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14  
15 **UNITED STATES DISTRICT COURT**  
16 **NORTHERN DISTRICT OF CALIFORNIA**  
17 **SAN JOSE DIVISION**

18 **GOOGLE INC., AOL LLC, YAHOO!**  
19 **INC., IAC SEARCH & MEDIA, INC., and**  
20 **LYCOS, INC.**

21 **Plaintiffs,**

22 **v.**

23 **L. DANIEL EGGER, SOFTWARE**  
24 **RIGHTS ARCHIVE, LLC, and SITE**  
25 **TECHNOLOGIES, INC.**

26 **Defendants.**

Case No. CV08-03172RMW

**DEFENDANTS' MOTION TO DISMISS,  
TRANSFER, OR STAY UNDER THE  
FIRST-TO-FILE RULE, UNDER RULE  
12(B)(2) FOR LACK OF PERSONAL  
JURISDICTION, AND UNDER RULE  
12(B)(1) FOR LACK OF SUBJECT  
MATTER JURISDICTION**

Date of Hearing: January 23, 2009

Time of Hearing: 10:30 am

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1 Defendants L. Daniel Egger, Software Rights Archive, LLC (“SRA”), and Site  
2 Technologies, Inc. file this motion to dismiss, transfer, or stay under the first-to-file rule, under  
3 Federal Rule of Civil Procedure 12(b)(2) for lack of personal jurisdiction, and under Federal  
4 Rule of Civil Procedure 12(b)(1) for lack of subject matter jurisdiction. This motion is scheduled  
5 to be heard on January 23, 2009 at 10:30 am.

6 For the reasons asserted herein, Defendants request this Court to dismiss this case. In the  
7 alternative, Defendants request this Court to transfer this case to the Eastern District of Texas or  
8 to stay this case until Case No. 2:07-cv-00511-TJW-CE, currently pending in the Eastern District  
9 of Texas, has been resolved.

#### 10 SUMMARY OF ARGUMENT

11 This lawsuit suffers from three fatal defects:

12 (1) The first-to-file rule requires that this case be dismissed, transferred, or stayed.  
13 This action is merely duplicative of a first-filed action in the Eastern District of Texas. In  
14 November 2007, SRA filed suit in the Eastern District of Texas alleging that Google Inc., AOL  
15 LLC, Yahoo! Inc., IAC Search & Media, Inc., and Lycos, Inc. infringed U.S. Patent Nos.  
16 5,544,352, 5,832,494, and 6,233,571. In July 2008, Google, AOL, Yahoo!, IAC, and Lycos—  
17 the same parties that are defendants in the Texas action—filed this action in the Northern District  
18 of California alleging that they did not infringe the ‘352, ‘494, and ‘571 patents—the same  
19 patents at issue in the Texas action. The issues in the Eastern District of Texas and in this case  
20 are the same standard issues in patent litigation—infringement, invalidity, laches, unclean hands,  
21 ownership of the patents, and others. The case is brought against SRA—the plaintiff in the  
22 Texas action—and against two additional parties who are not real parties in interest.<sup>1</sup>

23  
24  
25 <sup>1</sup> Plaintiffs have added the additional parties—Daniel Egger and Site Technologies, Inc.—in an  
26 apparent attempt to create a non-identity of the parties and thereby provide an argument for  
27 keeping this case in California. In truth, Plaintiffs admit in their complaint, and Defendants  
28 agree, that Egger does not own the patents-in-suit and therefore is not a real party in interest.  
The parties disagree whether Site Technologies is a real party in interest, but Plaintiffs have  
already raised that issue in the Texas action, with a pending motion that will be submitted for  
ruling in November 2008.

1           (2) This Court lacks personal jurisdiction over SRA and Egger. Courts have general  
2 jurisdiction only over defendants who maintain a “substantial and continuous presence”—as  
3 opposed to “sporadic contacts”—with the forum state. Here, SRA had no pre-suit contacts with  
4 California whatsoever, and any contacts SRA had after filing the Texas action occurred only in  
5 connection with that case and only because Google, Yahoo!, and IAC happen to be domiciled in  
6 California. Plaintiffs have alleged no continuing contacts between Egger and California, but  
7 instead, only four sporadic contacts—three isolated transactions and the filing of the Texas  
8 action (which actually was filed by SRA, not Egger). In patent declaratory judgment actions,  
9 courts possess specific jurisdiction over defendants only where the defendants (1) contacted the  
10 forum state plaintiffs prior to the suit to allege patent infringement; and (2) in addition, engaged  
11 in “other patent-related activities” in the forum state, such as attempting extra-judicial  
12 enforcement of the patents in the forum state, granting an exclusive license of the patented  
13 technology in the forum state, selling the patented product in the forum state, or hiring a patent  
14 attorney in the forum state. Here, there is no allegation that SRA or Egger ever contacted  
15 Plaintiffs in California to allege patent infringement. Further, there is no allegation that SRA or  
16 Egger engaged in any of the “other activities” required to give rise to specific jurisdiction.

17           (3) This Court lacks subject matter jurisdiction over Plaintiffs’ claims against Egger  
18 and Site Technologies. Courts possess subject matter jurisdiction over claims only when a case  
19 or controversy exists between the parties. In patent declaratory judgment actions, this requires  
20 that the defendants possess an “underlying legal cause of action” against the plaintiffs and that  
21 the defendants have, by “affirmative acts,” shown that they “believe or plan to assert that the  
22 plaintiffs’ product infringes their patents.” Here, neither Egger nor Site Technologies even owns  
23 the patents-in-suit. Further, there is no evidence that either party believes or plans to assert  
24 infringement by Plaintiffs. Indeed, Site Technologies has repeatedly disclaimed any interest in  
25 the patents-in-suit or any intention to enforce the patent rights.





1 were Daniel Egger and Site Technologies, former owners of the patents who now have no  
2 interest whatsoever either in the patents or in this litigation, as both have testified and as  
3 Plaintiffs admit with respect to Egger. (*Cal. Compl.*, ¶¶ 7, 9, 19; *Ait Dec.* ¶ 5.) The  
4 defendants—now “Plaintiffs” in this suit—pled in their California complaint “claims for relief”  
5 that are virtually identical to the defenses and counterclaims they asserted in the Texas action:  
6 non-infringement, invalidity, laches, unclean hands, lack of ownership, expiration of patent, and  
7 unenforceability. (*Cal. Compl.*, ¶¶ 39-73.)

