IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

UNILOC USA, INC. and UNILOC SINGAPORE PRIVATE LIMITED, Plaintiffs, v. NATIONAL INSTRUMENTS CORP. et al., Defendants.	Civil Action No. 6:10-CV-472-LED

SYMANTEC CORPORATION'S MOTION TO DISMISS FOR IMPROPER VENUE, PURSUANT TO RULE 12(B)(3), FEDERAL RULES OF CIVIL PROCEDURE

I. INTRODUCTION

By this motion, Symantec Corporation ("Symantec") respectfully seeks an Order, pursuant to Rule 12(b)(3) of the Federal Rules of Civil Procedure, dismissing it as a defendant from this action for improper venue.

Symantec and the plaintiffs (collectively "Uniloc") are not strangers, and their dispute belongs in the Central District of California. In May 2008, Uniloc sued Symantec and Symantec's indirect subsidiary, XtreamLok, in that district, claiming infringement of the very patent that is at issue in this case. As part of that litigation, Uniloc stipulated that the California court would retain jurisdiction over Uniloc's infringement claims against Symantec. Furthermore, there presently is a lawsuit pending in that court concerning the patent at issue in this action. As recently as November 1, 2010, Uniloc's counsel represented that Uniloc would dismiss Symantec from the instant lawsuit and proceed in the Central District of California.

Now, however, Uniloc is trying to renege on its earlier agreements. It apparently would prefer to pursue Symantec in this forum, where it has named Symantec as one of twelve unrelated defendants. This type of forum shopping should not be permitted, and given the prior history between the parties, venue is not proper in this District. Symantec respectfully requests that it be dismissed from this action, in order that the parties can resolve their disputes in the forum that Uniloc originally chose and to whose jurisdiction it stipulated – the Central District of California.

II. FACTUAL BACKGROUND

A. Uniloc and Symantec Have Already Litigated the Patent-In-Suit in California

XtreamLok licensed the patent-in-suit – U.S. Patent 5,490,216 – from Uniloc in September 2002. The license agreement specified that courts in the Central District of California

had exclusive jurisdiction over any dispute: "The parties consent to the ***exclusive jurisdiction and venue*** of the federal and state courts located in Orange County, California in any action arising out of or relating to this Agreement. The parties ***waive any other venue to which either party might be entitled*** by domicile or otherwise." Ex. A, p. 4 (emphasis added).[1]

In May 2008, Uniloc filed an action in the Central District of California against XtreamLok and its customer, Symantec. Uniloc alleged that Symantec and XtreamLok were infringing the '216 patent. Uniloc also asserted claims for unfair competition and breach of contract. The case was assigned to the Honorable David O. Carter, Civil Action No. CV-08-03574. Ex. B.

Specifically, Uniloc alleged that XtreamLok had failed to pay certain royalties owed under the license agreement, based on revenue that XtreamLok had received from Symantec. Uniloc alleged that XtreamLok breached the agreement, that the agreement was terminated, and that XtreamLok's technology infringed its patent. It also alleged that Symantec was liable for infringement as a result of licensing XtreamLok's technology and thereafter (in May 2005) indirectly acquiring XtreamLok. *Id*. Symantec and XtreamLok maintained – as they do today – that they do not infringe the patent and that the XtreamLok technology does not practice the purported inventions claimed in the patent.

B. The Parties Stipulated that the California Court Would Retain Jurisdiction to Decide Uniloc's Claim for Patent Infringement

In October 2008, the parties agreed to arbitrate the breach of contract claim, and to stay the remaining claims pending resolution of that arbitration. Specifically, they stipulated that "***once the arbitration of that [breach of contract] claim is concluded, this matter may be***

[1] All exhibits are attached to the Declaration of Mark A. Flagel ("Flagel Decl."), being filed contemporaneously with this motion.

re-activated so that this Court may address any remaining claims for Patent Infringement and Unfair Competition." Ex. C (emphasis added). The parties further stipulated that "once the arbitration is concluded, this Court may determine what, if any, impact the decision in the arbitration has on the other claims raised in the Complaint," and that "***this court will retain jurisdiction to decide Uniloc's claims for Patent Infringement*** and Unfair Competition ***to the extent that either party contends any claims or issues remain in accordance with applicable law***." *Id.* (emphasis added).

