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

UNILOC USA, INC., ET AL. ***Plaintiffs,*** **v.** **NATIONAL INSTRUMENTS CORP., ET AL.,** ***Defendants.***	**Civil Action No. 6:10-cv-472-LED** **JURY TRIAL DEMANDED**

DEFENDANT PINNACLE SYSTEMS, INC.'S ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS

Pursuant to Rule 8 of the Federal Rules of Civil Procedure, Defendant Pinnacle Systems, Inc. ("Pinnacle"), by and through its undersigned counsel, hereby responds to the Complaint of Plaintiffs Uniloc USA, Inc. and Uniloc Singapore Private Limited (collectively, "Uniloc"), on personal knowledge as to its own activities and on information and belief as to the activities of others, as follows.

Pinnacle denies each and every allegation contained in the Complaint that is not expressly admitted below. Any factual allegation admitted below is admitted only as to the specific admitted facts, not as to any purported conclusions, characterizations, implications, or speculations that may arguably follow from the admitted facts. Pinnacle denies that Plaintiffs are entitled to the relief requested or any other.

JURISDICTION AND VENUE

1. Pinnacle admits that Uniloc's Complaint purports to state a claim of alleged patent infringement and this Court has subject matter jurisdiction over patent claims.

2. Pinnacle admits that it solicits and conducts business in this District. Pinnacle denies that Pinnacle has committed acts of patent infringement under any theory, including directly (whether individually or jointly) or indirectly (whether by contributory infringement or inducement of infringement), in the State of Texas or this District or elsewhere in the United States. Pinnacle otherwise denies the remaining allegations of paragraph 2 with respect to Pinnacle. Pinnacle is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 2 for other defendants and therefore denies the same.

3. Pinnacle denies the allegations of Paragraph 3 as to Pinnacle. Pinnacle is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 3 for other defendants and therefore denies the same.

THE PARTIES

4. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 4 and therefore denies the same.

5. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 5 and therefore denies the same.

6. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 6 and therefore denies the same.

7. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 7 and therefore denies the same.

8. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 8 and therefore denies the same.

9. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 9 and therefore denies the same.

10. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 10 and therefore denies the same.

11. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 11 and therefore denies the same.

12. Pinnacle admits that it is a California corporation having a principal place of business at 280 North Bernardo Avenue, Mountain View, California. Pinnacle admits that it solicits and conducts business in this District. Pinnacle admits that it does not have a designated agent for service of process in Texas and may be served with process by the Secretary of State of the State of Texas under the relevant statutes. Pinnacle denies the remaining allegations of paragraph 12.

13. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 13 and therefore denies the same.

14. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 14 and therefore denies the same.

15. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 15 and therefore denies the same.

16. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 16 and therefore denies the same.

17. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 17 and therefore denies the same.

COUNT FOR INFRINGEMENT OF U.S. PATENT NO. 5,490,216

18. Pinnacle incorporates by reference its responses to the allegations in Paragraphs 1-17.

19. Pinnacle admits that U.S. Patent 5,490,216 (the "'216 Patent") is entitled "System for Software Registration" and was issued by the United States Patent and Trademark Office on February 6, 1996. Pinnacle denies that the '216 Patent was duly and legally issued to plaintiff Uniloc Singapore Private Limited. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the remaining allegations of paragraph 19, and therefore denies the same.

20. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 20 and therefore denies the same.

21. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 21 and therefore denies the same.

22. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 22, and therefore denies them.

23. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 23, and therefore denies them.

24. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 24, and therefore denies them.

25. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 25, and therefore denies them.

26. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 26, and therefore denies them.

27. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 27, and therefore denies them.

28. Pinnacle admits that it makes and uses an Unlock product activation system that permits customers to activate and/or register products such as the Pinnacle Studio™ products. Pinnacle otherwise denies the allegations of paragraph 28.

29. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 29, and therefore denies them.

30. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 30, and therefore denies them.

31. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 31, and therefore denies them.

32. Pinnacle is without information or knowledge sufficient to form a belief as to the truth or falsity of the allegations of paragraph 32, and therefore denies them.

33. Pinnacle denies the allegations of Paragraph 33 as to Pinnacle. Pinnacle is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 33, and therefore denies the same.

34. Pinnacle denies the allegations of Paragraph 34 as to Pinnacle. Pinnacle is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 34, and therefore denies the same.

AFFIRMATIVE DEFENSES

35. By way of further answer, and as Affirmative Defenses to the Complaint, Pinnacle states as follows:

First Affirmative Defense (Non-Infringement)

36. Pinnacle and the use of Pinnacle's products do not infringe and have never infringed any claims of the '216 Patent. Pinnacle has not and does not infringe, contribute to the

infringement of, or actively induce others to infringe any valid, enforceable claim of the ’216 Patent, either directly, indirectly, literally or under the doctrine of equivalents.

Second Affirmative Defense (Invalidity)

37. The claims of the ’216 Patent are invalid because they fail to satisfy one or more of the conditions for patentability specified in Title 35 of the United States Code, including, *inter alia*, §§ 101, 102, 103, 112, and 132, and the rules, regulations, and laws pertaining thereto.

Third Affirmative Defense (Laches)

38. The ’216 Patent issued on February 6, 1996. Uniloc has unreasonably delayed in filing suit against Pinnacle, and is barred from enforcing the ’216 Patent against Pinnacle under the doctrine of laches.

Fourth Affirmative Defense (Unenforceability)

39. Uniloc, including through their predecessors-in-interest in the ’216 Patent, attorneys and/or agents and/or others owing a duty of candor to the United States Patent and Trademark Office (“USPTO”), committed acts constituting inequitable conduct during the prosecution of the patent application that issued as the ’216 Patent (“the ’216 Patent Application”), rendering the ’216 Patent unenforceable. These acts of inequitable conduct include the failure to make the USPTO aware of highly material information known to the sole named inventor, Frederic B. Richardson, III (“Mr. Richardson”), as well as highly material misrepresentations made to the USPTO by or on behalf of Mr. Richardson, prior to issuance of the ’216 Patent. The facts and circumstances surrounding these acts of inequitable conduct include at least the following:

A. U.S. Patent No. 5,291,598 entitled "Method and System for Decentralized Manufacture of Copy-Controlled Software" ("the '598 Patent") was filed with the USPTO on April 7, 1992, and issued to Mr. Gregory Grundy on March 1, 1994.

B. The '598 Patent is prior art to the '216 Patent.

C. The '598 Patent renders one or more claims of the '216 Patent invalid by reason of anticipation.

D. Shortly after filing the application for the '216 Patent, Mr. Richardson was informed by letter from Mr. Grundy that he owned the allowed U.S. Patent entitled "Method and System for Decentralized Manufacture of Copy-Controlled Software," which "covers exactly the system described in" a press release issued by Uniloc that, on information and belief, described the technology of the '216 Patent.

E. Despite this, Mr. Richardson failed to cite this correspondence from Mr. Grundy to the USPTO for review in consideration of the pending claims of the '216 Patent Application.

F. This information was not otherwise before the patent examiner.

G. By withholding this information, Mr. Richardson breached his duty of candor and good faith to the USPTO.

H. The withheld information is material to the patentability of the '216 Patent, in that it bears on the patentability of the invention, and is inconsistent with express misrepresentations made by Mr. Richardson during prosecution.

I. On information and belief, Mr. Richardson withheld this highly material information with intent to deceive the USPTO into granting an invalid patent.

J. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

K. The file history of Mr. Richardson’s Australian Patent No. 678,985, which is a foreign counterpart of the ’216 Patent, contains a November 20, 1994, letter to the Examination Officer of the Australian Patent Registry from solicitor Mark J. Coorey, providing notice that Uniloc’s Australian patent application “is in direct conflict” with Mr. Grundy’s issued ’598 Patent, and that the invention concerned is therefore not a patentable invention.