8 **B. Argument and Authorities**

9 This case should be dismissed under the first-to-file rule. As this Court has explained,  
10 “The ‘first to file’ rule allows a district court to transfer, stay or dismiss an action when a similar  
11 complaint has been filed in another federal court.” *Z-Line Designs, Inc. v. Bell’O Int’l LLC*, 218  
12 F.R.D. 663, 665 (N.D. Cal. 2003). Under the first-to-file rule, the court first examines three  
13 threshold factors to determine whether the rule applies: “(1) the chronology of the two actions;  
14 (2) the similarity of the parties, and (3) the similarity of the issues.” *Id.* Then, “[e]ven if the  
15 threshold factors of the first to file rule are met, . . . [d]istrict courts can, in the exercise of their  
16 discretion, dispense with the rule for reasons of equity.” *Id.* Specifically, “[c]ircumstances under  
17 which the first to file rule will not be applied include bad faith, anticipatory suit, and forum  
18 shopping. . . . A court may also refuse to apply the first to file rule if the balance of convenience  
19 weighs in favor of the later-filed action.” *Id.*

20 As this Court has long recognized, “[t]he general rule is that as a principle of sound  
21 judicial administration, the first suit should have priority, absent special circumstances.” *Octel*  
22 *Comm’ns Corp. v. Theis Research, Inc.*, 1993 WL 172087, at \*2 (N.D. Cal. May 17, 1993).  
23 This is because “[t]he purpose of the comity principle is of paramount importance. The doctrine  
24 is designed to avoid placing an unnecessary burden on the federal judiciary, and to avoid the  
25 embarrassment of conflicting judgments.” *Church of Scientology of Cal. v. U.S. Dept. of Army*,  
26 611 F.2d 738, 750 (9th Cir. 1979). Indeed, “[p]articularly in this time of increasingly crowded  
27 federal dockets, it is imperative to avoid concurrent litigation in multiple forums.” *Humphrey v.*  
28

1 *Snap Sys., Inc.*, 1993 WL 13556390, at \*2 (N.D. Cal. Aug. 6, 1993). Thus, “[t]he first to file rule  
2 should not be disregarded lightly.” *Z-Line*, 218 F.R.D. at 665 (internal quotation marks omitted).

3 Here, all three prerequisites of the first-to-file rule apply. Further, none of the special  
4 circumstances giving rise to an exception to the rule applies. Therefore, this case should be  
5 dismissed. Alternatively, this case should be transferred to the Eastern District of Texas or, at a  
6 minimum, stayed in favor of the Texas action.

7 1. All three threshold factors apply here, rendering the first-to-file rule *prima*  
8 *facie* applicable.

9 All three threshold factors apply here, rendering the first-to-file rule *prima facie*  
10 applicable. First, the requirement that the first-filed suit chronologically precede the second-filed  
11 suit is satisfied here. The Texas action was filed on November 21, 2007, while this action was  
12 filed on July 1, 2008.

13 Second, the requirement that the parties in the two suits be similar is satisfied. Here, the  
14 parties are virtually identical. The five plaintiffs here—Google, AOL, Yahoo!, IAC, and  
15 Lycos—are exactly the five defendants in the Texas action. And the plaintiff in the Texas  
16 action—SRA, the true party in interest—is a defendant here. The only difference among the  
17 parties in the two suits is that Plaintiffs in this action have added two defendants—Daniel Egger  
18 and Site Technologies—who are not parties to the Texas action. This difference does not affect  
19 the applicability of the first-to-file rule. For one thing, as argued in detail in later sections of this  
20 brief, Egger and Site Technologies are not proper parties to this action. This court lacks personal  
21 jurisdiction over Egger, because Egger has had insufficient contacts with California, and it lacks  
22 subject matter jurisdiction over Plaintiffs’ claims against both Egger and Site Technologies,  
23 because neither of those parties owns any interest in the patents. Furthermore, Plaintiffs’ only  
24 basis for naming Site Technologies as a party to this suit is Plaintiffs’ contention that Site  
25 Technologies was the true owner of the patents-in-suit at the time the complaint was filed. Yet  
26 this disputed issue is already being litigated in the Texas action. In fact, discovery and briefing  
27 regarding the issue are nearly complete, and the issue will be presented for decision in a matter  
28

1 of days.<sup>2</sup> Thus, the presence of these two additional defendants adds no factual or legal issues to  
2 those already being litigated in Texas.

3 In any event, “the courts in this circuit have generally not required strict identity of the  
4 issues or parties. Rather, substantial similarity between the actions is enough. This liberal  
5 construction of the ‘sameness’ requirements makes sense because it better serves the policies  
6 against inefficiency and unnecessary duplication that underpin the rule.” *In re Com21, Inc.*, 357  
7 B.R. 802, 807 (Bankr. N.D. Cal. 2006). Thus, this Court has consistently applied the first-to-file  
8 rule even where slight differences existed between the parties in the two actions. *See, e.g., Dist.*  
9 *Council 37 Health & Sec. Plan v. McKesson Corp.*, 2006 WL 1305235, at \*1 (N.D. Cal. May 11,  
10 2006) (“The presence of an additional defendant in the Massachusetts action does not render the  
11 actions dissimilar for the purposes of the first to file rule.”); *Alioto v. Hoiles*, 2004 WL 2326367,  
12 at \*5 (N.D. Cal. Oct. 12, 2004) (transferring case despite differences in parties: “Alioto and  
13 Hoiles are parties in both cases. Elizabeth Davison, Gail Sanchez, and Jill Hoiles, defendants in  
14 the present action, are counter-defendants in the compulsory counterclaim that Alioto filed in the  
15 Colorado action.”); *Centocor, Inc. v. MedImmune, Inc.*, 2002 WL 31465299, at \*3 (N.D. Cal.  
16 Oct. 22, 2002) (“[P]laintiffs argue that the rule does not apply because the universities are not  
17 named as parties to the Maryland action. . . . But plaintiffs’ argument ignores the fact that courts  
18 generally do not require identical issues or parties . . .”).

19 Finally, the third prerequisite to the first-to-file rule is satisfied; the issues raised by the  
20 two cases are virtually identical. This case identifies seven “claims for relief”—the issues of  
21 non-infringement, invalidity, laches, unclean hands, lack of ownership, expiration of a patent,  
22 and unenforceability. (*Cal. Compl.*, ¶¶ 39-73.) Five of these seven—non-infringement,  
23 invalidity, laches, unclean hands, and lack of ownership—have already been expressly asserted  
24

25 <sup>2</sup> See Defendants’ Motion to Dismiss for Lack of Standing, filed July 16, 2008, Docket No. 66,  
26 Case No. 2:07-CV-511-TJW-CE, and Plaintiff’s Response to Defendants’ Motion to Dismiss,  
27 filed Aug. 25, 2008, Docket No. 76. Defendants’ Reply is due November 10. Furthermore, it is  
28 beyond dispute that Site Technologies does not own the patents *now*, since the company recently  
executed a backup assignment of the patents-in-suit to Egger (who in turn then executed a  
backup assignment to SRA), to make absolutely clear what had been the case since 1998: that it  
has no interest in the patents.

