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21 **IN THE UNITED STATES DISTRICT COURT**
 22 **FOR THE DISTRICT OF ARIZONA**

23 Language Technologies, Inc.,

Case No. _____

24 Plaintiff,

JURY TRIAL DEMANDED

25 v.

26 Microsoft Corporation,

27 Defendant.
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1 **COMPLAINT**

2 Plaintiff Language Technologies, Inc. (“LTI”), by and through its undersigned
3 attorneys, as and for its Complaint against Defendant Microsoft Corporation
4 (“Microsoft”), alleges as follows:

5 **THE PARTIES**

6 1. Plaintiff LTI is a corporation organized and existing under the laws of the
7 State of Delaware having its principal place of business at 4750 East Silver Place,
8 Tucson, Arizona 85712.

9 2. Defendant Microsoft is a corporation organized and existing under the laws
10 of the State of Washington having its principal place of business at 1 Microsoft Way,
11 Redmond, Washington 98052.

12 3. Microsoft is registered to do business in Arizona and can be served via its
13 registered agent Corporation Service Company at 8825 North 23rd Avenue, Suite 100,
14 Phoenix, Arizona 85021.

15 4. Microsoft maintains a permanent physical presence within the District of
16 Arizona, conducting business from at least its locations at: 60 East Rio Salado Parkway,
17 Suite 1200, Tempe, Arizona 85281; 12901 West Olive Avenue, El Mirage, Arizona
18 85335; and 14250 West Broadway Road, Goodyear, Arizona 85338.

19 5. Microsoft has expanded its presence within the District of Arizona through
20 its recent development of its “West US 3” datacenter region. Microsoft bought three
21 parcels of land for the datacenters in late 2018 through 2019 and successfully had a
22 property in Goodyear, Arizona rezoned to accommodate its plans.¹ The Mirage, Arizona
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25 ¹ [https://www.azcentral.com/story/news/local/southwest-valley/2018/11/20/microsoft-](https://www.azcentral.com/story/news/local/southwest-valley/2018/11/20/microsoft-paid-48-million-goodyear-land/2026701002/)
26 [paid-48-million-goodyear-land/2026701002/;](https://www.azcentral.com/story/news/local/southwest-valley/2019/05/01/microsoft-expands-metro-phoenix-pays-20-m-el-mirage-land/3647316002/)
27 [https://www.azcentral.com/story/news/local/southwest-valley/2019/05/01/microsoft-](https://www.azcentral.com/story/news/local/southwest-valley/2019/05/01/microsoft-expands-metro-phoenix-pays-20-m-el-mirage-land/3647316002/)
28 [expands-metro-phoenix-pays-20-m-el-mirage-land/3647316002/.](https://www.azcentral.com/story/news/local/southwest-valley/2019/05/01/microsoft-expands-metro-phoenix-pays-20-m-el-mirage-land/3647316002/)

1 data center is 244,666 sq ft on 250 acres.² Site plans for Microsoft's Goodyear, Arizona
2 datacenter show one 244,666 sq ft building and one 242,678 sq ft building on 279 acres.³
3 Microsoft's West US 3 datacenters opened for business in June 2021.⁴ As of April 2023,
4 these two facilities employed over 175 people. Microsoft projects 633 full-time
5 employees and contractors will work across its Arizona datacenters by the end of 2026.

6 6. Microsoft has offered a number of products and services through its West
7 US 3 datacenters including, without limitation, Azure Cognitive Search, Azure AI
8 Language, Language Understanding (LUIS), and Azure AI Speech.⁵ Customers of
9 Microsoft Azure can choose to house their resources in West US 3 datacenters in the first
10 instance, or customers of Microsoft Azure can move their resources to the West US 3
11 datacenters using Azure Resource Mover.⁶

12 7. Before and after opening its West US 3 datacenters, Microsoft has engaged
13 with the community in this District, including by partnering with two community
14 colleges to offer its Datacenter Academy to students within the District.⁷ Through the
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16 ² <https://www.datacenters.com/microsoft-azure-west-us-3-arizona>;
17 <https://azbigmedia.com/business/economic-development/microsoft-will-build-3-data-centers-in-the-west-valley/>.

