

**FILED**  
MAY 22 2001  
U. S. DISTRICT COURT  
CLERK'S OFFICE  
DEPUTY  
BY

**IN THE UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION**

**BIOMETRIC ACCESS CORPORATION,**

**Plaintiff,**

**v.**

**VERISTAR CORPORATION,**

**Defendant.**

**A 01 CA 322 JN**  
CIVIL ACTION NO. \_\_\_\_\_

**COMPLAINT**

COMES NOW Biometric Access Corporation ("BAC"), Plaintiff in the above-entitled and numbered cause and files its Complaint against Veristar Corporation ("Veristar"). For the causes of action hereof, Plaintiff respectfully shows the following:

**THE PARTIES**

1. Plaintiff BAC is a Delaware corporation authorized to do business in the State of Texas and whose principal place of business is at 2555 N. Interstate Hwy. 35, Suite 200, Round Rock, Texas 78664.
2. Founded in May 1996, BAC is a software development and systems integration company that develops total system solutions including award-winning biometric authentication devices for the retail, healthcare and computer/network security industries.
3. Upon information and belief Defendant Veristar is a Delaware corporation having a place of business at 155 Grand Avenue, 10th Floor, Oakland, California, 94612.
4. Veristar claims to be in the business of developing technology and offering services involving applied biometrics.

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## **JURISDICTION AND VENUE**

5. This is an action for, among other things, Declaratory Judgment that BAC does not infringe certain alleged patent rights of Veristar. Accordingly, this Court has jurisdiction over the subject matter of this litigation pursuant to 28 U.S.C. §§ 1331, 1338, 2201 and 2202.

6. Upon information and belief, Defendant Veristar maintains an Internet website availing itself of the privilege of conducting business in the State of Texas, is doing business and is actively soliciting business in the State of Texas and has undertaken acts with knowledge that such acts would harm a corporation, namely BAC, in Texas, and in particular, in this judicial district. Therefore, this Court has personal jurisdiction over Veristar.

7. Veristar has communicated allegations that BAC infringes patents that Veristar claims to own to BAC and, upon information and belief, to others within this judicial district, both prior and subsequent to filing suit against BAC for patent infringement. Because a substantial part of the events giving rise to BAC's claim occurred in this district and because BAC resides in this district, and has therefore suffered harm, due to Veristar's conduct, in this district, venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and (c).

## **INTRODUCTION**

8. BAC brings this action against Veristar to obtain a declaration of its rights concerning Veristar's allegations that BAC infringes U.S. Patent Nos. 5,613,012 and 5,805,719, which Veristar claims to own. BAC also seeks to prevent the continued injury to BAC and its business reputation, to stop Veristar's tortious interference with BAC's business relations and business advantages, and to halt Veristar's defamation of BAC's products and services by Defendants.

9. Since 1996, BAC has been developing and marketing computer software and systems that provide computer security, network access and control, and/or time and attendance

monitoring. BAC's software and systems are, at least in part, integrated with award-winning biometric authentication devices and software. BAC has expended significant amounts of time and money in the research and development of its systems and also in pursuit of business relations, partnering relations and in establishing and improving BAC's reputation in the community and in the relevant industry.

10. As part of its efforts at identifying and engaging customers and business partners, BAC has had numerous dealings with, among others, The Kroger Co. ("Kroger"), H.E. Butt Grocery Company ("HEB"), Optimal Robotics Corp. ("Optimal Robotics"), and the Eyes of Texas.

#### **BAC'S RELATIONSHIP WITH KROGER**

11. BAC began its business relationship with Kroger at least as early as August, 1998.

12. BAC and Kroger have had extensive meetings and discussions concerning Kroger's potential use of BAC's biometric retail verification system ("RVS"). Moreover, Kroger has used BAC's biometric payroll check cashing system since approximately September, 1999, in several stores located near Houston, Texas.

13. Upon information and belief, prior to August 3, 2000, Veristar became aware of BAC's advantageous business relationship with Kroger as described above.

14. Upon information and belief, prior to August 3, 2000, an agent or representative of Veristar, without privilege, justification, or a reasonable basis, alleged to one or more representatives of Kroger, that if Kroger installed BAC's RVS, BAC and/or Kroger would be infringing Veristar's patents and would be sued for patent infringement by Veristar.

### **BAC'S RELATIONSHIP WITH HEB**

15. BAC's business relationship with HEB began at least as early as January, 1999.
16. BAC and HEB have had extensive meetings and discussions concerning HEB's potential use of BAC's RVS. Moreover, HEB has used BAC's biometric payroll check cashing system since approximately December, 1999, near Houston, Texas.
17. Upon information and belief, prior to January 10, 2000, Veristar became aware of BAC's advantageous business relationship with HEB as described above.
18. Upon information and belief, prior to January 10, 2000, an agent or representative of Veristar, without privilege, justification, or a reasonable basis, alleged to one or more representatives of HEB in San Antonio, Texas, that if HEB installed BAC's RVS that BAC and/or HEB would be infringing Veristar's patents and would be sued for patent infringement by Veristar.

