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 REPLY IN SUPPORT OF MOTION TO DISMISS FOR IMPROPER VENUE, PURSUANT TO RULE 12(B)(3), FEDERAL RULES OF CIVIL PROCEDURE

None of Uniloc's arguments in opposition to Symantec's motion has merit. Accordingly, the Court should dismiss Symantec as a defendant from this action for improper venue.

I. UNILOC AGREED TO DISMISS SYMANTEC FROM THIS ACTION

Although Uniloc has repeatedly recognized and agreed that its dispute with Symantec belongs in the Central District of California, it now disputes the applicability, or the existence, of such agreements. Perhaps its most remarkable claim is that it did not agree to dismiss Symantec from this action. Dkt. No. 82 ("Opp.") at 6; Dkt No. 82-11 ¶ 3. The email correspondence between the parties' counsel demonstrates otherwise:

- Symantec's lead counsel wrote to Uniloc's lead counsel with the following question: "do you have a final answer for us as to whether Uniloc will agree to dismiss its action against Symantec in Texas?"
- The response from Uniloc's counsel: "We think it best for Uniloc to file a related complaint in CA and then ***to dismiss in TX***."
- Symantec's counsel then replied: "We are presuming that Uniloc intends to file in California before our response is due in Texas, and that ***you will thus dismiss the Texas action*** before we have to respond."
- The response from Uniloc's counsel: "***You[r] presumptions are correct***."

See Dkt. Nos. 60-1 ¶¶ 9-10, 60-8 (emphases added).

Given that this correspondence is so clear, it is difficult to understand Uniloc's assertion that it did not agree to dismiss Symantec from this action. Because Uniloc ***did in fact agree*** to dismiss Symantec from this action (as is unambiguously shown above), one of two things must be true: either (1) Uniloc's lead counsel, speaking on behalf of and after consulting with Uniloc, agreed that Uniloc would dismiss Symantec in Texas, but then was instructed by Uniloc to attempt to renege on that agreement; or (2) Uniloc's lead counsel agreed, on behalf of, but not having consulted with, Uniloc, that Uniloc would dismiss Symantec in Texas, and then was instructed by Uniloc to attempt to renege on that agreement. Either way, through its lead

counsel, Uniloc made not one, but two separate representations that Uniloc would dismiss Symantec from this action.[1] Uniloc's argument to the contrary simply is disingenuous.

Uniloc's agreement clearly was a recognition of the impropriety of proceeding in this forum against Symantec, particularly given its prior agreements and actions in the Central District of California. After it reneged on its agreement to dismiss Symantec here – thereby continuing to disregard the mandatory forum selection clause in the 2002 Uniloc / XtreamLok license agreement (Dkt. No. 60-2 at 5), and the Stipulation (Dkt. No. 60-4) and Order (Dkt. No. 60-5) regarding the California court's retention of jurisdiction – Uniloc filed in the California action a motion to transfer the case to this Court. *See* Exs. J, K, L, M.[2] That motion, as well as Symantec and XtreamLok's motion to enjoin Uniloc from proceeding in this forum, are fully briefed and scheduled for hearing before Judge Carter on December 20, 2010. *See also* Exs. N, O, P. Because of the parties' prior agreements and Judge Carter's prior and separate jurisdiction, this Court should dismiss Symantec from this action, and allow Judge Carter to determine where the Uniloc/Symantec dispute will proceed, based on the motions presently before him.

II. THE FORUM SELECTION CLAUSE APPLIES

This dispute began in 2008, when Uniloc sued Symantec and XtreamLok in the Central District of California based on the 2002 Uniloc / XtreamLok license agreement, which provides that the courts in Orange County, 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." Dkt. No. 60-2 at 5. Uniloc now argues that this forum selection

[1] Mr. Bostock's declaration on this topic is not a model of clarity. While he does appear to waive attorney-client privilege on this issue, the specific nature and timing of his communications with his client clearly is incomplete. While it might be of collateral interest to explore those communications further, the truth is that the agreement is unambiguously confirmed in the emails.

