

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION**

INTERACTIVE GRAPHIC SOLUTIONS  
LLC,

Plaintiff,

v.

MICROSOFT CORPORATION,

Defendant.

Case No. 6:21-cv-462

Patent Case

Jury Trial Demanded

**ORIGINAL COMPLAINT FOR PATENT INFRINGEMENT**

Plaintiff Interactive Graphic Solutions LLC files this Original Complaint for patent infringement against Microsoft Corporation alleging as follows:

**NATURE OF THE SUIT**

1. This is a claim for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code. More specifically, this cause of action asserts infringement of United States Patent Nos. 7,916,147 (“the ’147 Patent”), 8,081,192 (“the ’192 Patent”), 8,203,568 (“the ’568 Patent”), 8,466,922 (“the ’922 Patent”), 9,113,146 (“the ’146 Patent”), 9,117,285 (“the ’285 Patent”), 9,424,621 (“the ’621 Patent”), and 9,852,490 (“the ’490 Patent”) (collectively, the “Patents-in-Suit”).

**THE PARTIES**

2. Plaintiff **Interactive Graphic Solutions LLC** (“Plaintiff” or “IGS”) is a Texas corporation with its principal place of business at 11 Tattersall, Laguna Niguel, California 92677.

3. Defendant **Microsoft Corporation** (“Microsoft”) is a Washington corporation with a principal place of business located at 10900 Stonelake Boulevard, Suite 225, Austin, Texas 78759.

## **JURISDICTION AND VENUE**

4. This action arises under the patent laws of the United States, 35 U.S.C. § 101, *et seq.* This Court's jurisdiction over this action is proper under the above statutes, including 35 U.S.C. § 271, *et seq.*, 28 U.S.C. § 1331 (federal question jurisdiction), and § 1338 (jurisdiction over patent actions).

5. Microsoft is subject to personal jurisdiction in this Court. In particular, this Court has personal jurisdiction over Microsoft because Microsoft has engaged in continuous, systematic, and substantial activities within this State, including substantial marketing and sales of products within this State and this District. Furthermore, upon information and belief, this Court has personal jurisdiction over Microsoft because Microsoft has committed acts giving rise to IGS's claims for patent infringement within and directed to this District.

6. Upon information and belief, Microsoft has committed acts of infringement in this District and has one or more regular and established places of business within this District under the language of 28 U.S.C. § 1400(b). Thus, venue is proper in this District under 28 U.S.C. § 1400(b).

7. Microsoft maintains permanent physical presences within the Western District of Texas, conducting business from at least its locations at (1) 10900 Stonelake Boulevard, Suite 225, Austin, Texas 78759 (Corporate Sales Office); (2) Concord Park II, 401 East Sonterra Boulevard, Suite 300, San Antonio, Texas 78258 (Corporate Sales Office); (3) 7400 San Pedro Avenue, San Antonio, Texas 78216 (Retail Store); and (4) 5150 Rogers Road, San Antonio, Texas and others in the San Antonio area (Data Center).

8. Upon information and belief, Microsoft has conducted and does conduct substantial business in this forum, directly and/or through subsidiaries, agents, representatives, or intermediaries, such substantial business including but not limited to: (i) at least a portion of the

infringements alleged herein; (ii) purposefully and voluntarily placing one or more infringing products into the stream of commerce with the expectation that they will be purchased by consumers in this forum; or (iii) regularly doing or soliciting business, engaging in other persistent courses of conduct, or deriving substantial revenue from goods and services provided to individuals in Texas and in this judicial district.

9. Venue is proper in the Western District of Texas pursuant to 28 U.S.C. §1331 and 28 U.S.C. § 1400(b).

### **BACKGROUND**

10. T5 Labs Ltd. (“T5 Labs”), the owner of the Patents-in-Suit, is the developer of software and other technologies related to interactive graphic processing.

11. The origin of T5 Labs began when one day Mr. Graham Clemie, the founder of T5 Labs and a named inventor on the Patents-in-Suit, attempted to download a video game only to discover that his computer was not powerful enough to run the video game.

