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

SWIPE INNOVATIONS, LLC,	
Plaintiff,	
v.	CIVIL ACTION NO. 9:13-CV-14
INTERNATIONAL TECHNOLOGIES & SYSTEMS CORPORATION D/B/A ID TECH,	FIRST AMENDED COMPLAINT FOR PATENT INFRINGEMENT
Defendant.	**JURY TRIAL DEMANDED**

In accordance with the parties' agreed-upon scheduling order (Case No. 9:13-cv-14 (consolidated lead case), Dkt. 43), Plaintiff Swipe Innovations, LLC ("Swipe") files this First Amended Complaint against the above-named defendant, alleging, based on its own knowledge as 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 International Technologies & Systems Corporation d/b/a ID TECH ("ID TECH") is a Delaware corporation. ID TECH is doing business in the state of Texas but has failed to appoint an agent for service of process in Texas. Accordingly, ID TECH can be served under the Texas Long Arm Statute and/or the Texas Business Organizations Code by serving the Secretary of State. ID TECH's home, home office, and principal office address is 10721 Walker St., Cypress, CA 90630.

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 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.   ID TECH had knowledge of the 296 patent at least from the filing date and/or service date of the original complaint against it for infringement of the 296 patent.

9. In addition, upon information and belief, ID TECH had knowledge of the 296 patent at least from the time it began working with Intuit Inc. and Intuit Inc's subsidiaries/affiliates on the Intuit GoPayment product.

10. The Intuit entities have prosecuted several patents that cover subject matter related to the 296 patent, have employed the inventors for these patents, and have cited the 296 patent as prior art during the prosecutions of these patents. Intuit's patents that cite the 296 patent had their applications filed at least 4 years (and as long as 13 years) before the filing of the original complaint against ID Tech. The Intuit entities thus have knowledge of the 296 patent that predates the filing of the original complaint against ID TECH.

11. Upon information and belief, the Intuit entities informed ID TECH of patents that related to the GoPayment product during the time Intuit and ID TECH began collaborating on the GoPayment product. This collaboration began sometime before August 6, 2012, which is when Intuit publicly reported a Security Alert for its GoPayment Card Reader where it stated that it "immediately started working with the university and ID TECH" to address a security vulnerability.

See https://security.intuit.com/alert.php?a=51.

12. ID TECH, 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 (including at least the following models: Secure Mag, Sign & Pay, SecurePIN Series, SecureKey M100 & M130 IDKE-5X48XX Series, SecureMOIR SPTE-3xx Series, Spectrum Air, ViVOpay 8100, Mobile Readers, Intuit GoPayment) that infringed one or more claims of the 296 patent.

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13.   ID TECH is accused of infringing the 296 patent both directly and indirectly with respect to the Accused Products and Accused Services (as defined herein).

14.   The accused products include payment systems with encrypting PIN pads (including payment terminals incorporating PIN pads), that can perform financial transactions over a communication network in conjunction with a telephone ("Accused Products").

15.   An example of an Accused Product that is a payment terminal incorporating a PIN pad is the ID TECH SecurePIN Series:

Source: http://www.idtechproducts.com/download/doc_download/370-securepin-datasheet.html

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The SecurePIN is PCI certified, which guarantees the highest security protection from fraud and attack. It incorporates tamper-detection sensors to oppose any unauthorized intrusion, as well as a fixed firmware command set that prevents any illegal operation. The SecurePIN is designed to satisfy the significant increase of debit, EBT, and any other PIN-required transactions. The 2-by-12 LCD display with backlit option supports multiple languages that would accommodate a variety of global applications. With the ANSI X9.8 recommended key layout, the SecurePIN key pad placement allows the user to speed up the checkout process and minimize errors.

Source: http://www.idtechproducts.com/download/doc_download/370-securepin-datasheet.html

16.   The accused products include payment systems that feature a mobile credit card reader linked to a mobile computing device (e.g., mobile phones), where the system can encrypt secret financial data and can perform financial transactions over a communication network in conjunction with a telephone ("Accused Products").

17.   An example of an Accused Product that features a mobile credit card reader linked to a mobile computing device, where the system can encrypt PIN data and other secret financial information, is the Intuit GoPayment with Quickbooks:

Source: http://about.intuit.com/about_intuit/press_room/press_kit/gopayment/

How does GoPayment handle security?

GoPayment is secure and PCI-compliant. Sensitive credit card information is never permanently stored on the mobile device. To protect data in transit, GoPayment adheres to online banking industry protection standards, using an https connection over SSL (Secure Socket Layer) at 128-bit encryption. An additional layer of encryption (3DES combined with DUKPT) protects communication between your device and Bluetooth swiper/printer before information leaves the swiper.

Source: https://merchantcenter.intuit.com/wapweblet/ims-mp-help/en/qbms/svc_mp_gopayment_faqs.html

18.   Another example of an Accused Product that features a mobile credit card reader linked to a mobile computing device, where the system can encrypt PIN data and other secret financial information, is the iMag Pro:

Source: http://www.idtechproducts.com/products/mobile-readers/125.html

Card Swiping on your iPhone, iPod, and iPad

The ID TECH iMag Pro is an encryption capable MagStripe reader for Apple mobile devices with 30-pin connectors: iPhone, iPod, and iPad. Use your mobile device to read a variety of magnetic stripes including credit cards, signature debit cards, gift cards, loyalty cards, driver's licenses, and ID badges.