18 ³ <https://baxtel.com/data-center/microsoft-phx10#:~:text=The%20project%20will%20have%20at,square%20feet%20of%20office%20space.>

21 ⁴ <https://ktar.com/story/4499461/tech-giant-microsoft-flips-switch-to-on-at-new-west-valley-data-centers/>; <https://www.azcentral.com/story/news/local/southwest-valley/2021/06/15/microsoft-announces-3-new-metro-phoenix-data-centers-and-100-plus-jobs/7686434002/>.

24 ⁵ <https://azure.microsoft.com/en-us/explore/global-infrastructure/products-by-region/?regions=us-west-3%2cnon-regional&products=all>.

26 ⁶ <https://azure.microsoft.com/en-us/products/resource-mover/>.

27 ⁷ <https://local.microsoft.com/blog/microsoft-phoenix-community-investments/>;
28 <https://careers.microsoft.com/v2/global/en/datacenteracademy.html>.

1 Datacenter Academy, Microsoft contributes to the colleges’ curricula to instruct students
2 in skills applicable to work at Microsoft datacenters; provides datacenter equipment to
3 the colleges’ labs; provides Microsoft employees to host Q&A sessions about work at the
4 datacenters, train college instructors in Microsoft’s curricula, teach classes, conduct mock
5 interviews, and provide one-on-one mentorship to students; hires students for paid work
6 experience in the datacenters; and funds scholarships—all to develop a workforce for its
7 datacenters in this District.⁸

8 8. On information and belief, Microsoft has been conducting business through
9 its sales office at 60 East Rio Salado Parkway, Suite 1200, Tempe, Arizona 85281 for
10 many years before it began development of its West US 3 datacenters.

11 **JURISDICTION AND VENUE**

12 9. This Court has exclusive subject matter jurisdiction pursuant to 28 U.S.C.
13 §§ 1331 and 1338(a) because this action arises under the patent laws of the United States.

14 10. Upon information and belief, Microsoft has submitted to the personal
15 jurisdiction of this Court by, at least, committing the infringing acts described below that
16 establish its legal presence within the State of Arizona including, without limitation, by
17 purposefully using, providing access to, selling, and/or offering for sale, *inter alia*, Bing
18 search, Azure products and services (*e.g.*, Azure Cognitive Services, Cortana, and
19 Translate), and other Natural Language Processing (“NLP”) applications and services
20 (“Infringing Applications and Services”) within the District; using, selling, offering for
21 sale, and importing within the District computers, tablets, gaming consoles, operating
22 systems, and other products that include Infringing Applications and Services; and
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27 ⁸ <https://careers.microsoft.com/v2/global/en/datacenteracademy.html>.

1 providing training within the District in the use of said Infringing Applications and
2 Services.⁹

3 11. On information and belief, Microsoft has used, sold, and offered for sale
4 Infringing Applications and Services through its sales office located within the District.
5 Microsoft has also used Infringing Applications and Services at its Azure datacenters
6 located within the District, and Microsoft encourages customers in the District and
7 elsewhere to utilize Infringing Applications and Services at its datacenters within the
8 District for infringing purposes.¹⁰

9 12. By virtue of its above-described actions, while engaging in the
10 unauthorized infringement of the Patents-in-Suit, Microsoft has transacted business,
11 performed services, contracted to supply services, caused tortious injury, regularly done
12 or solicited business, and/or engaged in a persistent course of conduct within the State of
13 Arizona, and Microsoft has additionally derived substantial revenues from or as the result
14 of its use, sale, offer for sale, and importation of the Infringing Applications and Services
15 in Arizona. In light of Microsoft's aforementioned contacts with the State of Arizona and
16 its purposeful availment of the rights and benefits of Arizona law, maintenance of this
17 suit would not offend traditional notions of fair play and substantial justice.

18 13. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b)
19 and (c), and 1400(b) because, *inter alia*, a substantial part of the events or omissions
20 giving rise to the claims occurred in this judicial district, Microsoft is subject to personal
21 jurisdiction in and therefore resides in this judicial district, and Microsoft has committed
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24 ⁹ [https://learn.microsoft.com/en-](https://learn.microsoft.com/en-us/search/?terms=cognitive%20search&category=Training)
25 [us/search/?terms=cognitive%20search&category=Training;](https://learn.microsoft.com/en-us/search/?terms=cognitive%20search&category=Training)
26 [https://learn.microsoft.com/en-us/search/?terms=nlp&category=Training.](https://learn.microsoft.com/en-us/search/?terms=nlp&category=Training)

27 ¹⁰ [https://azure.microsoft.com/en-us/explore/global-infrastructure/products-by-](https://azure.microsoft.com/en-us/explore/global-infrastructure/products-by-region/?regions=us-west-3%2cnon-regional&products=all)
28 [region/?regions=us-west-3%2cnon-regional&products=all.](https://azure.microsoft.com/en-us/explore/global-infrastructure/products-by-region/?regions=us-west-3%2cnon-regional&products=all)

1 acts of patent infringement and has regular and established places of business in this
2 judicial district including at the locations described above.

