

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

**UNILOC USA, INC. and
UNILOC SINGAPORE PRIVATE LIMITED,**

Plaintiffs,

v.

NATIONAL INSTRUMENTS CORP., et.al.

Defendants.

Civ. Action No.: 6:10-cv-00472 (LED)

JURY TRIAL DEMANDED

**REPLY IN SUPPORT OF
PLAINTIFFS UNILOC USA, INC. AND UNILOC (SINGAPORE) PRIVATE
LIMITED'S MOTION TO SUBSTITUTE PARTIES
PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 25(c)**

Plaintiffs, Uniloc USA, Inc. (“Uniloc USA”) and Uniloc (Singapore) Private Limited (“Uniloc (Singapore)”) (together “Uniloc”), hereby submit this Reply in Support of their Motion for Substitution Pursuant to Federal Rule of Civil Procedure 25(c) (“Rule 25(c)"). There are six cases pending in this Court in which Uniloc is seeking this substitution. The defendants in those cases have filed a total of seven oppositions. Five of these oppositions are virtually identical. *See Uniloc USA, Inc. et al. v. Sony Corp. of America, et al.*, No. 6:10-cv-00373 (LED)(dkt#112); *Uniloc USA, Inc. et al. v. Disk Doctors Labs, Inc.*, No. 6:10-cv-00471 (LED)(dkt#147); *Uniloc USA, Inc. et al. v. National Instruments Corp. et al.*, No. 6:10-cv-00472 (LED)(dkt#112); *Uniloc USA, Inc. et al. v. BMC Software, Inc., et al.*; No. 6:10-cv-00636 (LED)(dkt#48); *Uniloc USA,*

Inc. et al. v. Foxit Corp., et al., No. 6:10-cv-00691 (LED)(dkt#101). The sixth opposition is shortened to raise only one argument, which is identical to the same argument raised by the previous five, namely that this substitution will somehow deprive defendants of discovery. *See Uniloc USA, Inc. et al. v. Foxit Corp., et al.*, No. 6:10-cv-00691 (LED)(dkt#102). The seventh and final opposition raises the same two arguments, though not in verbatim, raised in the first five, namely that substitution of Uniloc Luxembourg for Uniloc (Singapore) will deprive the defendant of discovery and remedies for their counterclaims. *Uniloc USA, Inc. et al. v. Engrasp, Inc. et al.*, No. 6:10cv-00591 (LED)(dkt#132). To simplify matters for the Court, Uniloc is providing an identical reply with the same brief in all cases.

I. BACKGROUND

Co-Plaintiff Uniloc USA, Inc. is the exclusive licensee of United States Patent No. 5,490,216 (the “Patent-in-Suit”) and has been since September 2003. Uniloc USA is an operating company that researches, develops, manufactures and licenses security technology solutions, platforms and frameworks, including solutions for securing software and other forms of media. At the time of filing this action, Co-Plaintiff Uniloc (Singapore) was the owner of the Patent-in-Suit and had been since the patent issued in February 1996. Uniloc (Singapore) is a holding company whose sole asset was the Patent-in-Suit.

As part of a corporate merger, Uniloc (Singapore) is in the process of, and shortly will be dissolved into its parent company, Uniloc Luxembourg S.A. and cease to exist. As a first step in that process, on January 26, 2011, Uniloc (Singapore), assigned all rights, title, and interest in the Patent-in-Suit to Uniloc Luxembourg, which is now the sole successor in interest in and to the Patent-in-Suit. As such, Uniloc (Singapore) no longer has any Rule 11 basis or standing to remain in this lawsuit. Accordingly, Uniloc requests that the Court order that Uniloc

Luxembourg be substituted for Uniloc (Singapore) for all purposes of this litigation pursuant to Fed. R. Civ. P. 25(c).

II. SUMMARY OF THE ARGUMENTS

Defendants basically offer two arguments in opposition to Uniloc’s motion to substitute. First, defendants argue that substitution will prevent them from obtaining discovery from Uniloc (Singapore). Second, defendants argue that substitution may prevent them from obtaining full remedies against Uniloc (Singapore) with respect to any counterclaims asserted. As set forth below, each argument is easily dispatched with and neither warrants denying the procedural action of substitution under Rule 25(c).¹

III. ARGUMENT

A. DEFENDANTS WILL NOT BE DEPRIVED OF DISCOVERY

First, defendants argue that Uniloc (Singapore) should remain a party because it will likely have information relevant to various categories of listed subject matter. To the extent that information exists, it will not disappear or become unavailable merely because a subsidiary is merged into its parent corporation. Uniloc Luxembourg will simply become the custodian of such information in the current possession of Uniloc (Singapore).

Uniloc (Singapore) is a holding company, whose sole asset was the Patent-in-Suit, which it exclusively licensed to the co-plaintiff and operating company Uniloc USA. Uniloc (Singapore) has no employees, no officers, and no facilities. *See* Decl. of Bradley C. Davis, ¶8.² Uniloc (Singapore)’s physical address is the address of the law firm that serves as local corporate

¹ In their Introduction, defendants state that Uniloc has not filed a motion for substitution in the *Uniloc v. Microsoft* case “still pending in the District of Rhode Island.” Defs’ br., p. 2. No motion was filed there, because no case is pending in the District of Rhode Island. Rather, the case is currently on appeal at the Court of Appeals for the Federal Circuit. Uniloc did file a revised Certificate of Interest at the Court of Appeals identifying Uniloc Luxembourg as the new owner of the ‘216 patent. *See* Exhibit A hereto. If, and when, the CAFC remands the case to a District Court, Uniloc will seek the same substitution.

