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Attorneys for Plaintiffs
 TUMBLEWEED COMMUNICATIONS CORP.

UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA

TUMBLEWEED COMMUNICATIONS,
 CORP., a Delaware corporation,

Plaintiff,

v.

SENDMAIL, INC., a Delaware corporation and
 DOES 1 through 10, inclusive,

Defendants.

CASE NO. C 08 04318 MHP

FIRST AMENDED COMPLAINT FOR:

- 1) **DIRECT PATENT INFRINGEMENT;
AND**
 - 2) **INDUCING PATENT
INFRINGEMENT; AND**
 - 3) **CONTRIBUTORY PATENT
INFRINGEMENT; AND**
 - 4) **BREACH OF CONTRACT**
- DEMAND FOR JURY TRIAL**

For its First Amended Complaint, Plaintiff Tumbleweed Communications Corp.
 alleges as follows:

JURISDICTION AND VENUE

1. This is an action for patent infringement in violation of the Patent Act of the United States, 35 U.S.C. §§ 1 *et seq.*, and for breach of contract under California state law.

2. This Court has original and exclusive subject matter jurisdiction over the patent infringement claims for relief under 28 U.S.C. §§ 1331, 1332 and 1338.

3. This Court has supplemental jurisdiction over the claim for relief arising under California law under 28 U.S.C. § 1367.

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PARTIES

9. Plaintiff is informed and believes, and on that basis alleges, that each defendant conspired and acted in concert with each other to commit the wrongs against Plaintiff alleged

herein, and in doing so were at all relevant times the agents, servants, employees, principals, joint venturers, alter egos, and/or partners of each other. Plaintiff is further informed and believes, and on that basis alleges, that in doing the things alleged in this Complaint each defendant was acting within the scope of authority conferred upon that defendant by the consent, approval and/or ratification of the other defendants, whether said authority was actual or apparent.

FACTS

10. On August 19, 2003, United States Patent No. 6,609,196 entitled "E-mail Firewall With Stored Key Encryption/Decryption" (the "'196 Patent") was duly and legally issued to Plaintiff as assignee of inventors Robert D. Dickinson, III and Sathvik Krishnamurthy. Plaintiff is the exclusive owner of the entire right, title and interest in and to the '196 Patent, including all rights to enforce the '196 Patent and to recover for infringement. The '196 is valid and in force. A true and correct copy of the '196 Patent is attached hereto as Exhibit "A" and incorporated herein by this reference.

11. On May 27, 2008, United States Patent No. 7,380,274 entitled "E-mail Firewall" (the "'274 Patent") was duly and legally issued to Plaintiff as assignee of inventors Robert D. Dickinson, III and Sathvik Krishnamurthy. The '274 patent arises from an application which was a continuation of an application which was a continuation of the application which became the '196 Patent. Plaintiff is the exclusive owner of the entire right, title and interest in and to the '274 Patent, including all rights to enforce the '274 Patent and to recover for infringement. The '274 is valid and in force. A true and correct copy of the '274 Patent is attached hereto as Exhibit "B" and incorporated herein by this reference.

12. On July 15, 2008, United States Patent No. 7,401,356 entitled "Method and System for E-mail Message Transmission" (the "'356 Patent") was duly and legally issued to Plaintiff as assignee of inventors Jean-Christophe Denis Bandini and Jeffrey C. Smith. Plaintiff is the exclusive owner of the entire right, title and interest in and to the '356 Patent, including all rights to enforce the '356 Patent and to recover for infringement. The '356 is valid and in force. A true and correct copy of the '356 Patent is attached hereto as Exhibit "C" and incorporated herein by this reference.

13. On or about September 25, 2005 Plaintiff and Sendmail entered into a non-exclusive Patent License Agreement (the "License Agreement") under which Plaintiff licensed the '196 patent as well as U.S. Patent No. 6,393,568, as well as continuations and continuations in part thereof (therefore including the '274 patent), (collectively, the "Licensed Patents") to Sendmail in exchange for the payment of royalties computed based on the revenue generated by the sale of Sendmail products incorporating or using any of the subject matter claimed by the Licensed Patents. A true and correct copy of the License Agreement is attached hereto as Exhibit "D" and incorporated herein by this reference.

14. Under the License Agreement, Sendmail acknowledged the validity and enforceability of the Licensed Patents.

15. Under the License Agreement, Sendmail subsequently developed and sold products incorporating and/or using subject matter claimed by the '196 patent and the '274 Patent.

16. Sendmail made a single payment of royalties to Plaintiff in accordance with the License Agreement. Sendmail refused Plaintiff's legitimate demands for further payments. On the basis of Sendmail's non-payment of royalties, Plaintiff terminated the License Agreement on or about May 16, 2008. A true and correct copy of the letter sent to Sendmail terminating the License Agreement is attached hereto as Exhibit "E" and incorporated herein by this reference.

