

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

VERSATA DEVELOPMENT GROUP, INC., §
F/K/A TRILOGY DEVELOPMENT GROUP, §
INC., VERSATA SOFTWARE, INC., F/K/A §
TRILOGY DEVELOPMENT GROUP, INC., §
AND TRILOGY, INC. §

Plaintiffs, §

CASE NO. _____

v. §

JURY TRIAL DEMANDED

FORD MOTOR COMPANY, §

Defendant. §

PLAINTIFFS’ ORIGINAL COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

Plaintiffs Versata Development Group, Inc., f/k/a Trilogy Development Group, Inc., Versata Software, Inc., f/k/a Trilogy Software, Inc. (collectively “Versata”) and Trilogy, Inc. (collectively “Versata”) respectfully file this Original Complaint for patent infringement, trade secret misappropriation, conversion, and breach of contract against Ford Motor Company (“Ford”).

PRELIMINARY STATEMENT

Plaintiff Ford Motor Company Has Misappropriated Versata’s Trade Secrets and Infringed Versata’s Patents.

Versata is an enterprise software company whose patented design and lead management systems have revolutionized the automotive industry. Versata’s innovative software powers the world’s leading automotive companies including Ford, GM, Nissan, Chrysler, Toyota, Hyundai, Kia, Volvo, and Jaguar. Among Versata’s most valuable intellectual property is its technology for its patented automotive configuration manager software. Despite achieving hundreds of

millions of dollars in cost savings from its use of Versata's software, Ford has decided that it would be cheaper to steal this technology than to pay for it.

Versata licensed its automotive configuration software to Ford from October 19, 1998 to January 15, 2015. The license agreement was regularly renegotiated, pursuant to a series of agreements ranging in length from one to three years. Over the life of these agreements, the cost savings from Versata's software generated hundreds of millions of dollars in additional revenue for Ford. Yet Ford never paid more than \$8.45 million per year in fees to Versata for a license to this software. During the last decade of the companies' business relationship, Versata never raised its annual licensing fees and only increased maintenance fees once.

When the parties met to renegotiate the software licensing agreement in 2014, Versata requested a modest increase in its annual licensing fee for the automotive configuration software. Ford refused. When Ford realized that Versata would not bow to its demand for a perpetual, sweetheart licensing deal, it used a different tactic. Ford suspended negotiations and allowed the software licensing agreement to expire. But Ford did not stop using Versata's software; it just stopped paying for it. Compounding this injustice, Ford filed a patent application (and received a patent) for software that duplicates the automotive configuration software it had been licensing from Versata.

Ford is so desperate to avoid liability for this misconduct that it took the extraordinary step of suing itself in Michigan to secure hometown venue. Ford filed a placeholder action under seal on February 19, 2015. But, to date, Ford has not served this action. This delay tactic strongly indicates that Ford wants to delay resolution of its dispute with Versata until it can reduce or eliminate its reliance on Versata's software.

Because Ford should not be permitted to profit from this tactic, Plaintiffs bring this Complaint seeking restitution and injunctive relief.

PARTIES

1. Plaintiff Versata Development Group, Inc., f/k/a Trilogy Development Group, Inc., is a corporation existing under the laws of Delaware with its principal place of business at 6011 W. Courtyard, Austin, Texas 78730.

2. Plaintiff Versata Software, Inc., f/k/a Trilogy Software, Inc., is a corporation existing under the laws of Delaware with its principal place of business at 6011 W. Courtyard, Austin, Texas 78730.

3. Plaintiff Trilogy, Inc. is a corporation existing under the laws of Texas with its principal place of business at 6011 W. Courtyard, Austin, Texas 78730.

4. Defendant Ford Motor Company is a corporation existing under the laws of Delaware with its principal place of business at One American Road, Dearborn, Michigan 48126. Ford regularly conducts business in Texas and may be served through its registered agent, CT Corporation, at 1999 Bryan Street, Suite. 900, Dallas, Texas 75201-3136.

JURISDICITON AND VENUE

5. This is an action for patent infringement under the Patent Laws of the United States, 35 U.S.C. § 271.

6. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).

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

GENERAL ALLEGATIONS

A. Ford and Trilogy Sign a Series of Software Licensing Agreements

8. Versata is an enterprise software company. Versata develops some of the most successful, sophisticated, and powerful enterprise software in the United States. One of Versata's main areas of focus is configuration.

9. Versata and its subsidiaries have developed software comprised of technical data, formulas, patterns, compilations, programs, and other trade secret information for the purpose of assisting automotive manufactures in designing and configuring automotive product lines as well as financially forecasting costs and profits.

10. Between 1998 and 2014, Versata (known previously as Trilogy) disclosed certain trade secret and other confidential information that it developed and owns, including its proprietary technology for configuring, designing, pricing, and comparing vehicles (the "Confidential Information"), pursuant to the terms of a series of agreements between Ford and Trilogy.

11. Ford, like other auto manufacturers, sells a wide range of vehicle lines in different vehicle categories, such as compact cars, SUVs, sedans, and pickup trucks. Each vehicle line in each category has many different configurations and options. For example, most vehicles are offered with more than one engine choice, more than one transmission choice, more than one wheel choice, and several other configurations and options.

12. Not all Ford vehicle components are compatible with one another. For example a particular engine may not be compatible with a particular transmission. But a particular wheel might be compatible with dozens of different body types and vehicle categories. Given the

complexity and options available on a particular vehicle, millions of configurations are possible for each vehicle line.

13. When Ford's internal configuration software proved incapable of handling the complexity and volume of data required to support modern automotive manufacturing needs, Ford turned to Trilogy for help.

14. In 1998, Ford signed a contract services software licensing agreement with Trilogy (the "CSA"), which permitted Ford to license Trilogy's revolutionary automotive configuration software in return for an annual licensing fee. A true and correct copy of the CSA is attached hereto as "Exhibit 1."

15. The CSA specified that, except for certain custom portions to which Ford was specifically assigned ownership in written assignment orders, Trilogy "retain[ed] all rights, title and interest in and to the software and/or related documentation provided to [Ford] by [Trilogy], including, without limitation, the Non-Custom Elements ... and all copyright, trade secret and other rights relating thereto." (Ex. 1 at 2).

16. Ford also acknowledged in the CSA that "the 'Non-Custom Elements' include[d] ... the know-how, technique, concepts, methods, coding, designs, inventions, procedures or other subject matter of the Developed Software, whether or not included in the Custom Portions, if such subject matter is not specific to, or can be made nonspecific to, [Ford]." (Ex. 1 at 3).

17. Ford further agreed to "restrict access to [Trilogy's] Confidential Information only to owners, employees, and contractors who (i) require access in the course of their assigned duties and responsibilities, and (ii) have agreed in writing to be bound by provisions no less restrictive than those set forth in [the CSA]." (Ex. 1 at 3).

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