² Attached as Exhibit B.

counsel for it and Uniloc USA. Davis Declaration at ¶7. To the extent records exist, they consists mostly of statutory filings (which are publically available), board minutes and correspondence between Uniloc and counsel. The documents not publically available are maintained by Uniloc's Singapore counsel and are also under custody and control of Uniloc USA. Davis Declaration at ¶9. Indeed, as part of the merger process, Uniloc (Singapore) has already transferred a copy of its documents to Uniloc USA. Davis Declaration at ¶10. In any event, Uniloc USA has custody and control of all minutes and statutory registers since Uniloc (Singapore)'s incorporation in 1992. Davis Declaration at ¶11. With the patent now assigned, Uniloc (Singapore) has no assets and is in the process of being dissolved into its parent company in accordance with Singapore corporate law.

Further, the requested substitution will not deprive defendants of any deposition testimony from the former Uniloc (Singapore). As stated above, Uniloc (Singapore) has no employees, or officers. The board of Uniloc (Singapore) is comprised of two members, namely Brad Davis (Uniloc USA) and Uniloc's local Singapore counsel. Davis Declaration at ¶¶2 & 5. Additionally, Brad Davis sits on the Board of the parent corporation, Uniloc Luxembourg, as well as on the board of Co-Plaintiff Uniloc USA. Davis Declaration at ¶¶3 & 4. Moreover, Uniloc Luxembourg and Uniloc USA agree to provide discovery to defendants in this case as it would if Uniloc (Singapore) were the surviving entity. Thus, defendants' argument that substitution will deprive them of any discovery should be rejected.

B. DEFENDANTS WILL NOT BE PREVENTED FROM PURSUING THEIR FULL REMEDIES

Second, defendants argue that substitution will deprive them of obtaining full remedies on their counterclaims against Uniloc (Singapore). This argument defies logic. Other than the Patent-in-Suit, Uniloc (Singapore) had no assets. Davis Declaration at ¶12. It is undisputed that

the sole asset has been assigned to its parent Uniloc Luxembourg. As such, Uniloc (Singapore) now has no assets. Further, it will shortly be dissolved into its parent company, Uniloc Luxembourg, and thereafter cease to exist. Davis Declaration at ¶13. Thus, defendants' argument that substitution will deprive them of remedies against Uniloc (Singapore) should be rejected, especially in view of the substitution of the surviving entity, the parent Uniloc Luxembourg.

Defendants' reliance on *Mars, Inc. v. JCM American Corp.*, 2007 WL 776786 (D.N.J. March 09, 2007) is misplaced. Unlike in *Mars*, it is undisputed that Uniloc (Singapore) has transferred all its rights in the Patent-in-Suit to Uniloc Luxembourg. *See* Ex. A to Plaintiffs Uniloc USA, Inc. and Uniloc (Singapore) Private Limited's Motion to Substitute Parties Pursuant to Federal Rule of Civil Procedure 25(c). Defendants have offered no contrary evidence showing that Uniloc (Singapore) has retained any interest in the Patent-in-Suit. Moreover, unlike in the *Mars* case, the transferring entity here, Uniloc (Singapore) will shortly cease to exist. Thus the concerns that kept the *Mars* Court from substituting the parties in that action are simply not present in this case.

Further, Defendant Quinstar confuses the filing of a lien or a security interest with an assignment. The only salient point of inquiry to this motion is the ownership interest of to the Patent-in-Suit (formerly held by Uniloc (Singapore)), and the acquisition of those rights by a subsequent purchaser or assignee (here Uniloc Luxembourg). Non-ownership interests, *e.g.*, security interests held by creditors, are simply not relevant. Security interests held by creditors provide no basis to deny the substitution. Like Defendants other arguments, this one also fails to provide a basis for denying the substitution sought by Uniloc.

IV. CONCLUSION

As set forth above, defendants fail to set forth any legitimate basis for not substituting Uniloc Luxembourg for Uniloc (Singapore) in this case. Uniloc (Singapore) transferred all its rights in the Patent-in-Suit to Uniloc Luxembourg and shortly will cease to exist. Moreover, all relevant discoverable information in the possession custody or control of Uniloc (Singapore) has either already been transferred to Uniloc USA or will be transferred to Uniloc Luxembourg when Uniloc (Singapore) is merged into its parent. Accordingly, for the foregoing reasons, Uniloc (Singapore) requests that its Motion be granted and that the Court order Uniloc Luxembourg be substituted for Uniloc (Singapore) for all purposes of this litigation, including as a plaintiff and counter-defendant in this case.

Respectfully submitted,

**UNILOC USA, INC. and
UNILOC SINGAPORE PRIVATE LTD.**

Date: March 28, 2011

By: /s/ Dean G. Bostock (w/permission TJWJr)

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was filed electronically in compliance with Local Rule CV-5(a). Therefore, this document was served on all counsel who are deemed to have consented to electronic service. Local Rule CV-5(a)(3)(A). Pursuant to Fed. R. Civ. P. 5(d) and Local Rule CV-5(d) and (e), all other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by email on this 28th day of March, 2011.

/s/ Dean G. Bostock (w/permission TJWJr)