17. Paragraph H.1 of the License Agreement provides that upon expiration or termination of the License Agreement "[a]ny payments that would otherwise be due and payable within one hundred and twenty-five (125) days ... shall be paid in full immediately." Sendmail has made no payments of these post-termination amounts.

18. Sendmail also developed and sold products incorporating and/or using subject matter claimed by the '356 patent, which was not subject to the License Agreement.

19. Defendants have been and are now willfully infringing the '196 Patent, the '274 Patent, and the '356 Patent, in this judicial district and elsewhere, by manufacturing, importing, selling, offering for sale and/or using products, including, without limitation, Sendmail's Mailstream Manager, Sentrion MP 301, Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, which, individually or in combination, or in combination

1 with other systems incorporate, use and/or practice subject matter claimed by the '196 Patent, the
2 '274 Patent, and the '356 Patent. Because the License Agreement was breached and terminated, the
3 sale of Sendmail's products is not authorized by Plaintiff.

4 **FIRST CLAIM FOR RELIEF**

5 **(Direct Patent Infringement of the '196 Patent,** 6 **in Violation of 35 U.S.C. § 271(a))**

7 20. Plaintiff refers to and incorporates herein by reference paragraphs 1-19.

8 21. Defendants' acts complained of herein infringe the '196 Patent in violation of 35
9 U.S.C. § 271(a).

10 22. Defendants threaten to continue to engage in the acts complained of herein and,
11 unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. It would
12 be difficult to ascertain the amount of compensation that would afford Plaintiff adequate relief for
13 such future and continuing acts, and a multiplicity of judicial proceedings would be required.
14 Plaintiff does not have an adequate remedy at law to compensate it for the injuries threatened.

15 23. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in
16 an amount to be proved at trial.

17 24. Plaintiff is informed and believes, and on that basis alleges, that Defendants'
18 infringement is willful, wanton, and deliberate, without license and with full knowledge of the '196
19 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced
20 damages.

21 **SECOND CLAIM FOR RELIEF**

22 **(Inducing Patent Infringement of the '196 Patent,** 23 **in Violation of 35 U.S.C. § 271(b))**

24 25. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs
25 1-19.

26 26. Plaintiff is informed and believes, and on that basis alleges, that Defendants have
27 actively and knowingly induced the infringement of the '196 Patent, in violation of 35 U.S.C. §
28 271(b), by inducing others to sell, offer for sale, and/or use Sendmail's products, including, but not

1 limited to, Mailstream Manager, the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion
2 MPV, Sentrion DS, and incorporated and related software systems, individually or in combination,
3 in such a way as to infringe the '196 Patent.

4 27. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in
5 an amount to be proved at trial.

6 28. Defendants threaten to continue to engage in the acts complained of herein and,
7 unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff
8 does not have an adequate remedy at law.

9 29. Plaintiff is informed and believes, and on that basis alleges, that Defendants'
10 infringement is willful, wanton, and deliberate, without license and with full knowledge of the '196
11 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced
12 damages.

13 **THIRD CLAIM FOR RELIEF**

14 **(Contributory Patent Infringement of the '196 Patent,** 15 **in Violation of 35 U.S.C. § 271(c))**

16 30. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs
17 1-19.

18 31. Plaintiff is informed and believes, and on that basis alleges, that Defendants have
19 actively and knowingly contributed to the infringement of the '196 Patent, in violation of 35 U.S.C.
20 § 271(c), by selling or offering to sell within the United States, or importing into the United States,
21 one or multiple component(s) of the invention, including, but not limited to, Mailstream Manager,
22 the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and
23 incorporated and related software systems, knowing the same to be especially made or adapted for
24 use in the infringement of the patent.

25 32. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in
26 an amount to be proved at trial.

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33. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff does not have an adequate remedy at law.

34. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '196 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

FOURTH CLAIM FOR RELIEF

(Direct Patent Infringement of the '274 Patent, in Violation of 35 U.S.C. § 271(a))

35. Plaintiff refers to and incorporates herein by reference paragraphs 1-19.

36. Defendants' acts complained of herein infringe the '274 Patent in violation of 35 U.S.C. § 271(a).

37. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. It would be difficult to ascertain the amount of compensation that would afford Plaintiff adequate relief for such future and continuing acts, and a multiplicity of judicial proceedings would be required. Plaintiff does not have an adequate remedy at law to compensate it for the injuries threatened.

38. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

39. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '274 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

FIFTH CLAIM FOR RELIEF

**(Inducing Patent Infringement of the '274 Patent,
in Violation of 35 U.S.C. § 271(b))**

40. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs 1-19.

