

1 EDWARD V. KING, BAR NO. 85726
evking@kingandkelleher.com
2 KING & KELLEHER, LLP
Four Embarcadero Center, Seventeenth Floor
3 San Francisco CA 94111
Telephone: 415.781.2888
4 Facsimile: 415.781.3011

5 Kevin P. Anderson (D.C. Bar # 476504), to be admitted *pro hac vice*
kanderson@wileyrein.com
6 WILEY REIN LLP
1776 K Street NW
7 Washington, DC 20006
Telephone: 202.719.7000
8 Facsimile: 202.719.7049

9 Attorney for
ARM Ltd. and ARM, Inc.

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FILED
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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CV 11 3869
UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

DMR

ARM, LTD. AND ARM, INC.,

Plaintiffs,

v.

MOSAID Technologies Inc.,

Defendants.

ARM LTD. AND ARM, INC.'S
COMPLAINT FOR
DECLARATORY JUDGMENT

Plaintiffs ARM, Ltd. and ARM, Inc. (collectively "ARM") for their Complaint for
Declaratory Judgment against Defendant MOSAID Technologies Inc. ("MOSAID"), hereby
demand a jury trial and allege as follows:

NATURE OF THE ACTION

1. This is an action for declaratory judgment of non-infringement and invalidity of
seven United States Patents under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-02, and the
patent laws of the United States, 35 U.S.C. § 1 *et seq.*, and for such other relief as the Court

1 deems just and proper.

2 THE PARTIES

3 2. ARM, Ltd. and ARM, Inc. are subsidiaries of ARM Holdings plc. ARM, Ltd. is a
4 corporation organized under the laws of the England and Wales, with its principal place of
5 businesses in Cambridge, England.

6 3. ARM, Inc. is a subsidiary of ARM Holdings plc and a corporation organized under
7 the laws of California, with its principal place of business in San Jose, California.

8 4. Based on assertions by Defendant MOSAID, Defendant MOSAID is a corporation
9 duly organized and existing under the laws of Ontario, Canada, having a principal place of
10 business at 11 Hines Road, Suite 203, Kanata, Ontario K2K 2X1, Canada. MOSAID is in the
11 business of patent acquisition and enforcement, and has filed patent law suits in district courts in
12 several venues in the United States.

13 BACKGROUND OF THE DISPUTE

14 5. This declaratory judgment action arises in connection with a set of seven United
15 States patents that MOSAID purports either to own or to be the exclusive licensee thereof. These
16 seven patents consist of five patents for which certain rights were purportedly procured through
17 LSI Corporation (the "LSI Patents") and two patents for which MOSAID is listed on the patents
18 as the assignee (the "MOSAID Patents") (collectively the "Asserted Patents")

19 6. The LSI Patents are United States Patent Nos. 5,577,230 (the "'230 Patent");
20 5,724,505 (the "'505 Patent"); 5,958,036 (the "'036 Patent"); 6,141,762 (the "'762 Patent");
21 6,256,725 (the "'725 Patent").

22 7. The MOSAID Patents are United States Patent Nos. 7,051,306 (the "'306 Patent")
23 and 7,415,680 (the "'680 Patent").

24 8. MOSAID purportedly received the rights from LSI Corporation to be the exclusive
25 licensee of the LSI Patents for a limited time period of 10 years commencing from May 2007
26 from LSI Corporation. See [http://www.mosaid.com/corporate/news-events/releases-](http://www.mosaid.com/corporate/news-events/releases-2007/070508.php)
27 [2007/070508.php](http://www.mosaid.com/corporate/news-events/releases-2007/070508.php).

1 9. LSI Corporation's corporate headquarters are at 1621 Barber Lane, Milpitas, CA
2 95035, which is located in this District.

3 10. The Mosaid Patents are United States Patent Nos. 7,051,306 (the "'306 Patent")
4 and 7,415,680 (the "'680 Patent"). According to the face of the Mosaid Patents, the persons
5 named as inventors on the Mosaid Patents resided in Cupertino, CA and San Jose, CA which are
6 both located in this District. According to the face of the Mosaid Patents, the assignee of these
7 patents was "MOSAID Technologies Corporation, Sunnyvale CA (US)." Sunnyvale is located
8 within this District.

9 11. For at least 2 years, MOSAID has been harassing ARM's customers/licensees with
10 threats of infringement based, at least in part, upon the inclusion of ARM processor cores in the
11 customers'/licensees' products.

12 12. ARM is a leading designer of processors used in cellular telephones, handheld
13 computers and numerous other electronic products requiring low power consumption and small
14 size. ARM processor designs are incorporated into the integrated circuits of products sold all
15 over the world.

