UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION

UNILOC USA, INC. and
 	
UNILOC SINGAPORE PRIVATE LIMITED,
 	
       Plaintiffs,
 	
v.
 	
(1) NATIONAL INSTRUMENTS CORP.;
(2) PERVASIVE SOFTWARE, INC.;
(3) ADOBE SYSTEMS INC.;
(4) FILEMAKER, INC.;
(5) SAFENET, INC.;
(6) CA, INC.;
(7) PINNACLE SYSTEMS, INC.;
(8) SONIC SOLUTIONS;
(9) ONYX GRAPHICS, INC.;
(10) SYMANTEC CORP.;
(11) ALADDIN KNOWLEDGE SYSTEMS,
    INC. and
(12) ALADDIN KNOWLEDGE SYSTEMS
    LTD.
 	
       Defendants.
	Civ. Action No.: 6:10-cv-00472
	(LED)
	
	JURY TRIAL DEMANDED

PLAINTIFFS' OPPOSITION TO DEFENDANT
SYMANTEC CORPORATION'S MOTION TO DISMISS

Plaintiffs Uniloc USA, Inc. and Uniloc Singapore Private Limited (together "Uniloc"),

respectfully submit this opposition to the motion of defendant Symantec Corporation

("Symantec") to dismiss for improper venue pursuant to Fed. R. Civ. P. 12(b)(3). For the

reasons set forth below, venue is proper in this Court and Symantec's motion should be

denied.

I.   <u>INTRODUCTION</u>

Plaintiff Uniloc USA, Inc. is a Texas limited liability company with an office in Plano,

Texas. Dkt. No. 1, ¶ 4. Uniloc USA, Inc. is the exclusive licensee under the U.S. patent-in-

suit number 5,490,216 ("the '216 patent").[1/] Uniloc filed the complaint herein against

Symantec and eleven other defendants on September 14, 2010. Prior to filing the complaint

herein, Uniloc filed the following five complaints in this Court alleging infringement of the

'216 patent:

    1.   Uniloc v. ABBYY USA Software House, Inc. *et al.*
            Civil Action No. 6:09cv543 (LED)

    2.   Uniloc v. BCL Technologies *et al.*
            Civil Action No. 6:10cv18 (LED)

    3.   Uniloc v. Cyberlink.com Corp. *et al.* (now terminated)
            Civil Action No. 6:09cv69 (LED)

    4.   Uniloc v. Sony Corporation Of America *et al.*
            Civil Action No. 6:09cv373 (LED)

    5.   Uniloc v. Disk Doctors Labs, Inc. *et al.*
            Civil Action No. 6:09cv471 (LED)

Since filing the complaint herein, Uniloc also filed the following case:

            Uniloc v. Engrasp, Inc. *et al.*
             Civil Action No. 6:09cv591

In all, Uniloc has brought suit in these cases against ninety-six defendants that Uniloc

believes infringe the '216 patent. Uniloc has settled with forty-four defendants. Therefore,

fifty-two remain in the litigation. In three of these cases, a Docket Control Order has been

entered. *See* Ex. A. Pursuant thereto, claim construction briefing is ongoing, document

production has been completed, depositions have been taken, a *Markman* hearing is scheduled

for February 3, 2011, and trial has been scheduled to commence on November 14, 2011. *Id.*

[1/]   Plaintiff Uniloc (Singapore) Private Limited is the owner of the '216 patent. *Id.*, ¶ 19.

Although its motion is effectively to transfer this case to California, Symantec styles its motion as one for dismissal for improper venue pursuant to Rule 12 (b)(3). As set forth below, however, venue is not improper in this District. To the contrary, venue is very convenient for Symantec in this Court because Symantec has previously filed a patent infringement case here in which it alleged that venue was proper in this District. *See* Ex. B, ¶ 7. Symantec is simply trying to forum-shop.

Symantec seeks dismissal of this case so that it may proceed with its later-filed case in the Central District of California wherein it requests declaratory judgments that it does not infringe the '216 patent and that the '216 patent is invalid. As set forth below, the first-filed case rule prohibits Symantec from obtaining dismissal of this first-filed case in order to proceed with its second-filed case in California. Further, it makes no sense to carve out Symantec from this case to proceed solo against Uniloc in California when there are six cases pending in this Court against fifty-two other defendants for infringement of the '216 patent.

In view of the foregoing, Uniloc filed a motion in the California case to transfer Symantec's later-filed patent claims against Uniloc from the Central District of California to this Court. *See* Ex. C. That motion is currently pending before Judge Carter. As set forth in detail below, the grounds on which Symantec's motion to dismiss are based are all flawed. Judicial economy demands that the patent dispute between Uniloc and Symantec belongs in this Court. Accordingly, Symantec's attempt to forum-shop this case to California should be rejected.