3 **THE PATENTS-IN-SUIT**

4 14. On June 27, 2006, U.S. Patent No. 7,069,508 (the “’508 Patent”), entitled
5 “System and Method for Formatting Text According to Linguistic, Visual and
6 Psychological Variables,” was duly and legally issued by the United States Patent and
7 Trademark Office to inventors Thomas G. Bever and John Robbart II. LTI is the sole
8 owner by assignment of the entire rights, title, and interest in and to the ’508 Patent
9 including the rights to sue on and recover damages for any past, present, and future
10 infringements thereof. A true and correct copy of the ’508 Patent is attached as Exhibit 1.

11 15. On March 18, 2008, U.S. Patent No. 7,346,489 (the “’489 Patent”), entitled
12 “System and Method of Determining Phrasing in Text,” was duly and legally issued by
13 the United States Patent and Trademark Office to inventors Thomas G. Bever and John
14 Robbart II. LTI is the sole owner by assignment of the entire rights, title, and interest in
15 and to the ’489 Patent including the rights to sue on and recover damages for any past,
16 present, and future infringements thereof. A true and correct copy of the ’489 Patent is
17 attached as Exhibit 2.

18 16. The ’508 Patent and the ’489 Patent shall hereinafter be referred to
19 collectively as the “Patents-in-Suit.” These two Patents-in-Suit share a common
20 specification, given that the ’489 Patent is a continuation of the ’508 Patent. Both share a
21 common priority date of not later than July 16, 1999 based upon underlying provisional
22 patent application No. 60/144,368.

23 17. Both Patents-in-Suit are directed to predicting phrase boundaries in text.
24 The Patents-in-Suit resulted from research led by inventor Dr. Thomas Bever, currently a
25 professor of linguistics, psychology, cognitive science, and neuroscience at the
26 University of Arizona. As explained in the “Background” section of the patents:

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1 Linguistic research has enriched our knowledge of what the structure of
2 language entails, and psycholinguistic research has explored which aspects
3 of that structure play a role in language behaviors such as reading. The
4 results of studies show that the intuitively defined “phrase” plays a
5 significant role in normal language comprehension. The manner in which
text is formatted can have a significant impact on the speed and
comprehension with which it is read.

6 '508 Patent at 1:27-36.

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8 18. Claim 23 of the '508 Patent is illustrative and reads:

9 A computer-implemented method for formatting text, comprising the steps
10 of:

11 a) providing text input;

12 b) providing a library of key words and punctuation definitions that identify
the beginning or end of a phrase;

13 c) using said key words and punctuation definitions to determine
14 characteristics that predict boundary punctuation;

15 d) examining a plurality of words of said text input;

16 e) using said determined characteristics to predict phrase boundaries within
17 said plurality of words;

18 f) repeating steps d-e for a next plurality of words until all the text input has
19 been analyzed; and

20 g) formatting said text input according to the predicted phrase boundaries.

21 19. Claim 1 of the '489 Patent is illustrative and reads:

22 A method for determining phrasing in text, comprising the steps of:

23 a) providing text input;

24 b) providing a library of key words and punctuation definitions that identify
25 the beginning or end of a phrase;

26 c) using said key words and punctuation definitions to determine
27 characteristics that predict phrase or sentence boundaries;

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- 1 d) examining a plurality of words of said text input;
- 2 e) using said determined characteristics to predict phrase boundaries within
- 3 said plurality of words; and
- 4 f) repeating steps d-e for a next plurality of words until phrase boundaries
- 5 are predicted for each between word space in the text input.

6 20. The Patents-in-Suit are directed to specific and unconventional
7 computerized methods and systems for predicting phrase boundaries in a body of text,
8 and (for the '508 Patent) formatting the text using the predicted phrase boundaries. In
9 particular, the claimed methods utilize a “library of key words and punctuation
10 definitions that identify the beginning or end of a phrase” that is used to “determine
11 characteristics that predict” “phrase or sentence boundaries” ('489 Patent Claim 1) or
12 “boundary punctuation” ('508 Patent Claim 23). These characteristics are used to predict
13 phrase boundaries in the body of text. Claim 9 of the '489 Patent further specifies the
14 method as using a neural network, which is one manner in which the characteristics of
15 text can be used to predict phrase boundaries.

