

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

ADVANCED SOFTWARE DESIGN
CORPORATION, and
CALIN A. SANDRU,

Plaintiffs,

v.

FEDERAL RESERVE BANK OF ST. LOUIS,
FEDERAL RESERVE BANK OF PHILADELPHIA,
FEDERAL RESERVE BANK OF ATLANTA, and
FISERV, INC.,

Defendants.

Case No.

JURY TRIAL DEMANDED

COMPLAINT

Plaintiffs Advanced Software Design Corporation and Calin A. Sandru, for their Complaint against defendants Federal Reserve Bank of St. Louis, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of Atlanta, and Fiserv, Inc., allege as follows:

Parties

1. Plaintiff Advanced Software Design Corporation (“ASDC”) is a corporation organized and existing under the laws of the Province of Ontario, Canada, having a principal place of business at 100 York Blvd., Suite 210, Richmond Hill, Ontario, Canada.
2. Plaintiff Calin A. Sandru (“Sandru”) is the founder and President of ASDC.
3. Upon information and belief, the Federal Reserve Bank of St. Louis (“FRB St. Louis”) is a corporation organized and existing under the laws of the United States of America, having a principal place of business at One Federal Reserve Bank Plaza, St. Louis, Missouri.

4. Upon information and belief, the Federal Reserve Bank of Philadelphia (“FRB Philadelphia”) is a corporation organized and existing under the laws of the United States of America, having a principal place of business at Ten Independence Mall, Philadelphia, PA 19106.

5. Upon information and belief, the Federal Reserve Bank of Atlanta (“FRB Atlanta”) is a corporation organized and existing under the laws of the United States of America, having a principal place of business at 1000 Peachtree Street, N.E., Atlanta, Georgia 30309.

6. Upon information and belief, Fiserv, Inc. (“Fiserv”) is a corporation organized and existing under the laws of the State of Wisconsin, having a principal place of business at 255 Fiserv Drive, Brookfield, Wisconsin 53045.

Jurisdiction and Venue

7. This is an action for patent infringement, contributory patent infringement, and inducement of patent infringement pursuant to 35 U.S.C. § 271. The Court has jurisdiction under 28 U.S.C. §§ 1331, 1332, and 1338(a). The Court has personal jurisdiction over defendants in that they have transacted business and/or committed tortious acts within the State of Missouri, out of which this action arises. Mo. Rev. Stat. § 506.500.

8. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b) and (c) and § 1400(b), in that a substantial part of the events giving rise to the claim occurred here, and the defendants are subject to personal jurisdiction here.

Patents-In-Suit

9. On September 14, 2004, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 6,792,110 (“the ‘110 patent”), entitled “Apparatus and Method for

Enhancing the Security of Negotiable Instruments.” A copy of the ‘110 patent is attached hereto as Exhibit A.

10. On April 15, 2003, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 6,549,624 (“the ‘624 patent”), entitled “Apparatus and Method for Enhancing the Security of Negotiable Documents.” A copy of the ‘624 patent is attached hereto as Exhibit B.

11. On May 15, 2001, the United States Patent and Trademark Office duly and legally issued U.S. Patent No. 6,233,340 (“the ‘340 patent”), entitled “Apparatus and Method for Enhancing the Security of Negotiable Documents.” A copy of the ‘340 patent is attached hereto as Exhibit C.

12. The ‘110, ‘624, and ‘340 patents (collectively, the “patents-in-suit”) are owned by plaintiff Sandru, the inventor. Plaintiff ASDC is the exclusive licensee of the ‘110, ‘624, and ‘340 patents. Plaintiff ASDC has the exclusive right to sublicense the ‘110, ‘624, and ‘340 patents. Plaintiffs hold all rights to sue for past, present, and future infringement of the ‘110, ‘624, and ‘340 patents.

13. Plaintiffs have complied with the marking requirements of 35 U.S.C. § 287 with respect to ASDC’s products and services constituting patented subject matter under the ‘110, ‘624, and ‘340 patents.

Facts

14. Plaintiff ASDC is in the business, *inter alia*, of developing and marketing sophisticated computer software solutions designed to prevent check fraud. ASDC has developed such a solution, known as SAND[®], which includes systems and methods invented by plaintiff Sandru and encompassed by claims of the patents-in-suit.

