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9 Defendant WI-LAN INC.

6 UNITED STATES DISTRICT COURT  
7 FOR THE NORTHERN DISTRICT OF CALIFORNIA  
8 SAN FRANCISCO DIVISION

9 ALIPHCOM, a California corporation,  
10 Plaintiff,  
11 v.  
12 WI-LAN INC., a Canadian Corporation,  
13 Defendant.

Case No. 3:10-cv-02337-SI

**DEFENDANT WI-LAN INC.'S NOTICE  
OF MOTION AND MEMORANDUM OF  
POINTS AND AUTHORITIES IN  
SUPPORT OF ITS MOTION TO  
DISMISS FOR LACK OF PERSONAL  
JURISDICTION AND/OR MOTION TO  
TRANSFER**

Date: September 3, 2010  
Time: 9:00 a.m.  
Courtroom 10  
Judge: Hon. Susan Illston

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28 DEFENDANT WI-LAN INC.'S NOTICE OF MOTION AND MEMORANDUM OF POINTS  
AND AUTHORITIES IN SUPPORT OF ITS MOTION TO DISMISS FOR LACK OF  
PERSONAL JURISDICTION AND/OR MOTION TO TRANSFER  
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1 PLEASE TAKE NOTICE that on September 3, 2010, at 9:00 a.m., or as soon thereafter as  
2 the matter may be heard, before the Honorable Susan Illston, Judge of the United States District  
3 Court, 450 Golden Gate Ave., San Francisco 94102 in Courtroom 10, Defendant Wi-LAN Inc.  
4 (“Wi-LAN”) will move this Court to dismiss for lack of personal jurisdiction, or in the alternative,  
5 to transfer this case to the Eastern District of Texas, pursuant to Federal Rule of Civil Procedure  
6 12(b)(2), 28 U.S.C. 1404 and 28 U.S.C. 1406.

7 The Motion will be based on this Notice of Motion, the Memorandum of Points and  
8 Authorities in Support, the Declarations of Michael G. McManus and William R. Middleton, the  
9 [Proposed] Order filed herewith, all of the files and records of this action, and on any additional  
10 material that may be filed by Plaintiff, Aliphcom (“Aliph”) or be elicited at the hearing on this  
11 Motion.

### 12 **MEMORANDUM OF POINTS AND AUTHORITIES**

#### 13 **I. INTRODUCTION**

14 In this case, Aliph seeks a declaratory judgment that two of Wi-LAN’s patents, U.S. Patent  
15 No. 5,515,369 (“the ‘369 patent”) and U.S. Patent No. 6,549,759 (the ‘759 patent), are invalid, that  
16 Aliph has not infringed either of these patents and that the ‘759 patent is unenforceable. Aliph’s  
17 suit should be dismissed for lack of personal jurisdiction or transferred to the Eastern District of  
18 Texas where identical claims are pending.

19 Personal jurisdiction is lacking because Aliph cannot establish either general jurisdiction or  
20 personal jurisdiction. General jurisdiction is absent as Wi-LAN does not maintain, or even  
21 approach, the requisite “continuous and systematic presence” within California. Neither can Aliph  
22 show that Wi-LAN is subject to specific jurisdiction. To establish specific personal jurisdiction,  
23 Aliph must demonstrate that this action “arise[s] from or relate[s] to” some Wi-LAN action. The  
24 only relevant Wi-LAN action that occurred prior to the filing date was a single notice letter.  
25 Precedent is clear, however, that a notice letter does not give rise to personal jurisdiction - a  
26 patentee has the right to put others on notice of its patents.

1 In the event that the Court does find personal jurisdiction, the case should nonetheless be  
 2 transferred to Texas. Prior to the filing of the Complaint in this action, Wi-LAN initiated an action  
 3 on the '369 patent in the Eastern District of Texas against twenty-eight (28) defendants.  
 4 Subsequent to the Aliph declaratory complaint, Wi-LAN amended its Texas complaint to include  
 5 allegations regarding the '759 patent against several defendants and to include Aliph and CSR Plc  
 6 (Aliph's Bluetooth chip supplier<sup>1</sup>) as Defendants. Thus, 1) the points at issue in the Texas Action  
 7 overlap the present action, and 2) the first action to be completed will control the outcome of the  
 8 later completed case. This second point, that the first completed action will control, would be true  
 9 even if Aliph were not a defendant in the Texas case. If CSR were to prevail in Texas, Aliph would  
 10 assert collateral estoppel on the same basis (and, thus, similarly prevail). If CSR were to have a  
 11 judgment entered against it, Aliph would be shielded from judgment under the single recovery rule.  
 12 The inverse is also true. Thus, due to the operation of the doctrine of collateral estoppel and the  
 13 single recovery rule, this is not a situation where one Court is merely engaging in duplication of  
 14 effort; rather, here, one Court's actions will likely be rendered null by the actions of the first Court  
 15 to decide.

16 In addition to the foregoing, judicial and private economy weigh in favor of transfer. It  
 17 simply does not make sense to proceed with two actions on the same issues. It is not anticipated  
 18 that all twenty-eight defendants in the Texas would be transferred to this district (at present, no  
 19 defendant has moved for transfer). Thus, in order to avoid duplication, the smaller action (the  
 20 present case) should be joined to the larger ongoing first filed case in Texas.

## 21 **II. STATEMENT OF FACTS**

### 22 **A. The Parties**

#### 23 **1. Wi-LAN, Inc.**

24 Wi-LAN is a foreign corporation organized and existing under the laws of Canada with its  
 25 principal place of business in Ottawa, Ontario Canada. (Dkt. No. 11, ¶3). Wi-LAN, first formed in

---

26  
 27 <sup>1</sup> The accused functionality claimed by the '369 and '759 patents is located in the Bluetooth  
 semiconductor chips supplied by CSR.

