

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

SWIPE INNOVATIONS, LLC,

Plaintiff,

v.

PAYPAL, INC.,

Defendant.

CIVIL ACTION NO. 9:13-CV-34

ORIGINAL COMPLAINT
FOR PATENT INFRINGEMENT

JURY TRIAL DEMANDED

Plaintiff Swipe Innovations, LLC (“Swipe”) files this original complaint against the above-named defendant, alleging, based on its own knowledge with respect to itself and its own actions, and based on information and belief as to all other matters, as follows:

PARTIES

1. Swipe is a limited liability company formed under the laws of the State of Texas, with a principal place of business in Houston, Texas.
2. Defendant PayPal, Inc. (“Paypal”) is a Delaware corporation with a principal place of business in San Jose, CA. Paypal can be served with process by serving its registered agent: National Registered Agents, Inc.; 1021 Main Street, Suite 1150; Houston, TX 77002.

JURISDICTION AND VENUE

3. This is an action for infringement of a United States patent arising under 35 U.S.C. §§ 271, 281, and 284–85, among others. This Court has subject matter jurisdiction of the action under 28 U.S.C. § 1331 and § 1338(a).

4. Venue is proper in this district under 28 U.S.C. §§ 1391 and 1400(b). Upon information and belief, defendant has transacted business in this district and has committed and/or induced acts of patent infringement in this district.

5. Defendant is subject to this Court's specific and general personal jurisdiction under due process and/or the Texas Long Arm Statute due at least to defendant's substantial business in this forum, including: (i) at least a portion of the infringements alleged herein; and (ii) 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 Texas and in this district.

COUNT I

INFRINGEMENT OF U.S. PATENT NO. 5,351,296

6. On September 27, 1994, United States Patent No. 5,351,296 ("the 296 patent") was duly and legally issued by the United States Patent and Trademark Office for an invention titled "Financial Transmission System."

7. Swipe is the owner of the 296 patent with all substantive rights in and to that patent, including the sole and exclusive right to prosecute this action and enforce the 296 patent against infringers, and to collect damages for all relevant times.

8. Paypal, either alone and/or in conjunction with others, including its customers and/or suppliers, made, had made, used, imported, provided, supplied, distributed, sold, and/or offered for sale payment terminal products and/or systems capable of encrypting confidential account information (including at least the following model: PayPal Here) that infringed one or more claims of the 296 patent. In addition, Paypal

induced infringement and/or contributed to the infringement of one or more of the claims of the 296 patent by its customers and/or suppliers.

9. Swipe has been damaged as a result of the infringing conduct by defendant alleged above. Thus, defendant is liable to Swipe in an amount that adequately compensates Swipe for such infringements, which, by law, cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

JURY DEMAND

Swipe hereby requests a trial by jury on all issues so triable by right.

PRAYER FOR RELIEF

Swipe requests that the Court find in its favor and against defendant and that the Court grant Swipe the following relief:

a. Judgment that one or more claims of the 296 patent have been infringed, either literally and/or under the doctrine of equivalents, by defendant and/or by others to whose infringement defendant has contributed and/or by others whose infringement has been induced by defendant;

b. A permanent injunction enjoining defendant and its officers, directors, agents, servants, affiliates, employees, divisions, branches, subsidiaries, parents, and all others acting in active concert therewith from infringement, inducing infringement of, or contributing to infringement of the 296 patent;

c. Judgment that defendant account for and pay to Swipe all damages to and costs incurred by Swipe because of defendant's infringing activities and other conduct complained of herein;

d. That Swipe be granted pre-judgment and post-judgment interest on the damages caused by defendant's infringing activities and other conduct complained of

herein;

e. That this Court declare this an exceptional case and award Swipe its reasonable attorneys' fees and costs in accordance with 35 U.S.C. § 285; and

f. That Swipe be granted such other and further relief as the Court may deem just and proper under the circumstances.

Dated: February 8, 2013

Respectfully submitted,

/s/ Larry D. Thompson, Jr.

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