L. Upon information and belief, Mr. Richardson knew about Mr. Coorey’s November 30, 1994, letter to the Australian Patent Registry while the application for the ’216 Patent was pending.

M. The file history of Mr. Richardson’s Australian Patent No. 678,985 also contains a January 11, 1995, letter from Mr. Coorey to the Examination Officer of the Australian Patent Registry forwarding a copy of U.S. Patent No. 5,375,240 (“the ’240 Patent”) issued to Mr. Grundy on December 20, 1994, which claimed priority from the application of the ’598 Patent and which contains an identical disclosure to the ’598 Patent.

N. Upon information and belief, Mr. Richardson knew about Mr. Coorey’s January 11, 1995, letter to the Australian Patent Registry while the application for the ‘216 Patent was pending.

O. Despite knowledge of this prosecution history of Australian Patent No. 678,985 and despite the fact that Australian Patent No. 678,985 is the foreign counterpart to the patent-in-suit, Mr. Richardson failed to inform the United States patent examiner of

the application that led to the ’216 Patent that Mr. Coorey had on two occasions by letter challenged the patentability of the invention of the ’216 Patent before the Australian Patent Registry in light of the ’598 and ’240 Patents.

P. This information was not otherwise before the patent examiner.

Q. By withholding this information, Mr. Richardson breached his duty of candor and good faith to the USPTO.

R. The withheld information is material to the patentability of the ’216 Patent, in that it bears on the patentability of the invention, and is inconsistent with express misrepresentations made by Mr. Richardson during prosecution.

S. On information and belief, Mr. Richardson withheld this highly material information with intent to deceive the USPTO into granting an invalid patent.

T. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

U. Mr. Richardson, and those acting on his behalf, did not disclose the ’598 Patent to the USPTO until after the first substantive office action, in which all of his claims were rejected.

V. The examiner rejected all of the claims of the application that led to the ’216 Patent in light of the ’598 Patent.

W. In responding to the rejection of the claims of the application that led to the ’216 Patent in light of the ’598 Patent, Mr. Richardson, and those acting on his behalf, narrowed the claims of the application by amendment.

X. In responding to the rejection of the claims of the application that led to the ’216 Patent in light of the ’598 Patent, Mr. Richardson, and those acting on his behalf,

made numerous highly material misrepresentations concerning the scope and content of the ’598 Patent.

Y. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is inherent in the system of the present application, as claimed, that the ‘Licensee Unique ID’ is entirely the product of data generated locally as distinct from data added . . . subsequently from a remote location (thereby distinguishing over Grundy).”

Z. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses a value, specifically a checksum value generated from owner data, that “is entirely the product of data generated locally.”

AA. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

BB. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

CC. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

DD. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “Applicant respectfully submits that the uniqueness of the identity upon which Grundy must ultimately rely for operation of its system of registration derives from a unique identifier provided from a remote location.”

EE. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses a unique identifier provided from a local location, including the name, address, and telephone number of the user.

FF. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

GG. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

HH. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

II. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is not at all clear from the disclosure of Grundy as to whether the previously derived ‘Registration Code’ is ever utilized to help check the validity of the Authorization code: one is perfectly entitled to infer from the total disclosure of Grundy that any element of uniqueness to be associated with the software to be protected is injected and derived at the second platform (the remote location) and, furthermore, that whether an Authorization Code is valid or not derives directly from data first arising at the second platform (the remote location). This is the complete reverse of the system of the present invention where the uniqueness derives entirely locally.”

JJ. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses that an “element of uniqueness to be associated with the software to be protected is injected and derived at the” local location.

KK. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

LL. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

MM. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

NN. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is submitted that this local generation of the unique identifying feature for each copy of the software to be protected is one distinguishing feature of the present invention. Grundy does not disclose or suggest this feature or manner of operation.”