II.   **LEGAL STANDARDS**

"The Fifth Circuit adheres to the general rule that the court in which [an] action is first filed is the appropriate court to determine whether subsequently filed cases involving

substantially similar issues should proceed." *Save Power Ltd. v. Syntek Fin. Corp.*, 121 F.3d

947, 950 (5th Cir. 1997) (citations omitted). This "first to file" rule is "grounded in principles

of comity and sound judicial administration" which necessitate that "federal district courts of

coordinate jurisdiction and equal rank[] exercise care to avoid interference with each other's

affairs." *Id.* The main concern of the first to file rule "is to avoid the waste of duplication, to

avoid rulings which may trench upon the authority of sister courts, and to avoid piecemeal

resolution of issues that call for uniform resolution." *Cadle Co. v. Whataburger of Alice, Inc.*,

174 F.3d 599, 603 (5th Cir. 1999) (citation omitted).

III.   RESPONSE TO SYMANTEC'S "FACTUAL BACKGROUND"

As set forth below, Uniloc disputes the "Factual Background" upon which Symantec

bases its motion to dismiss.

A.   THE PARTIES HAVE NOT PREVIOUSLY LITIGATED THIS PATENT DISPUTE

On pages 1-2 of its brief, Symantec argues that dismissal is warranted because this

patent dispute has already been litigated in California. Symantec is mistaken. Certainly, as

Symantec states, in 2008, Uniloc brought suit against Symantec and its subsidiary XtreamLok

for, *inter alia*, infringement of the '216 patent in the Central District of California. However,

as admitted in Symantec/XtreamLok's second-filed 2010 complaint in California, the patent

infringement issue was never tried in that case. *See* Ex. D, ¶¶ 12, 16. The only issue resolved

in that case was the Arbitrator's decision that Symantec/XtreamLok had breached a License

Agreement with Uniloc by under-paying royalties and that the License Agreement had

properly been terminated as a result of the breach. *Id.*, ¶ 12. The parties specifically agreed

that the Arbitrator would not resolve the underlying patent dispute, which was left for the

Court to decide. *Id.*, ¶ 11. The California court never decided the patent issue because, once it

prevailed on the contract issue, Uniloc voluntarily dismissed the case pursuant to Fed. R. Civ.

P. 41, *see* Ex. E, without objection by Symantec. Thus, contrary to Symantec's argument, the parties did not already litigate the patent-in-suit in California.

B.   THE PARTIES' VENUE STIPULATION IS INAPPLICABLE

On pages 2-3 of its brief, Symantec argues that the parties stipulated in a license agreement between Uniloc and Symantec's subsidiary XtreamLok that the Central District of California would have exclusive jurisdiction over any action arising out of the agreement. Symantec fails to mention a fact that contradicts its argument. As stated above, the Arbitrator found that Symantec had breached the license and the license had, therefore, terminated. As a result, the venue clause no longer applies.

C.   SYMANTEC DID NOT REACTIVATE THE 2008 CASE

On page 3 of its brief, Symantec argues that the California court ordered that it would retain jurisdiction over Uniloc's patent infringement claim. As Symantec recognizes, however, the stay order issued in the California case stated that the California court "shall re-activate the matter upon application of the parties upon completion of the arbitration." *See* Ex. F, ¶ 3. Notably, Symantec did not attempt to re-activate the 2008 case. Neither did Uniloc. Instead, Symantec did nothing after the 2008 case was dismissed in November 2009 until two weeks after Uniloc filed this case on September 14, 2010. Even then, Symantec did not re-activate the 2008 case. Instead, recognizing that the venue stipulation was no longer valid due to the termination of the license agreement with Uniloc, Symantec/XtreamLok filed a new case in California. Thus, not only was the venue stipulation voided by the termination of the license agreement, but Symantec also waived that provision by failing to re-activate the 2008 case and filing a new case.

D.   THE ARBITRATION DID NOT RESOLVE THE PATENT DISPUTE

In part D of its Factual Background, Symantec states that the prior arbitration did not resolve the patent dispute between the parties. Uniloc agrees. Hence, Symantec's argument in section A of its Factual Background that the parties have already litigated the patent-in-suit in California is admittedly incorrect as set forth above.