16 13. ARM designs processors that can be embedded into and form a component of
17 larger integrated circuits and licenses these processor designs to other companies that make and
18 sell larger integrated circuits, which are commonly referred to as processor "chips." The
19 processor design supplied by ARM is commonly referred to as the ARM "core" or ARM
20 "processor core." These cores are frequently known by the generation or "family" of the design.
21 For example, the ARM9 "family" would include the ARM926EJ-S core. A newer ARM11
22 "family" would include cores such as the ARM1136EJ-S core.

23 14. To help maintain its competitive position, ARM invests heavily in research and
24 development—over \$100 million in the last year alone. One of ARM's primary U.S. facilities is
25 located in San Jose, California. ARM's San Jose facility employs over 300 scientists, engineers,
26 and other technologically skilled personnel in addition to numerous sales, marketing and support
27 personnel. San Jose is located within this District.
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1 15. Because ARM's business depends upon the utilization of its processor cores by its
2 customers which license its processor cores, ARM is sensitive to accusations of patent
3 infringement. ARM's licensees/customers are concerned by allegations that their current and/or
4 future products incorporating ARM processor cores might infringe a patent. Thus, it is important
5 for ARM to address any cloud of uncertainty created by allegations of infringement from
6 MOSAID.

7 16. This action arises out of threats or actions taken by MOSAID to ARM's customers
8 related to products and/or services provided by ARM to its customers.

9 17. ARM seeks a declaration that (i) that its products and processor cores do not
10 directly or indirectly infringe the claims of the Asserted Patents; (ii) that ARM's processor cores,
11 when incorporated into the products of ARM's customers/licensees, do not directly or indirectly
12 infringe any claims of the Asserted Patents; (iii) that any the claims of the Asserted Patents are
13 invalid; and/or (iv) that MOSAID lacks standing to assert the LSI Patents, and MOSAID should
14 be prohibited from asserting or implying to ARM's customers that it has standing to assert the
15 LSI Patents.

16 18. The ARM customers/licensees that MOSAID has threatened include at least
17 Freescale Semiconductor, Inc., NVIDIA Corporation, ST Microelectronics, and NXP
18 Semiconductors (the "Threatened Customers").

19 19. MOSAID has had repeated contacts with the Threatened Customers including
20 communications to and from this District and meetings that occurred in this District.

21 20. By way of example, MOSAID representatives travelled to Santa Clara, CA, which
22 is in this District, to present accusations of patent infringement against NVIDIA on or around
23 September 24, 2009, February 24, 2010, and April 20, 2010. At those times, MOSAID made
24 accusations of infringement of one or more claims of one or more of the Asserted Patents by
25 NVIDIA products which include ARM processor cores. MOSAID similarly travelled to this
26 District on or around July 13, 2010 and repeated accusations of infringement of one or more
27 claims of one or more of the Asserted Patents by NVIDIA products which include ARM
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1 processor cores.

2 21. Similarly, on or around June 3, 2010, MOSAID representatives made accusations
3 of infringement of one or more claims of one or more of the Asserted Patents by ST
4 Microelectronics products which included ARM processor cores.

5 22. During these presentation to ARM's licensees/customers, MOSAID present
6 various claim charts purporting to demonstrate that certain products containing ARM processing
7 cores infringed one or more claims of one or more of the Asserted Patents. These presentations
8 cited to one or more documents generated by ARM as purported evidence of the alleged
9 infringement.

10 23. MOSAID continued its harassment campaign by recently filing a lawsuit asserting
11 patent infringement of the Asserted Patents against Freescale Semiconductor, Inc. and NVIDIA
12 Corporation. *See Mosaid Technologies Inc. v. Freescale Semiconductor, Inc., et al*, Case No.
13 6:11-cv-00173 (EDTX).

14 24. ARM did not use any technology in the Asserted Patents in the design,
15 development or implementation of ARM's products. ARM has not infringed and does not
16 infringe any claims of the Asserted Patents. Indeed, MOSAID distorts the Asserted Patents by
17 applying them in a manner that is not supported by and is contrary to the patents' claims,
18 disclosures and histories, in an improper scheme to extract royalties from ARM and/or ARM's
19 customers/licensees to which MOSAID plainly is not entitled.

20 25. ARM has certain obligations to one or more of the Threatened Customers which
21 include certain obligations to indemnify its customers under certain conditions for threats of
22 patent infringement liability which implicate products, including processor cores, supplied by
23 ARM.

24 26. By making accusations of patent infringement against products of the Threatened
25 Customers which include ARM processor cores, MOSAID has made at least an implicit assertion
26 that ARM has indirectly infringed one or more claims of one or more of the Asserted Patents.