1 1992, is a public company and has been a pioneer in the design and development of broadband  
 2 technologies. It originally developed the fundamental signaling technology that makes both the Wi-  
 3 Fi and Wi-MAX wireless standards work -- wideband orthogonal frequency division multiplexing  
 4 (or "W-OFDM") and has licensed this technology to such companies as Cisco, Nokia, Fujitsu,  
 5 Panasonic and others. Wi-LAN is an intellectual property and research company that licenses its  
 6 proprietary technologies to companies who have expertise in manufacturing and marketing.

## 7 **2. Aliphcom, Inc. and CSR Plc.**

8 Aliph is a corporation organized and existing under the laws of the state of California, with  
 9 its principal place of business located at 99 Rhode Island Ave., San Francisco, California. (Dkt. No.  
 10 11 at ¶ 2). Aliph produces and sells wireless headsets under the Jawbone® brand. *Id.* ¶ 13. Aliph's  
 11 wireless headsets utilize the Bluetooth wireless communication standard. (Ex. 1 to the Declaration  
 12 of Michael G. McManus<sup>2</sup>).

13 Aliph's supplier of Bluetooth chips is CSR (sometimes referred to as Cambridge Silicon  
 14 Radio). Ex. 1. CSR is a United Kingdom corporation with its headquarters in Cambridge, UK.  
 15 CSR is a named defendant in a pending suit WI-LAN filed in Texas.

## 16 **B. Chronology of Relevant Events**

17 The parties' course of interaction prior to the filing of the present action is notable for its  
 18 brevity. On May 20, 2010, Wi-LAN sent a notice letter to Aliph indicating Wi-LAN's view that  
 19 Aliph's Jawbone® headset product practiced United States Patent Nos. 6,549,759 and 5,515,369,  
 20 held by Wi-LAN. Ex. 2. In response, on May 27, Aliph filed the Original Complaint in the present  
 21 action. (Dkt. No. 1). There were no other jurisdictionally relevant contacts between the parties.<sup>3</sup>

## 22 **C. Pertinent Jurisdictional Facts**

23 Wi-LAN does not market, manufacture or sell any physical products in the United States.  
 24 Its principal commercial activity in the U.S. is its acquisition and licensing of patented innovations.  
 25 Declaration of William R. Middleton ("Middleton Decl.") ¶ 3.

26 <sup>2</sup> Hereafter, exhibits to the Declaration of Michael G. McManus will simply be referred to as Exhibits.

27 <sup>3</sup> Subsequent to initiation of the present action, there have been certain contacts between the parties in  
 the nature of settlement negotiations.

1 Wi-LAN has no employees or officers who reside in California. *Id.* ¶ 4. Wi-LAN does not  
2 own or have any interest in real property in California. *Id.* ¶ 5. Wi-LAN has no offices or facilities  
3 of any kind in California. *Id.* ¶ 6. Wi-LAN has no telephone listing or mailing address in  
4 California. *Id.* ¶ 7. Wi-LAN has no registered agent for service of process in California. *Id.* ¶ 8.  
5 Wi-LAN pays no taxes in the State of California. *Id.* ¶ 9. Wi-LAN has not initiated or commenced  
6 any litigation in the California courts subsequent to its first contact with Aliph. *Id.* ¶ 10. Wi-LAN  
7 is a defendant in two other declaratory judgment actions in California. However, Wi-LAN has not  
8 voluntarily chosen California as the forum for such litigation or sought any affirmative relief.. *Id.* ¶  
9 11.

10 Wi-LAN's employees do occasionally travel to California on matters relating to Wi-LAN's  
11 business. However, these trips are irregular and infrequent. Wi-LAN employees did not have any  
12 meetings or telephone conversations with Aliph employees about the patents or technology  
13 involved in this case prior to the filing date. *Id.* ¶ 12.

14 Wi-LAN has licensees of the '369 and '759 patents who sell products in California using  
15 Wi-LAN's patented technology. *Id.* ¶ 13. All such licenses, however, are nonexclusive. *Id.* As  
16 such, Wi-LAN exercises no control over the sales activities of any of its licensees under the patents.  
17 *Id.*

18 A WI-LAN subsidiary, Wi-LAN Technologies, Inc., operated in California from  
19 approximately 2001 to 2003. Ex. 3 at 17, 37. In 2003, the functions performed by that office were  
20 moved to Calgary, Canada for cost reduction purposes. *Id.*

21 Wi-LAN was the plaintiff in a 2004 California contract (and related causes of action) action  
22 that concerned ownership of certain patents. One of the patents there at issue was the '759 patent.  
23 *See* Ex. 4.

#### 24 **D. The Texas Action**

25 On April 7, 2010, Wi-LAN commenced an action in Texas ("The Texas Action") alleging  
26 infringement of the '369 patent by twenty-eight (28) defendants. *See* Ex. 5. On June 2, 2010, Wi-  
27 LAN amended the Texas complaint to include allegations of infringement of the '759 patent and to

1 add Aliph as a defendant. *See* Ex. 6. There is, thus, total overlap between the present subject  
2 matter and the subject matter of the Texas action.

### 3 **III. ALIPH CANNOT SHOW PERSONAL JURISDICTION OVER WI-LAN**

#### 4 **A. The Law of Personal Jurisdiction**

5 A court must dismiss a defendant when the court lacks jurisdiction over that person. *See*  
6 Fed. R. Civ. P. 12(b)(2); *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 291-92 (1980);  
7 *Avocent Huntsville Corp. v. Aten Int'l Co., Ltd.*, 552 F.3d 1324, 1328-29 (Fed. Cir. 2008). Since  
8 personal jurisdiction is intimately involved with the substance of patent laws, the law of the Federal  
9 Circuit applies. *Avocent*, 552 F.3d at 1328. The plaintiff bears the burden of making a prima facie  
10 showing that Wi-LAN is subject to personal jurisdiction. *Id.* at 1328-29.