C. The California Court Ordered that It Would Retain Jurisdiction over Uniloc's Claim for Patent Infringement

Judge Carter ordered a stay pending the outcome of the arbitration. He specifically ordered that the court "***shall retain jurisdiction*** over Uniloc's Patent Infringement and Unfair Competition Claims, and shall re-activate the matter upon application of the parties upon completion of the arbitration to allow the continuation of the action as to any claims and issues which either party may contend remain to be resolved in accordance with applicable law." Ex. D (emphasis added).

D. The Arbitration Did Not Address or Resolve the Dispute as to Whether XtreamLok or Symantec Infringed the '216 Patent; That Issue was Reserved for the District Court in the Central District of California

The parties stipulated that the arbitration would not cover or address the issue of whether the XtreamLok technology practiced the '216 patent. The parties agreed that question was reserved exclusively for Judge Carter's court.

Instead, the arbitration addressed a single narrow issue: *Assuming* (without deciding) that the accused XtreamLok technology was covered by the '216 patent, had XtreamLok breached the 2002 license agreement? If yes, then the issue of whether XtreamLok and Symantec in fact practiced any valid claim of the '216 patent would be presented to Judge Carter's court for

adjudication. If no, then XtreamLok would remain licensed to the patent (and Symantec, as XtreamLok's customer, would be protected from liability by the patent exhaustion doctrine).

In September 2009, the arbitrator issued her ruling. She concluded that, if one assumed the XtreamLok technology practiced the patent, then XtreamLok had underpaid royalties and that would terminate the license agreement. The arbitrator also quantified the amount she calculated as the underpayment, assuming XtreamLok practiced the patent. XtreamLok elected to pay that dollar amount to Uniloc, subject to the express reservation by XtreamLok of the right to seek return of the money if, as XtreamLok and Symantec have always contended, the XtreamLok technology is not covered by the '216 patent. Ex. E.

E. Uniloc Subsequently Reincorporated in Texas and Proceeded to Engage in Forum Shopping

On November 30, 2009, rather than return to Judge Carter's court to have the infringement issue resolved, Uniloc unilaterally dismissed its lawsuit. Although its principals reside in the Central District of California, and Uniloc USA, Inc. had been incorporated in Rhode Island (where it had sued Microsoft on the same patent), the company apparently incorporated in Texas recently as well. Thereafter, in September 2010, Uniloc brought this lawsuit and named Symantec as one of twelve unrelated defendants. In this manner, Uniloc has engaged in blatant and improper forum shopping.

F. Uniloc Agreed, in Writing, to Dismiss Symantec from this Texas Action and Proceed in California

On October 1, 2010, as a result of Uniloc's actions, Symantec and XtreamLok filed an action in the Central District of California to finish what Uniloc started, seeking a declaration of non-infringement and invalidity as to the '216 patent. In addition, because XtreamLok does not and has never practiced the '216 patent, and because the patent is invalid in any event, XtreamLok seeks the return of the award that it paid to Uniloc pursuant to the arbitration. Ex. F.

As noted above, XtreamLok has expressly conditioned that payment on the assumption that the patent was valid and infringed. Judge Carter is presiding over this lawsuit.

Uniloc failed to respond to the California complaint in a timely manner. Thereafter, Symantec offered Uniloc an extension to file its response, and reiterated a prior request that Uniloc agree to dismiss Symantec from the action in this Court. On November 1, 2010, Uniloc accepted the extension, and ***confirmed in writing that it would dismiss Symantec from this Texas action***. *See* Flagel Decl., ¶¶ 9-10 & Ex. G.

On November 5, 2010, however, Uniloc reneged on its agreement. Counsel for Uniloc informed counsel for Symantec that, even though Uniloc intended to file an Answer and Counterclaims in California, ***Uniloc had changed its mind about voluntarily dismissing Symantec from this action and would not do so***. *See* Flagel Decl., ¶ 11. That same day, Uniloc filed an Answer in the California action. Ex. H. Three days later, it filed Counterclaims in California against Symantec and XtreamLok, claiming infringement of the '216 patent. Ex. I.