16 21. The claimed inventions of the Patents-in-Suit are directed to a specific and
17 unconventional technological improvement in methods for predicting phrase boundaries
18 in text distinct from the processes used by linguists to identify phrases by hand in the
19 prior art. The Patents-in-Suit do not simply recite the use of a computer to predict phrases
20 but rather define a specific process for predicting phrase boundaries using a library of key
21 words and punctuation definitions, as well as using the key words and punctuation
22 definitions to determine characteristics that predict phrase boundaries. In a preferred
23 embodiment, as well as certain of the claims, a neural network is used with training data
24 to determine the characteristics.

25 22. As expressly taught in the intrinsic record of the Patents-in-Suit and as then
26 understood by ordinarily skilled artisans, this technological improvement was unknown
27 and undisclosed in the prior art. As the applicant noted during prosecution: “[The prior
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1 art] Walker patent does not use key words and punctuation definitions to first determine
2 characteristics that predict boundary punctuation and then apply the key words and
3 characteristics to a specific plurality of words to predict phrase boundaries.” Submission
4 with Request for Continued Examination (RCE) Amendment and Response to Final
5 Office Action, App. No. 09/615,163, Aug. 15, 2005, attached as Exhibit 3. The claims
6 thus recite specific steps—using a library of key words and punctuation definitions to
7 determine characteristics that predict phrase boundaries, and then using those
8 characteristics to predict phrases in a body of text—which alone or combined in the
9 particular ordered combinations of limitations were neither well-understood, routine, nor
10 conventional to an ordinarily skilled artisan in the relevant field at the time of the Patents-
11 in-Suit.

12 23. LTI has incorporated the inventive patented technology into a product
13 called ReadSmart. ReadSmart automates and applies phrased-based processing of text
14 through software algorithms. Based on the linguistic, psychological, and informational
15 properties of the text, ReadSmart incorporates phrase-based processing to make
16 improvements by adjusting the spacing between words, the size of words, and line
17 endings. Text that has been transformed using ReadSmart provides documented
18 improvements for the reader: reading speed is increased up to 23%, reading
19 comprehension up to 24%, reading enjoyment up to 38%, and persuasiveness is increased
20 up to 39%.

21 24. The patented technology, as embodied in ReadSmart, has been tested and
22 proven to improve reading in a variety of media and across many different reader
23 populations. For example, in 2005, Dr. Bever, along with a professor at Shandong
24 University in China, were awarded a prize for the best paper of 2004 in educational
25 research by the Society for Foreign Language Teaching in China. The paper describes the
26 positive effects of ReadSmart on reading in students learning English in China. In
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1 addition, the use of ReadSmart in direct mail solicitations resulted in a 50% increase in
2 financial returns.

3 25. LTI has commercially deployed the patented technology through two
4 different offerings. ReadSmart Format is a typesetting tool that integrates and applies
5 multiple text-formatting algorithms to improve the readability and memorability of
6 books, documents, letters, and brochures. Prominent authors and university professors
7 have required their books and textbooks to be published using this tool once they learned
8 of its benefits. ReadSmart Mobile is a system for aggregating and publishing easier-to-
9 read documents to mobile devices. It has been offered on a “freemium” or “try before you
10 buy” model via Apple’s app store, which has resulted in downloads of more than 3.6
11 million books. LTI also partnered with Learning A to Z (“LAZ”) to deliver LAZ titles via
12 the iTunes App Store as book apps and library apps.

13 26. The technological improvement in predicting phrase-based boundaries in
14 text claimed by the Patents-in-Suit is not only useful for improving comprehension and
15 enjoyment for human readers of displayed text. Another real-world application of the
16 technological innovation claimed by the Patents-in-Suit is in “tokenization.”
17 “Tokenization” generally refers to the process of splitting text into constituent elements,
18 such as sentences, phrases, and words. These “tokens” are then used in further processing
19 of the text, such as in NLP applications.