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E.   SYMANTEC'S FORUM SHOPPING

On page 4 of its brief, Symantec argues that Uniloc incorporated in Texas and is forum-shopping in this District. This argument is a smokescreen designed to divert attention away from Symantec's blatant attempt to forum-shop this case to California. As stated above, Uniloc dismissed the 2008 California case in November 2009. Uniloc filed this case against Symantec on September 14, 2010. Two weeks later, on October 1, 2010, Symantec filed its retaliatory declaratory judgment case against Uniloc in California. Thus, Symantec did nothing for almost a year after the dismissal of the 2008 case. Only after Uniloc filed the case in this Court did Symantec file its complaint in California. Moreover, Uniloc has had an office in this District since February 2007. *See* Declaration of Bradley C. Davis, ¶ 4. Accordingly, it is Symantec that is forum-shopping, not Uniloc.

F.   UNILOC DID NOT AGREE TO DISMISS SYMANTEC FROM THIS ACTION

On pages 4-5 of its brief, Symantec erroneously argues that Uniloc agreed in writing to dismiss this action against Symantec. Counsel for Uniloc indicated in a discussion with counsel for Symantec that he (counsel for Uniloc) had recently met with Uniloc and that, as a result of that visit, understood that Uniloc's intent was to file a patent suit in California and that Symantec could then dismiss this case. This is confirmed by the email that Symantec relies upon wherein counsel for Uniloc indicated that was his understanding of Uniloc's "intent." *See* Flagel Decl., Ex. G. Counsel for Uniloc did not agree or promise, in writing or otherwise, that Uniloc had finally agreed upon such actions. *See* Declaration of Dean G. Bostock, ¶ 3. Ultimately, in subsequent discussions with Uniloc, counsel for Uniloc was informed that he should file a patent infringement counterclaim to Symantec's complaint in California, assert that venue there was not proper due to the pendency of this first-filed case, and oppose any motion by Symantec to dismiss this case. *Id.*. That is what Uniloc has done.

IV.   ARGUMENT

On pages 5-6 of its brief, Symantec argues that this case should be dismissed due to the forum selection clause in the Uniloc/XtreamLok license agreement and because the parties

stipulated that the patent dispute would be resolved in the California court once the arbitration proceeding regarding breach of the license agreement were resolved. As set forth below, these arguments are easily disposed of.

Symantec is correct that the Uniloc/XtreamLok license had a forum selection clause for resolving disputes a rising out of the license agreement in California. As Symantec is also aware, however, the Arbitrator found that Symantec/XtreamLok had breached the license agreement by underpaying royalties and that, accordingly, Uniloc had properly terminated the agreement. *See* Ex. D, ¶ 12. As a result, Uniloc is no longer bound by the forum selection clause of the now-terminated license.

With respect to the stipulation, Symantec never tried to reactivate the 2008 case. Instead, Symantec filed a new case against Uniloc on October 1, 2010, in response to Uniloc filing this case against Symantec two weeks earlier on September 14, 2010. The stipulation between the parties in the 2008 case reads as follows:

> (3)   This Court shall retain jurisdiction over Uniloc's Patent Infringement and Unfair Competition Claims, and <u>shall re-activate the matter upon application of the parties</u> 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.

See Ex. G, pp 2-3 (emphasis added).

The stay order entered by Judge Carter based on this stipulation is similarly worded:

> (3)   This Court shall retain jurisdiction over Uniloc's Patent Infringement and Unfair Competition Claims, and shall re-activate the matter <u>upon application of the parties</u> 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. F, p. 1 (emphasis added).

Thus, the reactivation of the 2008 case was not self-executing. Both parties had to request the Court to reactivate that case in order to resolve their patent dispute therein. The case was dismissed by Uniloc in November 2009. Neither party ever moved to reactivate that case to

resolve the patent dispute therein. In fact, as set forth above, Symantec/XtreamLok did nothing until almost a year later when it filed a new California complaint in reaction to Uniloc filing this suit against Symantec. Therefore, Symantec's stipulation argument should also be rejected.

Finally, on pages 6-7 of its brief, Symantec argues that "Uniloc's behavior over the past six weeks has been somewhat schizophrenic." Symantec br., p. 6. Symantec's argument makes no sense. On page 6, Symantec erroneously argues that "Symantec and XtreamLok reactivated the [2008] California lawsuit through their October 1, 2010 Complaint." In fact, Symantec/XtreamLok did not reactivate the 2008 case. In order to reactivate the 2008 case, assuming *arguendo* that were even possible given Symantec/XtreamLok's breach of the license agreement, both parties needed to apply for reactivation. Neither party applied for reactivation of that case. Uniloc elected to proceed in this forum where it had already filed five complaints for infringement of the '216 patent. In response, rather than reactivate the 2008 case, Symantec/XtreamLok second-filed its new case in California. *See* Ex. D.