III. ARGUMENT

Uniloc's dispute with Symantec belongs in the Central District of California. That is where Uniloc's headquarters are located and where Symantec has a very significant facility that is involved in developing the technology that Uniloc claims infringes the '216 patent. Uniloc previously sued Symantec and XtreamLok for infringement of the '216 patent in that district. The 2002 Uniloc / XtreamLok license agreement provides that the courts in Orange County, California – located within the Central District of California – have "***exclusive*** jurisdiction" over "any action arising out of or relating to" the agreement, and the parties "***waive*** any other venue to which either party might be entitled." Ex. A, p. 4. Choice of forum clauses are, of course, routinely enforced, and "[p]atent infringement disputes do arise from license agreements." *Texas Instruments Inc. v. Tessera, Inc.*, 231 F.3d 1325, 1331 (Fed. Cir. 2000) (requiring patent

infringement claim to be brought in California, based on choice of forum clause in patent license agreement that specified "any litigation between the parties relating to this Agreement shall take place in California," and noting that the clause "in the present case, as in any patent license agreement, necessarily covers disputes concerning patent issues").

Furthermore, after suing Symantec and XtreamLok in California, Uniloc entered into a Stipulation that ***its infringement claim against Symantec would be decided in Judge Carter's court*** after completion of an arbitration to adjudicate Uniloc's breach of contract claim. Stipulations are binding and enforceable agreements. *See Morrison v. Zangpo*, No. C-08-1945, 2008 U.S. Dist. LEXIS 82999, at *7-8 (N.D. Cal. Sept. 30, 2008) (a stipulation is a binding, enforceable agreement between parties to a dispute); *Hamilton v. Willms*, No. 02-CV-6583, 2007 U.S. Dist. LEXIS 67486, at *25-26 (E.D. Cal. Aug. 30, 2007) (same); *Common Cause v. Jones*, 213 F. Supp. 2d 1110, 1112 (C.D. Cal. 2002) ("Stipulations voluntarily entered by the parties are binding") (quoting *FDIC v. St. Paul Fire & Marine Ins. Co.*, 942 F.2d 1032, 1038 (6th Cir. 1991)).

Pursuant to the parties' stipulation, Judge Carter entered an Order that he ***would retain jurisdiction to decide Uniloc's infringement claim*** after completion of the arbitration. Yet Uniloc now wants to disavow its Stipulation and ignore Judge Carter's Order through the stratagem of dismissing the California lawsuit and then re-filing essentially the same lawsuit in this forum – a forum that has little connection to either party.

Uniloc's behavior over the past six weeks has been somewhat schizophrenic. When Symantec and XtreamLok reactivated the California lawsuit through their October 1, 2010 Complaint, Uniloc recognized that California was the proper forum. Uniloc ***agreed that it would dismiss Symantec from this action in Texas***. Furthermore, Uniloc filed an Answer and

Counterclaims for infringement of the ’216 patent in the Central District of California. Exs. G, H and I. Now, however, Uniloc refuses to implement its agreement to dismiss Symantec from this action.

Uniloc should not be permitted to “game the system” in this manner. It agreed numerous times to adjudicate its infringement claims in the Central District of California: (1) in September 2002, when it licensed the ’216 patent and specified that the courts in Orange County, California would have exclusive jurisdiction; (2) in May 2008, when it filed its patent infringement lawsuit in the Central District of California; (3) in October 2008, when it entered into a binding Stipulation that Judge Carter would retain jurisdiction to decide the infringement claim; and (4) again this month, when it agreed to proceed in California, filed an Answer and Counterclaims there, and agreed to dismiss Symantec from this action. Uniloc should be held accountable for its prior actions and agreements rather than being permitted to ignore them at its whim. *See Texas Instruments*, 231 F.3d at 1331; *Hamilton*, 2007 U.S. Dist. LEXIS 67486, at *30 (“Court opinions are not intended as mere first drafts, subject to revision and reconsideration at a litigant’s pleasure.”) (citation omitted); *In re Marriage of Hahn*, 224 Cal. App. 3d 1236 (1990) (“[I]n the usual case a party may not unilaterally avoid a valid stipulation for obvious reasons . . . . Stipulations . . . are supported by the policy of favoring compromise in order to reduce the volume of litigation.”) (citations and quotations omitted). In short, venue in this action as against Symantec properly lies in the Central District of California, and Uniloc’s filing in this District was improper.

IV. CONCLUSION

For the foregoing reasons, Symantec respectfully requests that the Court dismiss this action as against Symantec, and thereby allow the parties' dispute involving the '216 patent to be adjudicated in the Central District of California.

Dated: November 18, 2010

Respectfully submitted,

/s/ Dale Chang, with permission by Michael E. Jones

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who 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 18, 2010. Any other counsel of record will be served by electronic mail or first class U.S. mail on this same date.

/s/ Michael E. Jones
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