

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

SOVERAIN IP, LLC,

Plaintiff,

v.

APPLE, INC.

Defendant.

Civil Action No. _____

JURY TRIAL DEMANDED

COMPLAINT FOR PATENT INFRINGEMENT

Plaintiff Sovereign IP, LLC (“Sovereign” or “Plaintiff”), by and through its attorneys, brings this action and makes the following allegations of patent infringement relating to U.S. Patent Nos.: 7,191,447 (“the ‘447 patent”) 8,935,706 (“the ‘706 patent”); 5,708,780 (“the ‘780 patent”); and 6,212,634 (“the ‘634 patent”) (collectively, the “patents-in-suit” or the “Sovereign Patents”). Defendant Apple, Inc. (“Apple” or “Defendant”) infringes each of the patents-in-suit in violation of the patent laws of the United States of America, 35 U.S.C. § 1 *et seq.*

INTRODUCTION

1. This case arises from Apple’s infringement of Sovereign’s data extraction and network management patent portfolio. Sovereign is the owner by assignment and exclusive licensee to twenty-four issued United States patents, multiple pending patent applications,¹ and numerous foreign patent assets.²

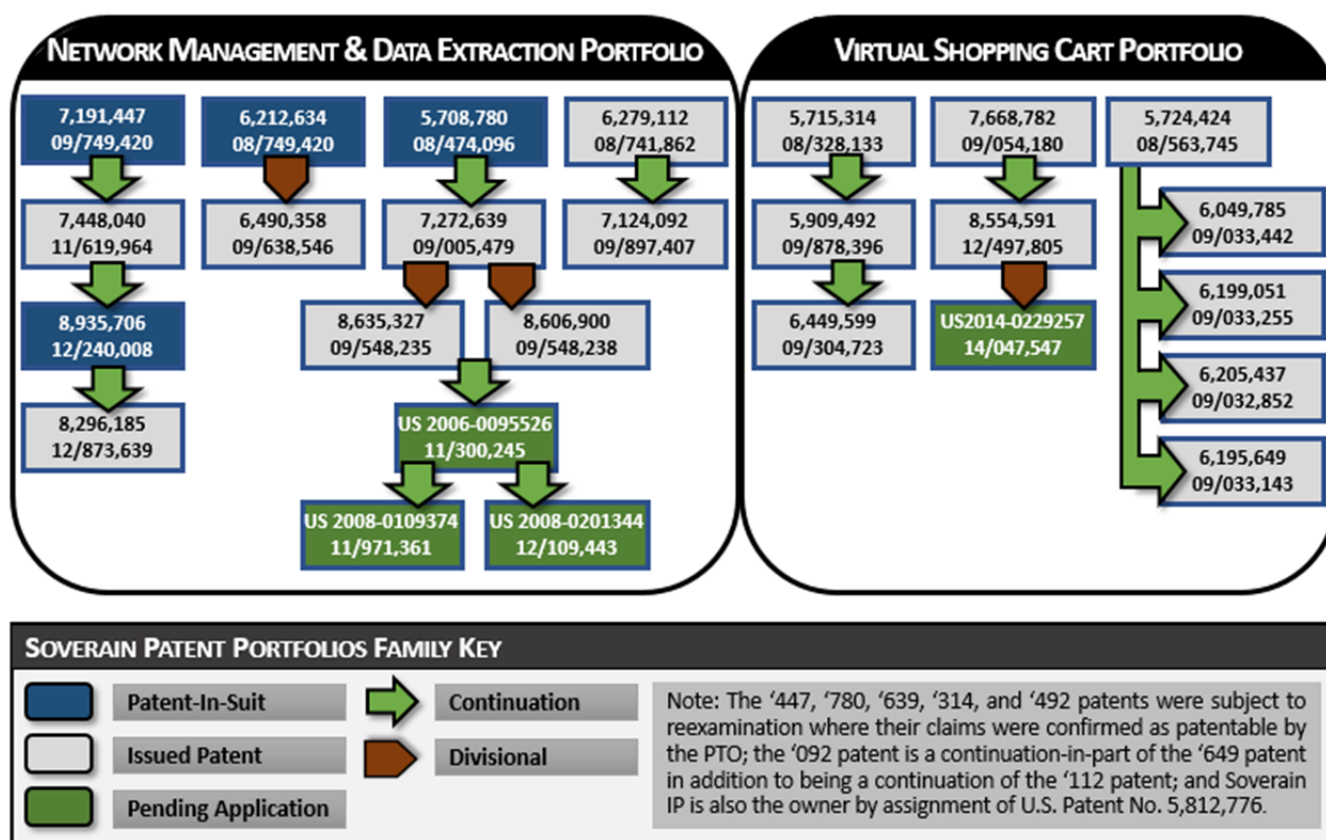
2. The patents asserted in this case arose from the innovative work of Open Market, Inc. (“Open Market”), an innovative tech firm that in 1993 developed groundbreaking technologies for the then-nascent Internet. Open Market was founded at a time when conducting commercial transactions over the Internet was in its beginning stages. Previous uses of the Internet had largely been limited to academic research and military defense work.

