Case 3:17-cv-00509-JCS Document 1 Filed 02/01/17 Page 1 of 20 1 Patrick T. Michael (State Bar No. 169745) William E. Devitt (*Pro Hac Vice* Pending) pmichael@jonesday.com wdevitt@jonesday.com 2 Krista S. Schwartz (State Bar No. 303604) JONES DAY 77 W. Wacker Dr. ksschwartz@jonesday.com 3 Matthew J. Silveira (State Bar No. 264250) Chicago, IL 60601 msilveira@jonesday.com Telephone: (312) 782-3939 4 Joe C. Liu (State Bar No. 237356) Facsimile: (312) 782-8585 jcliu@jonesday.com 5 Michael A. Lavine (Pro Hac Vice Pending) mlavine@jonesday.com 6 Lidiya A. Mishchenko (State Bar No. 313590) lmishchenko@jonesday.com 7 JONES DAY 555 California Street, 26th Floor 8 San Francisco, CA 94104 415.626.3939 Telephone: 9 Facsimile: 415.875.5700 10 David B. Cochran (Pro Hac Vice Pending) dcochran@jonesday.com 11 JONES DAY North Point 12 901 Lakeside Avenue Cleveland, OH 44114-1190 13 Telephone: 216.586.3939 Facsimile: 216.579.0212 14 Attorneys for Plaintiff XILINX, INC. 15 16 UNITED STATES DISTRICT COURT 17 NORTHERN DISTRICT OF CALIFORNIA 18 Case No. 19 XILINX, INC., 20 **COMPLAINT FOR DECLARATORY Plaintiff.** JUDGMENT OF PATENT NON-21 **INFRINGEMENT** v. **DEMAND FOR JURY TRIAL** 22 **GODO KAISHA IP BRIDGE 1,** 23 Defendant. 24 25 Xilinx, Inc. ("Xilinx" or "Plaintiff"), by and through its undersigned counsel, complains 26 against Godo Kaisha IP Bridge 1 ("IP Bridge" or "Defendant") as follows: 27 NATURE OF THE ACTION

1. This is an action for declaratory judgment of patent non-infringement arising under

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| 1 | the patent laws of the United States, Title 35 of the United States Code. |
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| 2 | THE PARTIES |
| 3 | 2. Xilinx is a Delaware corporation with its principal place of business at 2100 Logic |
| 4 | Drive, San Jose, California 95124. |
| 5 | 3. Xilinx is engaged in the business of designing and developing All Programmable |
| 6 | FPGAs, SoCs, MPSoCs, and 3D ICs, which uniquely enables applications that are both software |
| 7 | defined and hardware optimized – powering industry advancements in Cloud Computing, 5G |
| 8 | Wireless, Embedded Vision, and Industrial IoT. |
| 9 | 4. Xilinx is a fabless company – meaning that it does not manufacture or fabricate |
| 10 | any of its programmable integrated circuit products. Instead, Xilinx contracts third party |
| 11 | semiconductor manufacturing companies to manufacture or fabricate all of its programmable |
| 12 | integrated circuit products. |
| 13 | 5. Upon information and belief, IP Bridge is a Japanese Corporation with its principal |
| 14 | place of business at c/o Sakura Sogo Jimusho, 1-11 Kanda Jimbocho, Chiyoda-ku, Tokyo, 101- |
| 15 | 0051, Japan. |
| 16 | 6. Upon information and belief, IP Bridge was created and funded by the Japanese |
| 17 | government and Japanese private corporations. |
| 18 | 7. Upon information and belief, IP Bridge is engaged in the business of acquiring |
| 19 | patents and generating revenue by enforcing those patents against operating companies, including |
| 20 | California companies and companies with principal places of business in the State of California |
| 21 | and in the Northern District of California. IP Bridge purports to own over 3,500 patents. |
| 22 | JURISDICTION AND VENUE |
| 23 | 8. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 <i>et seq.</i> , |
| 24 | and under the patent laws of the United States, Title 35 of the United States Code. |
| 25 | 9. This Court has subject-matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338, |
| 26 | 1367, 2201, and 2202. |
| 27 | 10. This Court has personal jurisdiction over IP Bridge by virtue of its sufficient |
| 28 | minimum contacts with this forum as a result of the business it conducts within the State of |

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| 1 | California and within the Northern District of California as detailed below. |
| 2 | 11. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391(b)-(c). |
| 3 | INTRADISTRICT ASSIGNMENT |
| 4 | 12. For purposes of intradistrict assignment pursuant to Civil Local Rules 3-2(c) and |
| 5 | 3-5(b), this Intellectual Property Action is to be assigned on a district-wide basis. |
| 6 | IP BRIDGE'S PATENT ASSERTION AND OTHER ACTIVITIES IN THE NORTHERN |
| 7 | DISTRICT OF CALIFORNIA |
| 8 | <u>IP Bridge Accuses Xilinx of Infringement and Repeatedly Threatens Litigation</u> |
| 9 | 13. On June 7, 2016, IP Bridge first accused Xilinx of patent infringement and |
| 10 | threatened litigation against Xilinx by having its outside litigation counsel, Michael Shore, notify |
| 11 | Xilinx that IP Bridge, "a patent aggregator for Japanese technology companies controlled by [the] |
| 12 | Japanese government," believes it "has patents infringed by [] Xilinx." IP Bridge's counsel |
| 13 | explained that he "had recently sued Omnivision for" IP Bridge. |
| 14 | 14. On June 8, 2016, to further pressure Xilinx into IP Bridge's demands, IP Bridge's |
| 15 | counsel informed Xilinx that while a "pre-suit deal can be for an applicable portfolio within the |
| 16 | fields of use[, p]ost-suit the license is only for the patents involved in the suit Our fees triple if |
| 17 | we have to file suit, so that also factors into the cost of any deal." |
| 18 | 15. The parties subsequently negotiated a Forbearance and Confidentiality Agreement |
| 19 | ("Forbearance Agreement") to discuss IP Bridge's patent infringement allegations and licensing |
| 20 | demands. The Forbearance Agreement provided, among other things, that, during the term of the |
| 21 | Forbearance Period, IP Bridge would not file any lawsuit against Xilinx based upon IP Bridge's |
| 22 | patents relating to semiconductor technology and Xilinx would not file a lawsuit in federal district |
| 23 | court requesting a declaration that Xilinx does not infringe any of those patents. The Forbearance |
| 24 | Agreement was amended twice to ultimately have the Forbearance Period expire on January 31, |
| 25 | 2017. |
| 26 | 16. The negotiations leading to and resulting from the Forbearance Agreement were |
| 27 | conducted under the constant threat of litigation. |
| 28 | 17. By July 1, while the parties were still negotiating the Forbearance Agreement, IP |