11 The personal jurisdiction of a United States District Court is measured by the jurisdictional  
12 reach of the local state courts. Fed. R. Civ. P. 4(k)(1)(A). In California, that reach is coextensive  
13 with the limits of the Due Process Clause. Cal. Civ. Proc. Code § 410.10. Accordingly, personal  
14 jurisdiction may only be sustained if doing so is consistent with the requirements of due process.  
15 *See Panavision Int'l, L.P. v. Toepfen*, 141 F.3d 1316, 1320 (9th Cir. 1998). The exercise of  
16 personal jurisdiction over a foreign corporation violates the protections created by the Due Process  
17 Clause unless the foreign corporation has sufficient “minimum contacts” with the forum state  
18 (California) such that the “maintenance of the suit does not offend traditional notions of fair play  
19 and substantial justice.” *Int'l Shoe Coe. v. State of Washington, Office of Unemployment*, 326 U.S.  
20 310, 316 (1945) (internal quotation marks omitted). “[I]t is essential in each case that there be some  
21 act by which the defendant purposefully avails itself of the privilege of conducting activities within  
22 the forum State, thus invoking the benefits and protections of its laws.” *Avocent*, 552 F.3d at 1329  
23 (quoting *Hanson v. Denckla*, 357 U.S. 235, 253 (1958)).

#### 24 **B. The Relevant Time Period Is May 2010**

25 The applicable time period in evaluating personal jurisdiction is when the events that created  
26 the cause of action occurred. Thus, the relevant period is May 20-27, 2010, at the time of the  
27 contact between the parties. *See, e.g., Johnson v. Woodcock*, 444 F.3d 953, 955-56 (8th Cir. 2006)

1 (“Minimum contacts must exist either at the time the cause of action arose, the time the suit was  
 2 filed, or within a reasonable period of time immediately prior to the filing of the lawsuit.”); *Steel v.*  
 3 *United States*, 813 F.2d 1545, 1549 (9th Cir. 1987) (noting that “courts must examine the  
 4 defendant's contacts with the forum at the time of the events underlying the dispute when  
 5 determining whether they have jurisdiction”).

6 **C. Wi-LAN Is Not Subject to Personal Jurisdiction on Aliph’s Claims**

7 The “minimum contacts” requirement may be met in either of two ways: through  
 8 continuous and systematic contacts between the defendant and the jurisdiction, justifying the court’s  
 9 exercise of general jurisdiction over the defendant, or through purposeful activities directed into the  
 10 forum from which the claims arise, justifying the court’s exercise of specific jurisdiction over these  
 11 claims. *Autogenomics, Inc. v. Oxford Gene Technology, Ltd.*, 566 F.3d 1012, 1017 (Fed. Cir. 2009).  
 12 In this case, Aliph is unable to offer evidence of either.

13 **1. Aliph Cannot Show General Jurisdiction Because Wi-LAN Does Not  
 14 Maintain Continuous and Systematic Contacts With California**

15 Plaintiffs bear a higher burden to establish the minimum contacts for general jurisdiction.  
 16 *Avocent*, 552 F.3d at 1330. For general jurisdiction to exist over a foreign defendant, the defendant  
 17 must have “continuous corporate operations” in California that are “so substantial and of such a  
 18 nature as to justify suit against it on causes of action arising from dealings entirely distinct from  
 19 those activities.” *Int’l Shoe*, 326 U.S. at 318. Having a few commercial activities over time is  
 20 insufficient to establish general jurisdiction. *Helicopteros Nacionales de Colombia, S.A. v. Hall*,  
 21 466 U.S. 408, 416 (1984). Nor does hosting a passive website warrant general jurisdiction. *Trintec*  
*Indus., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1281 (Fed. Cir. 2005).

22 Wi-LAN does not have continuous and systematic contacts with California to warrant  
 23 exercise of general jurisdiction. Nothing in the amended complaint suggests continuous and  
 24 systematic contacts with California. Wi-LAN does not have any office or employees in California.<sup>4</sup>

25  
 26  
 27 <sup>4</sup> Some years ago, a Wi-LAN subsidiary (Wi-LAN Technologies, Inc.) maintained an office in the Santa  
 Barbara area. This office was closed in 2003. Exs. 3 and 7.

1 Middleton Decl. ¶¶ 4, 6. Wi-LAN does not have real or personal property in California. *Id.* ¶ 5.  
 2 Wi-LAN does not sell any products in California. *Id.* ¶ 14.

3 Aliph alleges that Wi-LAN is “has no business activity other than the bringing of patent  
 4 litigation and licensing of patents.” (Complaint ¶ 12). This effort to define Wi-LAN’s business as  
 5 the business of asserting patent infringement claims and trying to establish general jurisdiction on  
 6 that basis is of no avail. A similar argument was made and rejected in *Nordica USA Corp. Tecnica*  
 7 *USA Corp. v. Sorenson*, 475 F. Supp. 2d 128, 137 (D.N.H. 2007) (where plaintiff alleged that  
 8 “Defendants are in the business of licensing technology and have created ‘systemic and continuous’  
 9 contacts with New Hampshire by entering into so many licensing agreements with corporations  
 10 which do business here”). *In Nordica*, the court noted that the product sold in the licensing  
 11 agreements is a “covenant not to sue.” *See Nordica*, 475 F. Supp. 2d at 138, citing *Red Wing Shoe*  
 12 *Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1362 (Fed. Cir. 1998). Such a license cannot  
 13 confer general jurisdiction in the forum state because it is not a product sold in the stream of  
 14 commerce and the licensees’ commercialization activities cannot be attributed to Wi-LAN as the  
 15 patentee. *See id.* (“Since the ‘covenant not to sue,’ which is the product defendants are selling, is  
 16 not a product sold in the stream of commerce, the plaintiffs’ reliance on that theory of jurisdiction is  
 17 misplaced.”) Thus, the location of licensees in California does not confer jurisdiction over Wi-  
 18 LAN. *See, e.g., Advice Co. v. Novak*, No. C-08-1951, 2009 U.S. Dist. Lexis 4641, at \* 19-20 (N.D.  
 19 Cal., Jan. 23, 2009), citing *Bancroft & Masters, Inc. v. Augusta National Inc.*, 223 F.3d 1082, 1086  
 20 (9th Cir. 2000) (where “the Ninth Circuit found insufficient contacts to establish general jurisdiction  
 21 over the defendant where the defendant had several license agreements with California businesses;  
 22 made occasional, unsolicited sales of tickets and merchandise to California residents; and operated a  
 23 passive website containing an allegedly infringing trademark.”). Further, notwithstanding Aliph’s  
 24 allegation that Wi-LAN’s business is the “bringing of patent litigation and licensing of patents,” it  
 25 cannot show that Wi-LAN has sued any company for patent infringement in the State of  
 26 California.<sup>5</sup>