1 as affirmative defenses in the Texas action. (The issues of non-infringement and invalidity have  
2 also been asserted as declaratory judgment counterclaims in the Texas action.) The other two  
3 may be asserted subsequently; Plaintiffs explicitly reserved the right to assert additional defenses  
4 in the Texas case. In this respect, this case is just like *Alibaba.com, Inc. v. Litecubes, Inc.*, 2004  
5 WL 443712 (N.D. Cal. Mar. 8, 2004). In *Alibaba.com*, this Court stayed the second-filed case  
6 under the first-to-file rule and held, “Alibaba’s later-filed suit is the kind of which affirmative  
7 defenses and counter-claims are made. It seeks declaratory relief of non-infringement and  
8 invalidity; it asserts what is often a counter-claim in infringement actions, an antitrust claim; and,  
9 for ‘good’ measure it adds a claim under section 17200 . . . . It is very telling, and the court  
10 notes, that the lost race to the court house was responsive and defensive to Litecubes’ Missouri  
11 action.” *Id.* at \*2; *see also Dist. Council*, 2006 WL 1305235, at \*1 (dismissing second-filed  
12 action under first-to-file rule, in part because “the issues in the two cases are substantially  
13 similar, resting on identical factual allegations and asserting identical or analogous causes of  
14 action . . .”). In short, all three prerequisites of the first to file rule are satisfied.

15 2. None of the exceptions to the first-to-file rule applies in this case.

16 The first-to-file rule being *prima facie* applicable, it further is the case that none of the  
17 exceptions to the rule applies here. First, there is no evidence of bad faith in SRA’s selection of  
18 the Eastern District of Texas as the forum for its suit. SRA selected that forum because it is  
19 known for its patent expertise, is centrally located, and is near SRA’s counsel. Second, SRA’s  
20 suit is not anticipatory. As this Court has explained, “The anticipatory suit exception is rooted in  
21 a concern that a plaintiff should not be deprived of its traditional choice of forum because a  
22 defendant with notice of an impending suit first files a declaratory relief action over the same  
23 issue in another forum.” *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1097 (N.D.  
24 Cal. 2006). Here, SRA did not file its suit in Texas to avoid an imminent suit by Plaintiffs  
25 elsewhere. In fact, there is no evidence that such a suit was imminent. SRA also did not engage  
26 in “transparent forum shopping.” *Alibaba.com*, 2004 WL 443712, at \*2 n.3. To the contrary, it  
27 filed suit in the Eastern District of Texas for legitimate reasons—because that district possesses  
28

1 expertise in patent matters, because the Eastern District of Texas is centrally located, and  
2 because SRA's counsel are based in Houston and Austin.<sup>3</sup>

3 Finally, the balance of conveniences does not weigh "so strongly in [Plaintiffs'] favor as  
4 to justify a departure from the 'first to file' rule." *Ward v. Follett Corp.*, 158 F.R.D. 645, 649  
5 (N.D. Cal. 1994). As a threshold matter, "the respective convenience of the two courts normally  
6 should be addressed to the court in the first filed action rather than to the court in the later-filed  
7 action." *Id.* at 648 (internal quotation marks omitted). Thus, at the outset, this issue is one for  
8 Plaintiffs to argue in the Texas action, not this action. This Court therefore need not even  
9 consider this issue in its analysis.

10 Either way, this factor weighs, at best, evenly between Plaintiffs and Defendants.  
11 Plaintiffs Google, Yahoo!, and IACSAM are located near this Court. But Plaintiffs AOL and  
12 Lycos, as well as Defendants Egger and SRA, are located closer to Texas than to California.<sup>4</sup>  
13 Further, while Site Technologies used to maintain its principal office in California when it  
14 existed, it hardly exists now, and its former CEO and sole director, Jeffrey F. Ait, currently  
15 resides in South Carolina, which is closer to Texas. Likewise, the time and expense of  
16 transporting the witnesses and documents is likely to be at best equivalent as between Texas and  
17 California.

18 This case resembles *Pacesetter Systems, Inc. v. Medtronic, Inc.*, 678 F.2d 93 (9th Cir.  
19 1982). In *Pacesetter*, a patent owner sued an alleged infringer for patent infringement in the  
20 Southern District of Florida. *Id.* at 94. The patent owner sought damages and an injunction. *Id.*  
21 Three days later, the alleged infringer filed a declaratory judgment action in the Central District  
22 of California, alleging invalidity, non-infringement, and unenforceability of the same three  
23 patents at issue in the Florida case. *Id.* The Central District of California dismissed the second-

24 \_\_\_\_\_  
25 <sup>3</sup> Moreover, as a general matter under Ninth Circuit law, "there is a strong presumption in favor  
of plaintiff's choice of forums." *Gherebi v. Bush*, 352 F.3d 1278, 1303 (9th Cir. 2003) (internal  
quotation marks omitted).

26 <sup>4</sup> Moreover, in the last two years alone, three of the five Plaintiffs have litigated in the Eastern  
27 District of Texas. See *Fotomedia Techs., LLC v. AOL, LLC*, 2008 WL 4372348 (E.D. Tex. Sept.  
24, 2008) (AOL); *PA Advisors, LLC v. Google Inc.*, 2008 WL 4136426 (E.D. Tex. Aug. 8, 2008)

1 filed action in deference to the Florida action. *Id.* On appeal, the Ninth Circuit affirmed. The  
2 Ninth Circuit held, “We agree with the district court that the goal of judicial efficiency would not  
3 have been served by accepting jurisdiction.” *Id.* at 96. Specifically, “permitting multiple  
4 litigation of these identical claims could serve no purpose of judicial administration, and the risk  
5 of conflicting determinations as to the patents’ validity and enforceability was clear. No  
6 apparent bar existed to a presentation of [the alleged infringer’s] claims and defenses before the  
7 Florida court. That forum was capable of efficiently resolving all issues, and economic use of  
8 both courts’ resources resulted from the California court’s refusal to consider [the alleged  
9 infringer’s] claims.” *Id.* The Ninth Circuit in fact chided the alleged infringer for misusing the  
10 declaratory judgment action: “Declaratory relief is intended to serve a unique function in patent  
11 disputes, eliminating multiple litigation and protecting competitors from infringement actions  
12 that are threatened but not pursued. In contrast to those policies, [the alleged infringer’s]  
13 declaratory judgment action multiplies litigation. It does not shield [the alleged infringer] from  
14 an unfair threat of an infringement action, but attempts to remove ongoing litigation from the  
15 forum chosen by the plaintiff.” *Id.* at 97. The court summed up its reasoning as follows: “The  
16 manufacturer who is charged with infringing a patent cannot stretch the Federal Declaratory  
17 Judgment Act to give it a paramount right to choose the forum for trying out questions of  
18 infringement and validity. He is given an equal start in the race to the courthouse, not a  
19 headstart.” *Id.* (internal quotation marks omitted).

