

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

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

Plaintiff,

v.

GENERAL ELECTRIC CAPITAL
CORPORATION; GENERAL ELECTRIC
CAPITAL SERVICES, INC.; GENERAL
ELECTRIC COMPANY; GENERAL
ELECTRIC CONSUMER FINANCE, INC.

Defendants.

CASE NO. 9:06-cv-197
Jury Trial Demanded

**PLAINTIFF RONALD A. KATZ TECHNOLOGY LICENSING, L.P.'S
SECOND 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 General Electric Capital Corporation is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 260 Long Ridge Road, Stamford, Connecticut 06927.

3. On information and belief, Defendant General Electric Capital Services, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 260 Long Ridge Road, Stamford, Connecticut 06927.

4. On information and belief, Defendant General Electric Company is a corporation organized under the laws of the State of New York, and having a principal place of business at 3135 Easton Turnpike, Fairfield, Connecticut 06431.

5. On information and belief, Defendant General Electric Consumer Finance, Inc. is a corporation organized under the laws of the State of Delaware, and having a principal place of business at 1600 Summer Street, Stamford, Connecticut 06927.

JURISDICTION AND VENUE

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

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

8. General Electric Capital Corporation, General Electric Capital Services, Inc., General Electric Company and General Electric Consumer Finance, Inc. (collectively, the “GE defendants”) are subject to this Court’s personal jurisdiction because they do and have done substantial business in this judicial district, including: (i) selling financial products and services within the District; (ii) operating infringing automated telephone systems, including without limitation the GE Consumer Finance credit card, GE Card customer services, GE Capital auto finance center and GE retail sales finance services telephone systems, that allow their customers, including customers within this State and in this District, to perform and obtain credit, finance, banking, payment, activation and other services over the telephone; and (iii) regularly doing or soliciting business, engaging in other persistent courses of conduct, and/or deriving substantial revenue from goods used or consumed by, and services provided to, individuals in this State and

in this District. In addition, General Electric Capital Corporation has designated an agent for service of process in the State of Texas.

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

BACKGROUND FACTS

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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).

17. 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.

18. 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.

19. 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.

20. 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.

21. Each of the defendants employs the inventions of certain of the patents-in-suit. Katz Technology Licensing, through its licensing arm A2D, L.P., has repeatedly attempted to engage the defendants in licensing negotiations, but to date, none of the defendants have agreed to take a license to any of the patents-in-suit.

THE PATENTS-IN-SUIT

22. On December 20, 1988, the United States Patent and Trademark Office duly and legally issued United States Patent No. 4,792,968 ("the '968 Patent"), entitled "Statistical Analysis System For Use With Public Communication Facility," to Ronald A. Katz, sole inventor. The '968 Patent expired on December 20, 2005.

23. 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.

24. On July 7, 1992, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,128,984 (“the ‘984 Patent”), entitled “Telephone Interface Call Processing System With Call Selectivity,” to Ronald A. Katz, sole inventor.

25. On October 19, 1993, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,255,309 (“the ‘309 Patent”), entitled “Telephonic Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘309 Patent expired on December 20, 2005.

26. 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.

27. On October 1, 1996, the United States Patent and Trademark Office duly and legally issued United States Patent No. 5,561,707 (“the ‘707 Patent”), entitled “Telephonic Interface Statistical Analysis System,” to Ronald A. Katz, sole inventor. The ‘707 Patent expired on December 20, 2005.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. 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.

38. 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 GENERAL ELECTRIC CAPITAL CORPORATION,
GENERAL ELECTRIC CAPITAL SERVICES, INC., GENERAL ELECTRIC
COMPANY and GENERAL ELECTRIC CONSUMER FINANCE, INC.)

39. Katz Technology Licensing realleges and incorporates by reference paragraphs 1-38 of this Complaint as if fully set forth herein.

40. Katz Technology Licensing is the sole holder of the entire right, title, and interest in the ‘968, ‘150, ‘984, ‘309, ‘285, ‘707, ‘863, ‘551, ‘734, ‘893, ‘120, ‘065, ‘965, ‘134, ‘703, ‘223, and ‘360 Patents.

41. The GE defendants operate automated telephone systems, including without limitation the GE Consumer Finance credit card, GE Card customer services, GE Capital auto finance center and GE retail sales finance services telephone systems, that allow their customers to perform and obtain credit, finance, banking, payment, activation and other services over the telephone.

42. The GE defendants have directly and contributorily infringed, and induced others to infringe, one or more claims of each of the patents identified in paragraph 40 of this Complaint by making, using, offering to sell, and/or selling within the United States automated telephone systems, including without limitation their GE Consumer Finance credit card, GE Card customer services, GE Capital auto finance center and GE retail sales finance services telephone systems.

43. The GE defendants continue to infringe, contributorily infringe, and induce others to infringe the '984, '734 and '120 Patents.

44. The GE defendants' infringement of the patents identified in paragraph 40 of this Complaint has been willful.

45. Katz Technology Licensing has been, and continues to be, damaged and irreparably harmed by the GE defendants' infringement, which will continue unless the GE defendants are enjoined by this Court.

REQUEST FOR RELIEF

WHEREFORE, Plaintiff respectfully requests the following relief:

A. A judgment holding the GE defendants liable for infringement of the patents identified in paragraph 40 of this Complaint;

B. A permanent injunction against the GE defendants, their 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 '984, '734 and '120 Patents;

C. An accounting for damages resulting from the GE defendants' infringement of the patents identified in paragraph 40 of this Complaint, together with pre-judgment and post-judgment interest;

D. A judgment holding that the GE defendants' infringement of the patents identified in paragraph 40 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: March 14, 2007

Respectfully submitted,

By: /s/ Wayne O. Stacy

Wayne O. Stacy

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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: March 14, 2007

Respectfully submitted,

By: /s/ Wayne O. Stacy
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CERTIFICATE OF SERVICE

The undersigned certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, Plaintiff Ronald A. Katz Technology Licensing, L.P.'s Second Amended Complaint For Patent Infringement was served on all counsel who are deemed to have consented to electronic service. Local Rule CV-5(a)(3)(A). Pursuant to Fed. R. Civ. P. 5(d) and Local Rule CV-5)(e), all other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by facsimile on March 14, 2007.

/s/ Wayne O. Stacy

Wayne O. Stacy

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