41. Plaintiff is informed and believes, and on that basis alleges, that Defendants have actively and knowingly induced the infringement of the '274 Patent, in violation of 35 U.S.C. § 271(b), by inducing others to sell, offer for sale, and/or use Sendmail's products, including, but not limited to, Mailstream Manager, the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, individually or in combination, in such a way as to infringe the '274 Patent.

42. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

43. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff does not have an adequate remedy at law.

44. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '274 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

SIXTH CLAIM FOR RELIEF

**(Contributory Patent Infringement of the '274 Patent,
in Violation of 35 U.S.C. § 271(c))**

45. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs 1-19.

46. Plaintiff is informed and believes, and on that basis alleges, that Defendants have actively and knowingly contributed to the infringement of the '274 Patent, in violation of 35 U.S.C. § 271(c), by selling or offering to sell within the United States, or importing into the United States,

one or multiple component(s) of the invention, including, but not limited to, Mailstream Manager, the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, knowing the same to be especially made or adapted for use in the infringement of the patent.

47. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

48. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff does not have an adequate remedy at law.

49. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '196 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

SEVENTH CLAIM FOR RELIEF

(Direct Patent Infringement of the '356 Patent, in Violation of 35 U.S.C. § 271(a))

50. Plaintiff refers to and incorporates herein by reference paragraphs 1-19.

51. Defendants' acts complained of herein infringe the '356 Patent in violation of 35 U.S.C. § 271(a).

52. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. It would be difficult to ascertain the amount of compensation that would afford Plaintiff adequate relief for such future and continuing acts, and a multiplicity of judicial proceedings would be required. Plaintiff does not have an adequate remedy at law to compensate it for the injuries threatened.

53. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

54. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '356

Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

EIGHTH CLAIM FOR RELIEF

(Inducing Patent Infringement of the '356 Patent, in Violation of 35 U.S.C. § 271(b))

55. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs 1-19.

56. Plaintiff is informed and believes, and on that basis alleges, that Defendants have actively and knowingly induced the infringement of the '356 Patent, in violation of 35 U.S.C. § 271(b), by inducing others to sell, offer for sale, and/or use Sendmail's products, including, but not limited to, Mailstream Manager, the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, individually or in combination, in such a way as to infringe the '356 Patent.

57. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

58. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff does not have an adequate remedy at law.

59. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '356 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

NINTH CLAIM FOR RELIEF

(Contributory Patent Infringement of the '356 Patent, in Violation of 35 U.S.C. § 271(c))

60. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs 1-19.

61. Plaintiff is informed and believes, and on that basis alleges, that Defendants have actively and knowingly contributed to the infringement of the '356 Patent, in violation of 35 U.S.C. § 271(c), by selling or offering to sell within the United States, or importing into the United States, one or multiple component(s) of the invention, including, but not limited to, Mailstream Manager, the Sentrion MP 301. Sentrion MP 302, Sentrion MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, knowing the same to be especially made or adapted for use in the infringement of the patent.

62. By reason of the acts of Defendants alleged herein, Plaintiff has suffered damage in an amount to be proved at trial.

63. Defendants threaten to continue to engage in the acts complained of herein and, unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable damage. Plaintiff does not have an adequate remedy at law.

64. Plaintiff is informed and believes, and on that basis alleges, that Defendants' infringement is willful, wanton, and deliberate, without license and with full knowledge of the '196 Patent, thereby making this an exceptional case entitling Plaintiff to attorneys' fees and enhanced damages.

TENTH CLAIM FOR RELIEF

(Breach of Contract)

65. Plaintiff refers to and incorporates herein by reference the allegations of paragraphs 1-19.

66. As detailed above, on or about September 25, 2005 Plaintiff and Sendmail entered into the License Agreement under which Plaintiff licensed the Licensed Patents to Sendmail in exchange for the payment of royalties.

67. Under the License Agreement, Sendmail subsequently developed and sold products incorporating and/or using subject matter of the Licensed Patents.

68. Plaintiff is informed and believes, and on that basis alleges, that Sendmail is in breach of the License Agreement as a result of its failure to timely pay royalties under the License Agreement, and its continued refusal to pay such royalties after Plaintiff's legitimate demands for

1 payment. On the basis of Sendmail's non-payment of royalties, Plaintiff terminated the License
2 Agreement on or about May 16, 2008.

3 69. Termination of the contract also triggered a requirement, arising from Paragraph H.1
4 of the License Agreement, of payment of all monies which would be due within one hundred
5 twenty-five (125) days of termination. Sendmail has not made any payments of the amounts due
6 under that provision.