20 27. The use of sentence tokenization, such as that provided by the claimed
21 inventions, provides technical improvements in the operation of computer-implemented
22 technologies. One example is Internet searching. By parsing text into sentences or
23 phrases, search engines are able to much more accurately rank results based on relevance,
24 rather than simply the frequency of individual search terms.

25 28. Improvements in the operation of search engines that incorporate
26 tokenization have been demonstrated. For example, researchers have demonstrated a
27 greater than 6% improvement over baseline in search result relevance by weighting terms
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1 based on their location within a sentence in a target document.¹¹ Another team of
2 researchers demonstrated improvements of up to 14% by sentence-based models over
3 term-based models in ranking search results.¹²

4 29. The specific and concrete technological solution and improvements recited
5 and captured by the claims of the Patents-in-Suit as exemplified above prevent those
6 claims from preempting or otherwise disproportionately tying up the use of all computer-
7 based methods for phrase prediction.

8 **MICROSOFT’S KNOWLEDGE OF LTI AND THE PATENTS-IN-SUIT**

9 30. LTI and its patented technology have been known to Microsoft since at
10 least 2010. Dr. Keith Rayner, a psychology professor at the University of California San
11 Diego, was known for pioneering modern eye-tracking methodology in reading and
12 visual perception. Dr. Rayner became interested in the work of Dr. Bever and LTI. Dr.
13 Rayner served on LTI’s advisory board, during which time he connected Dr. Bever and
14 Lee Berendt of LTI to Microsoft (which already had a relationship with Dr. Rayner’s lab
15 at UCSD). Dr. Rayner shared information concerning LTI’s technology with Dr. Kevin
16 Larson, a Principal Researcher at Microsoft.

17 31. On October 28, 2010, Dr. Larson told Dr. Bever and Mr. Berendt that he
18 had been attempting to locate a customer within Microsoft for their technology. He stated
19 “[w]e’re still looking as there are parts of the company that we don’t have good contacts
20 (Bing in particular).”
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23 ¹¹ Baiyan Liu, *et al.*, *Using Term Location Information to Enhance Probabilistic*
24 *Information Retrieval*, in PROCEEDINGS OF THE 38TH INTERNATIONAL ACM SIGIR
25 CONFERENCE ON RESEARCH AND DEVELOPMENT IN INFORMATION RETRIEVAL, 883, 883-
86 (2015).

26 ¹² Jung-Tae Lee, *et al.*, *Sentence-Based Relevance Flow Analysis for High Accuracy*
27 *Retrieval*, 62(9) JOURNAL OF THE AMERICAN SOCIETY FOR INFORMATION SCIENCE AND
28 TECHNOLOGY 1666, 1666-75 (2011).

1 32. In 2015, Dr. Larson told LTI that he was “a fan of ReadSmart” and
2 convinced of its benefits. He reported that Dr. Rayner had previously proposed to
3 Microsoft that it investigate LTI’s technology, which Dr. Larson stated he
4 “enthusiastically supported.” Notwithstanding Dr. Larson’s enthusiasm, Microsoft never
5 inquired about licensing LTI’s patented technology.

6 33. In 2018, LTI retained Howard Fisher of the Fisher Company, a consulting
7 firm that provides strategic advice to publishers. On or about May 2018, Mr. Fisher
8 provided information about LTI and its patented ReadSmart technology to Microsoft,
9 among other companies. The materials included information about all of LTI’s patents,
10 including the ’508 and ’489 patents, identified by patent number. The slide deck was sent
11 to at least Peggy Johnson, then an executive Vice President for Business Development at
12 Microsoft, and Mike Bennett of Microsoft’s Advanced Reading Technologies Team.
13 Still, Microsoft did not seek to license LTI’s patents or patented technology.

14 **MICROSOFT’S INFRINGING PRODUCTS AND SERVICES**

15 34. Upon information and belief, Microsoft has infringed, directly and/or
16 indirectly, one or more claims of the Patents-in-Suit during the terms of each of said
17 Patents-in-Suit, through, as non-limiting examples: use of its Bling FIRE tokenizer in
18 Bing search and other of Microsoft’s NLP products and services, and making, using,
19 offering for sale, selling, and importing products and services utilizing, *inter alia*, its
20 Bling FIRE tokenizer. On April 25, 2019, Microsoft announced its release of its “Bling
21 FIRE” tokenizer to open source.¹³ “Bling” stands for Beyond Language and
22 Understanding, and “FIRE” refers to Finite state machine and Regular Expression
23 manipulation. As described above, “tokenization” is the process of splitting text into
24 constituent elements, such as sentences, phrases, and words. The announcement noted
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26 ¹³ [https://blogs.bing.com/Engineering-Blog/2019-04/bling-fire-tokenizer-released-to-](https://blogs.bing.com/Engineering-Blog/2019-04/bling-fire-tokenizer-released-to-open-source)
27 [open-source](https://blogs.bing.com/Engineering-Blog/2019-04/bling-fire-tokenizer-released-to-open-source).