27  
 28 <sup>5</sup> In the context of specific jurisdiction, the Federal Circuit has made it very clear that licensing activity  
 DEFENDANT WI-LAN INC.’S NOTICE OF MOTION AND MEMORANDUM OF POINTS  
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1 Nor can occasional, or even regular, business trips to California by Wi-LAN executives  
 2 subject Wi-LAN to the general jurisdiction of the California courts. *See Helicopteros Nacionales*  
 3 *de Columbia v. Hall*, 466 U.S. 408, 411 (1984), *citing and reaffirming Rosenberg Bros. & Co. v.*  
 4 *Curtis Brown Co.*, 260 U.S. 516 (1923) (“The only business alleged to have been transacted by the  
 5 company in New York . . . related to such purchases of goods by officers of a foreign corporation.  
 6 Visits on such business, *even if occurring at regular intervals*, would not warrant the inference that  
 7 the corporation was present within the jurisdiction of the state”) (emphasis added); *Landoil*  
 8 *Resources Corp. v. Alexander & Alexander Services, Inc.*, 918 F.2d 1039, 1045-46 (2nd Cir. 1990)  
 9 (thirteen business trips by employees of insurance broker over eighteen month period insufficient);  
 10 *Hoffritz For Cutlery, Inc., Inc. v. Anjac, Ltd.*, 763 F.2d 55, 57 (2nd Cir. 1985) (fifty-four visits to  
 11 New York to discuss business with plaintiff insufficient); *Rocawear Licensing LLC v. Pacesetter*  
 12 *Apparel Group*, No. CV 06-3093, 2007 U.S. Dist. Lexis 98894, at \*6-8 (C.D. Cal. Sept. 12, 2007)  
 13 (buyers sent to California several times a year who purchased \$10,000,000 worth of merchandise,  
 14 held insufficient under *Helicopteros* and *Rosenberg*); *Cornelison v. Cheney*, 16 Cal. 3d 143, 149  
 15 1976) (twenty trips a year into state over previous seven years held insufficient).

16 That some of the inventors of the patents-in-issue may be located in California is of no  
 17 significance to the personal jurisdiction inquiry. The inventors assigned their rights to third parties  
 18 (Ensemble Communications, Inc. in the case of the ‘759 patent and Metricom, Inc. in the case of the  
 19 ‘369, *see* Dkt. No. 1, Exs. A and B)<sup>6</sup> prior to their acquisition by Wi-LAN. It is Wi-LAN’s

20 by the patentee within the forum state, even to “multiple non-exclusive licensees,” cannot establish specific  
 21 personal jurisdiction over the patentee in the forum so long as the licenses are non-exclusive. *Avocent*, 552  
 22 F.3d at 1336. Indeed, in *Red Wing*, the Federal Circuit declined to find specific personal jurisdiction over a  
 23 patentee with thirty-four non-exclusive licensees selling the patented product in the forum State . . .”. In  
 24 *Red Wing*, the Court rejected the notion that this extensive licensing program amounted to a “34-licensee  
 25 distribution channel.” *Red Wing*, 148 F.3d at 1359. It would be a strange rule indeed that held that an  
 26 extensive licensing program would not be deemed “other activities” for purposes of *specific* personal  
 27 jurisdiction, but would be found sufficient for *general* personal jurisdiction. Such a holding would  
 28 completely undermine the *Avocent* rule which protects those patentees who have extensive licensing  
 programs from subjecting themselves to the personal jurisdiction of forums where they are not domiciled.  
 Notwithstanding the perception that such a rule permits foreign patentees to engage in “significant  
 commercialization and licensing efforts in a state while benefiting from the shelter of the *Avocent* rule.” the  
 Federal Circuit is fully committed to the *Avocent* rule for important policy reasons having to do with the  
 nature of patent rights. *See Autogenics, Inc.*, 566 F.3d at 1021.

<sup>6</sup> The ‘369 patent was reassigned multiple times prior to being acquired by WI-LAN. See Ex. 8.

1 activities, however, that must form the basis of Aliph's jurisdictional allegations, not those of the  
2 named inventors. *Avocent Huntsville Corp. v. Aten Intern. Co., Ltd.*, 552 F.3d 1324, 1332 (Fed. Cir.  
3 2008) ("The relevant inquiry for specific personal jurisdiction purposes then becomes to what extent  
4 has the defendant patentee 'purposefully directed [such enforcement activities] at residents of the  
5 forum,' and the extent to which the declaratory judgment claim 'arises out of or relates to those  
6 activities.'") (citations omitted).