[2] All exhibits referenced herein are attached to the Supplemental Declaration of Mark A. Flagel, being filed contemporaneously with this reply.

clause "no longer applies" and that it is "no longer bound" by it because the arbitrator found that the agreement had terminated. Opp. at 5, 7. It cites no authority for this proposition. Indeed, the case law is to the contrary. *See, e.g.*, *Water, Inc. v. Everpure, Inc.*, No. CV-08-218, 2008 U.S. Dist. LEXIS 71744, at *10-11 (C.D. Cal. Aug. 4, 2008) (finding that the forum selection clause applied despite Plaintiff's argument that the Agreement had been terminated prior to suit and therefore "its claims [we]re not related to the Agreement"); *Advent Elecs., Inc. v. Samsung Semiconductor, Inc.*, 709 F. Supp. 843, 846 (N.D. Ill. 1989) ("In the absence of contractual language expressly or implicitly indicating the contrary, a forum selection clause survives termination of the contract.") (citation omitted).[3] The very purpose of a forum selection clause often is to litigate post-termination disputes that relate to the subject matter of an agreement. Termination of the agreement simply does not render the clause ineffective.[4]

III. THE PARTIES' PRIOR STIPULATION, AND THE CALIFORNIA COURT'S ORDER, REMAIN IN EFFECT

In addition to its attempt to (a) renege on its explicit agreement to dismiss Symantec from this action, and (b) ignore (without authority) the continuing applicability of the 2002 forum selection clause, Uniloc argues that the parties' Stipulation and the California court's Order from the 2008 action are essentially a nullity. Specifically, it argues that the California Stipulation (in

[3] *See also Mahoney v. DePuy Orthopaedics, Inc.*, No. F-07-1321, 2007 U.S. Dist. LEXIS 85856, at *3, *22 (E.D. Cal. Nov. 7, 2007) (despite the fact that the parties agreed to terminate an agreement with a forum selection clause, the court found that "there is no dispute that the forum selection clause is presumptively valid"); *AGR Fin., L.L.C. v. Ready Staffing, Inc.*, 99 F. Supp. 2d 399, 401 (S.D.N.Y. 2000) ("Even if the Agreement was terminated, its forum selection clause would still be effective [so long as] the 'jist' of plaintiff's claim involved" the agreement) (citations omitted); *YWCA of U.S. v. HMC Entm't*, 1992 U.S. Dist. LEXIS 14713, at *9-10 (S.D.N.Y. Sept. 23, 1992) (applying forum selection clause and rejecting plaintiff's argument that the clause would not apply because "the contract expired by its own terms"); 13-67 Corbin on Contracts § 67.2 (2010) ("Although termination and cancellation of an agreement extinguish future obligations of both parties to the agreement, neither termination nor cancellation affect those terms that relate to the settlement of disputes or choice of law or forum selection clauses.").

[4] Uniloc also argues that the parties have not previously litigated this dispute. Opp. at 4-5. But Uniloc recognizes that it did file suit in California in 2008, alleging infringement of the '216 patent. Obviously, there has been no merits adjudication of the infringement claim.

which it agreed that "***this Court will retain jurisdiction to decide Uniloc's claims for Patent Infringement***") and the California court's Order (that the court "***shall retain jurisdiction over Uniloc's Patent Infringement . . . Claim[]***") should not be enforced because the parties were required to apply to the court to reactivate the prior action after completion of the arbitration, and neither party did so. Opp. at 5, 7-8.

However, nothing in the California court's Order required immediacy. The parties' failure to immediately reactivate the prior action does not render the California court's retention of jurisdiction a nullity. Moreover, it does nothing to vitiate either (1) the forum selection clause in the 2002 license agreement, or (2) the parties' Stipulation in which they agreed without condition or any "immediate reactivation" requirement that the California court would retain jurisdiction to resolve any infringement or related disputes after completion of the arbitration. Indeed, the Stipulation makes clear 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." Dkt. 60-4 at 4:11-14. The only logical conclusion to be drawn from Uniloc's voluntary dismissal in the California court is that it believed that there were no "claims or issues [that] remain[ed]." Now, apparently, it contends that claims did remain, but they should be litigated in the forum that its attorneys prefer and that otherwise has virtually no connection to the parties' dispute. That was precisely what the parties' Stipulation and the California court's Order was intended to prevent.[5]

[5] Uniloc also suggests that the California court's Order retaining jurisdiction after completion of the arbitration would not apply because the arbitrator found that the 2002 license agreement had been terminated. *See* Opp. at 8. This clearly is wrong, since the California Court's Order is specifically directed to that outcome: "This 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 . . . ." Dkt. No. 60-5 at 3. The California court's retention of jurisdiction was not dependent upon the outcome of the arbitration.