1 that Bling FIRE is the tokenizer “used internally by Bing [Microsoft’s Internet search
2 engine] for all its Deep Learning based projects.” Upon information and belief, Microsoft
3 began using the Bling FIRE tokenizer in its Bing search engine long before the April 25,
4 2019 announcement. Initial examination of the Bling FIRE library and supporting
5 documentation published by Microsoft¹⁴ reveals that Bling FIRE infringed at least Claim
6 23 of the ’508 Patent and Claim 1 of the ’489 Patent.

7 35. An exemplary limitation-by-limitation explanation of Microsoft’s
8 infringement of Claim 23 of the ’508 Patent through its Bling FIRE tokenizer is attached
9 as Exhibit 4.

10 36. An exemplary limitation-by-limitation explanation of Microsoft’s
11 infringement of Claim 1 of the ’489 Patent through its Bling FIRE tokenizer is attached
12 as Exhibit 5.

13 37. LTI expects that discovery will reveal additional unauthorized infringement
14 of the Patents-in-Suit including through incorporation of Bling FIRE into other of
15 Microsoft’s NLP products and services. Upon information and belief, Microsoft also has
16 used in the past and continues to use Bling FIRE in other NLP products including, but not
17 limited to, Azure Cognitive Services such as Search, Dictate, AI Language, and AI
18 Speech; Language Understanding (LUIS); Cortana; and Translate. Microsoft’s web
19 browser Microsoft Edge and its predecessor Internet Explorer also utilize Bing search as
20 the default search engine. Microsoft Edge further includes AI-powered Bing Chat, which,
21 upon information and belief, also uses the infringing Bling FIRE tokenizer.¹⁵ Microsoft
22 Edge can be obtained from Microsoft’s website and is the default web browser on
23 Windows 10, Windows 10 Mobile, and Windows 11 operating systems, and Xbox One,
24 Xbox Series X, and Xbox Series S gaming consoles. Microsoft Edge, with Bing as the

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26 ¹⁴ <https://github.com/microsoft/BlingFire>.

27 ¹⁵ [https://www.microsoft.com/en-us/edge/learning-center/how-to-use-bing-in-
28 sidebar?form=MA13I2](https://www.microsoft.com/en-us/edge/learning-center/how-to-use-bing-in-sidebar?form=MA13I2).

1 default search engine, is also available as an app for mobile phones using iOS and
2 Android operating systems.

3 38. The foregoing paragraphs provide one example of Microsoft's
4 infringement, and only as to a single patent claim from each Patent-in-Suit. The full
5 extent of Microsoft's infringing activity will be revealed in discovery.

6 **FIRST CAUSE OF ACTION**

7 **(Infringement of U.S. Patent No. 7,069,508)**

8 39. LTI repeats and realleges the allegations set forth in the foregoing
9 paragraphs of this Complaint as if fully set forth herein.

10 40. Microsoft has directly infringed one or more claims of the '508 Patent,
11 including at least Claim 23 under 35 U.S.C. § 271(a), literally and/or under the doctrine
12 equivalents, by without authority making, using, making available for use, selling,
13 offering for sale, and/or importing the non-limiting examples of the above-described
14 accused products and services that use the Bling FIRE tokenizer.

15 41. Microsoft has had actual knowledge of the '508 Patent since at least May
16 2018.

17 42. With knowledge of the '508 Patent, Microsoft has indirectly infringed one
18 or more claims thereof under 35 U.S.C. § 271(b) through the active inducement of direct
19 infringement by intending to encourage, and in fact encouraging, use of the non-limiting
20 examples of the above-described accused products and services that use the Bling FIRE
21 tokenizer within the United States in an infringing manner that practiced the inventions of
22 one or more claims of the '508 Patent, including at least Claim 23. Microsoft has actively
23 induced such direct infringement by providing, *inter alia*, functionality, instructions,
24 training modules, and other assistance that have served to facilitate, promote, and cause
25 its users/customers to make infringing use of the Bling FIRE tokenizer. Upon information
26 and belief, Microsoft has performed the acts that constitute inducement of infringement
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1 with the knowledge and specific intent or willful blindness that the resulting acts induced
2 thereby would constitute direct infringement by its users/customers.

