

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

**LEIGHTON TECHNOLOGIES, LLC**

**Plaintiff,**

**v.**

**GIESECKE & DEVRIENT AMERICA, INC.**

**Defendant.**

2:11cv052-RBS  
DEM

**COMPLAINT**

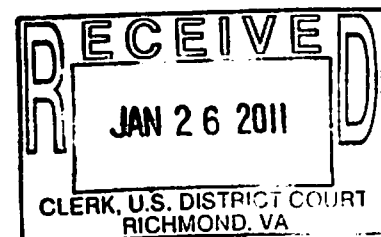
Plaintiff Leighton Technologies, LLC ("LT"), for its Complaint against Defendant Giesecke & Devrient America, Inc. ("G&D"), alleges as follows:

**Nature of the Action**

1. This is an action under the patent laws of the United States, 35 U.S.C. §§ 1, *et seq.*, for infringement by G&D of one or more claims of each of United States Patent Nos. 6,036,099 ("the '099 Patent"), 6,514,367 ("the '367 Patent"), 6,214,155 ("the '155 Patent"), 5,817,207 ("the '207 Patent"), and RE40,145 ("the '145 Patent") (together "the LT Patents").

2. While many of G&D's competitors, including Oberthur Card Systems, S.A. ("Oberthur"), HID Corporation ("HID"), Gemalto Inc. ("Gemalto"), Allsafe Technologies, Inc. ("Allsafe") and CPI Card Group ("CPI") have licensed the LT Patents from LT, G&D has not.

3. Because G&D does not have a license to the LT Patents, but continues to infringe the LT Patents deliberately and with full knowledge of the existence of the LT Patents, LT brings this action for damages adequate to compensate LT for past, present, and future infringement and use of the LT Patents.



### **The Parties**

4. Plaintiff LT is a limited liability company duly organized and existing under the laws of the State of New York, with its principal place of business at 75 Montebello Road, Suffern, NY 10901.

5. G&D is a Delaware corporation with a principal place of business located at 45925 Horseshoe Dr., Dulles, VA 20166.

### **Jurisdiction and Venue**

6. Subject matter jurisdiction is proper in this Court under 28 U.S.C. §§ 1331 and 1338(a).

7. This Court has personal jurisdiction over G&D because G&D has a principal place of business in this District and, on information and belief, G&D's acts of infringement have occurred, at least in part, in this District.

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

### **The LT Patents and G&D's Infringing Products**

9. The LT Patents asserted in this Complaint, and attached as Exhibits A-E, are: 5,817,207 ("Radio Frequency Identification Card and Hot Lamination Process for the Manufacture of Radio Frequency Identification Cards"); 6,036,099 ("Hot Lamination Process for the Manufacture of a Combination Contact/Contactless Smart Card and Product Resulting Therefrom"); 6,214,155 ("Radio Frequency Identification Card and Hot Lamination Process for the Manufacture of Radio Frequency Identification Cards"); 6,514,367 ("Hot Lamination Process for the Manufacture of a Combination Contact/Contactless Smart Card"); and RE40,145 ("Ultra-Thin Flexible Durable Radio Frequency Identification Devices and Hot or Cold Lamination Process for the Manufacture of Ultra-Thin Flexible Durable Radio Frequency Identification Devices"), reissued in 2008 from U.S. Patent No. 6,441,736.

10. Each of the LT Patents is a lawfully issued, valid, and enforceable United States patent.

11. LT is the sole owner of the entire right, title, and interest in and to each of the LT Patents.

12. The LT Patents relate generally to “smart cards,” as well as to a process for manufacturing smart cards. Smart cards are generally defined as cards containing embedded electronics.

13. Smart cards are used in connection with financial transactions, building access control, identification, mass transit, and other applications. Smart cards may be contactless (*i.e.*, cards that communicate wirelessly on various frequencies with card readers), contact (*i.e.*, cards that communicate through a physical connection between an embedded chip and a reader), or dual interface (*i.e.*, cards that operate as both contact and contactless cards).

14. G&D is a manufacturer and seller of various types of contactless and dual-interface smart cards that comply with the ID-1 and/or ISO 14443 technical standards (“Accused Cards”).

