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E-Wallet Tech Developer Claims Apple Pay Was His Brainchild

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Law360, New York (May 23, 2017, 4:48 PM EDT) -- [Apple](#) and [Visa](#) were hit with a patent infringement suit in Delaware federal court on Sunday alleging that they rejected a licensing deal with an early developer of personal identity authentication technology for a contactless payment system and nevertheless went to market with their own version, Apple Pay.

Universal Secure Registry LLC and its founder, Chairman and CEO Kenneth P. Weiss claim in the complaint that Apple Pay, a feature of Apple devices since 2014, infringes on four registered patents related to secure access and payment systems, which analyze biometric information inputted from a device and communicate authentication information to a secure registry to unlock a particular user account. Additionally, USR suggests that Apple Inc. and Visa Inc. took advantage of its efforts to describe the patented technology while pursuing partnerships with the companies in 2010.

"Recognizing very early on — long before Apple, Visa and others in the payment industry — that mobile phones and other personal electronic devices provided an optimal platform, Dr. Weiss developed and patented superior technology using such devices to provide a mobile, efficient and highly secure system for making payment-card transactions," the complaint states. "Dr. Weiss was the first in this space, and the secure payment technology that he developed is the core of Apple Pay."

Weiss, who popularized two-factor authentication technology through his SecurID tokens, claims to have recognized a potential application for his research in securely authorizing payments, seeking to partner with Apple and Visa in 2010 to develop an electronic wallet that could interact with point-of-sale devices. USR sent a series of letters to Apple describing the technology over the course of that year, suggesting at one point that it be ingrained in the iPhone, and presented his idea to Visa Chairman and CEO Joseph Saunders, among other executives, under a 10-year nondisclosure agreement, USR's counsel told Law360 Monday.

But Apple and Visa, which conducts more than 150 million transactions per day, decided instead to partner with each other on mobile payment technology starting at least in early 2013, allegedly dedicating over 1000 employees to the project, according to the complaint. Apple CEO Tim Cook unveiled Apple Pay the following September in conjunction with the release of the iPhone 6.

"In [Cook's] address, Apple touted the same benefits that USR had introduced to Apple and Visa in 2010," the complaint states.

In Sunday's suit, USR is seeking injunctive relief, monetary damages and attorneys fees from both Apple and Visa based on their cooperative effort to launch and expand their allegedly infringing Apple Pay technology to millions of retailers. In particular, USR cited the Visa Token Service, a digital and mobile payment service that supports Apple Pay transactions, as evidence of Visa's complicit infringement.

"We invite and encourage Apple and Visa to discuss settlement before litigation begins in earnest," Tigran Guledjian of Quinn Emanuel Urquhart & Sullivan LLP, USR's lead counsel, told Law360 Tuesday.

Apple Pay Vice President Jennifer Bailey said at a conference in San Francisco in December that the contactless payment system is used by 35 percent of retailers nationwide, totaling some 4 million.

Two of the suit's patents, U.S. Patent Numbers 8,577,813 and 8,856,539, concern a so-called universal secure registry and the others, U.S. Patent Numbers 9,100,826 and 9,530,137, encompass a method and apparatus for secure access payment and identification. They were registered between November 2013 and December 2016.

USR is represented by Jack B. Blumenfeld and Jeremy A. Tigan of Morris Nichols Arsht & Tunnell LLP and Tigran Guledjian, Harold A. Barza, Valerie Roddy, Jordan B. Kaericher, Sean S. Pak and Brian E. Mack of Quinn Emanuel Urquhart & Sullivan LLP.

Counsel information for Apple was not immediately available Tuesday.

The case is Universal Secure Registry LLC v. Apple Inc. et al., case number 1:17-cv-00585, in the U.S. District Court for the District of Delaware.

--Editing by Katherine Rautenberg.

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