

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

MITEK SYSTEMS, INC.,

Plaintiff,

v.

**UNITED SERVICES AUTOMOBILE
ASSOCIATION,**

Defendant.

CIVIL ACTION NO.:

JURY TRIAL DEMANDED

**COMPLAINT FOR PATENT INFRINGEMENT, BREACH OF CONTRACT,
AND DEMAND FOR JURY TRIAL**

Plaintiff Mitek Systems, Inc. (“Mitek”), by its attorneys and for its Complaint, hereby alleges and states as follows:

THE PARTIES

1. Mitek Systems Inc. (“Mitek”) is a Delaware corporation having its principal place of business at 8911 Balboa Ave., Suite B, San Diego, California 92123. For more than twenty years, Mitek has provided advanced imaging and analytics software to authenticate and extract data from imaged checks and other financial documents. Mitek is an innovator in mobile-imaging solutions that use smartphone cameras for check deposits and bill payments.

2. On information and belief, Defendant United Services Automobile Association (“USAA”) is an association organized under the laws of Texas having its principal place of business at 9800 Fredericksburg Road, San Antonio, Texas 78288.

JURISDICTION AND VENUE

3. This action arises under the Patent Laws of the United States, codified at Title 35, United States Code § 101, et seq. Accordingly, subject matter jurisdiction of this Court exists under at least 28 U.S.C. §§ 1331 and 1338(a).

4. For the related breach of contract claim, the Court has supplemental jurisdiction under 28 U.S.C. § 1367.

5. The Court also has diversity jurisdiction for the contract claim under 28 U.S.C. § 1332(a). The matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and is between citizens of different states. In particular, Mitek is a Delaware corporation. USAA is organized under the laws of Texas and has its principle place of business in Texas.

6. Upon information and belief, this Court has personal jurisdiction over USAA because it is doing business in this judicial district. Additionally, USAA submitted to jurisdiction in Delaware by agreeing that any suit or action filed to enforce or contest any provision of its agreement with Mitek, or the obligations imposed, shall be brought and prosecuted in Delaware.

7. Upon information and belief, venue is proper in this Court pursuant to 28 U.S.C. §§ 1391(b), (c) and 1400 because USAA is subject to personal jurisdiction in this judicial district. Additionally, the parties agreed that any suit or action filed to enforce or contest any provision of its agreement with Mitek, or the obligations imposed, shall be brought and prosecuted in Delaware.

BACKGROUND

8. On June 27, 2006, Mitek and USAA entered into a Software License Agreement and subsequently amended that agreement (collectively, “the Agreement”). Under § 2 of the Agreement, USAA received a license to use certain Mitek software to process a limited number of transactions per year.

9. Pursuant to the Agreement, “[e]ach party will protect the Confidential Information of the other party, will only use the Confidential Information to provide services under this Agreement and will only disclose Confidential Information to persons who have ‘a need to know’ the Confidential Information to provide Services under this Agreement.”

10. On January 16 and 22, 2008, Mitek emailed USAA employees to announce the new Mobile Deposit® product, and to suggest that it might work well for a then-existing USAA product that uses stationary scanners. USAA responded by acknowledging Mitek’s “exciting” development and expressing interest in adding a mobile capacity to its preexisting product.

11. On February 5, 2008, Mitek attended the BAI Transplay conference in Dallas to demonstrate its Mobile Deposit® technology. On information and belief, those in attendance were very interested in the Mobile Deposit technology. Mitek – including its CEO – then traveled to USAA’s office on February 8, 2008 to provide detailed information regarding Mobile Deposit® to USAA. Mitek followed up by repeatedly inviting USAA to participate in a pilot project for Mobile Deposit®.

12. Then, on October 20, 2008, after Mitek emailed a USAA manager to describe new Mobile Deposit® algorithms and features, the USAA manager responded by stating that he had been following Mitek’s progress, congratulated Mitek on that progress, and added that “Certainly Mitek is on the leading edge of this space and hopefully you will see some great adoption.”