Source: http://www.idtechproducts.com/download/doc_download/444-imag-pro-datasheet.html

19.   The Accused Products perform financial transactions as part of processes that encrypt, transmit, and decrypt financial account data (e.g., PINs) following the Derived Unique Key Per Transaction ("DUKPT") method. The devices are particularly useful in performing financial transactions involving secret account codes, such as PIN debit transactions.   The services that involve the use of the Accused Products to carry out such financial transactions are referred to as the "Accused Services."

20.   DUKPT is a key management method approved by the Payment Card Industry ("PCI") Security Standards Council for secure financial transactions.   It incorporates a standard administered by American National Standards Institute ("ANSI") and described in ANSI X9.24 Part 1, titled "Retail Financial Services Symmetric Key Management."   The Accused Products have been specially approved under PCI specifications, or their equivalent, to perform financial transactions in accordance with the DUKPT standard.

21.   ID TECH, 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 (including at least the following models: Secure Mag, Sign & Pay, SecurePIN Series, SecureKey M100 & M130 IDKE-5X48XX Series, SecureMOIR SPTE-3xx Series, Spectrum Air, ViVOpay 8100, Mobile Readers, Intuit GoPayment).

22.   ID TECH's customers and/or suppliers directly made, had made, used, imported, provided, supplied, distributed, sold, and/or offered for sale payment terminal products and/or systems (including at least the following models: Secure Mag, Sign & Pay,

SecurePIN Series, SecureKey M100 & M130 IDKE-5X48XX Series, SecureMOIR SPTE-3xx Series, Spectrum Air, ViVOpay 8100, Mobile Readers, Intuit GoPayment).

23.   ID TECH induced and/or contributed to infringement of the 296 patent by its customers and/or suppliers.

24.   ID TECH took active steps, directly and/or through contractual relationships with others, to cause infringement with both knowledge of the 296 patent and the specific intent to cause its customers and/or suppliers (e.g., merchants, third-party manufacturers) to make, use, sell, import, or otherwise provide the Accused Products and/or perform the Accused Services in a manner that infringed the 296 Patent. Such steps by ID TECH included, among other things, advising or directing its customers and/or suppliers to make, use, sell, or import the Accused Products or perform the Accused Services in an infringing manner; advertising and promoting the use of the Accused Products or performance of the Accused Services in an infringing manner; and/or distributing instructions that guide users to use the Accused Products or to perform the Accused Services in an infringing manner. *See, e.g.*, Infringement Contentions Exhibit A [Reference materials for ID Tech charts].

25.   The Accused Products contain hardware and software components that are especially designed to be used in conjunction with other devices or systems that may not be provided by ID TECH. These other devices or systems may include: key loading devices; point of sale terminals and cash registers; host security modules/hardware security modules; and computers operated by front-end networks, acquirers, intermediate switches, debit networks, card issuers, and others. To the extent ID TECH does not provide these other devices and systems, it takes active steps, directly and/or through contractual

relationships, to cause infringement by its customers and/or suppliers, including, among other things, advising or directing others to integrate such other devices and systems with Accused Products; advertising and promoting the use by others of the Accused Products with such other devices and systems; and distributing instructions that guide users to integrate the Accused Products with such other devices and systems. *See, e.g.*, *id.*

26.   The Accused Products have hardware and/or software components that are especially designed to be used with such other devices and systems in carrying out DUKPT transactions, as shown by the fact that the Accused Products were separately tested for and approved for use with the DUKPT standard, actions required by PCI guidelines or their equivalent. These components in the Accused Products constitute a material part of the invention of one or more asserted claims of the 296 patent and are not staple articles of commerce suitable for substantial non-infringing use.   These distinct and separate components are used only to perform the DUKPT key management method and not any other key management method approved for use in financial transactions involving PIN data and other secret financial information transmission by PCI or similar organizations.

27.   For the reasons stated above, ID TECH infringes the 296 patent both directly and indirectly.

28.   ID TECH's infringement was willful from the date it had knowledge of the 296 patent.

29.   Swipe has been damaged as a result of the infringing conduct by defendant alleged above and, thus, such defendant is liable to Swipe in an amount that adequately compensates it for defendant's infringement, 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.

30.   Swipe and/or its predecessors-in-interest have satisfied all obligations set forth in 35 U.S.C. § 287 required to collect damages for the full period allowed by law according to 35 U.S.C. § 286.

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 directly and/or indirectly infringed, either literally and/or under the doctrine of equivalents, by defendant and/or by others acting in concert therewith;

b.   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, including, under 35 U.S.C. § 284, enhanced damages for willful infringement at least as of the date the defendant first had knowledge of the 296 patent;

c.   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;

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

e.   That Swipe be granted such other and further relief as the Court may deem

just and proper under the circumstances.

Dated: February 3, 2014

Respectfully submitted,

/s/ Larry D. Thompson, Jr.
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CERTIFICATE OF SERVICE

I hereby certify that on the 3rd day of February 2014, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to all counsel of record.

/s/ Larry D. Thompson, Jr.
Larry D. Thompson, Jr.