¹ See U.S. Patent App. Nos. 11/300,245; 11/971,361; 12/109,443; 14/047,547.

² See *e.g.*, JP 4485548, JP 3762882B2, EP 0803105B1, DE 69633564T2.

3. Professor David K. Gifford of the Massachusetts Institute of Technology, co-founder of Open Market, and inventor of fourteen of the Sovereign patents, recognized the potential of enabling secure transactions over computer networks. Professor Gifford and other Open Market employees raced against other companies to bring one of the first secure transaction management systems to market. With the technology developed, Open Market filed for the patents that would comprise the two Sovereign Patent Portfolios.

4. Open Market’s groundbreaking inventions led to the issuance of patents that comprise two technology portfolios: (1) the virtual shopping cart portfolio and (2) the network management and data extraction portfolio. The below diagram shows Sovereign’s patents, pending patent applications, and the Sovereign patents Apple infringes.



SOVERAIN’S LANDMARK DATA EXTRACTION AND NETWORK TECHNOLOGIES

5. Open Market’s flagship Internet transaction product, the Open Market Transact system (“Transact”) offered a full suite of software technologies, including content management,

authorization protocols, and customer relationship management. Transact contained functionality for separating the management of transactions from the management of content, allowing companies to securely and centrally manage transactions using content located on multiple distributed Web servers.

6. In 1995, Open Market began commercial shipment of Transact.³ Transact was quickly embraced by the market, and its early customers included: Novell,⁴ Sprint,⁵ Disney,⁶ AT&T,⁷ and Hewlett-Packard.⁸ In March of 1996, the New York Times described Open Market's transaction management products as being adopted by Time Warner, Banc One, and First Union.

Open Market will be competing with Netscape's I-Store and Merchant Server of Microsoft. Besides Time Warner, Open Market has signed several big customers including Banc One, First Union Bank, Hewlett-Packard, Digital Equipment and Bloomberg, the financial publisher. Time Warner has been offering electronic versions of Time, People, Sports Illustrated, Money and other publications free on its Pathfinder Web site.⁹

7. By the late 1990s, Transact was an established market leader in e-commerce

³ Ellis Booker, *Internet Security Boosted*, COMPUTERWORLD at 14 (April 17, 1995) (“Last month, Open Market became the first vendor to release a Web server that supports both SHTTP and SSL.”).

⁴ Jessica Davis, *Novell, Open Market Ink Deal*, INFOWORLD at 6 (March 25, 1996) (“Novell has licensed OM-SecureLink commerce server software for the Internet, and plans to integrate OM-SecureLink with Novell's Web server by the third quarter.”).

⁵ *Sprint Chooses Open Market's Transact as Key Offering of its E-Commerce Services*, PRESS RELEASE (September 27, 2000) (“Sprint will host Transact and offer its functionality as a service for these enterprise sites.”).

⁶ Eric Nee, *Surf's Up*, FORBES ONLINE (July 27, 1998), available at: <https://www.forbes.com/forbes/1998/0727/6202106a.html> (“Today Open Market is a leading supplier of Internet commerce software. More than 1,000 Web sites use Open Market software to transact business. Its clients include Disney, which sells on the Internet everything you can buy in one of its shopping mall stores, and Analog Devices, which allows engineers to find and order examples of integrated circuits on its Web site.”).

⁷ Jeff Symoens, *Transact 3.0: Scalable Solution*, INFOWORLD at 68 (September 8, 1997) (“AT&T is using Transact as part of SecureBuy, a service that gives merchants the infrastructure to run an electronic store on the internet.”).

⁸ *HP And Open Market Offer Mission-Critical E-Commerce Services*, HP OPEN MARKET PRESS RELEASE (November 18, 1998) (“Open Market is the first member of HP's Domain Commerce alliance program to integrate HP's MC/ServiceGuard with its products.”).