DOCKET A L A R M Find authenticated court documents without watermarks at <u>docketalarm.com</u>. Bridge's counsel was already instructing Xilinx's counsel to "[t]ell your client IPB's terms or we
 just sue."

3 18. On October 1, when IP Bridge grew dissatisfied with Xilinx's responsiveness in 4 connection with an extension of the Forbearance Agreement, IP Bridge threatened that it was 5 "[t]ime to file suit, I guess." IP Bridge continued to threaten Xilinx and on October 3 stated that 6 "IP Bridge is filing suit in light of the lack of progress," and asked Xilinx counsel to accept 7 service or put IP Bridge in touch with "litigation counsel." IP Bridge threatened that it "will file 8 one minute after the forbearance period ends," warned that "[i]f Xilinx is too busy to take the 9 matter seriously, maybe a suit will provide the necessary incentive," and concluded that "[e]ither 10 [Xilinx] agree to extend and meet or we just file the suit."

11 19. On November 23, IP Bridge threatened that Xilinx had two choices—"a
12 reasonable business solution or the start of litigation." IP Bridge used the threat of sprawling
13 litigation in an effort to convince Xilinx that it had no choice at all. As IP Bridge put it, "[t]here
14 are too many patents, too many claims and too many jurisdictions to defend for a battle to make
15 any sense to Xilinx."

16 20. Between September 21 and December 15, 2016, IP Bridge identified twenty-two 17 patents that it alleges Xilinx infringes through the manufacture, sale, use, and/or importation of 18 certain programmable integrated circuits (including Xilinx's Virtex-4, Virtex-5, Virtex-6, Virtex-19 7, and Kintex-7 products). Specifically, IP Bridge alleges that Xilinx infringes U.S. Patent Nos. 20 5,989,992; 6,197,696; 6,287,973; 6,483,151; 6,492,665; 6,538,324; 6,653,731; 6,873,052; 21 6,969,915; 7,265,450; 7,279,727; 7,417,289; 7,525,189; 7,564,102; 7,709,900; 7,728,439; 22 7,893,501; 7,053,461; 8,203,186; 8,278,763; RE 39,932; and RE 41,980 (collectively, the 23 "Asserted Patents"). In support of its accusations, IP Bridge has provided Xilinx claim charts 24 setting forth its infringement theories for each of the Asserted Patents. 25 21. While IP Bridge agreed to not present additional patents beyond the Asserted

Patents after December 15, 2016, IP Bridge emphasized that "this does not mean that IP Bridge
will not litigate additional patents if the parties cannot agree."

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22. On January 12, 2017 IP Bridge provided Xilinx with a voluminous list of patents

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that it was offering to license to Xilinx. The list of patents included the Asserted Patents as well 2 as over 900 other U.S. and foreign patents. Approximately a third of the listed patents are 3 identified as "inactive."

4 23. On January 18, 2017, following a meeting between IP Bridge and Xilinx in San 5 Jose, California, IP Bridge threatened to file a patent infringement lawsuit against Xilinx the day 6 the Forbearance Agreement terminated. IP Bridge's counsel stated that IP Bridge would "likely 7 file in Guam" as it is "at least 'two orders of magnitude' more convenient for my clients than any 8 court on the mainland" and "the President of the Guam bar is Alfonso's [who also represents IP 9 Bridge] classmate."

10 IP Bridge made clear that its strategy was to drive up Xilinx's litigation costs. IP 24. 11 Bridge threatened additional lawsuits against Xilinx in "other suit locations, Beijing and Tokyo 12 where Xilinx and IP Bridge will be battling." IP Bridge contended that, to respond to this 13 onslaught of litigation, Xilinx would need to hire high-priced co-counsel, which would "add to 14 Xilinx's pain by at least a well deserved 'two orders of magnitude.'"

15 25. On January 30, 2017, IP Bridge continued it threatened litigation, stating that the "first suit" in the United States would be "filed later this week," followed by lawsuits in China 16 17 and Japan.

18 26. The following day, January 31, 2017, IP Bridge threatened that the "FIRST action" 19 will only "represent the 'first wave' of an onslaught of patents to be asserted, and the filing of 20 suits will continue around the world in subsequent waves until Xilinx makes a reasonable 21 proposal to resolve the matter" and that "[t]his is going to be war." IP Bridge then directed its 22 threats at in-house counsel for Xilinx, stating "[i]t is your career on the line, and if you think you 23 can win the cases around the world in a cost-effective matter compared to a deal now, you 24 deserve what you get."

25 27. As a result of IP Bridge's threats, Xilinx has no alternative but to seek judicial 26 relief.

27 28. IP Bridge maintains that Xilinx must take a license to the Asserted Patents, to 28 lawfully continue the manufacture, sale, use, and/or importation of certain programmable

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