Ironically, Uniloc lambasts Symantec for purportedly creating "a smokescreen designed to divert attention away from Symantec's blatant attempt to forum-shop this case to California." Opp. at 6. But it is Uniloc that agreed to a forum selection clause specifying that the California court would have exclusive jurisdiction; it is Uniloc that filed an action in that forum against Symantec and XtreamLok; it is Uniloc that stipulated that the California court would retain jurisdiction over Uniloc's infringement claims after completion of an arbitration between the parties (which the California court ordered); and it is Uniloc that voluntarily dismissed its action after completion of the arbitration, only to re-file it against Symantec months later in this forum. The only smokescreen here is Uniloc's.

IV. CONVENIENCE AND JUDICIAL ECONOMY DO NOT SUPPORT VENUE IN THIS FORUM

Uniloc also suggests – as it argued in its motion to transfer in California – that resolving the parties' dispute in this forum is proper because this forum is more convenient and it would promote judicial economy. *See* Ex. J; Opp. at 2-3, 8-9. However, Uniloc does not explain how convenience or judicial economy justify ignoring its prior agreements or the California court's prior Order retaining jurisdiction. In any event, Uniloc's conclusions are wrong.

First, it is clear that this forum is convenient for no one – not even Uniloc, despite its claim to having an "office" in this district. Indeed, in its motion to transfer in California, Uniloc could not identify a single witness located here. The fact is that Uniloc's own headquarters are in the Central District of California, only six miles from the courthouse where the California action is pending; its principals reside there; and virtually all of the U.S. development of the accused technology takes place at Symantec's facility located there (where all of the relevant code and related documentation would be accessed), just over 40 miles from the courthouse. *See*, *e.g.*, Ex. K at 8, 15-17; Ex. L ¶¶ 6-7. The relevant fact witnesses are over 1,300 miles and

an inconvenient day's travel from here.[6]

Moreover, Uniloc's incorporation as a Texas company is a recent, litigation-inspired occurrence. While Uniloc's CEO, Brad Davis, claims that Uniloc "has maintained an office in the Eastern District of Texas since February 2007" (Dkt. No. 82-10 ¶ 4), he omits to mention that it only incorporated in Texas in July 2010 – a few months after motions to transfer venue were filed by defendants in the first two Texas lawsuits brought by Uniloc, and just two months before Uniloc filed this action. This Texas incorporation also came years after Uniloc had incorporated in Rhode Island. *See* Exs. Q, R. Mr. Davis also neglects to mention that, at least as of April 2010, Uniloc had only a single employee in Texas. *See* Ex. S. In reality, Uniloc's "presence in Texas appears to be recent, ephemeral, and an artifact of litigation." *In re Zimmer Holdings, Inc.*, 609 F.3d 1378, 1381 (Fed. Cir. 2010).

Apparently, Uniloc also believes that its litigation spree in this forum justifies lumping Symantec into this case along with eleven other companies unrelated to Symantec, in the interest of "judicial economy." However, as this Court is aware, the Texas proceedings filed by Uniloc are in their infancy. This Court has issued a schedule in three of the cases, but in those three cases, it now appears that ***40 out of 41 defendants have been dismissed***; *i.e.*, only one of the

[6] Uniloc also suggests that "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." Opp. at 3. However, that litigation involved different parties, witnesses, technology, patents, evidence and facts. It is completely irrelevant to whether venue here is proper in this case, where Uniloc agreed multiple times to venue elsewhere for this dispute. The Federal Circuit has noted, in the context of a transfer motion under 28 U.S.C. § 1404(a), that a prior lawsuit essentially was irrelevant to the transfer analysis where there was no indication that it "involved the same parties, witnesses, evidence and facts." *In re Genentech*, 566 F.3d 1338, 1346 (Fed. Cir. 2009) (ordering a patent infringement case transferred from Texas to California and holding that the district court "clearly erred in finding Genentech's prior suit weighed against transfer"). Likewise, Symantec's prior unrelated lawsuit is irrelevant to the venue analysis.

cases remains pending with one defendant.[7] Thus, in practice, there have been no developments in these cases that would suggest judicial economy would be served by keeping Symantec in this forum, or change the reality that venue is improper here.