15. SAND[®], ASDC's patented check fraud prevention solution, involves generally the following processes: checks are printed with the normal check information that varies from check to check (i.e. check number, payee, amount, and date); at the same time that a check is printed, a secure encryption process is used to encrypt the check's particular information, and the resulting encrypted information is also printed on the check; and checks are validated upon presentment by comparing the encrypted information with the normally displayed check information, with any identified disparities indicating a counterfeit or altered check.

16. ASDC has marketed and licensed SAND[®] to numerous entities in the United States and Canada.

17. Upon information and belief, Fiserv provides services and products to the financial industry. Fiserv has, in competition with ASDC, marketed and sold and/or licensed check fraud prevention solutions including Fiserv's "FraudGuard Secure Seal Positive Pay" product. Fiserv's check fraud solutions include processes that are encompassed by one or more claims of the patents-in-suit.

18. Upon information and belief, Fiserv has marketed its check fraud prevention solutions to banks and other financial institutions, including defendants FRB St. Louis, FRB Philadelphia, and FRB Atlanta (collectively, "the defendant Banks"). In addition, upon information and belief, either directly or through its bank and financial institution customers, Fiserv has also marketed its check fraud prevention solutions to customers of such banks and other financial institutions.

19. Upon information and belief, in providing services to banks and other financial institutions, Fiserv has itself printed and/or processed and verified checks using its check fraud prevention solutions.

20. Upon information and belief, the defendant Banks each process millions of checks per year. Upon information and belief, the defendant Banks for some time have been using Fiserv's check fraud prevention solutions to verify checks, particularly U.S. Treasury checks, by examining encrypted information printed on checks to authenticate the printed check information such as the payee, date, check number, or amount.

21. On information and belief, the defendant Banks' infringing conduct, along with statements made by their representatives, have induced other financial institutions, and such financial institutions' customers, to implement check fraud prevention systems, not licensed from plaintiffs, that involve printing and/or verifying checks using processes encompassed by one or more claims of the patents-in-suit.

22. Fiserv's check fraud prevention solutions use technology that is inferior to the technology developed by plaintiff ASDC and incorporated into SAND[®]. Users of SAND[®] are able to read and authenticate checks with a high level of accuracy, and the SAND[®] technology identifies a very high percentage of counterfeit and altered checks, without significant errors. Upon information and belief, entities using Fiserv's check fraud prevention solutions, including the defendant Banks, have been unable to authenticate checks with a level of accuracy equivalent to that of ASDC's SAND[®]. Moreover, on information and belief, Fiserv's check fraud prevention solutions are more difficult to implement than ASDC's SAND[®].

23. Because of such issues with Fiserv's technology, users may develop a false sense of security by believing that the technology is accurately identifying fraudulent checks, even though it is not, and, inevitably, users of the technology and the public will be harmed. In addition, it is possible that users of Fiserv's technology, as well as potential users of check fraud prevention solutions, will abandon the systems and resist using any similar check fraud

prevention solutions, such as SAND[®], in the future. This would result in a disparagement of the technology as a whole and cause irreparable harm to ASDC by damaging its ability to market and distribute its technology.

Count I – Infringement of U.S. Pat. No. 6,792,110 by the Defendant Banks

24. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

25. The defendant Banks have used check fraud prevention processes covered by one or more process claims of the ‘110 patent.

26. The defendant Banks have infringed the ‘110 patent and continue to infringe the ‘110 patent by practicing, inducing, and/or contributing to the practice of the process and systems covered by one or more claims of the ‘110 patent. Upon information and belief, the defendant Banks’ infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

27. The defendant Banks’ infringing conduct, along with statements made by their representatives, have induced other financial institutions, and such financial institutions’ customers, to infringe the ‘110 patent by implementing systems, not licensed from plaintiffs, that involve printing and/or verifying checks using processes that infringe claims of the ‘110 patent.

28. As a direct and proximate result of the defendant Banks’ conduct, plaintiffs have suffered damages in an amount to be proven at trial.

29. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining the defendant Banks from committing the acts of infringement complained of herein.

Count II – Infringement of U.S. Pat. No. 6,549,624 by Defendant Banks

30. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

31. The defendant Banks' have infringed the '624 patent and continue to infringe the '624 patent by inducing and/or contributing to the practice of the process and systems covered by one or more claims of the '624 patent. Upon information and belief, the defendant Banks' infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

32. The defendant Banks' infringing conduct, along with statements made by their representatives, have induced other financial institutions, and such financial institutions' customers, to infringe the '624 patent by implementing systems, not licensed from plaintiffs, that involve printing and/or verifying checks using processes that infringe claims of the '624 patent.