7 Similarly, the location of the attorneys who prosecuted the '369 and '759 patents is  
8 irrelevant to determining personal jurisdiction over Wi-LAN since the patents issued well prior to  
9 any contact between Aliph and Wi-LAN. *See Rosenberg Bros. & Co.*, 260 U.S. at 517 ("The sole  
10 question for decision is whether, *at the time of the service of process*, defendant was doing business  
11 within the State of New York and to such an extent as to warrant the inference that it was present  
12 there.") (emphasis added). The '369 patent is dated May 7, 1996 (Dkt. No. 1, Ex. "A.") The '759  
13 patent is dated April 15, 2003. (Dkt. No. 1, Ex. "B.") Hence, the relationship that WI-LAN's  
14 predecessors-in-interest (Ensemble and Metricom) had with the attorneys who prepared and  
15 prosecuted these patents, if any, is well outside the relevant time period and subject matter scope for  
16 establishing personal jurisdiction.

17 Finally, as previously noted, having a passive website is insufficient to establish general  
18 jurisdiction. *Indus., Inc. v. Pedre Promotional Prods., Inc.*, 395 F.3d 1275, 1281 (Fed. Cir. 2005).  
19 Thus, there is no basis for the exercise of general jurisdiction over Wi-LAN in California.

## 20 **2. Aliph Cannot Show Specific Jurisdiction Because Letters Are an** 21 **Insufficient Basis for Jurisdiction**

22 Aliph likewise cannot show that specific personal jurisdiction is warranted here. Federal  
23 Circuit precedent is unambiguous that mere letters informing a party of one's patent rights are an  
24 insufficient basis for specific personal jurisdiction. Nor has Wi-LAN engaged in any other activity  
25 that gives rise to personal jurisdiction.

### 26 **(a) Wi-LAN's Correspondence with Aliph Is Insufficient to Create** 27 **Personal Jurisdiction in This Case**

1 Federal Circuit law is clear that correspondence like that between Wi-LAN and Aliph, does  
2 not establish specific jurisdiction. Threats of infringement through an “infringement letter” or a  
3 “cease-and-desist letter” to a forum resident are not sufficient to establish specific jurisdiction. *Red*  
4 *Wing*, 148 F.3d at 1360-61. In *Red Wing*, the Federal Circuit summarized the law regarding  
5 infringement letters as follows:

6 Principles of fair play and substantial justice afford a patentee  
7 sufficient latitude to inform others of its patent rights without  
8 subjecting itself to jurisdiction in a foreign forum. A patentee should  
9 not subject itself to personal jurisdiction in a forum solely by  
informing a party who happens to be located there of suspected  
infringement. Grounding personal jurisdiction on such contacts alone  
would not comport with principles of fairness.

10 *Id.*

11 Offers to license also are not sufficient to establish specific jurisdiction in the forum state.  
12 *Id.* at 1361. In *Red Wing*, defendant’s sole business was to license its patent portfolio and enforce  
13 the patents. Defendant had thirty-four non-exclusive licensees, all of which sold products in  
14 Minnesota and six of which maintained retail stores in Minnesota or possessed a Minnesota  
15 business registration. *Id.* at 1357-58. The defendant sent Red Wing Shoe in Minnesota a series of  
16 letters alleging infringement and offering a non-exclusive license and received royalty payments  
17 from its licenses for sale in Minnesota. *Id.* The district court held, and the Federal Circuit affirmed,  
18 that there was no specific jurisdiction. The appellate court reasoned that “[a]n offer to license is  
19 more closely akin to an offer for settlement of a disputed claim rather than an arms-length  
20 negotiation in anticipation of a long-term continuing business relationship.” *Id.* at 1361. As such,  
21 the Federal Circuit held: “Standards of fairness demand that [the patentee] be insulated from  
22 personal jurisdiction in a distant foreign forum when its only contacts with that forum were efforts  
23 to give proper notice of its patent rights.” *Id.*

24 **(b) Wi-LAN Did Not Conduct Any Other Activity In California That**  
25 **Would Warrant Exercise of Personal Jurisdiction**

26 Wi-LAN has not conducted any other activity in California that would warrant exercise of  
27 specific personal jurisdiction. For there to be specific jurisdiction, the Federal Circuit has required  
28 the foreign defendant to have engaged in “other activities” beyond sending letters that relate to

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1 enforcement of the defense of the validity of the relevant patents. *Avocent*, 552 F.3d at 1334.  
2 Examples of such “other activities” that suffice to establish jurisdiction include: (i) entering into an  
3 exclusive license agreement, *see, e.g., Breckenridge Pharmaceutical, Inc. v. Metabolite*  
4 *Laboratories, Inc.*, 444 F.3d 1356, 1366 (Fed. Cir. 2006); *Silent Drive*, 326 F.3d 1194, 1202; (Fed.  
5 Cir. 2003) (ii) entering into an exclusive distributor agreement with a third party, *see, e.g., Genetic*  
6 *Implant Sys., Inc. v. Core-Vent Corp.*, 123 F.3d 1455, 1458 (Fed. Cir. 1997); and (iii) initiating  
7 judicial enforcement or other activities to remove the competitor’s products within the forum, *see,*  
8 *e.g., Campbell Pet Co. v. Miale*, 542 F.3d at 879, 886 (Fed. Cir. 2008); *Viam Corp. v. Iowa Export-*  
9 *Import Trading Co.*, 84 F.3d 424, 430 (Fed. Cir. 1996).

10 First, Wi-LAN has never entered into an exclusive license with a California company or  
11 person regarding any of the patents at issue (had it done so, it could not have offered a license to  
12 Aliph.). Wi-LAN’s licensees in California are non-exclusive. For some licensees, Wi-LAN has no  
13 ongoing contact. With respect to others, Wi-LAN’s only interaction is the receipt of royalties. On  
14 identical facts, the Federal Circuit has rejected specific personal jurisdiction: “[S]pecific personal  
15 jurisdiction is not proper where the patentee has successfully licensed the patent in the forum state,  
16 even to multiple non-exclusive licensees, but has no dealings with those licensees beyond the  
17 receipt of royalty income.” *Avocent*, 552 F.3d at 1336 (internal ellipses and quotation marks  
18 omitted); *see also Rano v. Sipa Press, Inc.*, 987 F.2d 580, 588 (9th Cir. 1993)(same).

