

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

WALKER DIGITAL, LLC and)
WALKER DIGITAL LOTTERY, LLC)
)
Plaintiffs,)
)
v.)
)
MULTI-STATE LOTTERY)
ASSOCIATION)
)
Defendant.)

Civil Action No. _____

JURY TRIAL DEMANDED

COMPLAINT

Plaintiffs Walker Digital, LLC and Walker Digital Lottery, LLC (collectively, “Walker Digital”) for their Complaint against Defendant Multi-State Lottery Association (“MUSL”) hereby allege as follows:

The Parties

1. Plaintiff Walker Digital, LLC is a limited liability corporation duly organized and existing under the laws of the State of Delaware, with its principal place of business at 2 High Ridge Park, Stamford, Connecticut 06905.
2. Plaintiff Walker Digital Lottery, LLC is a limited liability corporation duly organized and existing under the laws of the State of Delaware, with its principal place of business at 2 High Ridge Park, Stamford, Connecticut 06905.
3. Defendant MUSL is an association of member lotteries with its principal place of business at 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322. MUSL may be served with process by its registered agent Wayne Dolezal, 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322.

4. MUSL is in the business of, among other things, operating lottery games.

MUSL's members include the Arizona Lottery, Arkansas Lottery, Colorado Lottery, Connecticut Lottery Corporation, D.C. Lottery, Delaware State Lottery, Florida Lottery, Hoosier Lottery, Idaho Lottery, Iowa Lottery, Kansas Lottery, Kentucky Lottery Corporation, Louisiana Lottery Corporation, Maine Lottery, Minnesota State Lottery, Missouri Lottery, Montana Lottery, Nebraska Lottery, New Hampshire Lottery Commission, New Mexico Lottery Authority, North Carolina Education Lottery, North Dakota Lottery, Oklahoma Lottery, Oregon Lottery, Pennsylvania Lottery, Rhode Island Lottery, South Carolina Education Lottery, South Dakota Lottery, Tennessee Education Lottery, Vermont Lottery, U.S. Virgin Islands Lottery, Wisconsin Lottery, and West Virginia Lottery.

Nature of the Action

5. This is a civil action for the infringement of United States Patent No. 7,740,537 ("the '537 Patent") (attached as Exhibit A) under the Patent Laws of the United States 35 U.S.C. §1 *et seq.*

Jurisdiction and Venue

6. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

7. This Court has personal jurisdiction over MUSL because, *inter alia*, MUSL has committed, aided, abetted, contributed to, and/or participated in the commission of patent infringement in this judicial district and elsewhere that led to foreseeable harm and injury to Walker Digital. This Court also has personal jurisdiction over MUSL because, among other things, MUSL has established minimum contacts within the forum such that the exercise of jurisdiction over MUSL will not offend traditional notions of fair play and substantial justice. On information and belief, MUSL does business in the State of Delaware. On information and

belief, the acts and transactions complained of herein were, in part, carried out, made effective, and/or had effect within the State of Delaware.

8. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(a), in that MUSL has committed acts of infringement in this judicial district, and the Court has personal jurisdiction over MUSL.

The Patent-In-Suit

9. On June 22, 2010, the '537 Patent, titled "System and Method For Applying Lottery Multipliers" was duly and legally issued by the United States Patent and Trademark Office. Walker Digital owns the entire right, title, and interest in the '537 Patent, and it possesses all rights to sue and recover for any current or past infringement of the '537 Patent.

Factual Background

10. Walker Digital, LLC is a Stamford, Connecticut-based laboratory that invents new ways for businesses to serve consumers, by studying human behavior and designing solutions utilizing modern information technologies. Jay Walker, chairman of Walker Digital, is one of America's best-known entrepreneurs. He twice has been named by the editors of TIME magazine as one of the 50 most influential business leaders in the digital age. Business Week selected him as one of its 25 Internet pioneers responsible for "changing the competitive landscape of almost every industry in the world." Newsweek cited him as one of three executives at the forefront of the Internet commerce revolution.

11. MUSL manages the lottery game referred to as Powerball® in various states, including the State of Delaware. Powerball® implements a prize multiplier feature, referred to as "Power Play®."

12. MUSL also manages the lottery game referred to as Mega Millions® in various states, including the State of Delaware. Mega Millions® implements a prize multiplier feature, referred to as "Megaplier®."

13. Since at least as early as March 3, 2010, MUSL has known of Walker Digital's U.S. Patent Application number 11/425,416, which issued as the '537 Patent. Since as early as March 30, 2010, MUSL has known of the allowance by the United States Patent & Trademark Office of the claims of the '537 Patent. Walker Digital and MUSL had discussions regarding licensing of the '537 Patent. MUSL has not taken a license to the '537 Patent.

Count I

Infringement of U.S. Patent No. 7,740,537

14. Walker Digital incorporates herein by reference the allegations set forth in paragraphs 1-13 of this Complaint as though fully set forth herein.

15. MUSL, alone or in combination with its member lotteries and others, has been and still is infringing the '537 Patent under 35 U.S.C. §§ 271(a) and/or (b) by making, using, selling, offering to sell, and/or otherwise providing systems that implement Powerball® with the Power Play® prize multiplier feature.

16. MUSL, alone or in combination with its member lotteries and others, has been and still is infringing the '537 Patent under 35 U.S.C. §§ 271(a) and/or (b) by making, using, selling, offering to sell, and/or otherwise providing systems that implement Mega Millions® with the Megaplier® prize multiplier feature.

17. MUSL's foregoing acts of infringement were and continue to be willful.

18. As a result of MUSL's infringement, Walker Digital is entitled to damages under 35 U.S.C. § 284.

Prayer For Relief

Wherefore, Walker Digital prays for judgment against MUSL as follows:

- a) For a judicial determination and declaration that MUSL infringed, and continues to infringe the claims of United States Patent No. 7,740,537;

- b) For a judicial determination and declaration that Defendant's infringement of United States Patent No. 7,740,537 has been, and continues to be, willful;
- c) For an award of damages under 35 U.S.C. § 284, including enhanced damages;
- d) For a judicial declaration that this case is exceptional under 35 U.S.C. § 285 and that MUSL be ordered to pay Walker Digital's reasonable attorney's fees and expenses pursuant to 35 U.S.C. § 285;
- e) For a judicial order awarding to Walker Digital pre-judgment and post-judgment interest on the damages caused to it by MUSL's infringement; and
- f) For any such other and further relief as the Court may deem just and proper under the circumstances.

Demand For Jury Trial

Walker Digital hereby demands a trial by jury on all claims and issues so triable.

DATED: December 20, 2010

FARNAN LLP

/s/ Brian E. Farnan

Brian E. Farnan (Bar No. 4089)

919 North Market Street

12th Floor

Wilmington, DE 19801

(302) 777-0300

(302) 777-0301

bfarnan@farnanlaw.com

Counsel for Plaintiffs

Walker Digital, LLC and Walker Digital

Lottery, LLC

Of Counsel:

John M. Desmarais

jdesmarais@desmaraisllp.com

Alan S. Kellman

akellman@desmaraisllp.com

Jonas R. McDavit

jmcdavit@desmaraisllp.com

Jason Berrebi

jberrebi@desmaraisllp.com

DESMARAIS LLP

230 Park Avenue

New York, NY 10169

(212) 351-3400 (Telephone)

(212) 351-3401 (Facsimile)