### 20 C. Conclusion

21 In short, the first-to-file rule applies here, and Plaintiffs’ case should be dismissed.  
22 Alternatively, Plaintiffs’ case should be transferred to the Eastern District of Texas or, at a  
23 minimum, stayed until the Texas action is resolved.

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28 (Google); *Doe v. Bates*, 2006 WL 3813758 (E.D. Tex. Dec. 27, 2006) (Yahoo!); *Prickett v. InfoUSA, Inc.*, 561 F. Supp. 2d 646 (E.D. Tex. 2006) (Yahoo!).

1 **II. This Court should dismiss Plaintiffs’ claims against SRA and Daniel Egger under**  
2 **Rule 12(b)(2), because it lacks personal jurisdiction over them.**

3 This Court should dismiss Plaintiffs’ claims against SRA and Egger under Rule 12(b)(2),  
4 because it lacks personal jurisdiction over them.

5 **A. Facts**

6 1. SRA’s contacts with California.

7 SRA is a Delaware limited liability company with its principal office in Texas. It was  
8 founded in 2004, and in its four-year history, it has done just two things: in February 2005, it  
9 acquired the patents-in-suit from Daniel Egger in a transaction that occurred in North Carolina;  
10 and in November 2007, it filed its patent lawsuit against Plaintiffs in the Eastern District of  
11 Texas. SRA had no pre-litigation contacts with California. Its only contacts with California  
12 occurred post-filing—in the context of maintaining the Texas action—and only because Google,  
13 Yahoo!, and IAC happen to have California domiciles.

14 2. Daniel Egger’s contacts with California.

15 Plaintiffs allege only four contacts between Egger and California. (*See Cal. Compl.*, ¶  
16 31.) First, Plaintiffs allege that Egger “attempt[ed] to acquire the Patents-in-Suit from Deltapoint  
17 (a.k.a. Site Technologies, Inc.), a California corporation.” (*Cal. Compl.*, ¶ 31.) Second,  
18 Plaintiffs allege that Egger “arrange[d] the sale of Libertech, Inc. to Deltapoint Inc., a California  
19 corporation, knowing that Deltapoint, Inc. was a California corporation and did business  
20 principally in California.” (*Cal. Compl.*, ¶ 31.) Third, Plaintiffs allege that Egger “held himself  
21 out to be an officer of the defunct and/or nonexistent Site/Technologies/Inc. (a.k.a. Libertech),  
22 and executed the 2005 Assignment in which he purported to dispose of the [patents-in-suit].”  
23 (*Cal. Compl.*, ¶ 31.) Finally, Plaintiffs allege that “Egger, through the instrumentality of  
24 Defendant SRA, has also sued Google, Yahoo!, and IACSAM—all California companies—for  
25 alleged patent infringement . . . .” (*Cal. Compl.*, ¶ 31.)

26 **B. Argument and Authorities**

27 This Court lacks personal jurisdiction over SRA and Egger. Under federal law, courts  
28 cannot exercise jurisdiction over non-resident defendants unless those defendants have “certain

1 minimum contacts with the forum such that the maintenance of the suit does not offend  
2 traditional notions of fair play and substantial justice.” *Pennington Seed, Inc. v. Produce*  
3 *Exchange No. 299*, 457 F.3d 1334, 1344 (Fed. Cir. 2006).<sup>5</sup> Personal jurisdiction comes in two  
4 forms—general and specific. *Trintec Indus., Inc. v. Pedre Promotional Products, Inc.*, 395 F.3d  
5 1275, 1279 (Fed. Cir. 2005).<sup>6</sup> Plaintiffs have the burden of establishing that one or the other  
6 exists. *Iowa State Univ. Research Found., Inc. v. Greater Continents Inc.*, 81 Fed. Appx. 344,  
7 349 (Fed. Cir. 2003). Plaintiffs cannot establish either type of jurisdiction for either SRA or  
8 Egger.

9 1. This Court lacks general jurisdiction over SRA and Egger, because neither  
10 party has even remotely established a “substantial and continuous  
presence” in California.

11 This Court lacks general jurisdiction over SRA and Egger, because neither party has even  
12 remotely established a “substantial or continuous presence” in California.

13 a. General jurisdiction standards

14 General jurisdiction arises only where the defendant has established “‘continuous and  
15 systematic’ contacts with the forum state.” *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d  
16 1194, 1200 (Fed. Cir. 2003). This standard requires demonstrating a “substantial and continuous  
17 presence”—as distinguished from “sporadic” contacts—in the forum state. *Campbell Pet Co. v.*  
18 *Miale*, 542 F.3d 879, 884 (Fed. Cir. 2008). Neither the U.S. Supreme Court nor the Federal  
19 Circuit has articulated a detailed test for determining general jurisdiction. *LSI Indus. Inc. v.*  
20 *Hubbell Lighting, Inc.*, 232 F.3d 1369, 1375 (Fed. Cir. 2000). Federal appellate case law makes  
21 clear, however, that the standard is an exacting one. For example, the Ninth Circuit has written,  
22 “For general jurisdiction to exist over a nonresident defendant . . . , the defendant must engage in  
23 ‘continuous and systematic general business contacts,’ that approximate physical presence in the

24 \_\_\_\_\_  
25 <sup>5</sup> There is no separate long-arm jurisdiction analysis in California. Because “California’s long-  
arm statute is coextensive with federal due process requirements, the tests for jurisdiction merge  
into one analysis.” *Park v. Oxford Univ.*, 35 F. Supp. 2d 1165, 1166 (N.D. Cal. 1997).

26 <sup>6</sup> Federal Circuit personal jurisdiction law governs here: “This court applies the law of the  
27 Federal Circuit, rather than that of the regional circuits, to determine personal jurisdiction in a  
patent infringement case. This choice of governing law applies as well to personal jurisdiction in



1 forum state. This is an exacting standard, as it should be, because a finding of general  
2 jurisdiction permits a defendant to be haled into court in the forum state to answer for any of its  
3 activities anywhere in the world.” *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797,  
4 801 (9th Cir. 2004) (internal quotation marks and citations omitted). Thus, as the Ninth Circuit  
5 has reported, courts “regularly have declined to find general jurisdiction even where the contacts  
6 were quite extensive.” *Amoco Egypt Oil Co. v. Leonis Navig’n Co.*, 1 F.3d 848, 851 n.3 (9th Cir.  
7 1993).

8 In the leading case on general jurisdiction, *Helicopteros Nacionales de Colombia, S.A. v.*  
9 *Hall*, 466 U.S. 408, 411 (1984), the nonresident defendant had negotiated a contract in the forum  
10 state, had purchased over \$4 million of inventory in the forum state, had sent employees to train  
11 in the forum state, and had sent management and maintenance personnel to the forum state to  
12 engage in technical consultation. The Supreme Court nevertheless held that general jurisdiction  
13 did not exist. *Id.* at 419. The Court identified several types of contacts that had not been  
14 established:

15 [The defendant] never has been authorized to do business in Texas and never has  
16 had an agent for the service of process within the State. It never has performed  
17 helicopter operations in Texas or sold any product that reached Texas, never  
18 solicited business in Texas, never signed any contract in Texas, never had any  
19 employee based there, and never recruited an employee in Texas. In addition, [the  
20 defendant] never has owned real or personal property in Texas and never has  
21 maintained an office or establishment there. [The defendant] has maintained no  
22 records in Texas and has no shareholders in that State.

