

# Exhibit N

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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

SYMANTEC CORPORATION and  
XTREAMLOK, PTY,

Plaintiffs,

v.

UNILOC USA, INC., UNILOC  
(SINGAPORE) PRIVATE LIMITED  
and UNILOC CORPORATION PTY  
LIMITED,

Defendants.

CASE NO. SACV10-01483 DOC (MLGx)

**MEMORANDUM IN SUPPORT OF  
SYMANTEC AND XTREAMLOK'S  
MOTION TO ENJOIN UNILOC  
FROM PROCEEDING WITH  
DUPLICATIVE ACTION AS  
AGAINST SYMANTEC, AND TO  
REQUIRE UNILOC TO DISMISS  
SYMANTEC AS A DEFENDANT  
FROM THAT ACTION**

**Hearing Date: December 20, 2010  
Time: 8:30 AM  
Place: Courtroom 9D  
Judge: Hon. David O. Carter**

AND RELATED COUNTERCLAIMS

**I. INTRODUCTION**

Symantec Corporation (“Symantec”) respectfully seeks an Order to enjoin defendants and counterclaimants (collectively, “Uniloc”) from pursuing patent infringement claims against Symantec in Texas, which are identical to the infringement claims being litigated in this forum.

Uniloc first sued Symantec and its indirect subsidiary XstreamLok in this Court in May 2008, for infringement of the same patent at issue in this case (U.S. Patent No. 5,490,216 – the “’216 patent”). An existing patent license agreement between Uniloc and XstreamLok specified that this Court would have *exclusive jurisdiction* over any patent disputes. As part of that litigation, *Uniloc stipulated, and this Court Ordered*, that this Court *would retain jurisdiction* over Uniloc’s infringement claims against Symantec after completion of an arbitration between the parties.

After the arbitration concluded, however, Uniloc unilaterally dismissed the action, and then reasserted the same patent infringement claim against Symantec as one of a dozen defendants in the Eastern District of Texas. In response to Uniloc’s tactics, Symantec and XstreamLok commenced this action in this forum, and Uniloc filed counterclaims for infringement of the ’216 patent. At the beginning of November, just before filing its counterclaims in this action, Uniloc appeared to recognize the absurdity of its forum shopping and the binding nature of the prior agreements and this Court’s Order, and in response to requests from Symantec’s counsel, Uniloc’s counsel confirmed Uniloc’s agreement that it would dismiss Symantec from the Texas lawsuit and proceed only in this forum.

Shortly after reaching that agreement, however, Uniloc’s counsel indicated that Uniloc was repudiating it and would not dismiss Symantec from the Texas action. As a result, Symantec has been forced to file a motion in Texas that it be dismissed from that action. That motion is now pending before the Texas court. It is unclear when that motion will be ruled upon.

The Uniloc/Symantec/XtreamLok dispute regarding infringement of the '216 patent should proceed in one forum – this forum. This is where the parties are located; this is where the parties agreed to litigate the dispute; this is the forum that the parties stipulated – and this Court ordered – would have jurisdiction over this dispute; and this is one of the two forums in which Uniloc's infringement claims against Symantec are currently pending. In light of the parties' prior agreements, stipulation, and this Court's Order, this Court should enjoin Uniloc from pursuing the duplicative action in Texas as against Symantec, and order Uniloc to dismiss Symantec from that action so that the parties can resolve their disputes in one action, in the forum that Uniloc originally chose and to whose jurisdiction it stipulated.

## **II. BACKGROUND**

### **A. Uniloc and Symantec Have Already Litigated the Patent-In-Suit in this Court**

XtreamLok licensed the '216 patent 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).<sup>1</sup>

In May 2008, Uniloc filed an action in this Court 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

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

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

**B. The Parties Stipulated that this 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 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. This Court Retained Jurisdiction over Uniloc's Claim for Patent Infringement**

This Court ordered a stay pending the outcome of the arbitration. The Court specifically ordered that it “*shall retain jurisdiction* over Uniloc's Patent

1 Infringement and Unfair Competition Claims, and shall re-activate the matter upon  
2 application of the parties upon completion of the arbitration to allow the  
3 continuation of the action as to any claims and issues which either party may  
4 contend remain to be resolved in accordance with applicable law.” Ex. D  
5 (emphasis added).

