

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

DROPLETS, INC.,

Plaintiff,

v.

**AT&T INC., AT&T CORP., AT&T
MOBILITY LLC, and AT&T SERVICES,
INC.,**

Defendants.

Civil Action No. _____

**COMPLAINT FOR PATENT
INFRINGEMENT AND DAMAGES**

JURY TRIAL DEMANDED

**COMPLAINT FOR PATENT INFRINGEMENT AND DAMAGES
AND DEMAND FOR JURY TRIAL**

Plaintiff Droplets, Inc. (“Droplets” or “Plaintiff”) files this Complaint for patent infringement against Defendants AT&T Inc., AT&T Services, Inc., AT&T Mobility LLC, and AT&T Corp. (collectively, “AT&T” or “Defendants”), and alleges as follows:

NATURE OF THE ACTION

1. Droplets is an innovative software development corporation focused on technology for developing and delivering highly functional and scalable applications over the Internet. As a result of this leading-edge development, Droplets received patents on its platform, which includes deployment of rich internet applications and related technology. Droplets has sold products based on its technology to Global 1000 enterprises, U.S. armed services, independent software vendors, and application service providers.

2. Droplets claims that AT&T infringed Droplets’ U.S. Patent No. 6,687,745 (“the ’745 patent” or “the Asserted Patent,” Exhibit 1).

PARTIES

3. Droplets is a corporation organized and existing under the laws of Delaware, with its principal place of business at 16052 FM 3062, Bldg. 2, Malakoff, Texas 75148.

4. On information and belief, AT&T Inc. is a corporation organized under the laws of the State of Delaware, with its principal place of business at 208 S. Akard Street, Dallas, Texas 75202. AT&T Inc. has a registered agent for service, CT Corporation System, located at 1999 Bryan Street, Suite 900, Dallas, TX 75201.

5. On information and belief, AT&T Services, Inc. is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business at 208 South Akard St., Dallas, Texas, 75202.

6. On information and belief, AT&T Mobility LLC is a limited liability company organized and existing under the law of Delaware, with its principal place of business at 1025 Lenox Park Boulevard NE, Atlanta, Georgia 30319.

7. On information and belief, AT&T Corp. is a corporation organized and existing under the laws of the State of New York, with a principal place of business at One AT&T Way, Bedminster, New Jersey 07921.

8. Defendants are each individually liable and are jointly and severally liable for infringement of the Asserted Patent. Under theories of alter ego, single business enterprise liability, and agency, the conduct of each can be attributed to and considered the conduct of the others for purposes of infringement of the Asserted Patent. Defendants have in the past and continue to hold themselves out as a single entity—“AT&T”—acting in concert, with knowledge of each other’s actions and control over each other, including with regard to the infringing actions identified herein.

JURISDICTION AND VENUE

9. This is a civil action asserting a claim of patent infringement of the '745 patent. This Court has exclusive subject matter jurisdiction over this action under 28 U.S.C. §§ 1331 and 1338(a).

10. This Court has personal jurisdiction over AT&T. AT&T has continuous and systematic business with the State of Texas and within the Eastern District of Texas. AT&T, directly or through subsidiaries or intermediaries, made, used, offered for sale, sold, imported, advertised, made available, and/or marketed products and services within the Eastern District of Texas through which it infringed the patent-in-suit, such as through its www.att.com website and/or other AT&T owned or controlled websites and its mobile applications. On information and belief, AT&T also operates at least 250 retail stores in the State of Texas. See Exhibit 3 (<https://www.att.com/stores/texas>).

11. Moreover, AT&T, through the AT&T Website and the AT&T Mobile Apps, allows users to pick up products in this District, as shown below:

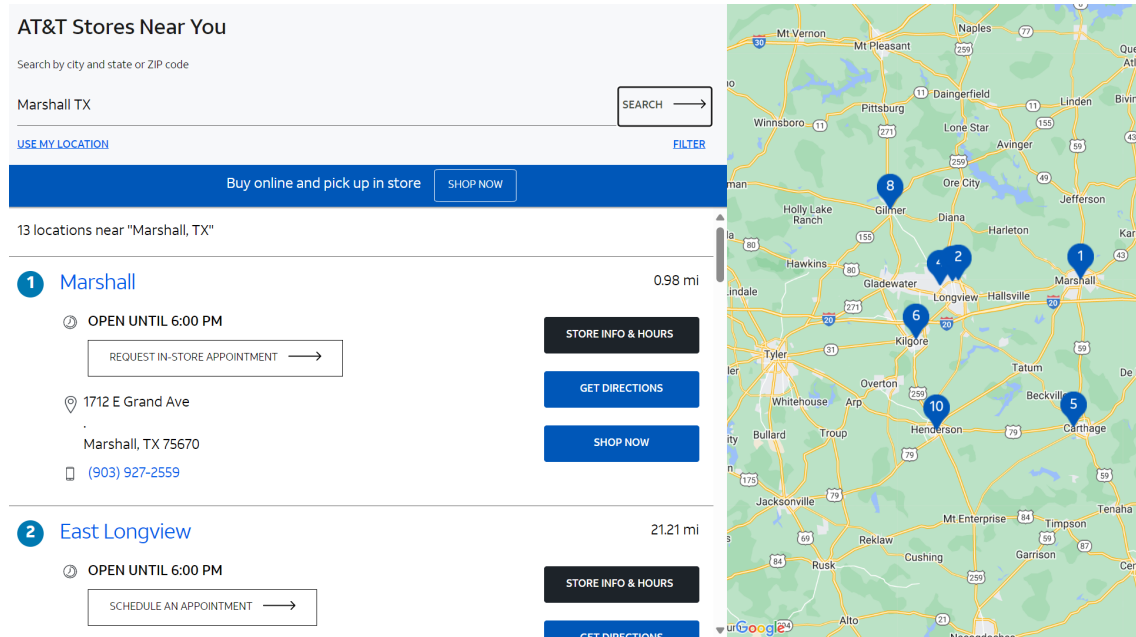


Exhibit 4, <https://www.att.com/stores/>

12. Venue is appropriate in the Eastern District of Texas under 28 U.S.C. §§ 1391, 1400, and 1404. AT&T has a regular and established place of business in this District, including AT&T retail stores in this District. *E.g.*, Exhibit 5 (<https://www.att.com/stores/texas/marshall>). On information and belief, AT&T owns and operates a foundry at 2900 W. Plano Parkway, Plano, Texas 75075. On information and belief, AT&T also operates an office at 3400 W. Plano Parkway, Plano, Texas 75075.

13. On information and belief, AT&T also committed acts of infringement in the Eastern District of Texas. AT&T committed its infringing performance of the claims, as shown below, in this District, at least by, on information and belief, providing the AT&T Website and AT&T Mobile Apps in this District (to users in this District), providing content from servers located in this District (including edge servers located in this District), and developing and providing the AT&T Website and AT&T Mobile Apps from this District.

14. Moreover, on information and belief, AT&T's customers and users used the AT&T Website and AT&T Mobile Apps in this District. AT&T performed acts of inducement in this District, including by, on information and belief, in this District, encouraging and instructing its customers and users in that direct infringement. AT&T performed acts of contributory infringement in this District, including by, on information and belief, providing the webcode for the AT&T Website and AT&T Mobile Apps in this District (to users in this District), providing webcode from servers located in this District (including edge servers located in this District), and providing the webcode for the AT&T Website and AT&T Mobile Apps from this District. AT&T thus committed acts of patent infringement in this District.

BACKGROUND

15. Plaintiff Droplets is an innovative software company founded in 2000. Droplets invented a fundamentally novel way for webpages to work.

16. When Droplets was first formed, less than half of Americans had access to the Internet, and for those who did, it was through a very slow connection called “dial-up” that sent data over telephone lines. As a result of the limited bandwidth connections, webpages could take a minute or more to load, even though they generally consisted of just text and images. Notably, webpages were static—for any part of a webpage to change, the entire webpage had to be re-loaded.

17. It was in this context that Droplets’ patented technology was developed. In the mid-to-late 1990’s, the inventors were working at a company called SphereSoft, where they were developing an online tool for stock traders. The goal was for stock traders to be able to access stock prices and execute trades over the Internet. While this is now commonplace, it was simply not possible at the time. Webpages could display stock prices, but in order to get the current stock price, the entire webpage would have to be refreshed. Due to the slow speed of the Internet, that would take a minute or longer, at which point the stock price was often out of date. For high-stakes stock traders, waiting a minute could be the difference between making or losing millions of dollars. The same was true with webpages designed to execute stock trades—the delays caused by constantly re-loading a webpage meant that stock traders were always behind the stock market, which resulted in lost opportunities. The standard website technology at the time was simply not able to provide a viable online stock tool.

18. The inventors addressed these problems by developing a fundamentally novel way for webpages to work. The basic concept is straightforward: instead of always updating an entire webpage, update just the relevant part of the webpage; rather than having to download an entire webpage to get an updated stock price, download and refresh only the numbers for the updated stock prices. Because this information constitutes a small amount of data, it can be sent to the client every second, even using the slow dial-up connections of the time. This enabled, for the first-time, an

Internet webpage that could provide real-time stock price information and allow traders to buy and sell stocks without the webpage ever re-loading.