OO. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses “local generation of the unique identifying feature for each copy of the software to be protected.”

PP. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

QQ. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

RR. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

SS. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “The fact that the algorithm which generates the unique ID generating means of the present invention is replicated at a remote location permits the following two features of the present invention not to be found in Grundy: (1) A direct comparison for matching purposes of the licensee unique ID data at the local location, and (2) A confirmation that the user details provided to the remote location match identically with the user details provided to the software to be protected and from which the unique ID is generated.”

TT. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses the use of the same checksum-generation algorithm at both the local and the remote locations, and further discloses (1) a “direct comparison for matching purposes of the [checksum] data at the local location,” and (2) a “confirmation that the user details provided to the remote location match identically with the user details provided to the software to be protected and from which the [checksum] is generated.”

UU. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

VV. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

WW. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

Reservation of Defenses

40. Pinnacle expressly reserves the right to allege and assert additional defenses.

41. Pinnacle expressly incorporates by reference herein all defenses pled by co-defendants in this action in their respective Answers to Uniloc's Complaint.

JURY DEMAND

42. Pursuant to Local Rule CV-38 and Federal Rule of Civil Procedure 38, Pinnacle hereby demands a trial by jury on all issues relating to Uniloc so triable in this action.

COUNTERCLAIMS

Pinnacle asserts the following counterclaims against Uniloc:

PARTIES

43. Counterclaim Plaintiff Pinnacle Systems, Inc. ("Pinnacle") is a California corporation with its principal place of business at 280 North Bernardo Avenue, Mountain View, California.

44. On information and belief Counterclaim Defendant Uniloc USA, Inc. is a Texas corporation having a principal place of business at 2151 Michelson Drive, Irvine, California 92612.

45. On information and belief Counterclaim Defendant Uniloc Singapore Private Limited is a Singapore corporation having a principal place of business at 80 Raffles Plaza, #33-00 UOB Plaza I, Singapore 048624, (collectively with Counterclaim Defendant Uniloc USA Inc., "Uniloc").

JURISDICTION AND VENUE

46. This counterclaim arises under the patent laws of the United States as enacted under Title 35 of the United States Code and the provisions of the Federal Declaratory Judgment

Act. The jurisdiction of this Court is proper under 35 U.S.C. §§ 271 *et seq*. and 28 U.S.C. §§ 1331, 1338 and 2201-02.

47. The Court has personal jurisdiction over Uniloc because, *inter alia*, Uniloc is the plaintiff in the underlying action.

48. Venue is proper in this jurisdiction pursuant to 28 U.S.C. §§ 1391 and 1400.

COUNT I: DECLARATORY JUDGMENT OF NON-INFRINGEMENT

49. The allegations of paragraphs 43-48 are incorporated herein by reference.

50. Pinnacle does not infringe and has not infringed any claims of the ’216 Patent, either literally or under the doctrine of equivalents.

51. In its Complaint, Uniloc alleges that Pinnacle has infringed, and continues to infringe the ’216 Patent. Because Pinnacle denies that it has infringed, or continues to infringe, any claim of the ’216 Patent, either literally or under the doctrine of equivalents, an actual and justiciable controversy has arisen and now exists between Pinnacle and Uniloc as to whether Pinnacle infringes any of the claims of the ’216 Patent.

52. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq*., Pinnacle requests a declaration of the Court that Pinnacle does not infringe any claim of the ’216 Patent.

COUNT II: DECLARATORY JUDGEMENT OF INVALIDITY

53. The allegations of paragraphs 43-48 are incorporated herein by reference.

54. The claims of the ’216 Patent are invalid because they fail to satisfy the conditions of patentability specified in Title 35 of the United States Code, including, inter cilia, §§ 101, 102, 103, and 112.

