

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

JACK HENRY & ASSOCIATES, INC.,

Plaintiff,

v.

SONIC INDUSTRY, LLC,

Defendant.

Civil Action No. _____

DEMAND FOR JURY TRIAL

COMPLAINT

Plaintiff Jack Henry & Associates, Inc. (“Plaintiff” or “Jack Henry”), by and through its undersigned counsel, files this Complaint against Defendant Sonic Industry, LLC (“Defendant” or “Sonic Industry”) as follows:

NATURE OF THE ACTION

1. This is a declaratory judgment action for an order declaring that Jack Henry’s products have not directly or indirectly infringed and do not directly or indirectly infringe any claim of U.S. Patent No. 5,954,793 entitled “*Remote Limit-Setting Information System*” (the “793 patent”).

PARTIES

2. Jack Henry is a corporation organized and existing under the laws of the State of Delaware. Jack Henry maintains its principal place of business at 663 W. Highway 60, P.O. Box 807, Monett, Missouri 65708-8215.

3. On information and belief, Sonic Industry is a limited liability company organized and existing under the laws of the State of Delaware. On information and belief, Defendant maintains a principal place of business at 3422 Old Capital Trail, PMB (STE) 1549, Wilmington, Delaware 19808-6192.

JURISDICTION AND VENUE

4. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202. This action presents an actual controversy under Article III of the United States Constitution and serves a useful purpose in clarifying and settling the legal rights at issue.

5. Jack Henry seeks a declaratory judgment against Sonic Industry that Jack Henry's products have not infringed and do not infringe the '793 patent and/or that the '793 patent is invalid.

6. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201, and 35 U.S.C. § 1 *et seq.*

7. The Court has personal jurisdiction over Defendant because Defendant is present within and has minimum contacts with the State of Delaware and the United States District Court for the District of Delaware. Defendant is both organized and existing under the laws of the State of Delaware, and its principal place of business is in Wilmington, Delaware.

8. Venue is proper in the United States District Court for the District of Delaware pursuant to 28 U.S.C. §§ 1391 and 1400(b).

FACTS

9. Jack Henry offers an extensive array of software products and services for processing transactions, automating business processes, and managing mission-critical information for more than 11,900 financial institutions and corporate entities. Among the Jack Henry products implicated by Sonic's threat of patent infringement litigation are: iPay - an on-line bill payment application; goDough - an application to allow financial institution customers to remotely conduct some banking transactions; and NetTeller - an on-line application to allow financial institution customers to communicate with the financial institution and to transact

financial institution business; NetTeller Billpay - an application to allow bill payment on-line of a financial institution customer. Additional Jack Henry products may be implicated under Sonic's interpretation of the scope of the patent claims.

10. The iPay and goDough and NetTeller and NetTeller Billpay products of Jack Henry are licensed to, among others, commercial banks and credit unions.

11. Jack Henry, pursuant to indemnification agreements, indemnifies its customers if one of its products infringes. *See, e.g.*, Ex. A at ¶ 8(e).

12. In late 2012 and early this year, Defendant's outside legal counsel mailed threatening letters to more than eighteen (18) of Jack Henry's commercial bank and credit union customers. The letters offered a stark choice: license Sonic Industry's '793 patent or face a lawsuit for patent infringement. *See*, Ex. B, Feb. 22, 2013 Letter from Sonic Industry's Outside Counsel to a Jack Henry commercial bank customer Park Cities Bank, at 1-2 (providing that "Sonic is willing to license the '793 Patent" to the bank, but if the bank does not respond "in the next 10 days, [Sonic] may file suit against your company").

13. The Sonic letter to Park Cities Bank has two attached documents: (1) a draft patent infringement complaint between Sonic Industry and the bank and (2) a screenshot of Jack Henry's product – iPay. The draft complaint alleges, among other things, that the bank "owns, operates, advertises, controls, sells, and otherwise provides hardware and software that infringes the '793 patent." Ex. B at 5 (draft complaint ¶ 10).

14. In addition to Park Cities Bank, the following eighteen (18) Jack Henry customer financial institutions have been threatened by Sonic with a patent infringement lawsuit:

Community Bank of Texas, NA of Beaumont TX
Texas Bank & Trust Co. of Longview, TX
Prosperity Bank of St. Augustine, FL

Capital City Bank of Tallahassee, FL
Stonegate Bank of Ft. Lauderdale, FL
Capital Bank of Homestead, FL
Central National Bank of Waco, TX
Extraco Banks of Waco, TX
First State Bank of Gainesville, TX
First Victoria National Bank - Victoria, TX
Jefferson Bank of San Antonio, TX
Patriot Bank of Houston, TX
Park Cities Bank of Dallas, TX
Bank of Houston of Houston, TX
Heartland National Bank of Sebring, FL
Green Bank of Houston, TX
Premier Bank of Tallahassee, FL
Firstmark Credit Union of San Antonio, TX
Florida Bank of Tampa FL

15. The Sonic letter to Park Cities Bank of Dallas TX threatening infringement litigation included a screen shot of the Jack Henry iPay product thereby identifying, with particularity, the Jack Henry on-line bill payment product licensed to Park Cities Bank as an infringing product. Ex. B.

