

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

~~FILED - CLERK  
U.S. DISTRICT COURT  
2006 SEP 13 PM 3:21  
TX EASTERN - LUFKIN~~

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

Plaintiff,

v.

EARTHLINK, INC.,

Defendant.

CASE NO. 9:06-CV-193  
Judge Ron Clark  
Jury Trial Demanded

~~FILED  
U.S. DISTRICT COURT  
EASTERN DISTRICT OF TEXAS~~

~~AUG 21 2006~~

~~SHARON MALAND, CLERK~~

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

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

**THE PARTIES**

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

2. On information and belief, Defendant Earthlink, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1375 Peachtree St., Atlanta, Georgia 30309.

**JURISDICTION AND VENUE**

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

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

5. On information and belief, Defendant Earthlink, Inc. (“Earthlink”) is subject to this Court’s personal jurisdiction because it does and has done substantial business in this judicial district, including: (i) operating internet dial-up and ISP services in Lufkin; (ii) operating infringing automated telephone call processing systems, including without limitation the Earthlink customer service and sales service systems, that allow its customers, including customers within this State and in this District, to perform purchasing, bill paying, ordering, verification and other functions over the telephone; and (iii) regularly doing or soliciting business, engaging in other persistent courses of conduct, and/or deriving substantial revenue from goods and services provided to individuals in this State and in this District. In addition, Earthlink has designated an agent for service of process in the State of Texas.

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

### **BACKGROUND FACTS**

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

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

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

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

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

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

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

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

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

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

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

17. The marketplace has clearly recognized the value of Mr. Katz's inventions. Indeed, over 100 companies, including in some instances direct competitors of the defendants, have licensed the patents-in-suit. Licensees include IBM, Hewlett-Packard, Bank of America, JPMorgan Chase, Wells Fargo, HSBC, AT&T, Verizon, Sprint, Microsoft, Delta Airlines, Merck, Sears, and Home Shopping Network. These licenses and others acknowledge the applicability of the patents-in-suit to multiple fields of use, including but not limited to financial services call processing, automated securities transactions, automated credit card authorization services, automated wireless telecommunication services and support, automated health care services, and product and service support.

18. Earthlink employs the inventions of the patents-in-suit. Katz Technology Licensing, through its licensing arm A2D, L.P., has repeatedly attempted to engage Earthlink in licensing negotiations, but to date, Earthlink has not agreed to take a license to any of the patents-in-suit.

**THE PATENTS-IN-SUIT**

19. On May 29, 1990, the United States Patent and Trademark Office duly and legally issued United States Patent No. 4,930,150 (“the ‘150 Patent”), entitled “Telephonic Interface Control System,” to Ronald A. Katz, sole inventor. The ‘150 Patent expired on December 20, 2005.

20. On September 27, 1994, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,351,285 (“the ‘285 Patent”), entitled “Multiple Format Telephonic Interface Control System,” to Ronald A. Katz, sole inventor. The ‘285 Patent expired on December 20, 2005.

21. On November 4, 1997, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,684,863 (“the ‘863 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘863 Patent expired on December 20, 2005.

22. On September 29, 1998, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,815,551 (“the ‘551 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘551 Patent expired on December 20, 2005.

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

24. On June 29, 1999, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,917,893 (“the ‘893 Patent”), entitled “Multiple Format Telephonic Interface Control System,” to Ronald A. Katz, sole inventor. The ‘893 Patent expired on December 20, 2005.

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

26. On November 14, 2000, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,148,065 (“the ‘065 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘065 Patent expired on July 10, 2005.

27. On January 1, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,335,965 (“the ‘965 Patent”), entitled “Voice-Data Telephonic Interface Control System,” to Ronald A. Katz, sole inventor. The ‘965 Patent expired on December 20, 2005.

28. On February 19, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,349,134 (“the ‘134 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘134 Patent expired on December 20, 2005.

29. On July 23, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,424,703 (“the ‘703 Patent”), entitled “Telephonic-Interface Lottery System,” to Ronald A. Katz, sole inventor. The ‘703 Patent expired on July 10, 2005.