15. The Accused Cards contain electronic elements.

16. The Accused Cards are assembled without the use of a non-electronic carrier.

17. On information and belief, the Accused Cards are manufactured using a lamination process.

18. The Accused Cards include, but are not limited to, smart cards sold for use in public transportation by at least the Washington Metropolitan Area Transportation Authority, the Chicago Transit Authority, the Port Authority of New York & New Jersey, Houston METRO,

Minneapolis Metro Transit, and Atlanta MARTA, as well as contactless and/or dual interface credit cards issued by various financial institutions.

### **Licensing and Litigation History**

19. In 1997, pursuant to a non-disclosure agreement and as part of an effort to establish a consulting relationship with G&D, inventor Keith Leighton provided information about his smart card technology to G&D. Mr. Leighton provided this information while applications for certain of the LT Patents were pending but before any of the LT Patents had issued. G&D declined to enter into a consulting agreement with Mr. Leighton.

20. In April 2002, after obtaining and inspecting sample G&D smart cards, Mr. Leighton informed G&D that a license to the LT Patents would be required for the sample cards Mr. Leighton inspected.

21. In response to Mr. Leighton's April 2002 communication, G&D told Mr. Leighton that it was investigating and would provide a response, but failed to do so.

22. In June 2003, General Patent Corporation International ("GPCI"), as managing agent for licensing the LT Patents, contacted G&D to discuss licensing the LT Patents to G&D. In response, G&D summarily stated that it did not make use of any of the LT Patents.

23. GPCI again contacted G&D in October 2003, asking G&D to provide the basis for its conclusion that it did not require a license to the LT Patents, and offering to enter into a confidentiality agreement, if necessary, so that G&D could provide proprietary information about its cards for LT's analysis.

24. In response to GPCI's October 2003 letter, G&D stated that it did not practice the step of "positioning of at least one electronic element in the absence of a non electronic carrier directly between said first and second core sheets." G&D also agreed to provide additional information "as it becomes available," but despite follow-up communications by GPCI on

December 19, 2003, and March 24, 2004, G&D failed to provide any information supporting its position.

25. On March 30, 2004, LT filed suit against Oberthur, one of G&D's competitors in the field of smart cards, for infringement of the LT Patents.

26. Two days later, on April 1, 2004, without responding to LT's prior requests for technical information or LT's offer to enter into a confidentiality agreement, G&D notified GPCI that G&D had concluded that it did not require a license to the LT Patents and considered the matter closed. On information and belief, G&D was aware of the existence of the Oberthur suit at the time it refused to license the LT Patents or shortly thereafter.

27. In May 2005, HID, another of G&D's competitors, filed a declaratory judgment suit against LT and GPCI, alleging that the LT Patents were invalid and that HID did not infringe the LT Patents. On information and belief, G&D became aware of the existence of the HID suit shortly after it was filed.

28. In July 2007, HID filed a breach of contract suit against Mr. Leighton personally, alleging that Mr. Leighton should have assigned any interest in the LT Patents to HID's predecessor based on a consulting agreement between Mr. Leighton and that predecessor.

29. After approximately four years of litigation, Oberthur and LT settled their dispute in July 2008, and Oberthur became the first of G&D's competitors to license the LT Patents. On information and belief, G&D became aware of the fact that the Oberthur litigation was settled shortly after the suit was dismissed.

30. In October 2009, HID and LT settled the pending litigations between them. As a result, HID assigned any interest it had in the LT Patents to LT and took a license to the LT

Patents. On information and belief, G&D became aware of the existence of the LT settlement with HID and the fact that HID had licensed the LT Patents shortly after the suit was dismissed.

31. In January 2010, LT filed suit against the United States government for unlicensed use of the LT Patents in connection with federal employee ID cards. The suit implicated products made by several of G&D's competitors, including Gemalto Inc. On information and belief, G&D became aware of the existence of the suit shortly after it was filed.

32. In September 2010, LT and Gemalto entered into a settlement agreement related to the suit against the United States, and as a result, Gemalto took a license to the LT Patents. On information and belief, G&D became aware of the fact that Gemalto licensed the LT Patents shortly after the agreement was reached.