13. On information and belief, USAA was monitoring Mitek’s SEC filings. For example, USAA had specific knowledge of Mitek’s 10-K filed on January 13, 2009 including the section of that filing discussing Mitek’s Mobile Deposit® technology. That filing also included an “Intellectual Property” section, which stated that Mitek “had two patent applications on file.” On information and belief, USAA knew that Mitek was seeking patent protection on its Mobile Deposit® technology.

14. On information and belief, USAA was very interested in Mitek’s technology. For example, in April 2009 USAA provided a copy of Mitek’s Mobile Deposit® press release to the U.S. Patent and Trademark Office (“PTO”) as potential prior art to its then pending patent application.

15. On information and belief, USAA released its own mobile deposit system in spring or summer of 2009. Thus, rather than license Mitek’s Mobile Deposit® solution—like

many other banks and financial institutions—USAA created a knock-off product, called Deposit@Mobile.

16. On August 17, 2010, the PTO issued United States Patent No. 7,778,457 (“the ’457 patent”), entitled “Systems for Mobile Image Capture and Processing of Checks,” to Mitek. A true and correct copy of the ’457 patent is attached hereto as Exhibit 1.

17. The following day, Mitek issued a press release announcing “it has received a United States patent for its widely used Mobile Deposit® mobile Remote Deposit Capture (RDC) application.” On information and belief, USAA knew about this press release. USAA nevertheless continued to provide Deposit@Mobile.

18. Between May and June 2011, the PTO granted Mitek three additional patents on its Mobile Deposit inventions: U.S. Patent No. 7,949,176 (“the ’176 patent”); U.S. Patent No. 7,953,268 (“the ’268 patent”); and U.S. Patent No. 7,978,900 (“the ’900 patent”). True and correct copies of the ’176, ’268, and ’900 patents are attached hereto as Exhibits 2, 3, and 4, respectively.

19. On June 6, 2011, Mitek issued a press release announcing “four new patents [identified in the two preceding paragraphs] for its popular Mobile Deposit® technology, including two issued within the past two weeks.” On information and belief, USAA knew about this press release, but continued to provide Deposit@Mobile.

20. On August 16, 2011, the PTO issued United States Patent No. 8,00,514 (“the ’514 patent”), entitled “Methods for Mobile Image Capture and Processing of Checks,” to Mitek. A true and correct copy of the ’514 patent is attached hereto as Exhibit 5. On information and belief, USAA had knowledge of the ’514 patent but nevertheless continued to provide Deposit@Mobile.

21. In late 2011, Mitek notified USAA that—based on its transaction volume—USAA would exceed the maximum number of transactions allowed by the Agreement in early 2012. Mitek suggested that USAA enter into a new license agreement to cover these additional transactions. USAA disregarded Mitek’s warnings and, in early 2012, exceeded the maximum

number of transactions allowed under the Agreement. Rather than work towards a new license agreement, USAA delayed providing the transaction report that it was obligated to provide and concocted an inaccurate transaction counting methodology. In March 2012, USAA eventually provided its volume report. That report revealed that USAA had greatly exceeded the scope of its license. Mitek informed USAA that it was operating outside the scope of the Agreement and further informed USAA about its unlicensed (and thus infringing) mobile deposit application, again suggesting that the parties work towards a new license agreement.

22. In response, USAA filed a complaint in the Western District of Texas (“Texas Complaint”) attaching numerous documents containing Mitek’s highly confidential pricing terms and other specific details relating to the Agreement. USAA did so in violation of the Agreement’s confidentiality provision. Attached hereto as Exhibit 6 is a true and correct copy of the docket showing that USAA eventually moved to seal Mitek’s confidential information.

23. In a transparent attempt to support its filing in Texas, instead of Delaware, USAA created a false story that Mitek breached nondisclosure agreements – separate and apart from the Agreement – which contain Texas forum selection clauses.

24. To tell that story, however, USAA ignored material facts that undercut its allegations. Indeed, USAA’s Texas Complaint includes assertions that USAA could not reasonably have believed to be true, because email records available to both companies contradict those assertions.