19. The inventors quickly realized that their invention had much broader applicability than a stock trading application. In 2000, they formed a new company, Droplets, that was focused on providing their novel technology to companies worldwide. Droplets raised millions of dollars in angel/venture capital in the early 2000s for product development and sales efforts. In addition to its stock trading application, Droplets developed online mail and messaging applications, and provided a platform for developing webpages that could provide any type of online application. What Droplets was selling, in essence, was the ability to develop the dynamic, interactive webpages that we take for granted today.

20. Droplets received multiple patents on its unique software design. The first was awarded in 2004 and several more followed in 2009 and 2013. The first of these patents to be granted, U.S. Patent No. 6,687,745, is at issue in this case.

21. Droplets' product was gaining traction in the market, selling millions of dollars in products and services to a broad range of customers. However, major technology, retail, and finance companies began using Droplets' technology in their webpages without authorization. Droplets first filed a lawsuit against Adobe in 2006, alleging infringement of the Asserted Patent as well as trade secret misappropriation. Droplets proceeded to file additional cases against major companies for their infringement in 2011. In early 2015, Droplets obtained a favorable jury verdict in the Eastern District of Texas against three companies, the retailers Sears, Overstock, and Kmart. In March 2022, Droplets obtained another favorable jury verdict in the Northern District of California against Yahoo! Inc., in which the jury found that Yahoo! Inc. infringed the '745 Patent and awarded Droplets \$15 million in damages. *See Droplets Inc. v. Yahoo! Inc.*, No. 12-cv-03733-JST, Dkt. 1125 (N.D. Cal. Mar. 29, 2022).

22. On information and belief, AT&T operates the largest wireless network in North America, providing 5G service to more than 250 million people. Exhibit 6 (<https://about.att.com/pages/corporate-profile>). AT&T had revenue of more than \$122 billion in fiscal year 2024. Exhibit 7 (<https://about.att.com/story/2024/q4-earnings-2023.html>). On information and belief, AT&T operates its largest website at ww.att.com.

23. AT&T, like other major technology and online retailers that were found to infringe the Asserted Patent, incorporated Droplets' technology into the AT&T Website and Mobile Applications without authorization. Droplets seeks damages for AT&T's infringement.

THE ASSERTED PATENT

24. United States Patent No. 6,687,745, entitled "System and method for delivering a graphical user interface of remote applications over a thin bandwidth connection," was duly and legally issued by the United States Patent and Trademark Office on February 3, 2004 after full and fair examination. The '745 Patent expired on November 20, 2021.¹

25. Droplets is the assignee of all rights, title, and interest in the '745 Patent, including the right to recover damages for past infringement.

26. The '745 Patent claims technology that allowed users to run much richer and more functional applications on their computers and devices with less bandwidth. In 1999, the time of the invention, the Internet was exploding in popularity, but there were still a number of impediments to the Internet becoming what it is today—a highly interactive and immersive experience. '745 Patent at 2:20-3:65. For example, a user at that time could access a webpage and view its applications and information, but if the user wished to access additional applications or information, the user needed to navigate away from that webpage or open a new window, thereby taking the user away from the

¹ This Complaint is only asserting infringement during the pendency of the '745 Patent and is not asserting direct or indirect infringement subsequent to the '745 Patent's expiration.

original webpage. *Id.* at 3:11-35. Further, once the user navigated to a new interactive webpage, then there was no consistent way for the user to retrieve that webpage in a previous state. *Id.* at 3:47-65. There were attempts to overcome this limitation through the use of applications on webpages, but this approach required the user to download the entire application. *Id.* at 17:52-57. In a time when dial-up connections were still common, this could take substantial time and negatively impact the user experience.