55. In its Complaint, Uniloc alleges that the ’216 Patent was “duly and legally issued.” Given this and Uniloc’s filing of this lawsuit, and because Pinnacle contends that the claims of the ’216 Patent are invalid, an actual and justiciable controversy has arisen and now exists between Pinnacle and Uniloc as to the validity of the ’216 Patent.

56. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq*., Pinnacle requests a declaration of the Court that the claims of the ’216 Patent are invalid.

COUNT III: DECLARATORY JUDGEMENT OF UNEFORCEABILITY

57. The allegations of paragraphs 43-48 are incorporated herein by reference.

58. The ’216 Patent issued on February 6, 1996. Uniloc has unreasonably delayed in filing suit against Pinnacle, and is barred from enforcing the ’216 Patent against Pinnacle under the doctrine of laches.

59. Uniloc, including through their predecessors-in-interest in the ’216 Patent, attorneys and/or agents and/or others owing a duty of candor to the USPTO, committed acts constituting inequitable conduct during the prosecution of the ’216 Patent Application, rendering the ’216 Patent unenforceable. These acts of inequitable conduct include the failure to make the USPTO aware of highly material information known to, and highly material misrepresentations made to the USPTO by or on behalf of, the sole named inventor, Mr. Richardson, prior to issuance of the ’216 Patent. The facts and circumstances surrounding these acts of inequitable conduct include at least the following:

A. U.S. Patent No. 5,291,598 entitled “Method and System for Decentralized Manufacture of Copy-Controlled Software” (“the ’598 Patent”) was filed with the USPTO on April 7, 1992, and issued to Mr. Gregory Grundy on March 1, 1994.

B. The ’598 Patent is prior art to the ’216 Patent.

C. The ’598 Patent renders one or more claims of the ’216 Patent invalid by reason of anticipation.

D. Shortly after filing the application for the ’216 Patent, Mr. Richardson was informed by letter from Mr. Grundy that he owned the allowed U.S. Patent entitled “Method and System for Decentralized Manufacture of Copy-Controlled Software,” which “covers exactly the system described in” a press release issued by Uniloc that, on information and belief, described the technology of the ’216 Patent.

E. Despite this, Mr. Richardson failed to cite this correspondence from Mr. Grundy to the USPTO for review in consideration of the pending claims of the ’216 Patent Application.

F. This information was not otherwise before the patent examiner.

G. By withholding this information, Mr. Richardson breached his duty of candor and good faith to the USPTO.

H. The withheld information is material to the patentability of the ’216 Patent, in that it bears on the patentability of the invention, and is inconsistent with express misrepresentations made by Mr. Richardson during prosecution.

I. On information and belief, Mr. Richardson withheld this highly material information with intent to deceive the USPTO into granting an invalid patent.

J. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

K. The file history of Mr. Richardson’s Australian Patent No. 678,985, which is a foreign counterpart of the ’216 Patent, contains a November 20, 1994, letter to the Examination Officer of the Australian Patent Registry from solicitor Mark J. Coorey,

providing notice that Uniloc's Australian patent application "is in direct conflict" with Mr. Grundy's issued '598 Patent, and that the invention concerned is therefore not a patentable invention.

L. Upon information and belief, Mr. Richardson knew about Mr. Coorey's November 30, 1994, letter to the Australian Patent Registry while the application for the '216 Patent was pending.

M. The file history of Mr. Richardson's Australian Patent No. 678,985 also contains a January 11, 1995, letter from Mr. Coorey to the Examination Officer of the Australian Patent Registry forwarding a copy of U.S. Patent No. 5,375,240 ("the '240 Patent") issued to Mr. Grundy on December 20, 1994, which claimed priority from the application of the '598 Patent and which contains an identical disclosure to the '598 Patent.

N. Upon information and belief, Mr. Richardson knew about Mr. Coorey's January 11, 1995, letter to the Australian Patent Registry while the application for the '216 Patent was pending.