33. In addition to each of the licensees identified above, LT has recently licensed the LT Patents to Allsafe and CPI, both of whom are competitors of G&D in the smart card market.

34. Despite the existence of numerous licensees to the LT Patents and LT's past offers to license the LT Patents to G&D, G&D continues to infringe the LT Patents.

#### **COUNT I — Infringement of the '099 Patent**

35. LT realleges and incorporates herein by reference the allegations stated in Paragraphs 1-34 of this Complaint.

36. The '099 Patent was duly and legally issued on March 14, 2000. The '099 Patent was duly and legally assigned to LT, and LT owns and has full rights to sue, enforce, and recover damages for all infringements of the '099 Patent. A true and correct copy of the '099 Patent is attached to this Complaint as Exhibit A.

37. G&D has infringed, contributorily infringed, and/or actively induced infringement of, and is infringing, contributorily infringing, and/or actively inducing infringement of the '099 Patent, by at least making, causing to be made, using, causing to be used, selling, causing to be

sold, offering to sell, causing to be offered for sale, importing, and/or causing to be imported products that infringe one or more claims of the '099 Patent.

38. As a result of G&D's infringement, contributory infringement, and/or inducement of infringement, LT is entitled to damages in an amount sufficient to compensate LT for G&D's past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of the '099 Patent.

39. G&D's infringement, contributory infringement, and/or active inducement of others' infringement of the '099 Patent have taken place with G&D's full knowledge of the '099 Patent and have been intentional, deliberate, and willful, making this an exceptional case and entitling LT to increased damages and reasonable attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

#### **COUNT II — Infringement of the '367 Patent**

40. LT realleges and incorporates herein by reference the allegations stated in Paragraphs 1-39 of this Complaint.

41. The '367 Patent was duly and legally issued on February 4, 2003. The '367 Patent was duly and legally assigned to LT, and LT owns and has full rights to sue, enforce, and recover damages for all infringements of the '367 Patent. A true and correct copy of the '367 Patent is attached to this Complaint as Exhibit B.

42. G&D has infringed, contributorily infringed, and/or actively induced infringement of, and is infringing, contributorily infringing, and/or actively inducing infringement of the '367 Patent, by at least making, causing to be made, using, causing to be used, selling, causing to be sold, offering to sell, causing to be offered for sale, importing, and/or causing to be imported products that infringe one or more claims of the '367 Patent.

43. As a result of G&D's infringement, contributory infringement, and/or inducement of infringement, LT is entitled to damages in an amount sufficient to compensate LT for G&D's past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of the '367 Patent.

44. G&D's infringement, contributory infringement, and/or active inducement of others' infringement of the '367 Patent have taken place with G&D's full knowledge of the '367 Patent and have been intentional, deliberate, and willful, making this an exceptional case and entitling LT to increased damages and reasonable attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

### **COUNT III — Infringement of the '155 Patent**

45. LT realleges and incorporates herein by reference the allegations stated in Paragraphs 1-44 of this Complaint.

46. The '155 Patent was duly and legally issued on April 10, 2001. The '155 Patent was duly and legally assigned to LT, and LT owns and has full rights to sue, enforce, and recover damages for all infringements of the '155 Patent. A true and correct copy of the '155 Patent is attached to this Complaint as Exhibit C.

47. G&D has infringed, contributorily infringed, and/or actively induced infringement of, and is infringing, contributorily infringing, and/or actively inducing infringement of the '155 Patent, by at least making, causing to be made, using, causing to be used, selling, causing to be sold, offering to sell, causing to be offered for sale, importing, and/or causing to be imported products that infringe one or more claims of the '155 Patent.

48. As a result of G&D's infringement, contributory infringement, and/or inducement of infringement, LT is entitled to damages in an amount sufficient to compensate LT for G&D's



past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of the '155 Patent.