### **BAC'S RELATIONSHIP WITH EYES OF TEXAS**

19. BAC's business relationship with Eyes of Texas began at least as early as September, 2000. During the course of this relationship, Eyes of Texas considered investing in BAC. As part of the determination of whether to invest, Eyes of Texas inquired of BAC whether BAC or its potential customers had been threatened with any lawsuits relating to the use of BAC products. Because Veristar had previously threatened such lawsuits, BAC informed Eyes of Texas of those threats. Eyes of Texas decided to not invest in BAC for the sole reason that Veristar had threatened the aforementioned lawsuits against Kroger, HEB, and/or BAC.
20. During late summer 2000, Phil Lapsley, Veristar's then Vice President of Engineering, indicated to BAC's President and CEO, Ronald R. Smith ("BAC's Smith"), that he knew who was making the statements (to HEB and Kroger) that BAC was infringing Veristar's patents and

that the person making the statements did not know enough about Veristar's patents to make such a statement.

### **BAC'S RELATIONSHIP WITH OPTIMAL ROBOTICS**

21. BAC's relationship with Optimal Robotics began at least as early as October, 2000.

22. BAC and Optimal Robotics have had extensive discussions concerning various BAC products including BAC's award-winning biometric authentication devices.

23. Upon information and belief, on or about February 19, 2001, in New Orleans, Louisiana, one or more agents or representatives of Veristar approached the display booth of Optimal Robotics and interrupted a demonstration being given by an Optimal Robotics employee by intentionally, maliciously, and falsely stating, in public, without privilege, justification or a reasonable basis, that the application that was being demonstrated, which included the use of a BAC biometric scanning device, was an infringement of Veristar's patents, and that anyone using the application would be sued for patent infringement by Veristar.

24. After these false public statements, but still during the FMI Markettechnics show, BAC's Smith and Phil Gioia, President and CEO of Veristar ("Veristar's Gioia"), met to discuss the false and unfounded accusations of infringement by agents and/or representatives of Veristar. During that meeting, Veristar's Gioia stated that he did not want to receive a letter from BAC's attorneys because of the actions and statements made by the agents and/or representatives of Veristar at the Optimal Robotics booth and/or to Kroger and HEB.

25. The next day, BAC's Smith, demonstrated BAC's RVS system to Veristar's Gioia, Mr. R. Ryan Ross (who is believed at the time to have been Veristar's Senior Vice President, Sales), Mr. Frank Pierce (Veristar's Senior Vice President of Marketing and Business Development), and Eric N. Williams (Vice President, Research & Development of Catalina Marketing Corp.).

After the demonstration, Mr. Williams indicated to Mr. Ross that Catalina had invested in Veristar with the understanding that Veristar owns the patent on what BAC's Smith had just demonstrated (i.e., BAC's RVS).

#### **VERISTAR'S DISCUSSIONS WITH BAC**

26. On or about February 22, 2001, Veristar's Gioia asked BAC's Smith to provide a non-disclosure agreement to Veristar's Gioia and Veristar so that BAC and Veristar could move forward in discussing a business relationship. BAC provided a draft non-disclosure agreement to Veristar.

27. On or about February 23, 2001, Veristar's Gioia indicated his desire to meet with BAC's Smith as soon as possible.

28. On or about February 25, 2001, BAC's Smith indicated his desire to meet with Veristar's Gioia as early as possible.

29. On or about March 7, 2001, Veristar's Gioia forwarded to BAC's Smith a draft version of a Memorandum of Understanding between Veristar and BAC.

30. On or about March 11, 2001, Veristar's Gioia indicated to BAC's Smith that there is probably no reason for BAC to want access to all of Veristar's intellectual property.

31. During conversations between February 23, 2001 and April 6, 2001, Veristar's Gioia indicated to BAC's Smith that it was the belief of members of the Board of Directors of Veristar that BAC infringed one or more Veristar patents. At no time has Veristar's Gioia (or anyone else) ever provided a detailed basis for the belief that BAC allegedly infringes one or more Veristar patents. Veristar's Gioia has indicated to BAC's Smith that, with respect to Veristar's Board of Directors' belief that BAC allegedly infringes one or more Veristar patents, the Veristar

Board of Directors was approaching the alleged infringement belief based on a high level of emotion and not with business logic.

32. On April 2, 2001, Veristar's Gioia indicated to BAC's Smith that Veristar's Board of Directors wanted to get "on the table the clear differences between what appears to be two companies taking an identical approach to enabling financial payments at the point of sale." Veristar's Gioia further indicated that "if we can make ourselves comfortable with what actually makes the two processes different, there shouldn't be a problem to moving forward."