6 **D. The Arbitration Did Not Address or Resolve the Dispute as to**  
7 **Whether XstreamLok or Symantec Infringed the ’216 Patent; That**  
8 **Issue was Reserved for this Court**

9 The parties stipulated that the arbitration would not cover or address  
10 the issue of whether the XstreamLok technology practiced the ’216 patent. The  
11 parties agreed that question was reserved exclusively for this Court.

12 Instead, the arbitration addressed a single narrow issue: *Assuming*  
13 (without deciding) that the accused XstreamLok technology was covered by the  
14 ’216 patent, had XstreamLok breached the 2002 license agreement? If yes, then the  
15 issue of whether XstreamLok and Symantec in fact practiced any valid claim of the  
16 ’216 patent would be presented to this Court for adjudication. If no, then  
17 XstreamLok would remain licensed to the patent (and Symantec, as XstreamLok’s  
18 customer, would be protected from liability by the patent exhaustion doctrine).

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

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

On November 30, 2009, rather than return to this Court to have the infringement issue resolved, Uniloc unilaterally dismissed its lawsuit. Although its headquarters are located, and 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 sued Symantec as one of twelve unrelated defendants in the Eastern District of Texas for infringement of the '216 patent, Civil Action No. 6:10-CV-472.<sup>2</sup> Ex. F. In this manner, Uniloc has engaged in blatant and improper forum shopping.

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

On October 1, 2010, as a result of Uniloc's actions, Symantec and XstreamLok filed this action to finish what Uniloc started, seeking a declaration of non-infringement and invalidity as to the '216 patent. In addition, because XstreamLok does not and has never practiced the '216 patent, and because the patent is invalid in any event, XstreamLok seeks the return of the award that it paid to Uniloc pursuant to the arbitration. As noted above, XstreamLok has expressly conditioned that payment on the assumption that the patent was valid and infringed.

Uniloc failed to respond to the Complaint in this action 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 Texas

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<sup>2</sup> The plaintiffs in the Texas action are two of the three Uniloc entities which are defendants / counterclaim plaintiffs in this action: Uniloc USA, Inc. and Uniloc (Singapore) Private Limited.



1 action. On November 1, 2010, Uniloc accepted the extension, and ***confirmed in***  
2 ***writing that it would dismiss Symantec from the Texas action.*** See Flagel Decl.,  
3 ¶¶ 9-10 & Ex. G.

4 On November 5, 2010, however, Uniloc reneged on its agreement.  
5 Counsel for Uniloc informed counsel for Symantec that, even though Uniloc  
6 intended to file an Answer and Counterclaims in this Court, ***Uniloc had changed***  
7 ***its mind about voluntarily dismissing Symantec from the Texas action and would***  
8 ***not do so.*** See Flagel Decl., ¶ 11. That same day, Uniloc filed an Answer in this  
9 action. Dkt. No. 13. Three days later, it filed counterclaims against Symantec and  
10 XtreamLok in this action, claiming infringement of the '216 patent. Dkt. No. 15.

### 11 **III. ARGUMENT**

12 Uniloc has repeatedly recognized and agreed that its dispute with  
13 Symantec belongs in this Court. Yet it now apparently intends to disregard its own  
14 agreements and this Court's Order to pursue its claims against Symantec in the  
15 Eastern District of Texas. That should not be permitted.