25. In its Texas Complaint, USAA alleged (a) that Mitek learned secret USAA information in 2006 and/or 2007 relating to Mitek’s market-leading Mobile Deposit® software, (b) that Mitek incorporated that information into its January 18, 2008 patent application, and (c) that USAA was surprised when it read a Mitek corporate filing published in January 2009 which stated that Mitek offered a mobile imaging product. In short, USAA alleges that Mitek took information, put it into a patent application, launched a product, and concealed these events from USAA.

26. These allegations are false. First, Mitek's engineers independently developed its Mobile Deposit® software and related patents based on Mitek's own ideas. Mitek based its efforts on its own, prior technology efforts relating to imaging challenges, brainstorming about emerging market trends, and entirely independent software development.

27. Moreover, while USAA implies that it filed patent applications that directly address mobile imaging between 2005 and 2007, it appears that none of USAA's published patent applications from that period discuss imaging with a mobile device such as a mobile phone. Instead, it appears that USAA's patent applications from that period discuss imaging using a stationary scanner and/or a digital camera (both of which require a connection to a computer to transmit images).

28. Between January 2008 and January 2012, Mitek communicated with many different USAA employees, including executives, about Mobile Deposit®. Despite these many contacts about Mobile Deposit® over a period of more than four years, nobody from USAA suggested to Mitek that Mitek had developed Mobile Deposit® by using USAA trade secrets until USAA filed suit in Texas – after other disagreements arose.

FIRST CAUSE OF ACTION: INFRINGEMENT OF '457 PATENT

29. Mitek realleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

30. Mitek is the assignee and sole owner of all right, title, and interest in the '457 patent.

31. Mitek is informed and believes, and thereon alleges, that USAA has infringed and continues to infringe the '457 patent in this district and elsewhere, by making, using, offering for sale, and/or selling at least the Deposit@Mobile system within the United States in violation of 35 U.S.C. § 271(a).

32. USAA has and continues to actively induce third parties (*e.g.*, its customers) to directly infringe—through the use of the Deposit@Mobile system—one or more claims of the

'457 patent. USAA is, therefore, liable for indirect infringement of the '457 patent under 35 U.S.C. § 271(b).

33. USAA has and continues to sell and/or offer to sell components—including the Deposit@Mobile system—which constitute a material part of the '457 patent and lack any substantial non-infringing use. USAA is, therefore, liable for indirect infringement of the '457 patent under 35 U.S.C. § 271(c).

34. Mitek is informed and believes, and thereon alleges, that unless enjoined by this Court, USAA will continue to infringe the '457 patent, and Mitek will continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Mitek is entitled to permanent injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

35. USAA's infringement of the '457 patent has, and continues to be, willful under 35 U.S.C. § 284.

36. Mitek has and will continue to suffer damages as a result of USAA's infringement of the '457 patent, and is entitled to compensation for such damages pursuant to 35 U.S.C. § 284 in an amount to be determined at trial.

SECOND CAUSE OF ACTION: INFRINGEMENT OF '176 PATENT

37. Mitek re-alleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

38. Mitek is the assignee and sole owner of all right, title, and interest in the '176 patent.

39. Mitek is informed and believes, and thereon alleges, that USAA has infringed and continues to infringe the '176 patent in this district and elsewhere, by making, using, offering for sale, and/or selling at least the Deposit@Mobile system within the United States in violation of 35 U.S.C. § 271(a).

40. USAA has and continues to actively induce third parties (*e.g.*, its customers) to directly infringe—through the use of the Deposit@Mobile system—one or more claims of the

'176 patent. USAA is, therefore, liable for indirect infringement of the '176 patent under 35 U.S.C. § 271(b).

41. USAA has and continues to sell and/or offer to sell components—including the Deposit@Mobile system—which constitute a material part of the '176 patent and lack any substantial non-infringing use. USAA is, therefore, liable for indirect infringement of the '176 patent under 35 U.S.C. § 271(c).