23 *Id.* at 411-12.

24 b. This Court lacks general jurisdiction over SRA, because SRA’s  
25 contacts with California are sporadic and are even fewer than the  
26 defendant’s contacts in *Helicopteros*.

27 This Court lacks general jurisdiction over SRA. As in *Helicopteros*, SRA has never been  
28 authorized to do business in California, has never had an agent for service of process in  
California, has never conducted any operations in or sold any products that reached California,  
has never solicited business in California, has never signed a contract in California, has never

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29 declaratory judgment actions that involve patentees as defendants.” *Red Wing Shoe Co., Inc. v.*  
30 *Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1358 (Fed. Cir. 1998).

1 recruited or based an employee in California, has never owned property in California, has never  
2 maintained an office in California, and has never maintained records in California. Indeed, SRA  
3 has even fewer contacts than the defendant in *Helicopteros*. Unlike that defendant, SRA has  
4 never negotiated a contract in California, has never made purchases in California, and has never  
5 trained employees or engaged in consultation in California. Indeed, SRA had no pre-suit  
6 contacts with California. Rather, SRA's sole contacts with California arise out of its having filed  
7 a suit against companies based in California, as well as other defendant companies based in  
8 Virginia (AOL) and Massachusetts (Lycos). These contacts scarcely demonstrate a "substantial  
9 and continuous presence" in California. To the contrary, they are "sporadic" in nature; they arise  
10 at particular moments for particular purposes and are limited in duration. Therefore, this Court  
11 lacks general jurisdiction over SRA.

12 c. This Court lacks general jurisdiction over Egger, because Plaintiffs  
13 have alleged no continuing contacts, but instead only four sporadic  
contacts, between Egger and California.

14 This Court lacks general jurisdiction over Egger. Plaintiffs have not alleged any  
15 "continuous or systematic contacts" between Egger and California. Plaintiffs have not alleged  
16 that Egger ever lived in California for any length of time, ever owned property in California, ever  
17 maintained an office in California, ever maintained a bank account in California, or ever  
18 employed agents in California. Plaintiffs' only allegations, rather, are that Egger engaged in two  
19 isolated transactions with California entities, executed an assignment in the purported role of an  
20 officer of a California company, and filed a single lawsuit against three California entities (a  
21 lawsuit that in fact was not even filed by Egger, but by SRA). Such contacts do not indicate a  
22 "substantial and continuing presence" in California. Rather, such contacts are "sporadic,";  
23 arising at particular moments in time and for limited duration. Therefore, this Court lacks  
24 general jurisdiction over Egger.

1                   2.     This Court lacks specific jurisdiction over SRA and Egger, because  
2                   neither party made pre-suit accusations of patent infringement against  
3                   Plaintiffs or engaged in other required patent-related activities in  
4                   California.

5                   This Court lacks specific jurisdiction over SRA and Egger, because neither party made  
6 pre-suit accusations of patent infringement against Plaintiffs or engaged in other required patent-  
7 related activities in California.

8                   a.     Specific jurisdiction standards

9                   Under Federal Circuit law, specific jurisdiction arises when three criteria are met: (1) the  
10 defendant purposefully directs his activities at residents of the forum; (2) the litigation results  
11 from alleged injuries that arise out of or relate to those activities; and (3) the assertion of  
12 personal jurisdiction would comport with fair play and substantial justice. *Campbell*, 542 F.3d at  
13 884. In declaratory judgment actions brought by alleged patent infringers seeking declarations of  
14 non-infringement and invalidity, an indispensable prerequisite to asserting personal jurisdiction  
15 is that the defendant have contacted the forum state plaintiff—whether through cease-and-desist  
16 letters, phone calls, in-person visits, or otherwise—prior to suit to allege infringement of the  
17 defendant’s patents. *See, e.g., id.* at 882 (personal jurisdiction upheld where declaratory  
18 judgment defendant had, prior to suit, alleged patent infringement to the declaratory judgment  
19 plaintiff, a forum state resident, and also had established further patent-related contacts with the  
20 forum state); *Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1366 (Fed. Cir.  
21 2006) (same); *Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1350-51 (Fed. Cir. 2003) (same);  
22 *Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Found.*, 297 F.3d 1343, 1352 (Fed.  
23 Cir. 2002) (same); *Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1360 (Fed. Cir. 2001) (same);  
24 *Dainippon Screen Mfg. Co., Ltd. v. CFMT, Inc.*, 142 F.3d 1266, 1271 (Fed. Cir. 1998) (same);  
25 *Genetic Implant Sys. v. Core-Vent Corp.*, 123 F.3d 1455, 1458 (Fed. Cir. 1997) (same); *Viam*  
26 *Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424, 426 (Fed. Cir. 1996) (same); *Akro Corp.*  
27 *v. Luker*, 45 F.3d 1541, 1546 (Fed. Cir. 1995) (same). As the Federal Circuit has held, this  
28 accusation of infringement is “the first and most important point of contact” between a  
declaratory judgment defendant and the forum state. *Inamed*, 249 F.3d at 1360. Indeed, the

1 Federal Circuit has never subjected a defendant to personal jurisdiction in a patent-related  
2 declaratory judgment action without such a contact.

3 In addition to this accusation of infringement, for specific jurisdiction to exist in a patent-  
4 related declaratory judgment action, the Federal Circuit requires that the defendant have engaged  
5 in “other patent-related activities” in the forum state: “For the exercise of personal jurisdiction to  
6 comport with fair play and substantial justice, there must be ‘other activities’ directed at the  
7 forum and related to the cause of action besides the letters threatening an infringement suit.”  
8 *Silent Drive*, 326 F.3d at 1202. Specifically, the following types of forum state activities have  
9 been held to constitute the required “other activities”: attempting, while in the forum state, to  
10 interfere with the forum state plaintiff’s business in the forum state by, for example, alleging  
11 infringement to the plaintiff’s customers in the forum state or to the directors of the market  
12 where the plaintiff’s products are being sold, *Campbell*, 542 F.3d at 886-87; granting an  
13 exclusive license of the patented technology to forum state residents, *Inamed*, 249 F.3d at 1361;  
14 *Akro*, 45 F.3d at 1543; selling the patented product directly, through a licensee, or through an  
15 exclusive distributor in the forum state, *Dainippon*, 142 F.3d at 1271; *Genetic Implant*, 123 F.3d  
16 at 1457; and hiring a patent attorney in the forum state, *Elecs. for Imaging*, 340 F.3d at 1352.