19 Second, Wi-LAN has not entered into an exclusive distributor agreement with a third party  
20 during the relevant time period. *Genetic Implant Sys.*, 123 F.3d 1455, 1458 (1997).

21 Third, Wi-LAN’s passive website that is accessible in California cannot subject Wi-LAN to  
22 specific jurisdiction. *See Trintec.*, 395 F.3d at 1281; *Campbell Pet*, 542 F.3d at 883. Wi-LAN’s  
23 website purely provides information about the company.

24 Fourth, any negotiations that may have occurred with third parties, even concerning the  
25 same subject matter, are not relevant. *See Envision Gaming Technologies Inc. v. Infinity Group*  
26 *Inc.*, 2006 U.S. Dist. LEXIS 68441, at \*19 (N.D. Tex. 2006) (“That one licensing agreement may  
27 cover the same intellectual property at issue in a separate, subsequent, patent dispute does not make

1 the *negotiation* of the first agreement ‘related’ to the *communications* in the separate, second  
2 dispute.”)

3 Finally, Wi-LAN has not initiated any legal action in California subsequent to April 2004,  
4 which is well before the relevant time period (May 2010). Middleton Decl. ¶ 14. While Wi-LAN is  
5 presently named as a defendant in certain litigation filed by Intel Corp. and, separately, Calix. Inc.,  
6 in California, Wi-LAN did not choose California as a forum and has not filed counterclaims in  
7 either case. Middleton Decl. ¶ 10.

8 **D. Asserting Personal Jurisdiction Over Wi-LAN Would Be Unreasonable**

9 Even if Aliph could show purposeful direction and nexus between Wi-LAN’s conduct and  
10 Aliph’s declaratory relief claims, it still must be shown that it is reasonable to subject Wi-LAN to  
11 personal jurisdiction in California. Here, precedent is firmly to the contrary.

12 "Principles of fair play and substantial justice afford a patentee sufficient latitude to inform  
13 others of its patent rights without subjecting itself to jurisdiction in a foreign forum." *Smugmug,*  
14 *Inc. v. Virtual Photo Store*, No. C-09-2255, WL 3833969, \*3 (N.D. Cal. Nov. 16, 2009) (quoting  
15 *Autogenomics*, 566 F.3d at 1020)<sup>7</sup>; *Breckenridge Pharmaceutical, Inc. v. Metabolite Laboratories,*  
16 *Inc.*, 444 F.3d 1356, 1363 (Fed. Cir. 2006) (“The district court correctly stated this court's law that  
17 personal jurisdiction may not be exercised constitutionally when the defendant's contact with the  
18 forum state is limited to cease and desist letters”). Thus, the only specific conduct which Aliph  
19 avers, Wi-LAN’s having informed Aliph of its patent rights, has been repeatedly held not to be a  
20 reasonable basis for the assertion of jurisdiction.

21 **IV. EVEN IF THE COURT FINDS PERSONAL JURISDICTION, THIS CASE SHOULD**  
22 **BE TRANSFERRED TO THE EASTERN DISTRICT OF TEXAS**

23 Even if personal jurisdiction is found, the present action should be transferred to the Eastern  
24 District of Texas where an earlier action, covering the same subject matter, is ongoing. This action  
25 should be transferred for three reasons: 1) under the first to file rule, Wi-LAN’s first filed Texas  
26 Action is entitled to priority; 2) Aliph’s supplier of Bluetooth chips (the accused functionality), CSR

27 <sup>7</sup> The *Autogenomics* case further cites *Red Wing Shoe, Inc. v. Hockerson-Halberstadt, Inc.*, 148 F.3d  
1355, 1360-61 (Fed. Cir. 1998) for the same proposition.

1 Plc, a defendant in the Texas action, is the true party in interest under the “customer suit exception,”  
 2 and 3) it is judicially inefficient to proceed with two separate actions (one in California and one in  
 3 Texas) on the same subject matter.

4 **A. Legal Standard**

5 The statute regarding transfer of actions provides as follows:

6 For the convenience of parties and witnesses, in the interest of justice,  
 7 a district court may transfer any civil action to any other district or  
 8 division where it might have been brought.

9 28 U.S.C. § 1404(a).

10 **B. The First to File Rule**

11 The Federal Circuit has adopted “the general rule whereby the forum of the first-filed case  
 12 is favored, unless considerations of judicial and litigant economy, and the just and effective  
 13 disposition of disputes, require otherwise.” *Genentech v. Eli Lilly & Co.*, 998 F.2d 931, 937  
 14 (Fed.Cir.1993). The first-to-file rule is a generally recognized doctrine of federal comity, which  
 15 provides that “ ‘as a principle of sound judicial administration, the first suit should have priority,’  
 16 absent special circumstances.” *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081 (Fed.Cir.1989).  
 17 Here, Wi-LAN’s April 2010 suit on the ‘369 patent is the first filed suit on the accused Bluetooth  
 18 technology and should take priority.