V. THE FIRST-TO-FILE RULE DOES NOT VITIATE UNILOC'S AGREEMENTS AND THE CALIFORNIA COURT'S ORDER

Uniloc also argues that this Court should ignore Uniloc's prior agreements and the California court's Order because of the "first to file rule." Opp. at 8-9. "The first-to-file rule is a discretionary doctrine." *Cadle Co. v. Whataburger of Alice*, 174 F.3d 599, 603 (5th Cir. 1999) (citations omitted). "Under the first-to-file rule, when related cases are pending before two federal courts, the court in which the case was last filed may refuse to hear it if the issues raised by the cases substantially overlap." *Id*. The rule "is not a 'rigid or inflexible rule to be mechanically applied, but rather is to be applied with a view to the dictates of sound judicial administration.'" *Buffalo Wild Wings, Inc. v. BWR McAllen, Inc.*, No. H-10-1265, 2010 U.S. Dist. LEXIS 65051 (S.D. Tex. June 29, 2010) (citation omitted). This discretionary rule does not support venue here.

First, Uniloc does not explain how or why its unilateral decision to file this case less than a few months ago, which it claims is the "first filed" case, would affect the venue provision in the 2002 license agreement, the parties' Stipulation or the California court's prior Order retaining jurisdiction. It does not. For this reason, Uniloc's argument should be disregarded entirely.

Second, the reality is that the California court is the first court with jurisdiction over the action against Symantec, dating back to Uniloc's filing of suit in 2008. That court is the one that

[7] While Uniloc has made conclusory assertions intimating that significant work has been done in connection with the remaining defendant, it is telling that no detail whatsoever has been provided. Clearly, far more work has been done in connection with the Uniloc/Microsoft litigation in Rhode Island. Thus, if that were the standard, Uniloc should have agreed to transfer its cases in this forum to Rhode Island, as had been requested by other defendants. Indeed, earlier this week, in *Uniloc USA, Inc. v. Sony Corp. of Am.*, No. 6:10-cv-00373-LED (E.D. Tex.), the defendants filed a motion to transfer that case to Rhode Island. *See* Ex. T.

the parties stipulated, in 2008, would have jurisdiction over this dispute. The fact that Uniloc filed its complaint here after dismissing the 2008 action and two weeks before Symantec filed the California action does not change this reality.

Third, even if this case could be considered the first-filed case and the rule somehow could be applied here, its application is discretionary. *Cadle Co.*, 174 F.3d at 603. Here, there is ample reason to dispense with the rule, based on (1) Uniloc's agreements that the California court would adjudicate its infringement claims against Symantec and XtreamLok, (2) the California court's prior Order, and (3) Uniloc's bad faith in disregarding those agreements and Order, and by maneuvering to get its claims against Symantec out of the first California action and into Texas. *See Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 628 (9th Cir. 1991) (courts generally "can, in the exercise of [their] discretion, dispense with the first-filed principle for reasons of equity," and "[c]ircumstances under which an exception to the first-to-file rule typically will be made include bad faith, anticipatory suit and forum shopping").[8] For all of these reasons, Uniloc should not be entitled to the benefit of the first-to-file rule.