17 This is a high standard, and the Federal Circuit has not hesitated to find specific  
18 jurisdiction wanting when it has been unsatisfied. For example, in *Red Wing Shoe Co., Inc. v.*  
19 *Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1357 (Fed. Cir. 1998), Red Wing (the alleged  
20 infringer) filed a declaratory judgment action in the District of Minnesota against HHI (the patent  
21 holder), seeking a declaration of non-infringement, invalidity, and unenforceability. Red Wing  
22 was a resident of the forum state, Minnesota. HHI, a company whose sole business activity  
23 consisted of purchasing, licensing, and enforcing patent rights, was a Louisiana corporation with  
24 its principal place of business in New Mexico. HHI had just two relevant contacts with  
25 Minnesota. First, it had sent three cease-and-desist letters to Red Wing in Minnesota that alleged  
26 infringement and offered to settle the case by negotiating a license. *Id.* at 1359. Second, it had  
27 granted licenses to thirty-four companies that sold the licensed products in Minnesota, and had  
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1 gained royalties on those Minnesota sales. *Id.* The Federal Circuit held that Minnesota did not  
2 have personal jurisdiction over HHI. *Id.* at 1362. The court held that HHI’s cease-and-desist  
3 letters were an insufficient contact with the state: “[C]ease-and-desist letters alone do not suffice  
4 to create personal jurisdiction.” *Id.* at 1360. The licenses and royalties from Minnesota sales  
5 were also insufficient: “In simple terms, doing business with a company that does business in  
6 Minnesota is not the same as doing business in Minnesota. . . . HHI’s receipt of royalty income  
7 from its licensees for sales made in Minnesota is equally irrelevant.” *Id.* at 1361.

8 The Federal Circuit also considered whether HHI’s efforts to settle the case by  
9 negotiating a license in Minnesota constituted sufficient contacts with the state. The court held  
10 that they were also insufficient:

11 An offer to license is more closely akin to an offer for settlement of a disputed  
12 claim . . . . Treating such hybrid cease-and-desist letters differently [from cease-  
13 and-desist letters not offering settlement] would also be contrary to fair play and  
14 substantial justice by providing disincentives for the initiation of settlement  
15 negotiations. . . . Although the Rules [of Evidence] do not explicitly make  
16 evidence of [settlement] negotiations inadmissible to establish personal  
jurisdiction, the policy underlying the Rules supports an approach that fosters  
settlement of infringement claims. Indeed, this policy squarely invokes one of the  
considerations enumerated by the Supreme Court for the second prong of a proper  
Due Process analysis, namely, “the interstate judicial system’s interest in  
obtaining the most efficient resolution of controversies.”

17 *Id.* (quoting *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292 (1980)).

18 b. This Court lacks specific jurisdiction over SRA, because SRA  
19 neither made pre-suit infringement allegations against Plaintiffs  
nor engaged in the required “other activities” in California.

20 SRA’s contacts with California are insufficient to create specific jurisdiction in  
21 California. For starters, SRA never contacted Plaintiffs prior to the initiation of litigation to  
22 allege infringement of SRA’s patents. Rather, SRA directly filed suit against Plaintiffs in the  
23 Eastern District of Texas, without making any contact with California whatsoever. Furthermore,  
24 SRA has not engaged in any of the “other activities” required to give rise to specific jurisdiction.  
25 SRA has not attempted extra-judicial enforcement of its patents by interfering with Plaintiffs’  
26 business in California; it has not granted an exclusive license of the patented technology to  
27 California residents; it has not sold the patented product in California; and it has not hired a  
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1 patent attorney in California. Finally, SRA's contacts with California are significantly fewer  
2 than the contacts HHI had with Minnesota in *Red Wing*. Unlike HHI, SRA sent no cease-and-  
3 desist letters to California, offered no licenses in California prior to initiating its first-filed suit in  
4 Texas, granted no licenses to companies doing business in California, and collected no royalties  
5 based on sales of products in California. For these reasons, this Court lacks specific jurisdiction  
6 over SRA.

7 c. Plaintiffs' mishmash of allegations fails to justify exercising  
8 specific jurisdiction over SRA.

9 Plaintiffs implicitly concede that SRA has insufficient contacts with California to create  
10 specific jurisdiction. In five full paragraphs of allegations supposedly about SRA's contacts with  
11 California, Plaintiffs allege not one activity that SRA took within California, or under California  
12 law, or along with a California entity, that could have created jurisdiction in this state. (*Cal.*  
13 *Compl.*, ¶¶ 31-35.) To the contrary, Plaintiffs expressly admit in their complaint that "[a]s of  
14 November 21, 2007, Defendant SRA's sole business activity has been to prosecute an action  
15 against Plaintiffs for alleged infringement of the Patents-in-Suit." (*Cal. Compl.*, ¶ 33.)

16 Nevertheless, Plaintiffs attempt to show an attenuated connection between SRA and  
17 California. (*See Cal. Compl.*, ¶¶ 31-35.) These attempts fail. Plaintiffs' allegations can be  
18 grouped into two categories, both of which are insufficient to establish jurisdiction over SRA.  
19 First, Plaintiffs identify various actions taken by Daniel Egger in California. Plaintiffs allege that  
20 "Egger has engaged in business in California" by "arrang[ing] the sale of Libertech, Inc., to  
21 Deltapoint Inc., a California corporation" (in 1997) and then "attempt[ing] to acquire the Patents-  
22 in-Suit from Deltapoint" (in 1998). (*Cal. Compl.*, ¶ 31.) Egger also allegedly engaged in  
23 "transactions and attempted transactions with Deltapoint, a California company," as well as an  
24 "impersonation of an officer of Site/Technologies/Inc. [], which at relevant times was either a  
25 wholly owned subsidiary of a California company and/or was merged into a California  
26 company." (*Cal. Compl.*, ¶ 34.) These allegations are all irrelevant to whether this Court has  
27 jurisdiction over SRA. First, most of Egger's alleged actions in California were taken years  
28 before SRA even existed. It is nonsensical to contend that the nonexistent SRA thereby

1 established contacts with California. Second, Egger is not SRA. Egger's contacts with  
2 California therefore cannot be imputed to SRA, even if, as Plaintiffs allege, Egger worked "in  
3 concert with and for the benefit of Defendant SRA." (*Cal. Compl.*, ¶ 31.) As this Court has  
4 held, "personal jurisdiction over any non-resident individual must be premised upon forum-  
5 related acts personally committed by the individual. Imputed conduct is a connection too  
6 tenuous to warrant the exercise of personal jurisdiction." *Kipperman v. McCone*, 422 F. Supp.  
7 860, 873 n.14 (N.D. Cal. 1976). Plaintiffs' one-line allegation that "Defendant SRA is the alter  
8 ego and agent of Defendant Egger" likewise fails. (*Cal. Compl.*, ¶ 35.) As this Court has stated,  
9 "At the pleading stage, conclusory allegations that a corporate entity is the alter ego of the  
10 defendant are insufficient to survive a motion to dismiss." *Long v. Postorivo*, 2007 WL  
11 2990457, at \*1 (N.D. Cal. Oct. 11, 2007).