33. On or about April 3, 2001, in reliance on the proposal and offer of Veristar's Gioia, BAC offered to provide Veristar a description of the reasons why BAC believes it does not infringe Veristar's patents. As part of that offer, BAC offered to make such a disclosure under a limited non-disclosure agreement which provided, in part, that any counsel responsible for prosecuting Veristar patent applications would not have access to the confidential information of BAC.

34. On or about April 6, 2001, Veristar's Gioia indicated that he would not execute the limited non-disclosure agreement proposed by BAC and that he would "put in abeyance the scheduled discussions between" BAC and Veristar.

#### **VERISTAR'S ASSERTION OF PATENT INFRINGEMENT**

35. On April 30, 2001, Veristar sued BAC in the United States District Court for the Northern District of California (Oakland Division) for alleged patent infringement of U.S. Patent No. 5,613,012 ("the '012 Patent") and U.S. Patent No. 5,805,719 ("the '719 Patent") ("Veristar's Complaint").

36. In Veristar's Complaint, Veristar does not identify a single specific BAC product by name or product number that allegedly infringes any claim of any Veristar patent.

37. In Veristar's Complaint, Veristar does not identify a single specific act of patent infringement by BAC.

38. Upon information and belief, prior to filing Veristar's Complaint, no officer, director, employee, agent, representative, consultant, attorney (either in-house or outside counsel) of Veristar, nor any other qualified person, (hereinafter collectively referred to as "Veristar Personnel") ever reverse engineered, debugged, decompiled, or otherwise sufficiently analyzed any BAC software or product to determine whether it infringed any Veristar patent or patents.

39. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it infringed any Veristar patent or patents.

40. BAC is not presently directly infringing any claim of any Veristar patent.

41. BAC has not in the past directly infringed any claim of any Veristar patent.

42. BAC has not in the past actively induced infringement of any claim of any Veristar patent.

43. BAC is not presently actively inducing infringement of any claim of any Veristar patent.

44. BAC has not in the past contributorily infringed any claim of any Veristar patent

45. BAC is not presently contributorily infringing any claim of any Veristar patent.

**COUNT ONE**  
**DECLARATORY JUDGMENT OF**  
**NONINFRINGEMENT OF THE '012 PATENT**

46. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 45 above as if fully set forth herein.

47. An actual controversy exists between BAC and Veristar by virtue of the allegations of Veristar's Complaint and pre-suit allegations and threats of infringement as to whether the '012 Patent is not infringed by BAC.

48. The '012 Patent issued from an application filed May 17, 1995 (Appl. No. 442,895), which is a continuation-in-part of application serial number 345,523, which was filed November 28, 1994.

49. The '012 Patent has five independent claims: claims 1, 38, 87, 88, and 123.

50. Each of the five independent claims of the '012 Patent were amended to narrow the scope of the respective claim during the prosecution of the application that resulted in the '012 Patent for one or more reasons related to the statutory requirements for patentability of each such claim.

#### **NONINFRINGEMENT OF CLAIM 1 OF THE '012 PATENT**

51. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it used a "private code" that "is not used for gaining access to the computer system" (as the quoted terms are used in claim 1 of the '012 Patent).

52. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it used a "private code" that "is not used for gaining access to the computer system" (as the quoted terms are used in claim 1 of the '012 Patent).

53. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it had a "private code" that "is presented to the

individual being identified, for authenticating the system to the individual” (as the quoted terms are used in claim 1 of the ‘012 Patent).

54. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it had a “private code” that “is presented to the individual being identified, for authenticating the system to the individual” (as the quoted terms are used in claim 1 of the ‘012 Patent).

55. If BAC does not infringe claim 1 of the ‘012 Patent then BAC does not infringe any claim dependent from claim 1 of the ‘012 Patent.

56. In order to infringe claim 1 of the ‘012 Patent, an accused computer system must have, among other things, the following (or to the extent allowable pursuant to *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 234 F.3d 558 (Fed. Cir. 2000) (hereinafter “*Festo*”), its substantial equivalent): “first gathering and display means for voluntary input of at least one biometric sample, personal identification code, and a private code from an individual during the registration step, wherein the private code is not used for gaining access to the system” (hereinafter “First Gathering and Display Means”).

57. BAC’s RVS does not have the First Gathering and Display Means required by claim 1 of the ‘012 Patent

58. BAC’s RVS does not have a substantial equivalent (to the extent permitted by *Festo*) of the First Gathering and Display Means required by claim 1 of the ‘012 Patent.

59. BAC’s RVS does not use a “private code” that is “not used for gaining access to the system” as those terms are used in claim 1 of the ‘012 Patent.