19 **1. The Texas Action Is First Filed as To the Accused Subject Matter**

20 The Federal Circuit has not directly spoken to the issue of whether the first to file rule  
 21 requires identity of parties or just identity of subject matter. In this regard, a Pennsylvania district  
 22 court stated as follows:

23 This Court has been unable to locate any Federal Circuit precedent  
 24 directly answering the threshold question, nor has either of the parties  
 25 provided such authority. Indeed, the “Federal Circuit has not  
 26 expressly stated a view as to whether, in patent cases, the first-to-file  
 27 rule applies only where the concurrent actions at issue involve  
 identical parties.” *Shire U.S., Inc. v. Johnson Matthey, Inc.*, 543  
 F.Supp.2d 404, 408 (E.D.Pa.2008). Thus, “when deciding patent  
 matters based upon particular aspects of the first-to-file rule on which  
 the Federal Circuit has been silent, district courts look to

1 understandings of the doctrine as developed generally in the federal  
2 courts.” *Id.*

3 *Horton Archery, LLC v. American Hunting Innovations, LLC*, 2010 WL 395572 \*4 (N.D.Ohio).

4 In *Horton Archery*, as here, the patentee’s first filed infringement action was followed by a  
5 later filed declaratory action by a nonparty plaintiff against the patentee. The Court dismissed the  
6 later filed declaratory action under the first to file rule. *Id.* at 5 (“it is the court which first has  
7 possession of the *subject matter* of the lawsuits that is the first-filed court.”) (italics in original).  
8 Other district courts have reached a similar result. *Berry Floor USA, Inc. v. Faus Group, Inc.*, 2008  
9 WL 4610313 \*4 (E.D.Wis.) (“district courts deciding patent actions in this Circuit repeatedly have  
10 stated that the rule hinges on which court first takes possession of the subject of the dispute, and not  
11 necessarily the parties to it.”); *see also Advanta Corp. v. Visa U.S.A., Inc.*, 1997 WL 88906, 3  
12 (E.D.Pa.1997) (“Advanta cannot avoid application of the first-filed rule simply by asserting that it  
13 was not initially a party to the earlier filed action.”)

14 A case with essentially the same facts as are present at bar resulted in the dismissal of the  
15 later filed declaratory action. *See Shire U.S., Inc. v. Johnson Matthey, Inc.*, 543 F.Supp.2d 404  
16 (E.D.Pa.2008). In *Shire*, a patent holder sued a manufacturer for patent infringement in the Eastern  
17 District of Texas. A short time later, a non-party to the Texas action instituted an action for  
18 declaratory relief related to the same patent against the patent holder in Pennsylvania. Subsequently,  
19 the patent holder amended its complaint to include the non-party in the Texas action, and filed a  
20 motion to dismiss the Pennsylvania declaratory relief lawsuit. The court in *Shire* held “the timing of  
21 the addition of Shire [the former non-party] as a party to the Texas suit is not material to the  
22 determination of which action was first-filed [because] the substantive touchstone of the first-to-file  
23 inquiry is *subject matter*.” *Id.* at 409 (emphasis added). And therefore, the court held that the Texas  
24 action was first in time and, after determining that no exceptions to the first-to-file rule applied,  
25 dismissed the Pennsylvania declaratory judgment lawsuit.

26 Accordingly, the present case should be transferred to the forum of the first filed Texas  
27 Action.

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1           **C. Even if This Case Were First Filed, the Texas Case Should Proceed Under the**  
 2           **Principles of the Customer Suit Exception**

3           The customer suit exception is an exception to the general rule that favors the forum of the  
 4 first-filed action.” *See Tegic Commc'ns Corp. v. Board of Regents of Univ. of Tex. Sys.*, 458 F.3d  
 5 1335, 1343 (Fed.Cir.2006) (citing *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180,  
 6 185, 72 S.Ct. 219, 96 L.Ed. 200 (1952); *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081  
 7 (Fed.Cir.1989)). Under this exception, “litigation against or brought by the manufacturer of  
 8 infringing goods takes precedence over a suit by the patent owner against customers of the  
 9 manufacturer.”<sup>8</sup> *Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1464 (Fed.Cir.1990) (“At the root of  
 10 the preference for a manufacturer's declaratory judgment is the recognition that, in reality, the  
 11 manufacturer is the true defendant in the suit.”)

12           Here, CSR is the manufacturer of the Bluetooth chips found in the Jawbone® products at  
 13 issue. It is these Bluetooth chips that are truly at issue - not the remaining parts of the Aliph  
 14 headset. Thus, as to the product of interest, the Bluetooth chips, Aliph is a mere customer. It is  
 15 CSR that is in the possession of key evidence relating to the chips (including source code).  
 16 Accordingly, it is appropriate to proceed against the manufacturer rather than against its customer.

17           **D. Judicial Efficiency Weighs in Favor of Transfer**

18           Considerations of private and judicial economy counsel in favor of transfer. Here, Wi-LAN  
 19 filed a patent infringement suit on the ‘369 patent in April against twenty-eight (28) defendants.  
 20 *See Ex. 5.* On June 2, Wi-LAN amended its complaint to include allegations of infringement of the  
 21 ‘759 patent and to add Aliph as a defendant. *See Ex. 6.* Accordingly, identical issues of fact and  
 22 law are pending here and in the Texas Action.

23           Further, in 2008, Wi-LAN filed a different, earlier action, still pending, in the Eastern  
 24 District of Texas on the ‘759 patent.<sup>9</sup> *See Ex. 9.* Claim construction briefing regarding the ‘759

25           <sup>8</sup> Aliph may point out that the present suit was filed by the customer, not against the customer. This is  
 26 of no moment. It would be odd if the customer suit exception were to turn on whether or not Wi-LAN filed  
 a counterclaim against Aliph.

27           <sup>9</sup> The first Texas Action was filed in 2007. In 2008, Wi-LAN moved to amend the Complaint to add the  
 ‘759 patent. This motion was granted.

1 patent is presently ongoing in the first Texas Action. *See* Ex. 10. A claim construction hearing is  
 2 scheduled for September 1, 2010. *Id.* Both of these actions are before the same Court in the  
 3 Eastern District. Thus, the Texas court will be required to construe the claims of the ‘759 and the  
 4 ‘369 patents.