16 Uniloc previously sued Symantec and XtreamLok for infringement of  
17 the '216 patent in this Court. The 2002 Uniloc / XtreamLok license agreement  
18 provides that the courts in Orange County, California have "***exclusive*** jurisdiction"  
19 over "any action arising out of or relating to" the agreement, and the parties "***waive***  
20 any other venue to which either party might be entitled." Ex. A, p. 4. Choice of  
21 forum clauses are, of course, routinely enforced, and "[p]atent infringement  
22 disputes do arise from license agreements." *Texas Instruments Inc. v. Tessera,*  
23 *Inc.*, 231 F.3d 1325, 1331 (Fed. Cir. 2000) (requiring patent infringement claim to  
24 be brought in California, based on choice of forum clause in patent license  
25 agreement that specified "any litigation between the parties relating to this  
26 Agreement shall take place in California," and noting that the clause "in the  
27 present case, as in any patent license agreement, necessarily covers disputes  
28 concerning patent issues").



Furthermore, after suing Symantec and XstreamLok in this Court, Uniloc entered into a Stipulation that *its infringement claim against Symantec would be decided in this Court* after completion of an arbitration to adjudicate Uniloc's breach of contract claim. Ex. C. 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, this Court entered an Order that it *would retain jurisdiction to decide Uniloc's infringement claim* after completion of the arbitration. Ex. D. Uniloc now wants to disavow its Stipulation and ignore this Court's Order by pursuing essentially the same lawsuit in Texas – a forum that has little connection to either party.

Uniloc's behavior over the past six weeks has been somewhat schizophrenic. When Symantec and XstreamLok reactivated this lawsuit through their October 1, 2010 Complaint, Uniloc recognized that California was the proper forum. Uniloc *agreed that it would dismiss Symantec from the action in Texas*. Flagel Decl., ¶¶ 9-10 & Ex. G. Furthermore, Uniloc filed an Answer and Counterclaims for infringement of the '216 patent in this Court. Now, however, Uniloc refuses to implement its agreement to dismiss Symantec from the Texas action. *See* Flagel Decl., ¶ 11.

Uniloc should not be permitted to "game the system" in this manner. It agreed numerous times to adjudicate its infringement claims in this Court: (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,

1 when it filed its patent infringement lawsuit in this Court; (3) in October 2008,  
2 when it entered into a binding Stipulation that this Court would retain jurisdiction  
3 to decide the infringement claim; and (4) again this month, when it agreed to  
4 proceed in California, filed an Answer and Counterclaims in this Court, and agreed  
5 to dismiss Symantec from the Texas action. Uniloc should be held accountable for  
6 its prior actions and agreements rather than being permitted to ignore them at its  
7 whim. *See Texas Instruments*, 231 F.3d at 1331; *Hamilton*, 2007 U.S. Dist. LEXIS  
8 67486, at \*30 (“Court opinions are not intended as mere first drafts, subject to  
9 revision and reconsideration at a litigant’s pleasure.”) (citation omitted); *In re*  
10 *Marriage of Hahn*, 224 Cal. App. 3d 1236 (1990) (“[I]n the usual case a party may  
11 not unilaterally avoid a valid stipulation for obvious reasons . . . . Stipulations . . .  
12 are supported by the policy of favoring compromise in order to reduce the volume  
13 of litigation.”) (citations and quotations omitted).

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1 In short, Uniloc's filing against Symantec in the Eastern District of  
2 Texas was improper. Symantec respectfully requests that this Court enjoin Uniloc  
3 from prosecuting the Texas action as against Symantec and require Uniloc to  
4 dismiss Symantec from that action.<sup>3</sup>

5  
6 Dated: November 22, 2010

7 LATHAM & WATKINS LLP

8  
9 By /s/  
10 Mark A. Flagel  
11 Attorneys for Plaintiffs  
12 SYMANTEC CORPORATION AND  
13 XTREAMLOK, PTY  
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23 <sup>3</sup> As noted above, on November 5, 2010, Uniloc filed its Answer in this action,  
24 and Counterclaims three days later. Symantec's deadline to respond to the  
25 Complaint in the Texas action was November 18, 2010. Symantec was thus forced  
26 to file a motion to dismiss in Texas for improper venue under Federal Rule of Civil  
27 Procedure 12(b)(3), pointing out that the action belongs in this Court. It is unclear  
28 when that motion might be ruled upon. This Court, of course, would render that  
motion moot by granting the present motion and putting an end to Uniloc's  
shenanigans now.