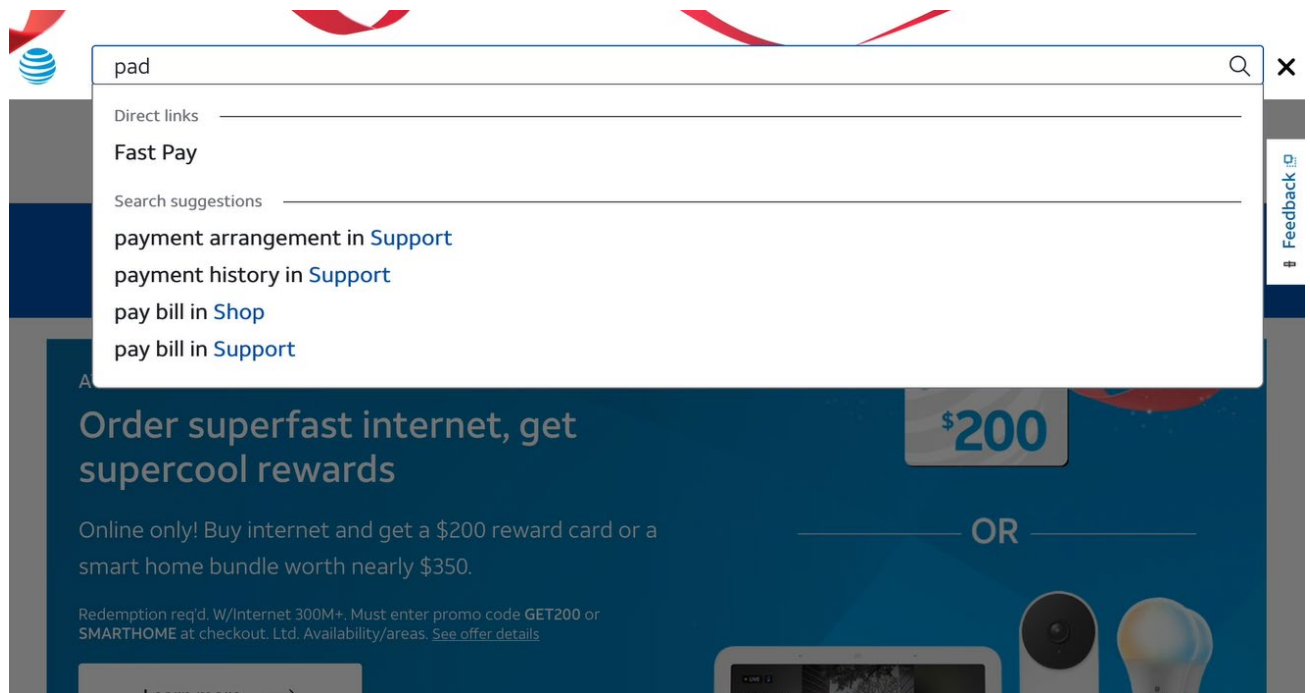
27. The inventors of the '745 patent addressed these problems by not requiring the user to download all of the applications that were displayed on each webpage. Instead, the applications could be executed, at least in part, remotely. This would create a useful experience from the user's point of view if the application could restore previous operating states. This would create the appearance and functionality of a locally downloaded application, without the bandwidth requirements of downloading the entire application for execution on the local computer.

28. An *inter partes* reexamination of the '745 Patent was filed on August 3, 2007. On March 1, 2011, the United States Patent and Trademark Office duly and legally issued an *Inter Partes* Reexamination Certificate No. 6,687,745 C1 confirming the patentability of all claims of the '745 Patent and adding claims 27-104 determined to be patentable.

AT&T'S INFRINGING PRODUCTS AND SERVICES

29. Upon information and belief, AT&T infringed, directly and indirectly, one or more claims of the Asserted Patent, acting through the AT&T Website (including at least www.att.com, and/or other AT&T owned or controlled websites, subdomains thereof and constituent webpages thereof) and the AT&T Mobile Apps (the AT&T applications for mobile devices running on, for example, iOS and Android devices, including at least the iOS and Android AT&T mobile applications) (collectively, the "Accused Products"). AT&T provided a number of interactive functionalities on these Accused Products that infringed the '745 patent, including, but not limited to,

the Search Suggest, Search History, Filter and Sort, Compare, Likes, Load Page, Item Options, Menu, Trade-In, Account, and Checkout features (shown below). On information and belief, AT&T's Accused Products used those interactive functionalities, not limited to the Search Suggest, Search History, Filter and Sort, Compare, Likes, Load Page, Item Options, Menu, Trade-In, Account, and Checkout features, to infringe the '745 patent.



https://www.att.com/?source=EGOOTMKINFBNDSSKP&WT.srch=1&wtExtndSource=att%26&gclid=EAiaIQobChMir_u25qOg9AIVlhh9Ch0Zmw9sEAAYASAAEgL5TfD_BwE&gclid=aw.ds (showing Search Suggest) (accessed November 17, 2021)

Filter & sort
977 results sorted by **Best-selling**

Filter by compatible device
Device model

Style
Tablet accessories Smartwatch accessories

Brand
Adidas AdvanceTec Aina Altec Lansing Anker Apple Arlo
AT&T Show more

Price range
\$5 or less \$5 - \$25 \$25 - \$50 \$50 - \$100 \$100 or more

Featured
New for iPhone Deals Work from home Works with Magsafe Save 20%

Color
Black Blue Brown Clear Gold Gray Green Multi

Sort by
 Best-selling
 Price: low to high
 Price: high to low
 Newest
 Featured
 Rating: high to low

VIDEO CHAT
Hi, need help?