27 27. Upon information and belief, MOSAID's agreement to acquire rights in the LSI
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1 Patents did not transfer sufficient rights to permit MOSAID to unilaterally assert the LSI Patents.
2 As such, MOSAID is believed to have been impermissibly stating and/or implying to ARM
3 customers that it has the legal standing to file suit on the LSI Patents by itself when it does not.

4 28. MOSAID's threats and actions against ARM's customers, under all the
5 circumstances, show that there is a substantial controversy, between ARM and MOSAID having
6 adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a
7 declaratory judgment.

8 JURISDICTION AND VENUE

9 29. This Court has subject matter over these Counterclaims pursuant to 28 U.S.C. §§
10 1331, 1338, and 2201 and the patent laws of the United States, 35 U. S. C. § 1, *et seq.*

11 30. Venue is proper in this judicial district under 28 U.S.C. §§ 1391(b), (c), (d), and
12 1400(b).

13 31. MOSAID is subject to the personal jurisdiction of this Court because, among other
14 reasons, it has purposefully directed activities to this District, previously maintained offices in
15 this District in which one or more of the Asserted Patents were developed, entered into contracts
16 to purportedly exclusively license one or more of the asserted patents with a company which has
17 its corporate headquarters in this District, has participated in meetings in this District in which it
18 asserted infringement of these patents, and has previously availed itself of this Court to enforce its
19 patents.

20 32. MOSAID representatives travelled to Santa Clara, CA, which is in this District, to
21 present accusations of patent infringement against NVIDIA on or around September 24, 2009,
22 February 24, 2010, and April 20, 2010. At those times, MOSAID made accusations of
23 infringement of one or more claims of one or more of the Asserted Patents by NVIDIA products
24 which include ARM processor cores.

25 33. MOSAID similarly travelled to this District on or around July 13, 2010 and
26 repeated accusations of infringement of one or more claims of one or more of the Asserted
27 Patents by NVIDIA products which include ARM processor cores.
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34. MOSAID, including its subsidiaries, has previously sought the assistance of this Court in attempts to enforce its alleged patent rights. See *Mosaid Technologies, Inc. v. Micron Technology, Inc.*, Case No. 5:08-cv-4494-JF; *Micron Technology, Inc. v. Mosaid Technologies Inc.*, Case No. 5:06-cv-4496-JF (counterclaim plaintiff).

35. Upon information and belief, MOSAID previously maintained offices in this District including offices in Sunnyvale, CA and Santa Clara, CA, at which activities related to one or more of the Asserted Patents are believed to have occurred.

36. The persons named as inventors on the face of the MOSAID Patents reside in Cupertino, CA and San Jose, CA which are both located in this District.

37. The assignee listed on the face of the MOSAID patents is "MOSAID Technologies Corporation, Sunnyvale CA (US)." Sunnyvale, CA is located within this District.

38. The LSI Patents are owned by LSI Corporation, which has its headquarters located at 1621 Barber Lane, Milpitas, CA 95035, which is in this District.

39. This is an intellectual property action and therefore may be assigned on a district-wide basis. Nevertheless, ARM notes for the Court that at least one of the Asserted Patents (the '725 Patent) appears to implicate the same accused ARM functionality as a case current pending in this Court before the Honorable Jeremy Fogel captioned *Nazomi Communications Inc. v. Nokia, et al*, Case No. 5:10-CV-4686. It is ARM's understanding that Judge Fogel is leaving the bench and that this *Nazomi* case will be assigned to a different judge in this District.

COUNT 1

DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE LSI PATENTS

40. ARM incorporates and realleges the allegations of paragraphs 1-39 above as if set forth fully herein.

41. A valid and justiciable controversy has arisen and exists between ARM and MOSAID regarding the LSI Patents as a result of MOSAID's assertions of infringement by ARM's customers related to ARM processor cores. ARM desires a judicial determination and declaration of the respective rights of the parties regarding the LSI Patents.

1 42. ARM has not directly or indirectly infringed any claim of the LSI Patents.

2 43. ARM's customers/licensees, to the extent they have incorporated ARM's
3 processor cores into their products, have not directly or indirectly infringed any claim of the LSI
4 Patents.

5 **COUNT 2**

6 **DECLARATORY JUDGMENT OF INVALIDITY OF THE LSI PATENTS**

7 44. ARM incorporates and realleges the allegations of paragraphs 1-43 above as if set
8 forth fully herein.

9 45. A valid and justiciable controversy has arisen and exists between ARM and
10 MOSAID regarding the LSI Patents as a result of MOSAID's assertions of infringement by
11 ARM's customers related to ARM processor cores. ARM desires a judicial determination and
12 declaration of the respective rights of the parties regarding the LSI Patents.