16. The Jack Henry Master Agreement with Park Cities Bank specifically requires Jack Henry to indemnify and defend Park Cities Bank if its licensed iPay product is accused of patent infringement. *See* Ex. A at ¶ 8(e).

17. The Sonic letter to Florida Bank of Tampa FL threatening infringement litigation included a screen shot of the Florida Bank on-line banking products wherein the Jack Henry email alert feature licensed to Florida Bank was specifically accused of infringement. Ex. C.

18. The Jack Henry Master Agreement with Florida Bank specifically requires Jack Henry to indemnify and defend Florida Bank if its licensed Jack Henry products are accused of patent infringement. *See* Ex. D at ¶ GEN10.1(iii).

19. The Sonic letter to Heartland National Bank of Sebring, FL of threatening infringement litigation included a screen shot of the Jack Henry NetTeller product wherein the Jack Henry on-line banking product licensed to Heartland National Bank was specifically accused of infringement. Ex. E.

20. The Jack Henry Master Agreement with Heartland National Bank specifically requires Jack Henry to indemnify and defend Heartland National Bank if its licensed Jack Henry products are accused of patent infringement. *See* Ex. F at ¶ GEN10.1(iii).

21. The Jack Henry Master Agreement with each of the Jack Henry customer financial institution identified in Paragraph 14 (above) has a similar requirement that Jack Henry indemnify and defend each of the customers identified in Paragraph 14 (above) if the licensed Jack Henry products are accused of patent infringement.

22. Jack Henry's products (including iPay, goDough and NetTeller) do not infringe any claims of the '793 patent, because each such claim is invalid, and/or the accused Jack Henry products have not infringed and do not infringe any valid claims of the '793 patent.

23. Accordingly, there is an actual, substantial, and continuing justiciable controversy regarding the validity of the '793 patent and regarding alleged infringement of the '793 patent by Jack Henry or by use of Jack Henry's products.

COUNT 1: DECLARATORY RELIEF – THE '793 PATENT

24. Jack Henry incorporates by reference each and every allegation set forth in paragraphs 1 to 23 as if fully set forth herein.

25. Jack Henry's products have not directly or indirectly infringed and do not directly or indirectly infringe any claim of the '793 patent.

26. One or more of the claims of the '793 patent are invalid for failing to meet one or more of the requisite statutory and decisional requirements and/or conditions for patentability under Title 35 of the United States Code, including without limitation, §§ 101, 102, 103, and/or 112.

27. Specifically, the '793 patent is invalid either by anticipation or obviousness as a result of Jack Henry proprietary products which were on sale prior to the invention of the subject matter claimed in the '793 patent

28. Jack Henry is entitled to a declaratory judgment that its products have not infringed and do not infringe the '793 patent and/or that the claims of the '793 patent are invalid.

29. Specifically, the Jack Henry products do not infringe independent claims 1, 5, and 17 of the '793 patent as the Jack Henry products require that a communications channel be first established before any use or activity can be performed with the Jack Henry product. And, independent claims Claim 9, 12 and 19 are not infringed by the Jack Henry products as no verification is performed by the remote processing device and no "means responsive to the selection and limit parameters for establishing the wireless communications" is present in the Jack Henry products.

PRAYER FOR RELIEF

Plaintiff respectfully requests the Court enter a declaratory judgment in its favor and against Defendant as follows:

- A. An order entering judgment in favor of Jack Henry and against Sonic Industry;
- B. An order declaring that Jack Henry's products have not directly or indirectly infringed, and do not directly or indirectly infringe any claim of '793 patent;
- C. An order declaring the claims of '793 patent to be invalid;
- D. An order awarding Jack Henry its costs, including any expert fees, disbursements, and reasonable attorneys' fees incurred in this action, pursuant to 35 U.S.C. § 285; and
- E. An order granting such further relief as the Court deems just and proper.

JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38(b), Jack Henry demands a trial by jury for all issues so triable.

Dated: March 14, 2013

Respectfully submitted,

POLSINELLI SHUGHART PC

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