12 Plaintiffs also seek to base jurisdiction on the fact that "SRA[] has also sued Google,  
13 Yahoo!, and IACSAM – all California companies – for alleged patent infringement, purporting  
14 to hold legal title to the Patents-in-Suit, which are held in California by a California company."  
15 (*Cal. Compl.*, ¶ 31.) This argument fails for two reasons. First, Plaintiffs' claim that the patents-  
16 in-suit are "held in California by a California company" is wrong. The patents-in-suit are held  
17 by SRA, a Delaware entity located in Texas. And Jeffrey Ait, the former CEO and sole director  
18 of the "California company" referred to, has testified explicitly that the company sold the patents  
19 to Egger in 1998: "On September 16, 1998, Site Tech sold and assigned, among other things,  
20 U.S. Patent No. 5,544,352, and related applications and future patents (which include U.S. Patent  
21 Nos. 5,832,494 and 6,233,571) to Daniel Egger." (*Ait Dec.*, ¶ 5.) Second, it is beyond dispute  
22 that merely filing suit in Texas against a California entity does not create personal jurisdiction in  
23 California. To the contrary, such a proposition squarely conflicts with the U.S. Supreme Court's  
24 longstanding mandate: "[I]t is essential in each case that there be some act by which the  
25 defendant purposefully avails itself of the privilege of conducting activities within the forum  
26 State, thus invoking the benefits and protections of its laws." *Burger King Corp. v. Rudzewicz*,  
27 471 U.S. 462, 475 (1985) (internal quotation marks omitted).

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d. This Court lacks specific jurisdiction over Egger because Egger neither made pre-suit infringement allegations against Plaintiffs nor engaged in the required “other activities” in California.

Egger’s alleged contacts fall well short of those required to establish specific jurisdiction in a patent-related declaratory judgment action. Plaintiffs do not allege that Egger ever contacted any of the Plaintiffs alleging infringement of the patents-in-suit.<sup>7</sup> Further, Plaintiffs do not allege that Egger engaged in any of the “other activities” that, together with threats of infringement, give rise to or relate to a declaratory judgment action. There is no allegation that Egger attempted to interfere with Plaintiffs’ business activities in California so as to extra-judicially enforce the patent rights. There is no allegation that Egger granted an exclusive license of the patented technology to anyone in California. There is no allegation that Egger sold the patented technology in California. There is no allegation that Egger hired a patent attorney in California. Thus, this Court cannot exercise specific jurisdiction over Daniel Egger.

**C. Conclusion**

This Court lacks personal jurisdiction over SRA and Egger. Plaintiffs’ claims against SRA and Egger must be dismissed.

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<sup>7</sup> Indeed, Plaintiffs do not allege that any entity threatened them with an infringement action prior to their filing this case. In truth, this case arose not out of any pre-suit allegations of infringement, but rather out of SRA’s filing the first-filed patent infringement action in the Eastern District of Texas. This case thus falls well outside the scenario in which patent-related declaratory judgment actions are justified. The Federal Circuit has described the scenario “that led to enactment of the Declaratory Judgment Act (Act)” as follows: “In the patent version of that scenario, a patent owner engages in a *danse macabre*, brandishing a Damoclean threat with a sheathed sword. Guerrilla-like, the patent owner attempts extra-judicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. Before the Act, competitors victimized by that tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an in terrorem choice between the incurrence of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests.” *Arrowhead Indus. Water, Inc. v. Ecolochem, Inc.*, 846 F.2d 731, 734-35 (Fed. Cir. 1988).



1 **III. No case or controversy exists between Plaintiffs and Egger or Site Technologies,**  
2 **because Egger and Site Technologies neither own the patents-in-suit nor have**  
3 **expressed any intention to assert that Plaintiffs are infringing the patents.**

4 No case or controversy exists between Plaintiffs and Egger or Site Technologies, because  
5 Egger and Site Technologies neither own the patents-in-suit nor have expressed any intention to  
6 assert that Plaintiffs are infringing the patents.

7 **A. “Case or controversy” standards**

8 Under the Declaratory Judgment Act and Article III of the U.S. Constitution, a court has  
9 subject matter jurisdiction over a case only if the case presents an actual case or controversy  
10 between the parties. *See Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1335 (Fed. Cir.  
11 2008).<sup>8</sup> In turn, an actual case or controversy exists only where “the facts alleged, under all the  
12 circumstances, show that there is a substantial controversy, between parties having adverse legal  
13 interest, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”  
14 *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, no pag. (2007).<sup>9</sup> The standard “require[s]  
15 that there be an underlying legal cause of action that the declaratory defendant could have  
16 brought or threatened to bring, if not for the fact that the declaratory plaintiff has preempted it.  
17 Without an underlying legal cause of action, any adverse economic interest that the declaratory  
18 plaintiff may have against the declaratory defendant is not a legally cognizable interest sufficient  
19 to confer declaratory judgment jurisdiction.” *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495  
20 F.3d 1340, 1344 (Fed. Cir. 2007) (internal quotation marks omitted). In patent-related  
21 declaratory judgment actions, “[t]he lack of any evidence that the defendants believe or plan to  
22 assert that the plaintiff’s product infringes their patents creates a high barrier to proving that [the  
23 plaintiff] faces an imminent risk of injury.” *Prasco*, 537 F.3d at 1340. Indeed, “jurisdiction  
24 generally will not arise . . . without some affirmative act by the patentee.” *Id.* at 1339 (internal  
25 quotation marks omitted).

26 <sup>8</sup> Under Federal Circuit law, “even if there is an actual controversy, the district court is not  
27 required to exercise jurisdiction to address the merits of the action, as it retains discretion under  
28 the Act to decline declaratory judgment jurisdiction.” *Teva Pharms. USA, Inc. v. Novartis  
Pharms. Corp.*, 482 F.3d 1330, 1338 n.3 (Fed. Cir. 2007).

