

Trevor Q. Coddington, Ph.D.

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VIA EMAIL (REDACTED@gmail.com)

[REDACTED]

[REDACTED]

Founder

[REDACTED]

RE: License Needed for Unauthorized Use of reCAPTCHA v2
(Subject to FRE 408)

Dear [REDACTED]:

We represent Defenders of the American Dream LLC (DAD) in its intellectual property matters. DAD owns United States Patent No. 8,621,578, entitled "Methods and Systems for Protecting Website Forms from Automated Access" (the '578 patent), a copy of which is attached. Several claims of the '578 patent read on Google's reCAPTCHA v2, which is integrated into your company's website ([REDACTED]) to discern human users from bots. An exemplary infringement chart is enclosed herewith.

The '578 patent was initially invented and owned by Confident Technologies, Inc. (CTI), a small startup located in San Diego, CA. CTI commercialized several software solutions, including its Confident CAPTCHA, a clickable, image-based CAPTCHA that stopped spam and malicious bots while remaining very easy for people to solve. Enterprises such as Nike utilized the Confident CAPTCHA solution to prevent post-launch creation of secondary markets with inflated prices for limited edition products. However, once Google introduced its image-based reCAPTCHA for free, no less, CTI was unable to maintain a financially viable business. Google chose to ignore CTI's communications regarding its CAPTCHA solution and the '578 patent's exclusive rights to add insult to injury. Google's efficient infringement subsequently forced CTI to abandon operations and any return on the millions of dollars of capital investment used to develop its patented solutions.¹

Meanwhile, your company obtained and utilized the patented technology for free.

DAD was created to help innovators such as CTI achieve the promise of a reward for their inventive labor and to support the United States patent system's proper functioning. If inventors believe that the patent system is stacked against them and will suffer efficient infringement, less patentable innovation will be created. Without legal security in stable and effective patent rights,

¹ Efficient infringement occurs when a company deliberately chooses to infringe a patent given that it is cheaper than to license the patent.

venture capitalists will not invest in inventors or startups, and the innovation economy will suffer as a whole.

For your company, this means the time has come to pay for its use of patented technology. Fortunately, DAD offers a one-time, standard license fee for the '578 patent (depending on the timing of your company's acceptance) as follows:

<u>Fee</u> ²	<u>Timing of Acceptance</u>
\$8,500	DAD's standard licensing terms are accepted immediately.
\$17,000	After DAD disproves a non-infringement or invalidity position.
\$35,000	After DAD provides a draft patent infringement complaint.
\$70,000+	Your company tells DAD to "pound sand," or the like, or DAD is forced to commence or defend adjudication of the '578 patent in a United States District Court or the United States Patent and Trademark Office (PTO). ³

These license fee steps account for the amount of attorney time involved, among other factors. Nonetheless, you have the opportunity to resolve your infringement for a nominal amount. DAD's licensing terms include a full release and a covenant not to sue for past, present, and future infringement, among other typical terms.

DAD prefers to settle this matter without unnecessary legal posturing. Nevertheless, DAD is prepared to address the merits of its patent infringement claim against your company and any other issues you may have with the use of reCAPTCHA v2.

CTI litigated the '578 patent against Ticketmaster/Live Nation, AXS Group, and Fandango. Notably, in the AXS Group lawsuit, the Court found "that the invention claimed in the '578 patent is not directed to an abstract idea." Order Denying Defendants' Motion to Dismiss (ECF No. 23), *Confident Tech. Inc. v. AXS Group LLP*, Case No. 17-cv-02181 (S.D.Cal., M. Huff).

Per Google's Terms of Use, your company agreed to defend and indemnify Google for patent infringement. See, e.g., Google APIs Terms of Service (Last modified: January 16, 2019) (available at <https://developers.google.com/terms/>) at Section 2.b ("You will not use the APIs to encourage or promote illegal activity or violation of third party rights.") and Section 9.c ("Unless prohibited by applicable law, if you are a business, you will defend and indemnify Google, and its affiliates, directors, officers, employees, and users, against all liabilities, damages, losses, costs, fees (including legal fees), and expenses relating to any allegation or third-party legal proceeding to the extent arising from: ... your violation or your end user's violation of the Terms ...").

This letter is not intended to and does not waive any of DAD's rights. Further, this letter does not purport to be a full or complete statement of the facts or the law. It is without prejudice to

² Not-for-profit entities are eligible for a discount.

³ Please note that the PTO also utilizes reCAPTCHA v2 and accordingly, we would seek the PTO's recusal.

any rights, claims, and remedies available to DAD, whether legal or equitable, all of which are expressly reserved.

If you have any questions, please email those to DAD@insigne.law. We look forward to a response by [REDACTED], and sending you DAD's standard licensing agreement for your review.

Your support of patented innovation is much appreciated.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Trevor Coddington". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Trevor Coddington, Ph.D.