60. No BAC product, service, or system has the First Gathering and Display Means required by claim 1 of the '012 Patent.

61. No BAC product, service, or system has the substantial equivalent (to the extent permitted by *Festo*) of the First Gathering and Display Means required by claim 1 of the patent.

62. No BAC product, service, or system uses a "private code" that "is not used for gaining access to the system" as those terms are used in claim 1 of the '012 Patent.

63. In order to infringe claim 1 of the '012 Patent, an accused computer system must have, among other things, "system authentication means wherein the private code gathered during the registration step, is displayed to the authorized user of the system during the output step to authenticate that the computer system was accessed" (hereinafter "System Authentication Means").

64. Because the System Authentication Means element of claim 1 of the '012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the System Authentication Means element of claim 1 of the '012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

65. BAC's RVS does not have the System Authentication Means required by claim 1 of the '012 Patent

66. BAC's RVS does not have a substantial equivalent (to the extent permitted by *Festo*) of the System Authentication Means required by claim 1 of the '012 Patent.

67. No BAC product, service, or system has the System Authentication Means required by claim 1 of the '012 Patent.

68. No BAC product, service, or system has a substantial equivalent (to the extent permitted by *Festo*) of the System Authentication Means required by claim 1 of the '012 Patent.

69. BAC has not in the past directly infringed claim 1 of U.S. Patent No. 5,613,012.

70. BAC is not presently directly infringing claim 1 of U.S. Patent No. 5,613,012.

71. BAC has not in the past actively induced infringement of claim 1 of U.S. Patent No. 5,613,012.

72. BAC is not presently actively inducing infringement of claim 1 of U.S. Patent No. 5,613,012.

73. BAC has not in the past contributorily infringed claim 1 of U.S. Patent No. 5,613,012.

74. BAC is not presently contributorily infringing claim 1 of U.S. Patent No. 5,613,012.

#### **NONINFRINGEMENT OF CLAIM 38 OF THE '012 PATENT**

75. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performs a "registration step, wherein at least one biometric sample is gathered, and a personal identification code and private code are selected and stored, wherein the private code is not used for gaining access to the computer system" (as the quoted terms are used in claim 38 of the '012 Patent).

76. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performs a "registration step, wherein at least one biometric sample is gathered, and a personal identification code and private code are selected and stored, wherein the private code is not used for gaining access to the computer system" (as the quoted terms are used in claim 38 of the '012 Patent).

77. If BAC does not infringe claim 38 of the '012 Patent then BAC does not infringe any claim dependent from claim 38 of the '012 Patent.

78. In order to infringe claim 38 of the '012 Patent, the accused method must perform, among other things, a “registration step, wherein at least one biometric sample is gathered, and a personal identification code and private code are selected and stored, wherein the private code is not used for gaining access to the computer system” (hereinafter “Registration Step”)

79. Because the Registration Step element of claim 38 of the '012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Registration Step element of claim 38 of the '012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

80. BAC's RVS does not perform the Registration Step required by claim 38 of the '012 Patent

81. BAC's RVS does not perform the substantial equivalent (to the extent permitted by *Festo*) of the Registration Step required by claim 38 of the '012 Patent.

82. No BAC product, service, or system performs the Registration Step required by claim 38 of the '012 Patent.

83. No BAC product, service, or system performs a substantial equivalent (to the extent permitted by *Festo*) of the Registration Step required by claim 38 of the '012 Patent.

84. In order to infringe claim 38 of the '012 Patent, the accused method must perform, among other things, “a presentation step wherein on successful identification of the individual, the private code is presented to the individual being identified, for authenticating the system to the individual” (hereinafter “Presentation Step”).

85. Because the Presentation Step element of claim 38 of the '012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Presentation Step element of claim 38 of the '012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

86. BAC's RVS does not perform the Presentation Step required by claim 38 of the '012 Patent

87. BAC's RVS does not perform the substantial equivalent (to the extent permitted by *Festo*) of the Presentation Step required by claim 38 of the '012 Patent.

88. No BAC product, service, or system performs the Presentation Step required by claim 38 of the '012 Patent.

89. No BAC product, service, or system performs a substantial equivalent (to the extent permitted by *Festo*) of the Presentation Step required by claim 38 of the '012 Patent.

90. BAC has not in the past directly infringed claim 38 of U.S. Patent No. 5,613,012.

91. BAC is not presently directly infringing claim 38 of U.S. Patent No. 5,613,012.

92. BAC has not in the past actively induced infringement of claim 38 of U.S. Patent No. 5,613,012.

93. BAC is not presently actively inducing infringement of claim 38 of U.S. Patent No. 5,613,012.

94. BAC has not in the past contributorily infringed claim 38 of U.S. Patent No. 5,613,012.

95. BAC is not presently contributorily infringing claim 38 of U.S. Patent No. 5,613,012.

#### **NONINFRINGEMENT OF CLAIM 87 OF THE '012 PATENT**

96. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC

software or product to determine whether it used “a storage step” comprising, among other things, “comparison of the biometric sample gathered from said individual, with any previously stored biometric samples in the biometric basket, to make sure that the biometric sample gathered from the individual is algorithmically distinct from all biometric samples currently stored in said biometric basket; whereupon if the biometric sample is not distinct from previously stored biometric samples, a different biometric basket is selected and comparison is attempted again until an acceptable biometric basket is selected” (as the quoted terms are used in claim 87 of the ‘012 Patent).

97. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it used “a storage step” comprising, among other things, “comparison of the biometric sample gathered from said individual, with any previously stored biometric samples in the biometric basket, to make sure that the biometric sample gathered from the individual is algorithmically distinct from all biometric samples currently stored in said biometric basket; whereupon if the biometric sample is not distinct from previously stored biometric samples, a different biometric basket is selected and comparison is attempted again until an acceptable biometric basket is selected” (as the quoted terms are used in claim 87 of the ‘012 Patent).

98. If BAC does not infringe claim 87 of the ‘012 Patent, then BAC does not infringe any claim dependent from claim 87 of the ‘012 Patent.

99. In order to infringe claim 87 of the ‘012 Patent, the accused method must perform, among other things, “a storage step” comprising, among other things, “comparison of the

biometric sample gathered from said individual, with any previously stored biometric samples in the biometric basket, to make sure that the biometric sample gathered from the individual is algorithmically distinct from all biometric samples currently stored in said biometric basket; whereupon if the biometric sample is not distinct from previously stored biometric samples, a different biometric basket is selected and comparison is attempted again until an acceptable biometric basket is selected” (hereinafter “Storage Step”).

100. Because the Storage Step element of claim 87 of the ‘012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Storage Step element of claim 87 of the ‘012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

101. BAC’s RVS does not perform the Storage Step required by claim 87 of the ‘012 Patent

102. BAC’s RVS does not perform the substantial equivalent (to the extent permitted by *Festo*) of the Storage Step required by claim 87 of the ‘012 Patent.

103. No BAC product, service, or system performs the Storage Step required by claim 87 of the ‘012 Patent.

104. No BAC product, service, or system performs a substantial equivalent (to the extent permitted by *Festo*) of the Storage Step required by claim 87 of the ‘012 Patent.

105. BAC has not in the past directly infringed claim 87 of U.S. Patent No. 5,613,012.

106. BAC is not presently directly infringing claim 87 of U.S. Patent No. 5,613,012.

107. BAC has not in the past actively induced infringement of claim 87 of U.S. Patent No. 5,613,012.

108. BAC is not presently actively inducing infringement of claim 87 of U.S. Patent No. 5,613,012.

109. BAC has not in the past contributorily infringed claim 87 of U.S. Patent No. 5,613,012.

110. BAC is not presently contributorily infringing claim 87 of U.S. Patent No. 5,613,012.

**NONINFRINGEMENT OF CLAIM 88 OF THE '012 PATENT**

111. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it had "first gathering and display means for voluntary input of at least one biometric sample, and selection of a biometric basket for an individual during the registration step" (as the quoted terms are used in claim 88 of the '012 Patent).

112. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it whether it had "first gathering and display means for voluntary input of at least one biometric sample, and selection of a biometric basket for an individual during the registration step" (as the quoted terms are used in claim 88 of the '012 Patent).

113. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it had "storage and retrieval means comprising at least two biometric baskets wherein less than all of the registered biometrics are stored in each biometric basket" (as the quoted terms are used in claim 88 of the '012 Patent).

114. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it whether it had "storage and retrieval means comprising at least

two biometric baskets wherein less than all of the registered biometrics are stored in each biometric basket” (as the quoted terms are used in claim 88 of the ‘012 Patent).

115. If BAC does not infringe claim 88 of the ‘012 Patent then BAC does not infringe any claim dependent from claim 88 of the ‘012 Patent.

116. In order to infringe claim 88 of the ‘012 Patent, the accused computer system must have, among other things, “first gathering and display means for voluntary input of at least one biometric sample, and selection of a biometric basket for an individual during the registration step” (hereinafter “First Gathering and Display Means”).

117. Because the First Gathering and Display Means element of claim 88 of the ‘012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the First Gathering and Display Means element of claim 88 of the ‘012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

118. BAC’s RVS does not have the First Gathering and Display Means required by claim 88 of the ‘012 Patent

119. BAC’s RVS does not have a substantial equivalent (to the extent permitted by *Festo*) of the First Gathering and Display Means required by claim 88 of the ‘012 Patent.

120. No BAC product, service, or system has the First Gathering and Display Means required by claim 88 of the ‘012 Patent.

121. No BAC product, service, or system has a substantial equivalent (to the extent permitted by *Festo*) of the First Gathering and Display Means required by claim 88 of the ‘012 Patent.

