cash Management Account 2.0 ("2000 CMA 2.0 Service").

Regulatory Background

25. The structure and operation of a deposit sweep service must comply with various banking statutes and regulations, as well as guidance from relevant federal agencies.

26. Under a regulation promulgated by the Federal Reserve Board in 1980, an MMDA depositor "is permitted or authorized to make no more than six transfers and withdrawals, or a combination of such transfers and withdrawals, per calendar month or statement cycle (or similar period) of at least four weeks, to another account (including a transaction account) of the depositor at the same institution or to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order or instruction, and no more than three of the six such transfers may be made by check, draft, debit card, or similar order made by the depositor and payable to third parties." 12 C.F.R. § 204.2(d)(2) (hereinafter, "Regulation D").

27. Regulation D contains an exception to this general monthly limit for any "transfers or withdrawals [that] are made by mail, messenger, automated teller machine, or in

person or when such withdrawals are made by telephone (via check mailed to the depositor) regardless of the number of such transfers or withdrawals.”

28. The Federal Reserve Board has provided guidance on whether certain deposit sweep services comply with Regulation D. In an interpretive letter dated June 22, 1983, the Federal Reserve Board concluded that, under Regulation D, a broker-dealer cannot establish MMDAs, in its own name, and utilize a messenger to make withdrawals from the MMDAs on behalf of the broker-dealer’s customers, in order to offer those customers unlimited checking or debit card transactions. In a letter dated June 22, 1988, the Federal Reserve Board reaffirmed that these types of deposit sweep services violate Regulation D (“Federal Reserve Board Letter”).

The Parties’ Competing Deposit Sweep Services

29. Promontory began providing processing services to broker-dealers to support deposit sweep arrangements in 2006. Promontory offers such services under the service marks Insured Network Deposits, IND®, and IND2 (hereinafter, all versions collectively referred to as “IND”).

30. Promontory has carefully designed IND to comply with applicable laws, regulations and regulatory guidance, and Promontory promotes and markets the service by reference to such compliance. IND does not make withdrawals or transfers from MMDAs established through IND using any of the five methods that allow for unlimited monthly withdrawals or transfers from an MMDA under Regulation D.

31. At present, IND supports numerous broker-dealers in sweeping cash from nearly two million brokerage accounts into deposit accounts at over 70 different banks throughout the country. These deposit accounts contain an aggregate of approximately \$18 billion in customer funds. By supporting the sweeping of funds into multiple banks, the IND service permits broker-

dealers to offer each of their eligible customers access to as much as \$1 million or more in FDIC insurance.

32. The Reserve has offered a service to broker-dealers under the service mark Reserve Insured Deposits®. Upon information and belief, the Reserve began offering this service to the public as early as 1997. The Reserve Insured Deposits service directly has competed with Promontory's IND service.

33. Upon information and belief, the Reserve has assisted broker-dealers in establishing MMDAs at banking institutions to hold funds swept from brokerage accounts through the Reserve Insured Deposits service. Upon information and belief, at all relevant times, and in violation of Regulation D, the Reserve has employed messengers to withdraw or transfer funds from the MMDAs and to provide broker-dealer customers with unlimited withdrawals from their brokerage account, including withdrawals by check or debit card.

The Reserve Patents and Related Applications

34. In late 1998, the Reserve began to file United States patent applications relating to certain aspects of deposit sweep services.

35. On or about October 21, 1998, the Reserve filed U.S. Patent Application No. 09/176,340. This application issued as the '231 patent on or about April 16, 2002. The Reserve had alleged that it owned the '231 patent until the transfer of all its rights to the '231 patent to its wholly-owned subsidiary, Island IP, in December 2008. Island IP has alleged that it owns the '231 patent.

36. Upon information and belief, on or about April 11, 2003, the Reserve filed U.S. Patent Application No. 10/411,650 ("the '650 application") as a continuation-in-part of the '231 patent. The '650 application was unpublished by the PTO. The Reserve had alleged that it

owned the '650 application until the transfer of all its rights to the '650 patent application to its wholly-owned subsidiary, Island IP, in December 2008.

37. The '650 application issued as the '286 patent on or about March 24, 2009. Upon information and belief, Island IP alleges that it owns the '286 patent.