⁹ Glenn Rifkin, *Open Market Hopes It'll be Next Netscape*, N.Y. TIMES (March 4, 1996).

technology, commanding dominant market share of the transactional software market against companies like Microsoft and IBM.¹⁰

8. The following collection of news articles shows some of the headlines that Open Market's Transact product garnered in the computer industry press from 1996 to 2000.



Sandy Reed, *First-Ever Review of I-commerce System Right For New Section Debut*, INFOWORLD at 73 (September 8, 1997); Matthew Nelson, *Open Market adds Object Support to I-commerce Product*, INFOWORLD at 58 (February 16, 1998.); Ellen Messmer, *Open Market to Live Up Web-Based Publishing*, NETWORK WORLD at 16 (November 9, 1998); Mitch Wagner, *Open market Upgrade Will Support Big Business On 'Net*, COMPUTERWORLD at 8 (December 9, 1996); Ellen Messmer, *Open Market to Debut e-Comm Tools*, NETWORK WORLD at 12 (March 27, 2000); Kim Nash, *Open Market Aids Web Site Upkeep*, COMPUTERWORLD at 12 (March 11, 1996).

9. The inventors of the Sovereign Patents include Open Market's founders and engineers. The inventors of the Sovereign Patents comprise:

¹⁰ Eric Nee, *Surf's Up*, FORBES ONLINE (July 27, 1998); *3 Big New Customers for Open Market, Inc.*, N.Y. TIMES (April 24, 1995) (“Open Market Inc. will announce today that three major media companies will use its software and services to provide content and conduct business on the Internet. A privately held company based in Cambridge, Mass., Open Market said it had signed agreements to provide technology to the Tribune Company, Advance Publications and the Time Inc. unit of Time Warner.”).

10. Professor David K. Gifford is a professor of electrical engineering and computer science at the Massachusetts Institute of Technology (“MIT”) and co-founder of Open Market. Mr. Gifford has been a member of the MIT faculty since 1982 and leads the Programming Systems Research Group at the MIT Laboratory for Computer Science. Professor Gifford is a named inventor on fourteen of Soverain’s issued patents.¹¹

11. Professor Gifford is the author of over one hundred journal articles and his research areas focus on programming language development; information discovery, retrieval, and distribution; and computation using biological substrates. Professor Gifford earned his S.B. in 1976 from MIT and his M.S. and Ph.D. in electrical engineering from Stanford.

12. Professor Gifford was elected as a fellow by the Association for Computing Machinery, for “contributions to distributed systems, e-commerce and content distribution.”¹²

13. Dr. Lawrence Stewart was Open Market’s Chief Technology Officer. Dr. Stewart is the co-inventor of nine of Soverain’s patents.¹³ Dr. Stewart previously held positions at Xerox Palo Alto Research Center (“PARC”) and Digital Equipment Corporation. Recently, when writing about his role as a co-inventor of Soverain’s patents, Dr. Stewart described the intellectual effort behind the inventions.

The relevant source code of the Open Marketplace system as of October 1994 was included with the patent application for anyone to read – over 50 printed pages of code. In other words, *Open Market showed that these inventions weren’t just a theory but an actual working system.* Open Market submitted the source code to the Patent Office on microfiche since there was no way to submit machine readable appendices back in 1994.¹⁴

¹¹ See U.S. Patent Nos. 4,845,658; 5,812,776; 5,724,424; 6,279,112; 6,205,437; 6,195,649; 6,199,051; 6,049,785; 7,191,447; 7,124,092; 7,448,040; 8,935,706; 8,554,591; and 8,286,185.

¹² *Gifford Named ACM Fellow*, MIT COMPUTER SCIENCE AND ARTIFICIAL INTELLIGENCE LABORATORY NEWS (December 13, 2011), available at: <https://www.csail.mit.edu/node/1651>.

¹³ See U.S. Patent Nos. 7,272,639; 6,449,599; 8,635,327; 8,606,900; 8,554,591; 5,715,314; 5,708,780; 5,909,492; and 7,668,782.

¹⁴ Lawrence Stewart, *The CAFC Got It Wrong In Soverain v. Newegg*, IPWATCHDOG.COM WEBSITE (December 30, 2013), available at: <http://www.ipwatchdog.com/2013/12/30/the-cafc-got-it-wrong/id=47141/> (emphasis added).

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