1           **B. No case or controversy exists between Plaintiffs and Egger.**

2           There is no case or controversy between Plaintiffs and Egger. Plaintiffs admit, and  
3 Defendants agree, that Egger does not own the patents-in-suit.<sup>10</sup> (*Cal. Compl.*, ¶ 19) Thus,  
4 Egger has no underlying legal cause of action against Plaintiffs, and Plaintiffs cannot sensibly  
5 claim that Egger plans to assert an infringement claim against Plaintiffs. In short, there is no  
6 case or controversy between Plaintiffs and Egger. *See Pharmachemie B.V. v. Pharmacia S.p.A.*,  
7 934 F. Supp. 484, 489 (D. Mass. 1996) (“At the time that Pharmachemie filed its original  
8 Complaint, S.p.A. possessed merely nominal title to the patents at issue, but by the time the  
9 Amended Complaint was filed, even that last indicia of ownership had been removed. Inasmuch  
10 as no actual controversy between S.p.A. and Pharmachemie could exist after the transfer of  
11 nominal title of the patents to Inc., this Court concludes that it lacks declaratory judgment subject  
12 matter jurisdiction over S.p.A.”) This Court lacks subject matter jurisdiction over Plaintiffs’  
13 claims against Egger.

14           **C. No case or controversy exists between Plaintiffs and Site Technologies.**

15           There is no case or controversy between Plaintiffs and Site Technologies. First, Site  
16 Technologies does not own the patents-in-suit—and has not owned them since September 1998,  
17 as its sole representative has testified under oath. (*Ait Dec.*, ¶ 5.)<sup>11</sup> Second, there is no evidence

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18           <sup>9</sup> Plaintiffs bear the burden of proving a case or controversy sufficient to create subject matter  
19 jurisdiction. *Benitec*, 495 F.3d at 1344.

20           <sup>10</sup> Perhaps Plaintiffs named Egger as a defendant in this suit out of an abundance of caution, just  
21 in case he owns the patents-in-suit. If this is Plaintiffs’ rationale, a declaratory judgment action  
22 is inappropriate. As the Federal Circuit has made clear, “Article III requires that the dispute . . .  
23 admit of specific relief through a decree of conclusive character, as distinguished from an  
24 opinion advising what the law would be upon a hypothetical state of facts.” *Caraco Pharm.*  
25 *Labs., Ltd. v. Forest Labs., Inc.*, 527 F.3d 1278, 1290 (Fed. Cir. 2008) (internal quotation marks  
26 and modifications omitted). Furthermore, even if Egger by some chance did own the patents  
when the lawsuit was filed, he certainly does not own them anymore, because he executed a  
backup assignment of the patents to SRA on September 26, 2008, just to make absolutely clear  
what had been the case since 2005: that he does not own the patents-in-suit. (*See Egger Assmt.*)  
Because “an actual controversy must be extant at all stages of review, not merely at the time the  
complaint was filed,” this Court therefore would lack subject matter jurisdiction over Egger’s  
claims even in that instance. *Benitec*, 495 F.3d at 1345.

27           <sup>11</sup> Plaintiffs of course contend “upon information and belief” that Site Technologies was the  
28 owner of the patents-in-suit *at the time this case was filed*; that issue is being heavily litigated in  
the Texas action. (*Cal. Compl.*, ¶ 38.) But even granting Plaintiffs’ erroneous contention, Site  
Technologies would still have to be dismissed from this suit, because “an actual controversy

1 that Site Technologies “believes or plans to assert that Plaintiffs’ products infringe Site  
2 Technologies’ patents.” Site Technologies certainly has not taken any “affirmative act” to that  
3 effect. The exact opposite is true, in fact. Site Technologies has taken repeated, affirmative  
4 steps to indicate that it has *no* interest in the patents-in-suit and will *not* enforce them in any  
5 fashion.<sup>12</sup> In September 1998, it sold and assigned the patents to Daniel Egger, accepted  
6 \$100,000 in consideration for them, and expressly committed, “[i]n the event any provision of  
7 [the assignment] Agreement shall be held to be invalid, . . . [to] substitute a new enforceable  
8 provision of like economic intent and effect.” (*Ait Dec.*, ¶ 5; *Bill of Sale.*) Further, in August  
9 2008, its sole representative Jeffrey Ait reaffirmed under oath the validity of the September 1998  
10 assignment and stated that “the Site Tech entities do not claim any title to the Patents and have  
11 long disclaimed any ownership in favor of Daniel Egger.” (*Ait Dec.*, ¶ 6.)<sup>13</sup> In short, there is no  
12 case or controversy between Plaintiffs and Site Technologies. Plaintiffs’ claims against Site  
13 Technologies must be dismissed.

#### 14 CONCLUSION

15 In conclusion, this case must be dismissed. Under the first-to-file rule, this case should  
16 be dismissed, because a first-filed action has been pending in the Eastern District of Texas since  
17 November 2007. Further, under Rule 12(b)(2), Plaintiffs’ claims against SRA and Daniel Egger  
18 should be dismissed, because neither party possesses sufficient contacts with California to satisfy

19  
20 must be extant at all stages of review, not merely at the time the complaint was filed,” *Benitec*,  
21 495 F.3d at 1345, and it is beyond dispute that Site Technologies does not own the patents *now*;  
22 on August 13, 2008, Site Technologies executed a backup assignment of the patents-in-suit to  
23 Egger (who in turn then executed a backup assignment to SRA), just to make absolutely clear  
24 what had been the case since 1998: that Site Technologies does not own the patents-in-suit. (*See*  
25 *Site Tech. Assmt.*; *Egger Assmt.*)

26 <sup>12</sup> In fact, Plaintiffs themselves have taken the position, at least in the Eastern District of Texas  
27 action, that Site Technologies is legally forbidden to take affirmative actions as a corporation and  
28 is required to dissolve at the earliest possible opportunity. It is disingenuous for Plaintiffs to  
simultaneously assert, here in the Northern District of California, that they are seriously  
concerned about an infringement action brought by Site Technologies.

<sup>13</sup> Furthermore, in August 2008—before Egger executed a backup assignment to SRA—it  
executed a backup assignment to Egger and stated, “[T]he Site Entities are desirous of removing  
all doubt with respect to Egger’s holding full and complete legal title to and ownership of the  
Patents . . . and . . . are also desirous of Egger obtaining any rights that the Site Entities may have  
into or under the Patents.” (*Site Tech. Assmt.*)

1 the requirements of due process. Finally, under Rule 12(b)(1), Plaintiffs' claims against Egger  
2 and Site Technologies should be dismissed, because neither party owns the patents-in suit or has  
3 taken any affirmative steps indicating an intent to assert infringement by Plaintiffs.

4 In the alternative, under the first-to-file rule this case should be transferred to the Eastern  
5 District of Texas or, at a minimum, should be stayed until the case pending in the Eastern  
6 District of Texas has been resolved.

7  
8 Respectfully submitted,

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) on November 10, 2008.

Lee Kaplan (by permission /RD)  
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- Exhibit 1 Cal. Compl.
- Exhibit 2 Google Answer
- Exhibit 3 Defs' Mot. to Dismiss
- Exhibit 4 Pl.'s Opp.
- Exhibit 5 Tex. Compl.
- Exhibit 6 Ait Dec.
- Exhibit 7 Site Tech Assmt.
- Exhibit 8 Egger Assmt.
- Exhibit 9 Bill of Sale