7 70. The termination of the contract does not cure Sendmail's breach, as royalties remain
8 due and owing under the License Agreement.

9 71. Plaintiff has at all times performed and stood ready to perform its obligations under
10 the License Agreement.

11 72. Plaintiff has suffered damages from Sendmail's breach of contract. The total sum of
12 damages from the breach of the contract is not currently known and shall be determined at trial.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, Plaintiff prays for relief as follows:

- 15 A. For an order finding that the '196 Patent is valid and enforceable;
16 B. For an order finding that the '274 Patent is valid and enforceable;
17 C. For an order finding that the '356 Patent is valid and enforceable;
18 D. For an order finding that, by the acts complained of herein, Defendants have directly,
19 and/or contributorily and/or by inducement infringed the '196 Patent in violation of 35 U.S.C. §
20 271;
21 E. For an order finding that, by the acts complained of herein, Defendants have directly,
22 and/or contributorily and/or by inducement infringed the '274 Patent in violation of 35 U.S.C. §
23 271;
24 F. For an order finding that, by the acts complained of herein, Defendants have directly,
25 and/or contributorily and/or by inducement infringed the '356 Patent in violation of 35 U.S.C. §
26 271;
27 G. For and order finding that, by the acts complained of herein, Sendmail has breached
28 its obligations under the License Agreement;

1 H. For an order temporarily, preliminarily and permanently enjoining Defendants, their
2 officers, agents, servants, and employees, and all persons acting in concert or privity with any of
3 them, from infringing the '196 Patent and from inducing others to infringe the '196 Patent,
4 including, without limitation, manufacturing, importing, selling, offering for sale and/or using any
5 products, including Sendmail's Mailstream Manager, Sentrion MP 301. Sentrion MP 302, Sentrion
6 MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, which,
7 individually or in combination, incorporate the inventions claimed in the '196 Patent;

8 I. For an order temporarily, preliminarily and permanently enjoining Defendants, their
9 officers, agents, servants, and employees, and all persons acting in concert or privity with any of
10 them, from infringing the '274 Patent and from inducing others to infringe the '274 Patent,
11 including, without limitation, manufacturing, importing, selling, offering for sale and/or using any
12 products, including Sendmail's Mailstream Manager, Sentrion MP 301. Sentrion MP 302, Sentrion
13 MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, which,
14 individually or in combination, incorporate the inventions claimed in the '274 Patent;

15 J. For an order temporarily, preliminarily and permanently enjoining Defendants, their
16 officers, agents, servants, and employees, and all persons acting in concert or privity with any of
17 them, from infringing the '356 Patent and from inducing others to infringe the '356 Patent,
18 including, without limitation, manufacturing, importing, selling, offering for sale and/or using any
19 products, including Sendmail's Mailstream Manager, Sentrion MP 301. Sentrion MP 302, Sentrion
20 MPQ, Sentrion MPV, Sentrion DS, and incorporated and related software systems, which,
21 individually or in combination, incorporate the inventions claimed in the '356 Patent;

22 K. For an order directing Defendants to file with the Court, and serve upon Plaintiff's
23 counsel, within thirty (30) days after entry of the order of injunction, a report setting forth the
24 manner and form in which Defendants have complied with the injunction;

25 L. For an order awarding Plaintiff general and/or specific damages, including a
26 reasonable royalty and/or lost profits, in amounts to be fixed by the Court in accordance with proof,
27 including enhanced and/or exemplary damages, as appropriate, as well as all of Defendants' profits
28

or gains of any kind from their acts of patent infringement, and further for an order that such acts by Defendants were willful and wanton;

M. For an order awarding Plaintiff compensatory damages on the claim for breach of contract, in an amount to be fixed by the Court in accordance with proof.


N. For an order awarding Plaintiff all of its costs, including its attorneys' fees, incurred in prosecuting this action, including, without limitation, pursuant to 35 U.S.C. § 285 and other applicable law;

O. For an order awarding Plaintiff pre-judgment interest; and

P. For an order awarding Plaintiff such other and further relief as the Court may deem just and proper.

DATED: October 6, 2008

JEFFER, MANGELS, BUTLER & MARMARO LLP
JAMES WESLEY KINNEAR


By: 
JAMES WESLEY KINNEAR
Attorneys for Plaintiff TUMBLEWEED
COMMUNICATIONS, CORP.

JURY DEMAND

Plaintiff demands a jury trial on all issues so triable.

DATED: October 6, 2008

JEFFER, MANGELS, BUTLER & MARMARO LLP
JAMES WESLEY KINNEAR

By: 
JAMES WESLEY KINNEAR
Attorneys for Plaintiff TUMBLEWEED
COMMUNICATIONS, CORP.

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