O. Despite knowledge of this prosecution history of Australian Patent No. 678,985 and despite the fact that Australian Patent No. 678,985 is the foreign counterpart to the patent-in-suit, Mr. Richardson failed to inform the United States patent examiner of the application that led to the '216 Patent that Mr. Coorey had on two occasions by letter challenged the patentability of the invention of the '216 Patent before the Australian Patent Registry in light of the '598 and '240 Patents.

P. This information was not otherwise before the patent examiner.

Q. By withholding this information, Mr. Richardson breached his duty of candor and good faith to the USPTO.

R. The withheld information is material to the patentability of the ’216 Patent, in that it bears on the patentability of the invention, and is inconsistent with express misrepresentations made by Mr. Richardson during prosecution.

S. On information and belief, Mr. Richardson withheld this highly material information with intent to deceive the USPTO into granting an invalid patent.

T. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

U. Mr. Richardson, and those acting on his behalf, did not disclose the ’598 Patent to the USPTO until after the first substantive office action, in which all of his claims were rejected.

V. The examiner rejected all of the claims of the application that led to the ’216 Patent in light of the ’598 Patent.

W. In responding to the rejection of the claims of the application that led to the ’216 Patent in light of the ’598 Patent, Mr. Richardson, and those acting on his behalf, narrowed the claims of the application by amendment.

X. In responding to the rejection of the claims of the application that led to the ’216 Patent in light of the ’598 Patent, Mr. Richardson, and those acting on his behalf, made numerous highly material misrepresentations concerning the scope and content of the ’598 Patent.

Y. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is inherent in the system of the

present application, as claimed, that the 'Licensee Unique ID' is entirely the product of data generated locally as distinct from data added . . . subsequently from a remote location (thereby distinguishing over Grundy)."

Z. The representation in the quotation in the preceding paragraph is false, including because the '598 Patent discloses a value, specifically a checksum value generated from owner data, that "is entirely the product of data generated locally."

AA. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the '216 Patent.

BB. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the '216 Patent.

CC. This conduct constitutes inequitable conduct that renders the '216 Patent unenforceable.

DD. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the '598 Patent: "Applicant respectfully submits that the uniqueness of the identity upon which Grundy must ultimately rely for operation of its system of registration derives from a unique identifier provided from a remote location."

EE. The representation in the quotation in the preceding paragraph is false, including because the '598 Patent discloses a unique identifier provided from a local location, including the name, address, and telephone number of the user.

FF. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the '216 Patent.

GG. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

HH. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

II. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is not at all clear from the disclosure of Grundy as to whether the previously derived ‘Registration Code’ is ever utilized to help check the validity of the Authorization code: one is perfectly entitled to infer from the total disclosure of Grundy that any element of uniqueness to be associated with the software to be protected is injected and derived at the second platform (the remote location) and, furthermore, that whether an Authorization Code is valid or not derives directly from data first arising at the second platform (the remote location). This is the complete reverse of the system of the present invention where the uniqueness derives entirely locally.”

JJ. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses that an “element of uniqueness to be associated with the software to be protected is injected and derived at the” local location.

KK. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

LL. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

MM. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

NN. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “It is submitted that this local generation of the unique identifying feature for each copy of the software to be protected is one distinguishing feature of the present invention. Grundy does not disclose or suggest this feature or manner of operation.”

OO. The representation in the quotation in the preceding paragraph is false, including because the ’598 Patent discloses “local generation of the unique identifying feature for each copy of the software to be protected.”

PP. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the ’216 Patent.

QQ. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the ’216 Patent.

RR. This conduct constitutes inequitable conduct that renders the ’216 Patent unenforceable.

SS. Mr. Richardson, and those acting on his behalf, made the following statement in an effort to distinguish the ’598 Patent: “The fact that the algorithm which generates the unique ID generating means of the present invention is replicated at a remote location permits the following two features of the present invention not to be found in Grundy: (1) A direct comparison for matching purposes of the licensee unique ID data at the local location, and (2) A confirmation that the user details provided to the

remote location match identically with the user details provided to the software to be protected and from which the unique ID is generated."