38. Upon information and belief, on or about February 8, 2002, the Reserve filed U.S. Patent Application No. 10/071,053 ("the '053 application") as a continuation-in-part of the '231 patent. The Reserve had alleged that it owned the '053 application until the transfer of all its rights to the '053 patent application to its wholly-owned subsidiary, Island IP, in December 2008.

39. The '053 application issued as the '551 patent on or about April 14, 2009. Upon information and belief, Island IP alleges that it owns the '551 patent.

40. Upon information and belief, the Reserve has filed several other U.S. patent applications that are related to the Reserve Patents, including U.S. Patent Applications Nos. 09/677,535; 10/305,439; 10/825,440; 11/149,278; 11/641,046; 11/689,247; 11/767,827; 11/767,837; 11/767,846; 11/767,856; 11/840,052; 11/840,060; 11/840,064; 11/932,762; 12/025,402; 12/271,705; 12/340,026, 10/382,946; 12/408,507; 12/408,511, and 12/408,523 (collectively, "the Related Applications").

41. The alleged "inventions" of the Reserve Patents and the Related Applications that have been published include variations on deposit sweep services. The alleged "invention" of the patents also concerns the use of the well-established legal principle that a depositor may obtain FDIC insurance above the limit imposed upon a single depositor at a single institution by placing funds in more than one insured account. Accordingly, the Reserve Patents and Related Applications do not disclose and claim inventions.

42. The claimed methods and systems of the Reserve Patents and Related Applications are limited to making withdrawals and transfers from MMDAs and other insured deposit accounts to transaction accounts using one of the five specific methods identified in Regulation D -- namely, by mail, messenger, automated teller machine, by telephone (via check mailed to the depositor), or in person.

43. The Reserve Patents and Related Applications require the use of one of these five methods for making withdrawals and transfers from insured deposit accounts in an attempt to provide transaction accounts (e.g., brokerage accounts) that are not subject to Regulation D's limits on the number of withdrawals or transfers that a customer may make from an MMDA in a month. Specifically, each of the independent claims of the '551 patent call for exceeding the transaction limits imposed by Regulation D. Because the Federal Reserve Board has determined that this arrangement does not comply with Regulation D, practicing the claimed methods and systems of the Reserve Patents and Related Applications violates applicable banking laws and regulations, including Regulation D.

**The Reserve Parties' Failure to Disclose Information
About Prior Deposit Sweep Services to the PTO**

44. Upon information and belief, when the Reserve filed its patent applications with the PTO, the Reserve knew about deposit sweep services offered and used years ago by other financial institutions that were the same or similar in material respects to the claimed methods and systems of the Reserve's patent applications. These services include, without limitation, Merrill Lynch's Original 1983 CMA/ISA Service and 2000 CMA 2.0 Service. In addition, upon information and belief, when the Reserve filed its patent applications with the PTO, the Reserve knew about printed publications describing methods and systems for deposit sweep services that were published more than one year before the Reserve filed any of its patent applications.

45. Upon information and belief, during the prosecution of its patent applications before the PTO, the Reserve Parties failed to disclose or misrepresented information about these services, and the Reserve Parties failed to disclose, or made misrepresentations about, the printed publications describing deposit sweep services.

46. In addition, when the Reserve filed its patent applications, it knew about its own Reserve Insured Deposits service, which it has asserted is covered by the claims of one or more of the Reserve Patents and Related Applications. Upon information and belief, the Reserve sold, offered for sale, or publicly used one or more versions of the Reserve Insured Deposits service more than one year before the filing dates of each of its patent applications.

47. The Reserve failed to disclose to the PTO material information about the Reserve Insured Deposits service during the prosecution of the application that led to the '231 patent. Upon information and belief, the Reserve Parties also failed to disclose to the PTO, for several years during the pendency of the application that led to the '286 patent and the '551 patent, material information about the Reserve Insured Deposits service. The Reserve eventually disclosed information about the Reserve Insured Deposits service in connection with this application, but only after it received letters from Promontory reminding the Reserve of its obligation to disclose such information, and even then its disclosure was inadequate and misleading. Furthermore, while the Reserve belatedly disclosed information about the Reserve Insured Deposits service to the PTO, it denied selling, offering for sale, publicly using, and advertising the Reserve Insured Deposits service before October 21, 1997, when in fact a magazine publicly distributed in September 1997 contained an advertisement for the Reserve Insured Deposits service. After Promontory brought this to the Reserve's attention, the Reserve was forced to amend its pending patent applications.