12. Mr. Clemie’s background is in telecommunications and cable TV, having previously worked at companies such as Ericsson and NEC. As a potential solution to his problem, Mr. Clemie began looking into whether remote computer processing power could be utilized to run a video game, as opposed to relying solely on the processing power of, for example, a user’s home computer.

13. In other words, Mr. Clemie began researching whether the processing power of centralized servers (e.g., what is now called the “cloud”) could be utilized to expand the availability of video games and other software to remote users with limited computing power.

14. T5 Labs was originally funded by Mr. Clemie and later by grants that T5 Labs received from the Department of Trade and Industry in the United Kingdom as part of competitive awards that were granted to high-tech companies with strong and promising concepts.

15. T5 Labs became an official partner of IBM and worked together to bid on major projects in the United States, Japan, France, and other locations around the world.

16. As T5 Labs grew, it sought to raise additional capital from private individuals and venture capital firms, including Benchmark Capital (a/k/a Balderton Capital) (“Balderton”).

17. On April 7, 2005, Mr. Clemie had a meeting at the London offices of Balderton with one of the firm’s partners, George Coelho. The purpose of the meeting was to explore raising funding for T5 Labs.

18. During the meeting, Mr. Coelho indicated that he did not fully understand T5 Labs’ technology, but that he thought someone at Balderton’s offices that day may be able to assist in helping Mr. Coelho understand the technical aspects of T5 Labs’ pitch. Mr. Coelho then asked Mr. Clemie to meet with Mr. Neal Margulis.

19. Mr. Clemie proceeded to explain to Mr. Margulis in detail the nature of T5 Labs’ technology, inventions, etc. Mr. Clemie also informed Mr. Coelho and Mr. Margulis that T5 Labs had patents pending on its technology.

20. The two exchanged contact information and, on July 12, 2005, Mr. Clemie e-mailed Mr. Margulis to inquire whether Mr. Margulis would be interested in joining T5 Labs.

21. Mr. Margulis responded on August 9, 2005, indicating that he had too much on his plate. Mr. Clemie later learned that Mr. Margulis was in the process of forming Calista Technologies, Inc. (“Calista”) which became a competitor to T5 Labs and ultimately formed the basis for the Accused Instrumentalities (defined herein) at issue in this case.

22. Mr. Clemie would later learn that on November 1, 2005, Mr. Margulis filed U.S. Patent Application No. 11/264,269, titled “Multi-User Terminal Services Accelerator” (“the ’269 Application”).

23. The ’269 Application, and Mr. Margulis’, Calista’s, and ultimately Microsoft’s subsequent patent filings, relate to the key technical concepts that Mr. Clemie presented to Mr. Coelho and Mr. Margulis on April 7, 2005 and that are claimed in one or more the Patents-in-Suit.

24. On February 22, 2006, Mr. Margulis formed Calista.

25. On February 27, 2006, the ’269 Application was assigned to Calista.

26. In January 2008, Calista was acquired by Microsoft for a reputed \$125 million. As part of the acquisition, Mr. Margulis, who was intimately familiar with T5 Labs’ technology and inventions, became a high level employee of Microsoft.

27. On March 6, 2009, the ’269 Application was assigned to Microsoft as a result of Calista’s acquisition by, and merger with, Microsoft.

28. In February 2011, Microsoft announced a new technology called RemoteFX that formed part of an update to Windows Server 2008. This new technology was based on the technology it acquired from Calista, including the technology disclosed in the ’269 Application.

29. On March 1, 2011, the ’269 Application issued to Microsoft as U.S. Patent No. 7,899,864 (the ’864 Patent”). The technology disclosed in the ’864 Patent relates to the key technical concepts that Mr. Clemie presented to Mr. Coelho and Mr. Margulis on April 7, 2005 and that are claimed in the Patents-in-Suit.

30. The ’147 Patent, which is asserted in this case, stems from PCT Application No. PCT/GB03/00933 filed on March 3, 2003, which subsequently published as WO03/075116 (“the

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