42. Mitek is informed and believes, and thereon alleges, that unless enjoined by this Court, USAA will continue to infringe the '176 patent, and Mitek will continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Mitek is entitled to permanent injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

43. USAA's infringement of the '176 patent has, and continues to be, willful under 35 U.S.C. § 284.

44. Mitek has and will continue to suffer damages as a result of USAA's infringement of the '176 patent, and is entitled to compensation for such damages pursuant to 35 U.S.C. § 284 in an amount to be determined at trial.

THIRD CAUSE OF ACTION: INFRINGEMENT OF '268 PATENT

45. Mitek realleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

46. Mitek is the assignee and sole owner of all right, title, and interest in the '268 patent.

47. Mitek is informed and believes, and thereon alleges, that USAA has infringed and continues to infringe the '268 patent in this district and elsewhere, by making, using, offering for sale, and/or selling at least the Deposit@Mobile system within the United States in violation of 35 U.S.C. § 271(a).

48. USAA has and continues to actively induce third parties (*e.g.*, its customers) to directly infringe—through the use of the Deposit@Mobile system—one or more claims of the

'268 patent. USAA is, therefore, liable for indirect infringement of the '268 patent under 35 U.S.C. § 271(b).

49. USAA has and continues to sell and/or offer to sell components—including the Deposit@Mobile system—which constitute a material part of the '268 patent and lack any substantial non-infringing use. USAA is, therefore, liable for indirect infringement of the '268 patent under 35 U.S.C. § 271(c).

50. Mitek is informed and believes, and thereon alleges, that unless enjoined by this Court, USAA will continue to infringe the '268 patent, and Mitek will continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Mitek is entitled to permanent injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

51. USAA's infringement of the '268 patent has, and continues to be, willful under 35 U.S.C. § 284.

52. Mitek has and will continue to suffer damages as a result of USAA's infringement of the '268 patent, and is entitled to compensation for such damages pursuant to 35 U.S.C. § 284 in an amount to be determined at trial.

FOURTH CAUSE OF ACTION: INFRINGEMENT OF '900 PATENT

53. Mitek realleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

54. Mitek is the assignee and sole owner of all right, title, and interest in the '900 patent.

55. Mitek is informed and believes, and thereon alleges, that USAA has infringed and continues to infringe the '900 patent in this district and elsewhere, by making, using, offering for sale, and/or selling at least the Deposit@Mobile system within the United States in violation of 35 U.S.C. § 271(a).

56. USAA has and continues to actively induce third parties (*e.g.*, its customers) to directly infringe—through the use of the Deposit@Mobile system—one or more claims of the

'900 patent. USAA is, therefore, liable for indirect infringement of the '900 patent under 35 U.S.C. § 271(b).

57. USAA has and continues to sell and/or offer to sell components—including the Deposit@Mobile system—which constitute a material part of the '900 patent and lack any substantial non-infringing use. USAA is, therefore, liable for indirect infringement of the '900 patent under 35 U.S.C. § 271(c).

58. Mitek is informed and believes, and thereon alleges, that unless enjoined by this Court, USAA will continue to infringe the '900 patent, and Mitek will continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Mitek is entitled to permanent injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

59. USAA's infringement of the '900 patent has, and continues to be, willful under 35 U.S.C. § 284.

60. Mitek has and will continue to suffer damages as a result of USAA's infringement of the '900 patent, and is entitled to compensation for such damages pursuant to 35 U.S.C. § 284 in an amount to be determined at trial.

FIFTH CAUSE OF ACTION: INFRINGEMENT OF '514 PATENT

61. Mitek realleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

62. Mitek is the assignee and sole owner of all right, title, and interest in the '514 patent.

63. Mitek is informed and believes, and thereon alleges, that USAA has infringed and continues to infringe the '514 patent in this district and elsewhere, by making, using, offering for sale, and/or selling at least the Deposit@Mobile system within the United States in violation of 35 U.S.C. § 271(a).