Symantec's argument should also be rejected as contrary to the first-filed case rule. Under this rule, "where two actions involving overlapping issues and parties are pending in two federal courts, there is a strong presumption across federal circuits that favors the forum of the first-filed suit under the first-filed rule." *Cadle v. Whataburger*, 174 F.3d at 605-06. Uniloc filed this case in Texas on September 14, 2010. Symantec/XtreamLok filed the retaliatory suit against Uniloc on October 1, 2010. Further, the 2008 case between Uniloc and Symantec/XtreamLok was dismissed in 2009. As a result, it was never co-pending with this case and is irrelevant to the first-filed rule. *See*, *e.g.*, *Acceleron, Inc. v. Egnera, Inc.*, 634 F. Supp.2d 758, 763-34 (E.D. Tex. 2009). Accordingly, this suit was first-filed and Symantec's motion to dismiss this case should be denied.

Judicial efficiency and economy also demand that Symantec's motion be denied. The main concern of the first to file rule "is to avoid the waste of duplication, to avoid rulings which may trench upon the authority of sister courts, and to avoid piecemeal resolution of

issues that call for uniform resolution." *Id.*, 174 F.3d at 603. As indicated in the Introduction above, there are six cases pending in this District wherein Uniloc alleges infringement of the '216 patent against fifty-two defendants, including Symantec. The only case pending in California relating to the infringement of the '216 patent is Symantec/XtreamLok's second-filed case against Uniloc. A Docket Control Order has been entered in three of the cases pending in this District, discovery and *Markman* proceedings are ongoing therein and trial date has been set. *See* Ex. A. In contrast, no Scheduling Order has been entered in Symantec/XtreamLok's new California case, no discovery has been scheduled or taken and no trial date has been set. Thus, judicial efficiency requires that Symantec's motion to dismiss be denied.

Symantec itself has urged adherence to the first-filed rule in this District. Symantec was a defendant in *Information Protection and Authentication of Texas, LLC v. Symantec Corp. and PC Tools , Inc.*, Civil Action No. 08-cv-484 before Judge Folsom. On March 27, 2009, Symantec filed an emergency motion in that case requesting that plaintiff and third party defendant be enjoined from litigating a later-filed case involving the same patent in the Southern District of Florida. *See* Ex. H. As Symantec argued in its brief therein, "Courts routinely apply the first-to-file rule if the issues in the initial and subsequent actions are 'duplicative' or 'likely to overlap to a substantial degree.'" *Id.*, p. 6 (citing *California Security Co-op, Inc. v. Multimedia Cablevision, Inc.*, 897 F. Supp. 316, 317 (E.D. Tex. 1995)). Uniloc agrees. As this case and Symantec/XtreamLok's later-fled California case involve the infringement and validity of the '216 patent, the present motion to dismiss should be denied for the reasons Symantec previously argued. Symantec also argued in that case that "[i]n patent cases, the rule also serves to avoid the 'untenable prospect' of conflicting claim constructions, which are highly relevant to issues of infringement and invalidity." Ex. H, p. 6 (citations omitted). Uniloc agrees. Thus, Symantec's motion should be denied in order to avoid this "untenable result."

In addition, in the new California case, Symantec/XtreamLok requests declaratory judgments that it does not infringe the '216 patent and that the '216 patent is invalid. *See* Ex. D, ¶¶ 17-22. "[D]istrict courts possess discretion in determining whether and when to entertain an action under the Declaratory Judgment Act, even when the suit otherwise satisfies subject matter jurisdictional prerequisites." *Wilton v. Seven Falls Co.*, 515 U.S. 277, 282, 115 S. Ct. 2137, 132 L. Ed. 2d 214 (1995). In contrast, no such discretion exists in the present case because Uniloc is not seeking declaratory relief.

On page 7 of its brief, Symantec argues that Uniloc filed an Answer and Counterclaim in Symantec/XtreamLok's second-filed case in California. Symantec fails to mention, however, that Uniloc's counterclaim for infringement was compulsory and that Uniloc filed its Answer and Counterclaim with the proviso that the proper venue for resolving the patent dispute is this Court. *See* Ex. I, ¶ 8. Hence, Uniloc filed its motion in California to transfer that patent dispute to this Court. *See* Ex. C. Symantec's argument on this point should, therefore, also be rejected.

V.   CONCLUSION

For the reasons set forth above, Uniloc requests that Symantec's motion to dismiss be denied.

Dated: November 30, 2010

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was filed electronically in compliance with Local Rule CV-5 on November 30, 2010. As of this date, all counsel of record have consented to electronic service and are being served with a copy of this documents through the Court's CM/ECF system under Local Rule CV-5(a)(3)(A).

/s/ T. John Ward, Jr.

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