122. In order to infringe claim 88 of the ‘012 Patent, the accused computer system must have, among other things, “storage and retrieval means comprising at least two biometric baskets

wherein less than all of the registered biometrics are stored in each biometric basket” (hereinafter “Storage and Retrieval Means”).

123. Because the Storage and Retrieval Means element of claim 88 of the ‘012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Storage and Retrieval Means element of claim 88 of the ‘012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

124. BAC’s RVS does not have the Storage and Retrieval Means required by claim 88 of the ‘012 Patent

125. BAC’s RVS does not have a substantial equivalent (to the extent permitted by *Festo*) of the Storage and Retrieval Means required by claim 88 of the ‘012 Patent.

126. No BAC product, service, or system has the Storage and Retrieval Means required by claim 88 of the ‘012 Patent.

127. No BAC product, service, or system has a substantial equivalent (to the extent permitted by *Festo*) of the Storage and Retrieval Means required by claim 88 of the ‘012 Patent.

128. BAC has not in the past directly infringed claim 88 of U.S. Patent No. 5,613,012.

129. BAC is not presently directly infringing claim 88 of U.S. Patent No. 5,613,012.

130. BAC has not in the past actively induced infringement of claim 88 of U.S. Patent No. 5,613,012.

131. BAC is not presently actively inducing infringement of claim 88 of U.S. Patent No. 5,613,012.

132. BAC has not in the past contributorily infringed claim 88 of U.S. Patent No. 5,613,012.

133. BAC is not presently contributorily infringing claim 88 of U.S. Patent No. 5,613,012.

### NONINFRINGEMENT OF CLAIM 123 OF THE '012 PATENT

134. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performed "a registration step wherein [...] the computer system attempts to store the registration biometric sample in the biometric basket, producing a store result; whereupon for a failed storage result, a different biometric basket is selected and storage is attempted again until a successful storage is obtained" (as the quoted terms are used in claim 123 of the '012 Patent).

135. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performed "a registration step wherein [...] the computer system attempts to store the registration biometric sample in the biometric basket, producing a store result; whereupon for a failed storage result, a different biometric basket is selected and storage is attempted again until a successful storage is obtained" (as the quoted terms are used in claim 123 of the '012 Patent).

136. If BAC does not infringe claim 123 of the '012 Patent then BAC does not infringe any claim dependent from claim 123 of the '012 Patent.

137. In order to infringe claim 123 of the '012 Patent, the accused method must perform, among other things, "a registration step wherein [...] the computer system attempts to store the registration biometric sample in the biometric basket, producing a store result; whereupon for a failed storage result, a different biometric basket is selected and storage is attempted again until a successful storage is obtained" (hereinafter "Registration Step").

138. Because the Registration Step element of claim 123 of the '012 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Registration Step element of claim 123 of the '012 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

139. BAC's RVS does not perform the Registration Step required by claim 123 of the '012 Patent

140. BAC's RVS does not perform the substantial equivalent (to the extent permitted by *Festo*) of the Registration Step required by claim 123 of the '012 Patent.

141. No BAC product, service, or system performs the Registration Step required by claim 123 of the '012 Patent.

142. No BAC product, service, or system performs a substantial equivalent (to the extent permitted by *Festo*) of the Registration Step required by claim 123 of the '012 Patent.

143. BAC has not in the past directly infringed claim 123 of U.S. Patent No. 5,613,012.

144. BAC is not presently directly infringing claim 123 of U.S. Patent No. 5,613,012.

145. BAC has not in the past actively induced infringement of claim 123 of U.S. Patent No. 5,613,012.

146. BAC is not presently actively inducing infringement of claim 123 of U.S. Patent No. 5,613,012.

147. BAC has not in the past contributorily infringed claim 123 of U.S. Patent No. 5,613,012.

148. BAC is not presently contributorily infringing claim 123 of U.S. Patent No. 5,613,012.

**COUNT TWO**  
**DECLARATORY JUDGMENT OF**  
**INVALIDITY OF THE '012 PATENT**

149. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 148 above as if fully set forth herein.

150. An actual controversy exists between BAC and Veristar by virtue of the allegations of Veristar's Complaint and pre-suit allegations of infringement as to whether the '012 Patent is invalid.

151. The '012 Patent is invalid for failure to meet the conditions of patentability of 35 U.S.C. § 101 et. seq., including those of sections 102, 103, and 112.

**COUNT THREE**  
**DECLARATORY JUDGMENT OF**  
**NONINFRINGEMENT OF THE '719 PATENT**

152. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 151 above as if fully set forth herein.

153. An actual controversy exists between BAC and Veristar by virtue of the allegations of Veristar's Complaint and pre-suit allegations of patent infringement as to whether the '719 Patent is not infringed by BAC.