49. G&D's infringement, contributory infringement, and/or active inducement of others' infringement of the '155 Patent have taken place with G&D's full knowledge of the '155 Patent and have been intentional, deliberate, and willful, making this an exceptional case and entitling LT to increased damages and reasonable attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

#### **COUNT IV — Infringement of the '207 Patent**

50. LT realleges and incorporates herein by reference the allegations stated in Paragraphs 1-49 of this Complaint.

51. The '207 Patent was duly and legally issued on October 6, 1998. The '207 Patent was duly and legally assigned to LT, and LT owns and has full rights to sue, enforce, and recover damages for all infringements of the '207 Patent. A true and correct copy of the '207 Patent is attached to this Counterclaim Complaint as Exhibit D.

52. G&D has infringed, contributorily infringed, and/or actively induced infringement of, and is infringing, contributorily infringing, and/or actively inducing infringement of the '207 Patent, by at least making, causing to be made, using, causing to be used, selling, causing to be sold, offering to sell, causing to be offered for sale, importing, and/or causing to be imported products that infringe one or more claims of the '207 Patent.

53. As a result of G&D's infringement, contributory infringement, and/or inducement of infringement, LT is entitled to damages in an amount sufficient to compensate LT for G&D's past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of the '207 Patent.

54. G&D's infringement, contributory infringement, and/or active inducement of others' infringement of the '207 Patent have taken place with G&D's full knowledge of the '207 Patent and have been intentional, deliberate, and willful, making this an exceptional case and entitling LT to increased damages and reasonable attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

**COUNT V — Infringement of the '145 Patent**

55. LT realleges and incorporates herein by reference the allegations stated in Paragraphs 1-54 of this Complaint.

56. The '145 Patent was duly and legally issued on March 11, 2008 as a reissue of U.S. Patent No. 6,441,736. The '145 Patent was duly and legally assigned to LT, and LT owns and has full rights to sue, enforce, and recover damages for all infringements of the '145 Patent. A true and correct copy of the '145 Patent is attached to this Counterclaim Complaint as Exhibit E.

57. G&D has infringed, contributorily infringed, and/or actively induced infringement of, and is infringing, contributorily infringing, and/or actively inducing infringement of the '145 Patent, by at least making, causing to be made, using, causing to be used, selling, causing to be sold, offering to sell, causing to be offered for sale, importing, and/or causing to be imported products that infringe one or more claims of the '145 Patent.

58. As a result of G&D's infringement, contributory infringement, and/or inducement of infringement, LT is entitled to damages in an amount sufficient to compensate LT for G&D's past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of the '145 Patent.

59. G&D's infringement, contributory infringement, and/or active inducement of others' infringement of the '145 Patent have taken place with G&D's full knowledge of the '145

Patent and have been intentional, deliberate, and willful, making this an exceptional case and entitling LT to increased damages and reasonable attorneys' fees pursuant to 35 U.S.C. §§ 284 and 285.

**PRAYER FOR RELIEF**

WHEREFORE, Defendant LT prays that this Court:

(A) Enter a judgment that G&D has infringed, contributorily infringed and/or actively induced others to infringe the '099 Patent, the '367 Patent, the '155 Patent, the '207 Patent; and the '145 Patent;

(B) Award LT damages in an amount sufficient to compensate LT for G&D's past, present, and future infringement, contributory infringement, and/or active inducement of others' infringement of '099 Patent, the '367 Patent, the '155 Patent, the '207 Patent; and the '145 Patent, but not less than a reasonable royalty;

(C) Award prejudgment interest to LT pursuant to 35 U.S.C. § 284;

(D) Award increased damages, pursuant to 35 U.S.C. § 284, in an amount not less than three times the amount of actual damages awarded to LT, by reason of G&D's willful infringement of the '099 Patent, the '367 Patent, the '155 Patent, the '207 Patent; and the '145 Patent;

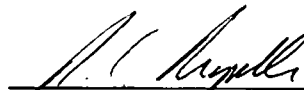
(E) Declare this case exceptional under 35 U.S.C. § 285 and award LT its reasonable attorneys' fees, expenses and costs incurred in this action; and

(F) Grant LT such other and further relief as this Court may deem just and proper.

**JURY DEMAND**

LT hereby demands a jury trial on all issues so triable.

Date: January 26, 2011



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