13 46. Each claim of the LSI Patents that MOSAID asserts is infringed either by or
14 through the use of ARM processor cores is invalid under one or more provisions of 35 U. S. C. §§
15 102, 103, and 112.

16 **COUNT 3**

17 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF THE MOSAID PATENTS**

18 47. ARM incorporates and realleges the allegations of paragraphs 1-46 above as if set
19 forth fully herein.

20 48. A valid and justiciable controversy has arisen and exists between ARM and
21 MOSAID regarding the MOSAID Patents as a result of MOSAID's assertions of infringement by
22 ARM's customers related to ARM processor cores. ARM desires a judicial determination and
23 declaration of the respective rights of the parties regarding the MOSAID Patents.

24 49. ARM has not directly or indirectly infringed any claim of the MOSAID Patents.

25 50. ARM's customers/licensees, to the extent they have incorporated ARM's
26 processor cores into their products, have not directly or indirectly infringed any claim of the
27 MOSAID Patents.

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COUNT 4

DECLARATORY JUDGMENT OF INVALIDITY OF THE MOSAID PATENTS

51. ARM incorporates and realleges the allegations of paragraphs 1-50 above as if set forth fully herein.

52. A valid and justiciable controversy has arisen and exists between ARM and MOSAID regarding the MOSAID Patents as a result of MOSAID's assertions of infringement by ARM's customers related to ARM processor cores. ARM desires a judicial determination and declaration of the respective rights of the parties regarding the MOSAID Patents.

53. Each claim of the MOSAID Patents that MOSAID asserts is infringed either by or through the use of ARM processor cores is invalid under one or more provisions of 35 U. S. C. §§ 102, 103, and 112.

COUNT 5

**DECLARATORY JUDGMENT OF LACK OF STANDING BY MOSAID TO ASSERT
THE LSI PATENTS**

54. ARM incorporates and realleges the allegations of paragraphs 1-53 above as if set forth fully herein.

55. A valid and justiciable controversy has arisen and exists between ARM and MOSAID regarding the LSI Patents as a result of MOSAID's assertions of infringement by ARM's customers related to ARM processor cores. ARM desires a judicial determination and declaration of the respective rights of the parties regarding the LSI Patents.

56. MOSAID lacks standing to unilaterally assert one or more of the LSI Patents by itself.

COUNT 6

**DECLARATORY JUDGMENT REGARDING DAMAGES FOR ANY INFRINGEMENT
OF ANY VALID CLAIM**

57. ARM incorporates and realleges the allegations of paragraphs 1-56 above as if set forth fully herein.

1 58. A valid and justiciable controversy has arisen and exists between ARM and
2 MOSAID regarding the Asserted Patents as a result of MOSAID's assertions of infringement by
3 ARM's customers related to ARM processor cores. ARM desires a judicial determination and
4 declaration of the respective rights of the parties regarding the Asserted Patents.


5 59. Any claim by MOSAID for damages related to infringement based upon ARM
6 processor cores would have, as a royalty base, the amount received by ARM for those cores.
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1 **REQUEST FOR RELIEF**

2 WHEREFORE, ARM requests that this Court:

- 3 a. declare that the Asserted Patents are invalid;
- 4 b. declare that ARM has not infringed and is not directly or indirectly infringing any
- 5 claim of the Asserted Patents;
- 6 c. declare that ARM's customers/licensees have not infringed and are not directly or
- 7 indirectly infringing any claim of the Asserted Patents insofar as they include ARM processor
- 8 cores in their products;
- 9 d. declare that MOSAID lacks standing to assert the LSI Patents;
- 10 e. prohibit MOSAID from asserting or implying to customers of ARM that it has the
- 11 legal right to file suit for patent infringement of the LSI Patents on its own;
- 12 f. declare this case to be exceptional under 35 U.S.C. § 285 and award ARM is
- 13 attorneys' fees, costs, and expenses in connection with this action; and
- 14 g. award ARM such other and further relief as to which it may be entitled.
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2 Dated: August 5, 2011
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EDWARD V. KING, BAR NO. 85726
evking@kingandkelleher.com
KING & KELLEHER, LLP
Four Embarcadero Center, Seventeenth Floor
San Francisco CA 94111
Phone: (415) 781-2888
Facsimile: (415) 781-3011

8 KEVIN P. ANDERSON (*pro hac vice*)
9 kanderson@wileyrein.com
10 WILEY REIN LLP
11 1776 K Street NW
12 Washington, DC 20006
13 Phone: (202) 719-7000
14 Fax: (202) 719-7049

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Attorneys for ARM LTD. and ARM, Inc.