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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

API Systems, Inc., a California
corporation,

Plaintiff,

v.

Clarvue, Inc., a California
corporation,

Defendant.

Civil Case No. 8:21-CV-00507

**COMPLAINT FOR COPYRIGHT
INFRINGEMENT AND BREACH
OF CONTRACT**

DEMAND FOR JURY TRIAL

Plaintiff API Systems, Inc., by and through its counsel, alleges for its
complaint against defendant Clarvue, Inc. as follows:

Civil Case No. 8:21-CV-00507

1 **NATURE OF THE ACTION**

2 1. This Court has subject matter jurisdiction pursuant to 17 U.S.C. §
3 501, *et seq.* (copyright infringement) and 28 U.S.C. §§ 1331 (federal question
4 jurisdiction), 1338(a) and 1338(b) and supplemental jurisdiction for state causes
5 of action.

6 **THE PARTIES**

7 2. Plaintiff API Systems, Inc. (“API Systems,”) is a corporation
8 organized under the laws of the State of California with its principal place of
9 business in Tustin, California.

10 3. Defendant Clarvue, Inc. is a corporation organized under the laws of
11 the State of California with, on information and belief, its principal place of
12 business at 17320 Red Hill Avenue, Irvine, California.

13 **JURISDICTION AND VENUE**

14 4. This Court has subject matter jurisdiction over this lawsuit under 28
15 U.S.C. § 1338, because, *inter alia*, the action arises under the copyright laws of
16 the United States.

17 5. This Court has personal jurisdiction over defendant Clarvue, Inc.,
18 because it is a California corporation residing in California. Also, defendant has
19 transacted business in the Central District of California. Further, defendant
20 systematically and continuously direct business activities toward and into the
21 Central District of California, including selling the infringing material and
22 entering into a contract with plaintiff.

23 6. Venue is proper and reasonable in this district under 28 U.S.C. §
24 1391(b)(2) because a substantial part of the events or omissions giving rise to
25 these claims for copyright infringement and breach of contract occurred in this
26 district and defendant has significant contacts with the district.

FACTS

7. Plaintiff API Systems is a corporation engaged in the development, sale and marketing of software, including software used to generate customizable surveys, user forms and databases.

8. API Systems' software may be hosted on internet-accessible web servers for client companies in a variety of industries to use to create database management systems.

9. For example, API Systems' software has been used by companies in the facility management industry to allow property management companies to provide a platform where workflow can be managed in databases.

10. In 2005, certain software entitled SURVEY Web Code (the "2005 SURVEY Web Code") was created and subsequently assigned to API Systems.

11. API Systems' work is the subject of U.S. Copyright Registration No. TX0008830022. A true and correct copy of said copyright registration is attached hereto as Exhibit A.

12. An exemplary and true and correct copy of a portion of the 2005 SURVEY Web Code is attached hereto as Exhibit B.

13. In 2019, API Systems licensed and delivered software comprising the copyrighted 2005 SURVEY Web Code (the "2019 SURVEY Web Code") to Clarvue.

14. On March 21, 2020, API Systems and Clarvue formalized the license by entering into a Limited Software License Agreement ("Software Agreement"). A true and correct copy of the Software Agreement is attached hereto as Exhibit D.

15. The Software Agreement, among other things, provides Clarvue with a license to software entitled "nFormz" comprised of 2019 SURVEY Web Code. The 2019 SURVEY web code comprises nearly all the protectable portions of the 2005 SURVEY Web Code and contains further improvements.

1 16. API Systems delivered the 2019 SURVEY Web Code in compiled,
2 executable object code format to Clarvue.

3 17. On information and belief, in or around May 2020, Clarvue, its
4 employees and contractors proceed to reverse engineer, replicate, and copy API's
5 object code to generate the source code version of the 2019 SURVEY Web Code.

6 18. The Software Agreement explicitly provides that Clarvue shall not
7 reverse engineer the 2019 SURVEY Web Code. The Software Agreement further
8 provides that Clarvue shall not make any derivative works based on API Systems'
9 copyrighted material.

10 19. An exemplary, true and correct copy of Clarvue's infringing code is
11 attached hereto as Exhibit C. On information and belief, the infringing code will
12 generate output that is substantially similar to the output of the copyrighted code
13 in Exhibit B.

14 20. API Systems uses the copyright symbol, ©, on its copyrighted works,
15 including the SURVEY Web Code.

16 21. Defendant's copying, republication and exploitation of plaintiff's
17 copyrighted work(s) was without authorization from plaintiff. Defendant's
18 copying was willful, oppressive, malicious and with wrongful intent to infringe
19 the rights of plaintiff.

20 **CLAIMS OF RELIEF**

21 **FIRST CLAIM OF RELIEF**

22 **(Copyright Infringement – 17 U.S.C. § 501)**

23 22. Plaintiff repeats and incorporates by reference the statements and
24 allegations in paragraphs 1 to 21 of the complaint as though fully set forth herein.

25 23. At all times relevant hereto, plaintiff has been the owner, author
26 and/or assignee of all copyright rights or rights to assert copyright claims for its
27 works and all derivative works.

28 24. Without authorization, defendant used, copied, reproduced, and

1 republished the copyrighted material. Defendant's copying, reproduction, and
2 republication were commercial in character and purpose. Defendant either
3 completely or substantially used plaintiff's copyrighted content. Because the
4 copying was for commercial purposes, it did not constitute fair use under any
5 doctrine of copyright law.

6 25. Plaintiff did not authorize defendant's copying, displaying, or
7 republishing of the works. Defendant infringed the copyrights of plaintiff's
8 creative works by, *inter alia*, reproducing, republishing, publicly displaying, and
9 creating derivatives of the works.

10 26. As a result of defendant's infringement, plaintiff has suffered, and
11 will continue to suffer, substantial losses.

12 27. Defendant knew the infringed works belonged to plaintiff and that
13 they did not have authorization to exploit plaintiff's works. Defendant's
14 infringements were, therefore, willful.

15 28. On information and belief, defendant induced, caused and materially
16 contributed to the infringing acts of others by encouraging, inducing, allowing,
17 and assisting others to reproduce and republish plaintiff's works. Further, on
18 information and belief, defendant had knowledge of the infringing acts of others
19 relating to plaintiff's copyrighted works.

20 29. On information and belief, defendant has the right and ability to
21 control the infringing acts of the individuals and entities that directly infringed
22 plaintiff's works. Further, on information and belief, defendant obtained a direct
23 financial benefit from the infringing activities of the individuals or entities that
24 directly infringed plaintiff's works.

25 30. Defendant's actions, as set forth above, constitute copyright
26 infringement in violation of the Copyright Act, 17 U.S.C. § 501, *et seq.*, all to the
27 damage of plaintiff as previously alleged.

28 31. By reason of the foregoing unlawful acts recited in the above

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