<https://www.att.com/buy/accessories/browse/all> (showing Filter and Sort) (accessed November 17, 2021)

Compare devices
Pick up to 4 devices to compare prices and features.

Remove Remove Remove

Compare →

Help Me Choose

Compare Compare


No trade-in needed →
★★★★☆ 4.4 | 15
GOOGLE

No trade-in needed →
★★★★☆ 4.5 | 11,895
APPLE

VIDEO CHAT
Hi, need help?

<https://www.att.com/buy/phones> (showing Compare) (accessed November 17, 2021)


Help Me Choose



\$0.00/mo.
with eligible trade-in

Req's elig. unlimited (speed restr's apply) & trade-in. Price after 36 mo. credits. Other terms apply. Req's 0% APR 36-mo. agmt and svc. Well-qual. customers. [See offer details](#)

Compare





\$0.00/mo.
with eligible trade-in

Req's elig. unlimited (speed restr's apply) & trade-in. Price after 36 mo. credits. Other terms apply. Req's 0% APR 36-mo. agmt and svc. Well-qual. customers. [See offer details](#)

Compare

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Up to \$800 off w/Trade →

★★★★★ 4.7 | 3,571
SAMSUNG
Galaxy Z Fold3 5G

~~\$50.00/mo.~~
As low as
\$27.78/mo.
with eligible trade-in


Req's elig. unlimited (speed restr's apply) & trade-in. Price after 36 mo. credits. Other terms apply. Req's 0% APR 36-mo. agmt and svc. [See offer details](#)

\$250 IN BILL CREDITS

BRING YOUR OWN DEVICE

Get \$250 in bill credits, plus a free wireless charging pad

When you switch and bring your own phone.




Online only. Ltd time. Req's port-in of new line from elig. carrier & elig. svc. Other terms apply. [See offer details](#)

https://www.att.com/buy/phones (showing Likes) (accessed November 17, 2021)