5 In *Volkswagen*, the Federal Circuit gave guidance as follows:

6 As the Supreme Court [has] noted ..., ‘[t]o permit a situation in which  
 7 two cases involving precisely the same issues are simultaneously  
 8 pending in different District Courts leads to the wastefulness of time,  
 energy and money that § 1404(a) was designed to prevent.’ ”.

9 *In re Volkswagen of America, Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009). (quoting *Continental*  
 10 *Grain Co. v. The FBL-585*, 364 U.S. 19, 26, 80 S.Ct. 1470 (1960)) (citations omitted).

11 Proceeding with both the present action and the Texas action would cause the  
 12 “wastefulness” that the Federal Circuit criticized in *Volkswagen*. Such inefficiency cannot be  
 13 remedied by simple transfer or dismissal of Wi-LAN’s Texas action against Aliph. As noted above,  
 14 Aliph’s supplier of the critical component, CSR, is a defendant in the Texas case. CSR is in  
 15 possession of evidence relevant to Aliph’s products. Thus, even if Aliph were not a party to the  
 16 Texas Action, the same issues (concerning the CSR chips in the Aliph headset) will be litigated.  
 17 Moreover, as discussed below, the first of these two actions to be completed will render the later  
 18 action null.

19 Thus, judicial efficiency weighs in favor of transfer of the present action.

### 20 1. The First Completed Suit Will Control the Later Suit

21 Wi-LAN has filed suit on the ‘369 and ‘759 patents in Texas against CSR, Plc. (“CSR”). *See*  
 22 Ex. 6. CSR supplies Aliph with its Bluetooth chips for the Aliph Jawbone® products that are the  
 23 subject of the present suit. *See* Exs. 1; 11; and 12. Accordingly, the first suit completed will control  
 24 - in every respect - the outcome of the later suit. If CSR were to prevail in Texas, Aliph would  
 25 assert collateral estoppel on the same basis. *Parklane Hosiery Co., Inc. v. Shore*, 439 U.S. 322, 99  
 26 S.Ct. 645, 58 L.Ed.2d 552 (1979) (regarding offensive collateral estoppel). If CSR were to have a  
 27 judgment imposed against it, Aliph would assert that Wi-LAN may not recover damages under the  
 “single recovery rule.” *Transclean Corp. v. Jiffy Lube Intern., Inc.*, 474 F.3d 1298, 1303 (Fed. Cir.

1 2007) (“the law generally allows a patentee to sue manufacturers or sellers and users of an  
2 infringing device as joint tortfeasors, and that the law permits multiple suits, just not multiple (i.e.,  
3 double) recoveries.”). The inverse would be true if the California action were to be completed first.

4 This is not an instance where two cases merely involve overlapping subject matter; rather, it  
5 is a case where the first action to be completed will control the second. One of the pending actions  
6 will be rendered a nullity. *See Katz v. Siegler*, 909 F.2d 1459, 1463 (Fed.Cir.1990) (in evaluating  
7 the customer suit exception “the primary question is whether the issues and parties are such that the  
8 disposition of one case would be dispositive of the other”). Thus, there is a probability that one suit  
9 will be rendered moot.

## 10 **2. The Texas Action Should Proceed**

11 The Texas Action should proceed because it is the “center of gravity” of the ‘369 and ‘759  
12 litigation. There are approximately thirty (30) named defendants named in the Amended  
13 Complaint. Further, regardless of any ruling on the present motion, the suit against CSR will  
14 likely proceed to judgment in Texas. Accordingly, the Aliph/CSR issues should be heard together  
15 in Texas rather than separately in two suits.

16 Further, it is not likely that all thirty Texas defendants will move for, or obtain, transfer,  
17 thus, the Texas Action will go to judgment against some or all defendants. The present action,  
18 however, may be transferred with relative ease at this point.

### 19 **E. Aliph Could Have Filed The Instant Suit in Texas**

20 Aliph could have filed the instant suit in the Eastern District of Texas as Wi-LAN is liable to  
21 personal jurisdiction there. Wi-LAN has filed six affirmative patent infringement actions in that  
22 district including one action asserting the ‘369 patent (*Wi-LAN v. Acer Inc. et al.*, Case No. 2:10-cv-  
23 124) and one action asserting the ‘759 patent (*Wi-LAN v. Acer Inc. et al.*, Case No. 2:07-cv-473).  
24 *See Viam Corp. v. Iowa Exp.-Imp. Trading Co.*, 84 F.3d 424, 430 (Fed. Cir. 1996) (finding personal  
25 jurisdiction based on declaratory defendant having availed itself of the state’s judicial system by  
26 filing affirmative patent action). Moreover, Wi-LAN’s United States subsidiaries, Wi-LAN

1 Technologies Corp. and WIN Technology Inc., are Texas corporations. In view of the foregoing, it  
2 is apparent that personal jurisdiction over Wi-LAN would lie in Texas.

3 **V. CONCLUSION**

4 In view of the foregoing, Wi-LAN respectfully moves the Court to dismiss the present  
5 action for lack of personal jurisdiction or, in the alternative, to transfer the action to the Eastern  
6 District of Texas pursuant to 28 U.S.C. 1404(a) or 1406.

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1 DATED: July 28, 2010.

2 Respectfully submitted,

3 MCKOOL SMITH P.C.

4  
5 By: /s/ Laura A. Handley  
6 Laura A. Handley

7 Attorneys for Specially Appearing Defendant  
8 Wi-LAN INC.

9  
10 **CERTIFICATE OF SERVICE**

11 The undersigned certifies that on this 28th day of July, 2010, all counsel of record who are  
12 deemed to have consented to electronic service are being served with a copy of this document  
13 through the Court's CM/ECF system. Any other counsel of record will be served by facsimile  
14 transmission and/or first class mail.

15 By: /s/ Laura A. Handley  
16 Laura A. Handley