TT. The representation in the quotation in the preceding paragraph is false, including because the '598 Patent discloses the use of the same checksum-generation algorithm at both the local and the remote locations, and further discloses (1) a "direct comparison for matching purposes of the [checksum] data at the local location," and (2) a "confirmation that the user details provided to the remote location match identically with the user details provided to the software to be protected and from which the [checksum] is generated."

UU. On information and belief, this misrepresentation was made with the intent of deceiving the USPTO into granting the '216 Patent.

VV. This misrepresentation was highly material, and, on information and belief, was persuasive to the Patent Examiner in his decision to allow the claims of the '216 Patent.

WW. This conduct constitutes inequitable conduct that renders the '216 Patent unenforceable.

60. Because Uniloc has attempted to enforce the '216 Patent against Pinnacle, an actual and justiciable controversy has arisen and now exists between Pinnacle and Uniloc as to the enforceability of the '216 Patent against Pinnacle.

61. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. § 2201 *et seq*., Pinnacle requests a declaration of the Court that the patent-in-suit is unenforceable against Pinnacle.

PRAYER FOR RELIEF

Pinnacle respectfully requests a judgment against Uniloc as follows:

A. A declaration that Pinnacle does not infringe and has not infringed any valid claim of the ’216 Patent;

B. A declaration that the ’216 Patent is invalid;

C. A declaration that the ’216 Patent is unenforceable against Pinnacle;

D. That Uniloc take nothing by its Complaint;

E. That the Court enter judgment against Uniloc and in favor of Pinnacle and that Uniloc’s Complaint against Pinnacle be dismissed with prejudice;

F. That the Court enter a judgment that this is an exceptional case under 35 U.S.C. § 285 and enter a judgment awarding Pinnacle its costs and reasonable attorney’s fees; and

G. That the Court grant Pinnacle whatever further relief the Court may deem just and proper.

Dated: November 19, 2010

Respectfully submitted,

By: */s/ David Healey*

David Healey
E-mail: Healey@fr.com
Texas State Bar No. 09327980
FISH & RICHARDSON P.C.
1 Houston Center
1221 McKinney Street
Suite 2800
Houston, TX 77010
Phone: 713-654-5300
Fax: 713-652-0109

OF COUNSEL:

Frank E. Scherkenbach
E-mail: Scherkenbach@fr.com
Kurt L. Glitzenstein
E-mail: Glitzenstein@fr.com
FISH & RICHARDSON P.C.
One Marina Park Drive
Boston, MA 02210-1878
617-542-5070 (Telephone)
617-542-8906 (Facsimile)

Counsel for Defendant
PINNACLE SYSTEMS, INC.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served, via the Court's CM/ECF system per Local Rule CV-5(a)(3), upon all counsel of record, as identified below, on November 19, 2010:

Paul Hayes
Dean Bostock
MINTZ, LEVIN, COHN, FERRIS, GLOVSKY and POPEO, P.C.
One Financial Center
Boston, Massachusetts 02111
Telephone: (617) 542-6000
Facsimile: (617) 542-2241
E-mail: PJHayes@mintz.com
E-mail: DGBostock@mintz.com

Attorney for Plaintiffs
Uniloc USA, Inc. and Uniloc Singapore Private Limited

T. John Ward, Jr.
Texas State Bar No. 00794818
J. Wesley Hill
Texas State Bar No. 24032294
WARD & SMITH LAW FIRM
111 W. Tyler Street
Longview, Texas 75601
Telephone: (903) 757-6400
Facsimile: (903) 757-2323
E-mail: jw@jwfirm.com
E-mail: wh@jwfirm.com

Attorneys for Plaintiffs
Uniloc USA, Inc. and Uniloc Singapore Private Limited

/s/ David Healey
David Healey