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Find a store

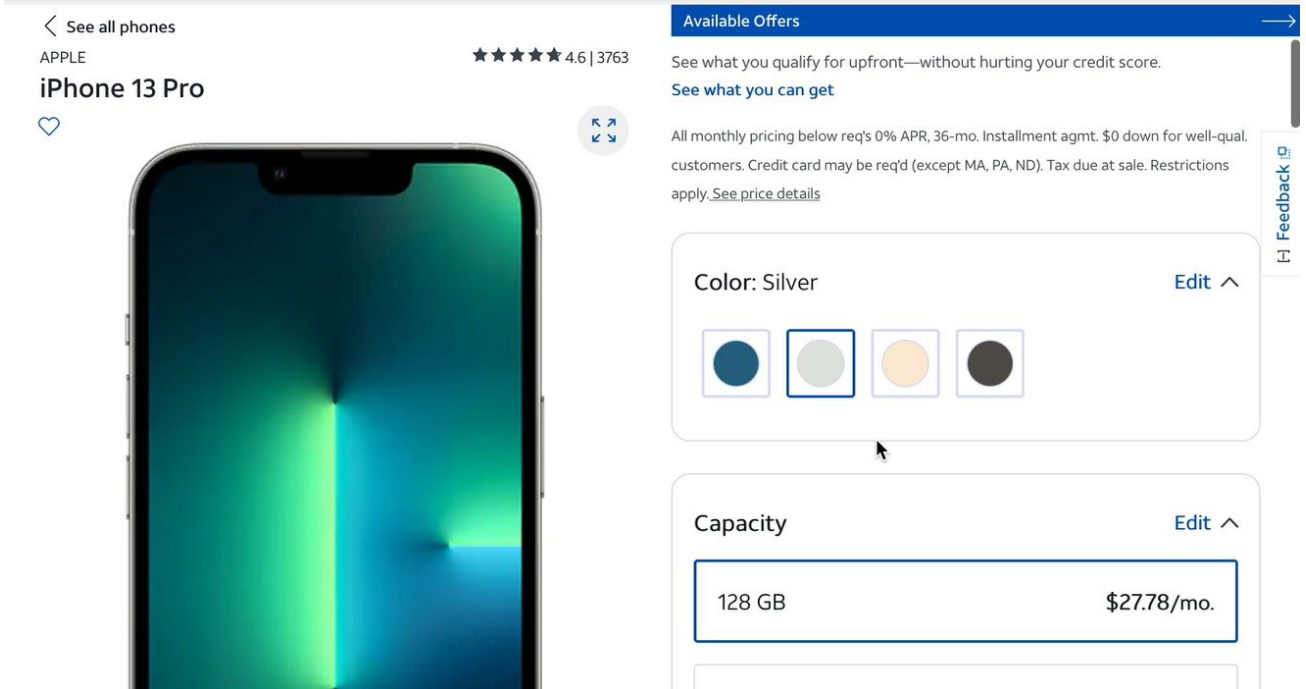
Make a store appointment

About AT&T

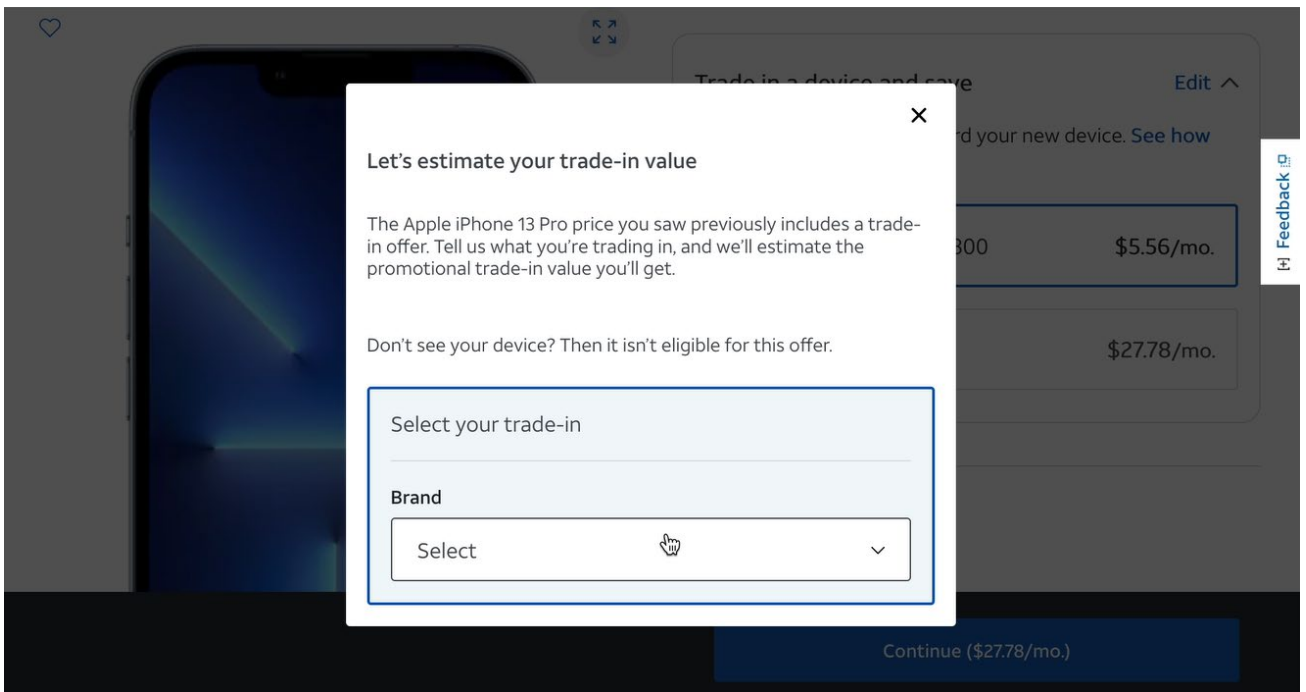
Careers

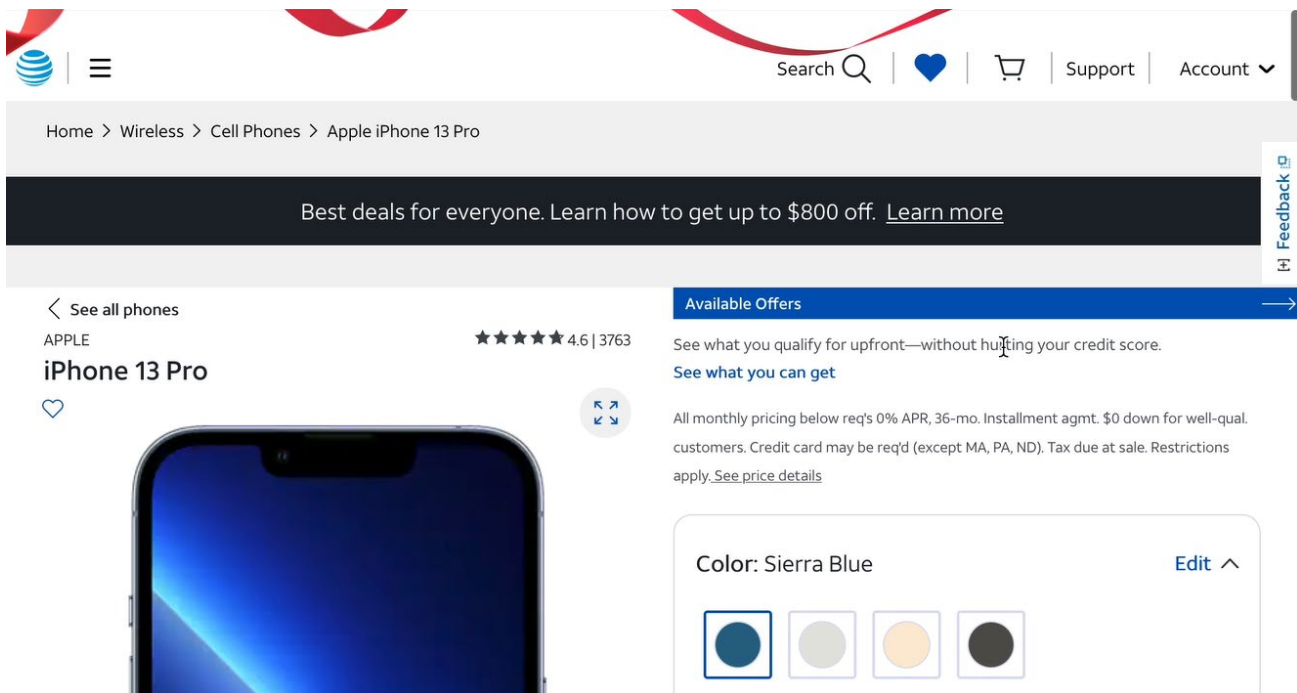