154. The '719 Patent issued from an application filed March 18, 1997 (Appl. No. 820,008), which is a continuation-in-part of application serial number 442,895, which was filed May 17, 1995 (which is now U.S. Patent No. 5,613,012), which is a continuation-in-part of application serial number 345,523, which was filed November 28, 1994 (which is now U.S. Patent No. 5,615,277).

155. The '719 Patent has one claim.

156. The one claim of the '719 Patent was amended to narrow the scope of the claim during the prosecution of the application that resulted in the '719 Patent for one or more reasons related to the statutory requirements for patentability of that claim.

#### **NONINFRINGEMENT OF CLAIM 1 OF THE '719 PATENT**

157. Upon information and belief, prior to filing Veristar's Complaint, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performed a step of "comparing the biometric sample gathered from said individual, with all previously stored biometric samples in the biometric basket, to make sure that the biometric sample gathered from the individual is algorithmically unique from all biometric samples currently stored in said biometric basket for producing a successful or failed uniqueness result" (as the quoted terms are used in claim 1 of the '719 Patent).

158. Upon information and belief, prior to asserting to Kroger, HEB, and/or Optimal Robotics that BAC products and/or systems infringe Veristar patents, no Veristar Personnel ever reverse engineered, debugged, decompiled or otherwise sufficiently analyzed any BAC software or product to determine whether it performed a step of "comparing the biometric sample gathered from said individual, with all previously stored biometric samples in the biometric basket, to make sure that the biometric sample gathered from the individual is algorithmically unique from all biometric samples currently stored in said biometric basket for producing a successful or failed uniqueness result" (as the quoted terms are used in claim 1 of the '719 Patent).

159. In order to infringe claim 1 of the '719 Patent, the accused method must perform, among other things, a step "comparing the biometric sample gathered from said individual, with all previously stored biometric samples in the biometric basket, to make sure that the biometric

sample gathered from the individual is algorithmically unique from all biometric samples currently stored in said biometric basket for producing a successful or failed uniqueness result” (hereinafter “Comparison Step”).

160. Because the Comparison Step element of claim 1 of the ‘719 Patent was amended to narrow the scope of the claim for one or more reasons related to the statutory requirements for patentability, the Comparison Step element of claim 1 of the ‘719 Patent is entitled to no range of equivalents pursuant to the Doctrine of Equivalents.

161. BAC’s RVS does not perform the Comparison Step required by claim 1 of the ‘719 Patent

162. BAC’s RVS does not perform the substantial equivalent (to the extent permitted by *Festo*) of the Comparison Step required by claim 1 of the ‘719 Patent.

163. No BAC product, service, or system performs the Comparison Step required by claim 1 of the ‘719 Patent.

164. No BAC product, service, or system performs a substantial equivalent (to the extent permitted by *Festo*) of the Comparison Step required by claim 1 of the ‘719 Patent.

165. BAC has not in the past directly infringed claim 1 of U.S. Patent No. 5,805,719.

166. BAC is not presently directly infringing claim 1 of U.S. Patent No. 5,805,719.

167. BAC has not in the past actively induced infringement of claim 1 of U.S. Patent No. 5,805,719.

168. BAC is not presently actively inducing infringement of claim 1 of U.S. Patent No. 5,805,719.

169. BAC has not in the past contributorily infringed claim 1 of U.S. Patent No. 5,805,719.

170. BAC is not presently contributorily infringing claim 1 of U.S. Patent No. 5,805,719.

**COUNT FOUR**  
**DECLARATORY JUDGMENT OF**  
**INVALIDITY OF THE '719 PATENT**

171. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 170 above as if fully set forth herein.

172. An actual controversy exists between BAC and Veristar by virtue of the allegations of Veristar's Complaint and pre-suit allegations of patent infringement as to whether the '719 Patent is invalid.

173. The '719 Patent is invalid for failure to meet the conditions of patentability of 35 U.S.C. § 101 et. seq., including those of sections 102, 103, and 112.

**COUNT FIVE**  
**INTENTIONAL INTERFERENCE WITH BAC'S**  
**BUSINESS ADVANTAGES AND BUSINESS RELATIONS**

174. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 173 above as if fully set forth herein.

175. BAC had valid prospective business relationships with potential investors in BAC and with customers and partners of BAC's RVS and BAC's RVS is a technologically advanced and cost-effective system for meeting that demand.

176. BAC is informed and believes that Veristar recognized and understood that BAC had established valuable prospective business relations and advantages with potential investors in BAC and with customers and partners for BAC's RVS and that, but for Veristar's unlawful conduct as alleged, BAC would continue to have a reasonable probability of profiting from these business relations with potential investors and actual and prospective customers and partners of BAC's RVS.

177. Veristar has intentionally and maliciously, without justification or privilege, interfered with and disrupted the business relations between BAC and its prospective customers and partners including, but not limited to, Kroger, HEB, Optimal Robotics, and Eyes of Texas, through at least the conduct alleged above, with the specific intent of damaging BAC.