3 43. With knowledge of the '508 Patent, Microsoft has also indirectly infringed
4 one or more claims thereof under 35 U.S.C. § 271(c) by making, selling, offering for sale,
5 using, making available for use, and/or importing within or into the United States its
6 products and services that, as a non-limiting example, utilize the Bling FIRE tokenizer,
7 knowing that such functionality is especially made or especially adapted for use in direct
8 infringements of the '508 Patent, including at least Claim 23, and knowing that such
9 functionality is not a staple article or commodity of commerce suitable for substantial
10 non-infringing use.

11 44. Upon information and belief, Microsoft's acts of infringing the '508 Patent
12 have been willful and undertaken in knowing and deliberate disregard of LTI's patent
13 rights.

14 45. LTI has been damaged by Microsoft's infringements of the '508 Patent in
15 an amount to be determined at trial.

16 46. Upon information and belief, Microsoft's willful infringements, together
17 with its other potential conduct in this action, have or will render this case exceptional
18 under 35 U.S.C. § 285 and thereby entitle LTI to recovery of its attorneys' fees and costs
19 incurred in prosecuting this action.

20 **SECOND CAUSE OF ACTION**

21 **(Infringement of U.S. Patent No. 7,346,489)**

22 47. LTI repeats and realleges the allegations set forth in the foregoing
23 paragraphs of this Complaint as if fully set forth herein.

24 48. Microsoft has directly infringed one or more claims of the '489 Patent,
25 including at least Claim 1 under 35 U.S.C. § 271(a), literally and/or under the doctrine
26 equivalents, by without authority making, using, making available for use, selling,
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1 offering for sale, and/or importing the non-limiting examples of above-described accused
2 products and services that use the Bling FIRE tokenizer.

3 49. Microsoft has had actual knowledge of the '489 Patent since at least May
4 2018.

5 50. With knowledge of the '489 Patent, Microsoft has indirectly infringed one
6 or more claims thereof under 35 U.S.C. § 271(b) through the active inducement of direct
7 infringement by intending to encourage, and in fact encouraging, use of the non-limiting
8 examples of the above-described accused products and services that use the Bling FIRE
9 tokenizer within the United States in an infringing manner that practiced the inventions of
10 one or more claims of the '489 Patent, including at least Claim 1. Microsoft has actively
11 induced such direct infringement by providing, *inter alia*, functionality, instructions,
12 training modules, and other assistance that have served to facilitate, promote, and cause
13 its users/customers to make infringing use of the Bling FIRE tokenizer. Upon information
14 and belief, Microsoft has performed the acts that constitute inducement of infringement
15 with the knowledge and specific intent or willful blindness that the resulting acts induced
16 thereby would constitute direct infringement by its users/customers.

17 51. With knowledge of the '489 Patent, Microsoft has also indirectly infringed
18 one or more claims thereof under 35 U.S.C. § 271(c) by making, selling, offering for sale,
19 using, making available for use, and/or importing within or into the United States its
20 products and services that, as a non-limiting example, utilize the Bling FIRE tokenizer,
21 knowing that such functionality is especially made or especially adapted for use in direct
22 infringements of the '489 Patent, including at least Claim 1, and knowing that such
23 functionality is not a staple article or commodity of commerce suitable for substantial
24 non-infringing use.

25 52. Upon information and belief, Microsoft's acts of infringing the '489 Patent
26 have been willful and undertaken in knowing and deliberate disregard of LTI's patent
27 rights.

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1 party in this action, as well as any applicable prejudgment and post-judgment
2 interest thereon at the maximum rates allowed by law;

3 (f) Awarding LTI its costs and expenses incurred in this action; and

4 (g) Awarding any further relief to LTI that this Court deems just and
5 proper.

6 **DEMAND FOR JURY TRIAL**

7 LTI demands a jury trial as to all issues arising in this action that are so triable.

8 Date: November 15, 2023

9 Respectfully submitted,

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11
12 /s/ Steven Rizzi

/s/ Timothy Medcoff

13 Steven Rizzi (*pro hac vice* to follow)
14 Mariel Talmage (*pro hac vice* to follow)
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