https://www.att.com/buy/accessories/browse/all (showing Load Page) (accessed November 17, 2021)



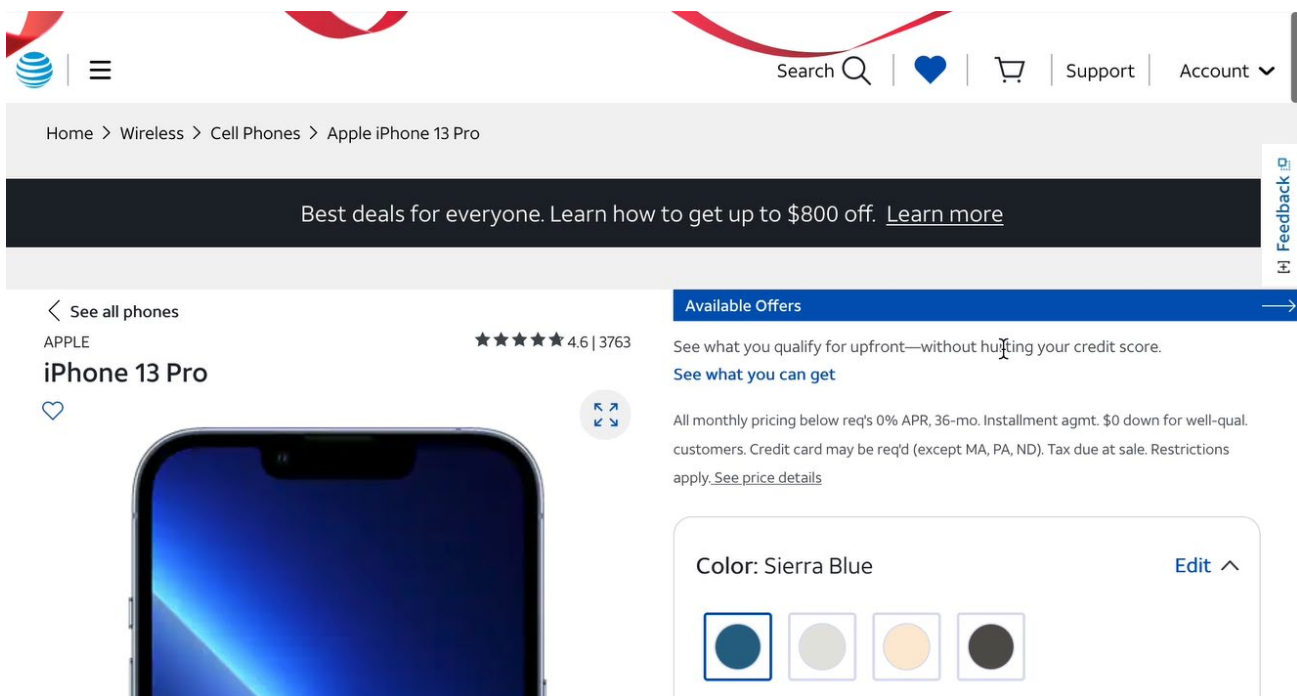
<https://www.att.com/buy/phones/apple-iphone-13-pro-128gb-silver.html> (showing Item Options) (accessed November 17, 2021)