64. USAA has and continues to actively induce third parties (*e.g.*, its customers) to directly infringe—through the use of the Deposit@Mobile system—one or more claims of the

'514 patent. USAA is, therefore, liable for indirect infringement of the '514 patent under 35 U.S.C. § 271(b).

65. USAA has and continues to sell and/or offer to sell components—including the Deposit@Mobile system—which constitute a material part of the '514 patent and lack any substantial non-infringing use. USAA is, therefore, liable for indirect infringement of the '514 patent under 35 U.S.C. § 271(c).

66. Mitek is informed and believes, and thereon alleges, that unless enjoined by this Court, USAA will continue to infringe the '514 patent, and Mitek will continue to suffer irreparable harm for which there is no adequate remedy at law. Accordingly, Mitek is entitled to permanent injunctive relief against such infringement pursuant to 35 U.S.C. § 283.

67. USAA's infringement of the '514 patent has, and continues to be, willful under 35 U.S.C. § 284.

68. Mitek has and will continue to suffer damages as a result of USAA's infringement of the '514 patent, and is entitled to compensation for such damages pursuant to 35 U.S.C. § 284 in an amount to be determined at trial.

SIXTH CAUSE OF ACTION: BREACH OF CONTRACT

69. Mitek realleges and incorporates by reference the allegations of all the preceding paragraphs of the Complaint as though fully set forth herein.

70. The parties entered into the Agreement, which is valid and enforceable.

71. Mitek has performed all the conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of the Agreement, unless excused.

72. USAA materially breached the Agreement and its breach has not been excused or waived. In particular, the license provision of the Agreement expressly limits the number of transactions that USAA may make using Mitek's software. USAA violated that provision by exceeding the maximum number of transactions. Additionally, USAA violated the Agreement

by publicly filing Mitek's confidential pricing and other details relating to the Agreement in the Texas Complaint.

73. As a direct result of USAA's conduct and its material breach of the Agreement, Mitek has sustained direct and consequential damages in a sum to be proven at trial, but believed to be greater than \$75,000. Additionally, Mitek seeks to prevent USAA from its continued unauthorized use of Mitek's software.

PRAYER FOR RELIEF

WHEREFORE, Mitek prays that this Court:

- a. Declare that USAA has infringed one or more claims of the '457 patent;
- b. Declare that USAA has infringed one or more claims of the '176 patent;
- c. Declare that USAA has infringed one or more claims of the '268 patent;
- d. Declare that USAA has infringed one or more claims of the '900 patent;
- e. Declare that USAA has infringed one or more claims of the '514 patent;
- f. Permanently enjoin USAA and its officers, agents, representatives, distributors, wholesalers, retailers, licensees, servants, employees, attorneys, successors, assigns, parent or subsidiary corporations, and affiliates, and all persons acting in active concert or participation with it, from infringing, inducing others to infringe, or contributing to the infringement of the '457, '176, '268, '900, and '514 patents;
- g. Award Mitek damages in an amount adequate to compensate Mitek for USAA's acts of infringement, together with interest thereon, in an amount to be proven at trial, in accordance with 35 U.S.C. § 284;
- h. Award Mitek enhanced damages against USAA pursuant to 35 U.S.C. § 284, including interest, by virtue of the deliberate and willful nature of USAA's infringement;
- i. Find that this case is exceptional and award Mitek its respective costs and expenses for USAA's infringement, including reasonable attorneys fees, in accordance with the provisions of 35 U.S.C. § 285 or other statutes;

- j. Find that USAA has materially breached the Agreement;
- k. Award damages to Mitek for USAA's breach including direct and consequential damages;
 - l. Permanently enjoin USAA from continuing to use the Mitek software covered by the Agreement in light of USAA's breach of that Agreement; and
 - m. Award Mitek any other relief, in law and in equity, to which the Court finds Mitek is justly entitled.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Mitek demands a trial by jury of this action.

Dated: April 12, 2012

/s/ Richard K. Herrmann

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