30. On August 13, 2002, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,434,223 (“the ‘223 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor. The ‘223 Patent expired on July 10, 2005.

31. On January 13, 2004, the United States Patent and Trademark Office duly and legally issued United States Patent No. 6,678,360 (“the ‘360 Patent”), entitled “Telephonic-Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘360 Patent expired on July 10, 2005.

**COUNT I  
(PATENT INFRINGEMENT BY EARTHLINK, INC.)**

32. Katz Technology Licensing realleges and incorporates by reference paragraphs 1–31 as if fully set forth herein.

33. Katz Technology Licensing is the sole holder of the entire right, title, and interest in the ‘551, ‘065, ‘360, ‘863, ‘134, ‘150, ‘285, ‘893, ‘734, ‘120, ‘223, ‘965 and ‘703 Patents.

34. On information and belief, Earthlink operates automated telephone systems, including without limitation the Earthlink customer service and sales service systems that allow its customers to perform purchasing, bill paying, ordering, verification and other functions over the telephone.

35. Earthlink has directly and contributorily infringed, and induced others to infringe, one or more claims of each of the patents identified in paragraph 33 of this Complaint by making, using, offering to sell, and/or selling within the United States automated telephone systems, including without limitation the Earthlink customer service and sales service systems.

36. Earthlink continues to infringe, contributorily infringe, and induce others to infringe the ‘734 and ‘120 Patents.

37. Earthlink’s infringement of the patents identified in paragraph 33 of this Complaint has been willful.

38. Katz Technology Licensing has been, and continues to be, damaged and irreparably harmed by Earthlink's infringement, which will continue unless Earthlink is enjoined by this Court.

**REQUEST FOR RELIEF**

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

A. A judgment holding Earthlink liable for infringement of the patents identified in paragraph 33 of this Complaint;

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

C. An accounting for damages resulting from Earthlink's infringement of the patents identified in paragraph 33 of this Complaint, together with pre-judgment and post-judgment interest;

D. A judgment holding that Earthlink's infringement of the patents identified in paragraph 33 of this Complaint is willful, and a trebling of damages pursuant to 35 U.S.C. § 284;

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

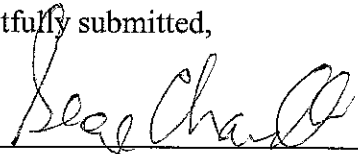
F. Such other relief as the Court deems just and equitable.



Dated: September 13, 2006

Respectfully submitted,

By:

  
George Chandler  
State Bar No. 04094000  
gchandler@chandlerlawoffices.com  
Chandler Law Offices  
207 E. Frank, Suite 105  
P.O. Box 340  
Lufkin, Texas 75902-0340  
Tel. 936.632.7778  
Fax. 936.632.1304

Of Counsel:

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

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

Thomas F. Poché  
tpoche@cooley.com  
COOLEY GODWARD LLP  
875 15<sup>TH</sup> Street, NW  
Suite 800  
Washington, DC 20005-2221  
Telephone: (202) 842-7800  
Facsimile: (202) 842-7899

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

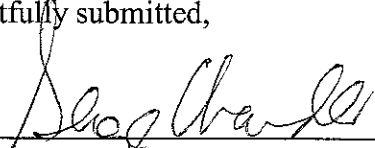
**DEMAND FOR JURY TRIAL**

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

Dated: September 13, 2006

Respectfully submitted,

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

  
George Chandler  
State Bar No. 04094000  
gchandler@chandlerlawoffices.com  
Chandler Law Offices  
207 E. Frank, Suite 105  
P.O. Box 340  
Lufkin, Texas 75902-0340  
Tel. 936.632.7778  
Fax. 936.632.1304

Of Counsel:

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

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

Thomas F. Poché  
tpoche@cooley.com  
COOLEY GODWARD LLP  
875 15<sup>TH</sup> Street, NW  
Suite 800  
Washington, DC 20005-2221  
Telephone: (202) 842-7800  
Facsimile: (202) 842-7899

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