33. As a direct and proximate result of the defendant Banks' conduct, plaintiffs have suffered damages in an amount to be proven at trial.

34. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining the defendant Banks from committing the acts of infringement complained of herein.

Count III – Infringement of U.S. Pat. No. 6,233,340 by Defendant Banks

35. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

36. The defendant Banks' have infringed the '340 patent and continue to infringe the '340 patent by inducing and/or contributing to the practice of the process and systems covered by one or more claims of the '340 patent. Upon information and belief, the defendant Banks'

infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

37. The defendant Banks' infringing conduct, along with statements made by their representatives, have induced other financial institutions, and such financial institutions' customers, to infringe the '340 patent by implementing systems, not licensed from plaintiffs, that involve printing and/or verifying checks using processes that infringe claims of the '340 patent.

38. As a direct and proximate result of the defendant Banks' conduct, plaintiffs have suffered damages in an amount to be proven at trial.

39. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining the defendant Banks from committing the acts of infringement complained of herein.

Count IV –Infringement of U.S. Pat. No. 6,792,110 by Defendant Fiserv

40. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

41. Fiserv has made, used, offered to sell and/or sold computer software solutions and/or other systems covered by one or more process and/or system claims of the '110 patent.

42. Fiserv has infringed the '110 patent and continues to infringe the '110 patent by itself performing processes encompassed by one or more claims of the '110 patent, and/or by inducing or contributing to the practice by others of processes encompassed by one or more claims of the '110 patent. Upon information and belief, Fiserv's infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

43. As a direct and proximate result of Fiserv's conduct, plaintiffs have suffered damages in an amount to be proven at trial.

44. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining Fiserv from committing the acts of infringement complained of herein.

Count V – Infringement of U.S. Pat. No. 6,549,624 by Defendant Fiserv

45. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

46. Fiserv has made, used, offered to sell and/or sold computer software solutions covered by one or more process and/or system claims of the ‘624 patent.

47. Fiserv has infringed the ‘624 patent and continues to infringe the ‘624 patent by itself performing processes encompassed by one or more claims of the ‘624 patent, and/or by inducing or contributing to the practice by others of processes encompassed by one or more claims of the ‘624 patent. Upon information and belief, Fiserv’s infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

48. As a direct and proximate result of Fiserv’s conduct, plaintiffs have suffered damages in an amount to be proven at trial.

49. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining Fiserv from committing the acts of infringement complained of herein.

Count VI – Infringement of U.S. Pat. No. 6,233,340 by Defendant Fiserv

50. Plaintiffs incorporate herein by reference the allegations contained in Paragraphs 1 through 23 above, as if fully set forth herein.

51. Fiserv has made, used, offered to sell and/or sold computer software solutions covered by one or more process and/or system claims of the ‘340 patent.

52. Fiserv has infringed the '340 patent and continues to infringe the '340 patent by itself performing processes encompassed by one or more claims of the '340 patent, and/or by inducing or contributing to the practice by others of processes encompassed by one or more claims of the '340 patent. Upon information and belief, Fiserv's infringement has been knowing and willful. Such infringement will continue unless enjoined by the Court.

53. As a direct and proximate result of Fiserv's conduct, plaintiffs have suffered damages in an amount to be proven at trial.

54. Plaintiffs are without an adequate remedy at law and will be irreparably injured if the Court does not enter an order preliminarily and/or permanently enjoining Fiserv from committing the acts of infringement complained of herein.

WHEREFORE, plaintiffs pray that the Court enter its orders and judgments as follows:

- A. Entering judgment in plaintiffs' favor and against defendants;
- B. Declaring that defendants' infringement has been willful and declaring this case exceptional;
- C. Enjoining, preliminarily and permanently, defendants, and each of their respective officers, agents, servants, employees, and attorneys, and all of those persons in active concert or participation with them, from directly, indirectly, or contributorily infringing or inducing infringement of U.S. Patent Nos. 6,792,110, 6,549,624, and/or 6,233,340;
- D. Awarding plaintiffs damages accrued through the time of trial, and trebling such damages due to defendants' willful infringing conduct;
- E. Awarding plaintiffs prejudgment and post-judgment interest;
- F. Assessing plaintiffs' costs against defendants;
- G. Awarding plaintiffs their reasonable attorney fees; and

H. Granting plaintiffs such other and further relief as the Court may deem just and proper in the circumstances.

Respectfully submitted,

SENNIGER POWERS

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