<https://www.att.com/buy/phones/apple-iphone-13-pro-128gb-sierra-blue.html> (showing Trade-In) (accessed November 17, 2021)



<https://www.att.com/buy/phones/apple-iphone-13-pro-128gb-sierra-blue.html> (showing Account) (accessed November 17, 2021)



<https://www.att.com/buy/phones/apple-iphone-13-pro-128gb-sierra-blue.html> (showing Checkout) (accessed November 17, 2021)

COUNT I

(INFRINGEMENT OF THE '745 PATENT)

30. Droplets incorporates by reference each allegation stated in paragraphs 1 through 29 above as if fully stated here.

31. AT&T infringed one or more of claims 1-16 of the '745 patent prior to its expiration, literally or under the doctrine of equivalents, under 35 U.S.C. § 271(a), by making, using, selling, or offering for sale the Accused Products in the United States to perform the claimed methods, including as shown in Exhibit 2. Exhibit 2 provides details regarding only examples of AT&T's infringement, and Droplets reserves its right to provide greater detail and scope via its Infringement Contentions at the time required under this Court's scheduling order.

32. AT&T has known of the '745 patent and its past infringement at least since the filing date of this Complaint. Additionally, on information and belief, AT&T has known, or should have known, of the '745 patent and its infringement since Droplets' previous litigations and verdicts, discussed above, given the prominence and related nature of the defendants in those litigations and of the litigations themselves.

33. AT&T also indirectly infringed one or more claims of the '745 patent through the AT&T Website and the AT&T mobile applications. On information and belief, in certain circumstances, client devices and software (e.g., computers, devices, and software used by end users and customers of AT&T's Website and Mobile Apps) directly infringed the '745 patent through the use of the website and mobile applications, in a way shown in Exhibit 2.

34. On information and belief, AT&T actively induced infringement of one or more claims of the '745 patent, under 35 U.S.C. § 271(b), by actively encouraging and instructing its customers and users to perform, as described above, the methods of the '745 Patent through use of the Accused Products.

35. On information and belief, despite knowledge of the infringement of the '745 patent, AT&T intended to contribute to patent infringement by third parties by selling, offering to sell, and/or supplying components, materials, or apparatuses for use in performing the patented methods of the '745 patent by end users and consumers, including by providing especially made and/or especially adopted code (including the webcode discussed in Exhibit 2) for use in infringing the '745 patent, wherein that code is not a staple article or commodity of commerce suitable for substantial non-infringing use, and AT&T received valuable consideration in exchange.

36. On information and belief, to the extent AT&T was not aware that it was encouraging its customers and end users to infringe the '745 patent, or contributing to such infringement, its lack of knowledge was based on being willfully blind to the possibility that its acts would cause infringement.

37. Droplets was damaged by the infringement of the '745 patent by AT&T. Droplets is entitled to recover from AT&T the damages sustained by Droplets as a result of AT&T's wrongful acts.

38. The infringement by AT&T of the '745 patent was deliberate and willful, entitling Droplets to increased damages under 35 U.S.C. § 284 and to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

DEMAND FOR JURY TRIAL

39. Droplets hereby demands a jury trial on its claims for patent infringement.

PRAYER FOR RELIEF

WHEREFORE, Droplets respectfully requests that this Court enter judgment in its favor and grant the following relief:

- A. Enter judgment that AT&T infringed, directly and/or indirectly, the '745 patent;
- B. Find that such infringement was willful;

C. Award Droplets damages in an amount adequate to compensate Droplets for AT&T's infringement of the '745 patent, but in no event less than a reasonable royalty under 35 U.S.C. § 284;

D. Award enhanced damages pursuant to 35 U.S.C. § 284;

E. Find that this case is exceptional and award Droplets its reasonable attorneys' fees under 35 U.S.C. § 285;

F. Order AT&T to pay pre-judgment and post-judgment interest to the full extent allowed under the law; and

G. Grant such other and further relief as the Court may deem just and proper.

Dated: November 22, 2024

Respectfully submitted,

/s/ Courtland L. Reichman

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