48. More recently, the Reserve Parties continued the practice of failing to properly disclose prior art, and providing misleading statements to the PTO in the prosecution of the Reserve Patents and Related Applications. Promontory notified the Reserve Parties, in a letter dated February 23, 2009, that the Reserve had failed to disclose to the PTO relevant prior art in the form of the Merrill Lynch Banking Advantage program (“the MLBA program”). In response, the Reserve Parties submitted a certification made by the Reserve Parties’ patent attorney in the March 3, 2009, Information Disclosure Statement (“IDS”) in U.S. Patent Application No. 10/071,053, in which the Reserve Parties disclosed two publications about the MLBA program. The certification continued that “to the knowledge of the undersigned, after making reasonable inquiry, no item of information contained in the [IDS] was known to any individual designated in 37 C.F.R. § 1.56(c) more than three months prior to the filing of the [IDS].” Bruce Bent II, one of the named inventors of the Reserve Patents and Related Applications, has recently admitted that he was aware of the MLBA program long before the certification, as evidenced by his comments about the program in a November 1, 2000 article in *On Wall Street*, and that the certification was “arguably incorrect.” However, this admission occurred after the issue fee for the ’551 patent was paid and the Reserve Parties have declined to take the appropriate and necessary steps to permit the PTO to consider the prior art and the correction.

CAUSES OF ACTION

COUNT I

Declaratory Judgment of Non-Infringement of the ’551 Patent

49. The allegations contained in paragraphs numbered 1 through 48 are incorporated by reference herein with the same force and effect as if set forth in full below.

50. Promontory does not infringe, directly or indirectly, any valid and enforceable claim of the '551 patent.

51. An actual and justiciable controversy exists between Promontory and the Reserve as to whether Promontory infringes any valid and enforceable claim of the '551 patent. This controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

52. Pursuant to 28 U.S.C. §§ 2201 and 2202, Promontory is entitled to a declaratory judgment that it does not infringe any valid and enforceable claim of the '551 patent, and any other relief that the Court deems necessary or proper.

53. This is an exceptional case under 35 U.S.C. § 285, entitling Promontory to an award of its attorney's fees incurred in connection with this action.

COUNT II

Declaratory Judgment of Invalidity of the '551 Patent

54. The allegations contained in paragraphs numbered 1 through 53 are incorporated by reference herein with the same force and effect as if set forth in full below.

55. Each and every claim of the '551 patent is invalid under one or more of the provisions of Title 35 of the United States Code, including without limitation one or more of 35 U.S.C. §§ 101, 102, 103, 112, 116, and 135.

56. An actual and justiciable controversy exists between Promontory and the Reserve as to whether each and every claim of the '551 patent is invalid. This controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

57. Pursuant to 28 U.S.C. §§ 2201 and 2202, Promontory is entitled to a declaratory judgment that each and every claim of the '551 patent is invalid, and any other relief that the Court deems necessary or proper.

58. This is an exceptional case under 35 U.S.C. § 285, entitling Promontory to an award of its attorneys' fees incurred in connection with this action.

COUNT III

Declaratory Judgment of Unenforceability of the '551 Patent

59. The allegations contained in paragraphs numbered 1 through 58 are incorporated by reference herein with the same force and effect as if set forth in full below.

60. The '551 patent is unenforceable because one or more persons involved in the prosecution of the application that led to the '551 patent or applications related to the '551 patent committed inequitable conduct. Upon information and belief, with the intent to deceive the PTO, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties breached the duty of candor, good faith, and honesty in prosecuting these applications by submitting false or misleading information, misrepresenting information, or failing to disclose information material to the patentability of the claimed inventions.

61. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties misrepresented or failed to disclose to the PTO material information about the Original 1983 CMA/ISA Service. The Original 1983 CMA/ISA Service was on sale and/or in public use more than one year prior to the date of application of the '551 patent, and information about the Original 1983 CMA/ISA Service was material to the patentability of one or more of the claims of the application that resulted in the '551 patent. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, with the intent to deceive the PTO, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties were aware of material information about the Original 1983 CMA/ISA Service and misrepresented or failed to disclose material

information about the Original 1983 CMA/ISA Service. This constitutes inequitable conduct and bears an immediate and necessary relation to the prosecution of the '551 patent, rendering it unenforceable.

62. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties misrepresented or failed to disclose to the PTO material information about the 2000 CMA 2.0 Service. The 2000 CMA 2.0 Service was on sale and/or in public use, and described in printed publications, before the alleged invention of the '551 patent or otherwise constitutes prior art under 35 U.S.C. § 102, and information about the service was material to the patentability of one or more of the claims of the application that resulted in the '551 patent. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, with the intent to deceive the PTO, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties were aware of material information about the 2000 CMA 2.0 Service and misrepresented or failed to disclose material information about the 2000 CMA 2.0 Service. This constitutes inequitable conduct and bears an immediate and necessary relation to the prosecution of the '551 patent, rendering it unenforceable.

63. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties misrepresented or failed to disclose to the PTO material information about the MLBA program. The MLBA program was on sale and/or in public use, and described in printed publications, before the alleged invention of the '551 patent or otherwise constitutes prior art under 35 U.S.C. § 102, and information about the service was

material to the patentability of one or more of the claims of the application that resulted in the '551 patent. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, with the intent to deceive the PTO, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties were aware of material information about the MLBA program and misrepresented or failed to disclose material information about the MLBA program. This constitutes inequitable conduct and bears an immediate and necessary relation to the prosecution of the '551 patent, rendering it unenforceable.

64. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties failed to disclose, or made misrepresentations about, certain printed publications describing deposit sweep services, including without limitation: a letter from William W. Wiles, Secretary of the Federal Reserve Board, dated June 22, 1983; a letter from Michael Bradfield, General Counsel of the Federal Reserve Board, dated November 16, 1984; and letters from Oliver I. Ireland, Associate General Counsel of the Federal Reserve Board, dated June 22, 1988, February 7, 1995, August 1, 1995, August 30, 1995, and October 18, 1996. Each of these printed publications was material to the patentability of one or more of the claims of the application that resulted in the '551 patent. Upon information and belief, during the prosecution of one or more applications that led to the '551 patent, with the intent to deceive the PTO, the Reserve Parties, the named inventors, or attorneys, agents or representatives of the Reserve Parties were aware of each of these printed publications and failed to disclose, or made misrepresentations about, the publications. This constitutes inequitable conduct and bears an

immediate and necessary relation to the prosecution of the '551 patent, rendering it unenforceable.

65. The inequitable conduct committed in connection with the prosecution of the '231 patent and the '286 patent also renders the '551 patent unenforceable, because this inequitable conduct has an immediate and necessary relation to the claims of the '551 patent.

66. An actual and justiciable controversy exists between Promontory and the Reserve Parties as to whether each and every claim of the '551 patent is unenforceable. This controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

67. Pursuant to 28 U.S.C. §§ 2201 and 2202, Promontory is entitled to a declaratory judgment that each and every claim of the '551 patent is unenforceable, and any other relief that the Court deems necessary or proper.

68. This is an exceptional case under 35 U.S.C. § 285, entitling Promontory to an award of its attorney's fees incurred in connection with this action.

DEMAND FOR JUDGMENT

WHEREFORE, Plaintiff Promontory Interfinancial Network, LLC respectfully requests that this Court grant the following relief:

- a. Declare that Promontory does not infringe any valid and enforceable claim of the '551 patent;
- b. Declare that each and every claim of the '551 patent is invalid;
- c. Declare that each and every claim of the '551 patent is unenforceable;
- d. Award Promontory equitable relief, including a preliminary and permanent injunction against the Reserve Parties from (a) enforcing or attempting to enforce the '551 patent against Promontory's customers and service providers, and (b) making false or misleading assertions regarding the IND service or Promontory to actual or prospective customers or service providers of Promontory;

- e. Find this case “exceptional” within the meaning of 35 U.S.C. § 285 and award Promontory all reasonable attorney’s fees, expenses, and costs;
- f. Award Promontory such reasonable attorney’s fees, interest, and costs as otherwise provided by law; and
- g. Award such other relief as this Court deems just and proper.

Dated: April 15, 2009

Respectfully submitted,

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PROMONTORY INTERFINANCIAL NETWORK, LLC

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of April 2009, I will electronically file the foregoing with the Clerk of Court using the CM/ECF system. In addition, I hereby certify that copies of the foregoing have been served, by first-class mail, postage prepaid, and by email, to the following:

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