178. Veristar has acted intentionally, maliciously, and without reasonable investigation under the circumstances by illegally and improperly contacting representatives of at least Kroger, HEB, and Optimal Robotics and alleging that BAC's products and/or services infringe Veristar patents.

179. Upon information and belief, Veristar intends to induce, and intended to induce, at least Kroger, HEB, and Optimal Robotics not to enter into contractual relations with BAC. This has been and will be, to the harm and detriment of BAC.

180. As a proximate result of the intentional acts of Veristar, the business relations and business advantages between BAC and at least Kroger, HEB, Optimal Robotics, and Eyes of Texas were disrupted.

181. The actions of Veristar have resulted in and proximately caused damages in an amount to be proven at trial. Veristar's foregoing conduct has left BAC with no adequate remedy at law and has caused, is causing, and, if not enjoined, will continue to cause irreparable harm to BAC.

#### **COUNT SIX – DEFAMATION**

182. Plaintiff BAC incorporates by reference every allegation contained within paragraphs 1 through 181 above as if fully set forth herein.

183. Veristar's intentional and malicious allegations of patent infringement against BAC, which were neither privileged, justified, nor based on a reasonable investigation under the circumstances, have resulted in and proximately caused damages to BAC in an amount to be

proven at trial. Veristar's foregoing conduct has left BAC with no adequate remedy at law and has caused, is causing, and, if not enjoined, will continue to cause irreparable harm to BAC.

**COUNT SEVEN**  
**BUSINESS DISPARAGEMENT**

184. Plaintiff incorporates by reference each and every allegation contained within paragraph 1 through 183 as if fully set forth herein.

185. Veristar has tortiously, without privilege or justification, disparaged the business reputation of BAC by and through their conduct as set forth above.

186. The actions of Veristar have resulted in and proximately caused damages to BAC in an amount to be proven at trial. Veristar's foregoing conduct has left BAC with no adequate remedy at law and has caused, is causing, and, if not enjoined, will continue to cause irreparable harm to BAC.

**COUNT EIGHT**  
**UNFAIR COMPETITION**

187. Plaintiff incorporates by reference each and every allegation contained within paragraph 1 through 185 as if fully set forth herein.

188. Veristar has tortiously interfered with BAC's ability to conduct its business by making unfounded and baseless allegations of patent infringement against BAC's products and/or services, as set forth above.

189. The actions of Veristar have resulted in and proximately caused damages to BAC in an amount to be proven at trial. Veristar's foregoing conduct has left BAC with no adequate remedy at law and has caused, is causing, and, if not enjoined, will continue to cause irreparable harm to BAC.

**COUNT NINE**  
**VIOLATION OF SECTION 16.29 OF**  
**THE TEXAS BUSINESS AND COMMERCIAL CODE**

190. Plaintiff BAC incorporates by reference each and every allegation contained within paragraphs 1 through 189 above as if fully set forth herein.

191. Veristar has tortiously interfered with and injured the business reputation of BAC through the conduct referenced herein.

192. BAC seeks an injunction against continuing injury to its business reputation through the unfounded and baseless allegations of patent infringement by Veristar to any existing or prospective BAC investor, customer or business partner.

193. The actions of Veristar have resulted in and proximately caused damages to BAC in an amount to be proven at trial. Veristar's foregoing conduct has left BAC with no adequate remedy at law and has caused, is causing, and, if not enjoined, will continue to cause irreparable harm to BAC.

**JURY DEMAND**

194. BAC, pursuant to Fed. R. Civ. P. 38, demands that a jury be impaneled to determine all claims and issues triable by a jury in this action.

**PRAYER FOR RELIEF**

WHEREFORE, BAC respectfully prays for the following relief:

1. A preliminary and permanent injunction enjoining Veristar, its agents, servants, employers and assigns from further injury to BAC's business relations, business advantages, and business reputation by preventing such individuals and companies from alleging infringement of any Veristar patent by BAC or BAC's customers for their use of BAC products;

2. That BAC recover its actual and compensatory damages according to proof at trial;

3. That the Court enter a declaratory judgment that the '012 Patent is not infringed by BAC and/or invalid;
4. That the Court enter a declaratory judgment that the '719 Patent is not infringed by BAC and/or invalid;
5. That the Court enter an order declaring this an exceptional case pursuant to 35 U.S.C. § 285, and awarding BAC its costs of suit, including attorneys' fees; and
6. Costs of suit incurred herein (in addition to determination pursuant to 35 U.S.C. § 285);
7. Pre- and post-judgement interest as provided by law; and
8. Such other and further relief in law or equity to which BAC may be justly entitled.

DATED: May 22, 2001

Respectfully submitted,

By: Kevin S. Kudlac

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