Fourth, the fact is that courts generally do not apply the first-to-file rule where convenience factors do not favor the alleged first-filed action. Although Uniloc's separate motion to transfer is pending in California (Ex. J), in its opposition here, it argues that this forum is more convenient and would promote judicial economy. Opp. at 2-3. However, as explained above and as set forth above and more fully in Symantec/XtreamLok's briefing in California, that is not true. *See* Ex. K. For this reason, even if it were applicable, the first-to-file rule does not support denying Symantec's requested relief. *See Micron Tech., Inc. v. Mosaid Techs., Inc.*,

[8] *See also Hy Cite Corp. v. Advanced Mktg. Int'l, Inc.*, No. 05-C-722-S, 2006 U.S. Dist. LEXIS 18615, at *10 (W.D. Wis. Apr. 10, 2006) ("The interests of justice mandate that the first-to-file rule should not be applied . . . because of the forum selection clause."); *Valpak of Cincinnati, Inc. v. Valpak Direct Mktg. Sys., Inc.*, No. 1:05-CV-00510, 2005 WL 3244321, at *3 (S.D. Ohio Nov. 30, 2005) (forum selection clause justifies departure from first-to-file rule).

518 F.3d 897, 904 (Fed. Cir. 2008) (explaining that "instead of . . . automatically going with the first filed action," a court should weigh the Section 1404(a) convenience factors); *Serco Servs. Co., L.P. v. Kelley Co., Inc.*, 51 F.3d 1037, 1038 (Fed. Cir. 1995) (affirming dismissal of first-filed action where convenience of witnesses and location of evidence favored the second-filed forum).

With all the factors disfavoring application of the first-to-file rule, Uniloc tries to find support by pointing to arguments made by Symantec in another case, *IPAT v. Symantec Corp.*, No. 2:08-cv-484 (E.D. Tex.) ("*IPAT*"). Opp. at 9. Those arguments do not support Uniloc. In *IPAT*, Symantec sought to enjoin the later-filed action, but there was no dispute about that fact and no analogous circumstance where a party had attempted to circumvent a Stipulation and Order simply by dismissing the pending action and re-filing in a different jurisdiction. Moreover, the *IPAT* case did not involve a license agreement with a mandatory forum selection clause. Nor did the *IPAT* case involve a situation where a party agreed and confirmed that it would dismiss its action in the improper forum, only to renege on that agreement.

Finally, Uniloc's argument that Symantec's motion should be denied because of the potential for conflicting claim constructions is particularly disingenuous. Opp. at 9. In its oppositions to motions to transfer to Rhode Island filed in this Court, Uniloc discussed this issue regarding the same patent but came to the opposite conclusion:

> [W]hile it is undeniable that Judge Smith has experience construing the patent-in-suit, that claim construction was partially appealed and several key claim terms were construed by the Federal Circuit. . . . This unique situation ***greatly reduces the possibility of inconsistent claim construction***. In addition, any risk of possible inconsistent claim construction of terms that were not ruled on by the Federal Circuit can be avoided by referring to Judge Smith's prior claim construction.

Uniloc USA, Inc. v. ABBYY USA Software House, Inc., No. 6:09-cv-538-LED-JDL, Dkt. No.

120; *Uniloc USA, Inc. v. BCL Techs.*, No. 6:09-cv-18-LED-JDL, Dkt. No. 92.

VI. THE TYPE OF RELIEF REQUESTED IN CALIFORNIA DOES NOT AFFECT THE IMPROPRIETY OF VENUE HERE

Uniloc also makes the puzzling suggestion that dismissal should be denied because Symantec and XtreamLok have asserted claims for declaratory judgment in California, but not here, and therefore the California court has discretion to determine whether to entertain the dispute under the Declaratory Judgment Act whereas Uniloc's claims here are affirmative claims for patent infringement. Opp. at 10. Given that Uniloc has asserted affirmative counterclaims for patent infringement in the California action, it is hard to see how this argument makes any sense at all. Moreover, again, Uniloc does not explain how or why this would vitiate its prior agreements or the California court's prior Order retaining jurisdiction.

Uniloc also suggests that its filing of an Answer and Counterclaims in the California action has no bearing on this Court's decision whether to dismiss Symantec from this action. Opp. at 10. However, it is clear that there would be no prejudice to Uniloc resulting from a dismissal here, since the same claims are already being asserted against Symantec in California.

VII. 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: December 10, 2010

Respectfully submitted,

/s/ Yury Kapgan, 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 December 10, 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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