IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

LENOVO (UNITED STATES) INC. and MOTOROLA MOBILITY LLC, Plaintiffs, v. INTERDIGITAL TECHNOLOGY CORPORATION, IPR LICENSING, INC., INTERDIGITAL COMMUNICATIONS, INC., INTERDIGITAL HOLDINGS, INC., and INTERDIGITAL, INC., Defendants.	)	C.A. No. ___________________

COMPLAINT

Plaintiffs Lenovo (United States) Inc. ("Lenovo") and Motorola Mobility LLC ("Motorola") (collectively "Plaintiffs") allege the following facts and claims against Defendants InterDigital Technology Corporation, IPR Licensing, Inc., InterDigital Communications, Inc., InterDigital Holdings, Inc., InterDigital Patents Holdings, Inc., and InterDigital Inc. (collectively, "IDC" or "Defendants").

INTRODUCTION

1. Plaintiffs are among the leading providers of wireless devices—including tablets, laptops, and mobile phones—within the United States, which are sold under the Lenovo and Motorola brands. To make and market these wireless devices, Plaintiffs rely on technology required to be used under the industry-wide third generation ("3G") and/or fourth generation ("4G") cellular standards (collectively, "the Cellular Standards"). The Cellular Standards, developed through the Third Generation Partnership Project ("3GPP") and adopted and promulgated by 3GPP member organizations, such as the European Telecommunications

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Standards Institute ("ETSI"), face no meaningful competition and have been implemented by the overwhelming majority of the telecommunications industry. To be commercially viable, cellular wireless devices must comply with the Cellular Standards.

2. Once technology is standardized in ubiquitous standards like the Cellular Standards, implementers become "locked in" to that technology; every entity that seeks to produce standard-compliant products or otherwise compete in the market covered by the ubiquitous standard must employ the standardized technology. To the extent standardized technology is covered by any valid patents, such patents are also "locked in" and will be practiced by parties that implement the functionality of those patents in order to practice the standard and produce commercially viable products. Such patents are often referred to as standard essential patents ("SEPs" generally and "Cellular SEPs" if in relation to the Cellular Standards).

3. These lock-in effects give SEP owners the power potentially to exclude companies from practicing the standard and to raise the cost of practicing the standards by charging supra-competitive royalties that exceed the value of the patented technology independent of its incorporation into the standard. This phenomenon is often referred to as "hold-up."

4. IDC has engaged in a multi-pronged scheme, through a combination of agreements with its competitors and fraudulent promises, to unlawfully acquire, maintain, and exploit such market or hold-up power arising solely from the alleged essentiality of patents it contends have been incorporated into the Cellular Standards. IDC's scheme has harmed, and continues to threaten further harm to, (a) competition in the market for wireless devices

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compliant with the Cellular Standards, (b) Plaintiffs and other makers of such devices, and (c) consumers.

5. As a threshold step in its scheme, IDC agreed with others in the wireless telecommunication field to restrain competition through the adoption and propagation of the Cellular Standards. IDC, its competitors, and other members of 3GPP together hold overwhelming market power in the wireless telecommunication market broadly, which encompasses at least wireless telecom technology, wireless telecom devices, and wireless telecom services. Through agreement, the collective action of standard-setting, and the resulting standards, IDC and its competitors have conferred significant market power on each holder of a SEP for the Cellular Standards, including IDC itself. By disregarding or circumventing the safeguards intended to ensure that all technology needed to practice these standards will be made available to all implementers of the Cellular Standards on equivalent terms that effectively neutralize any hold-up ability arising from the inclusion of patented technology within the Cellular Standards, IDC has unreasonably restrained competition and unlawfully monopolized the "Relevant Technology Markets" (defined below) and has harmed competition in the wireless telecommunication market generally.

6. By agreeing with competitors and others to restrain trade in competing technologies, IDC has secured market power in the Relevant Technology Markets as a holder of a portfolio of an unknown number of patents that are essential to the Cellular Standards and IDC has obtained the power to control prices in the Relevant Technology Markets. IDC has wielded that power to extract monopoly rents from implementers of the Cellular Standards through many means, including the threat of injunctions that would exclude implementers from the entire wireless telecommunication market. IDC's ability to exercise hold up in the Relevant

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Technology Markets by wielding those purported SEPs in licensing efforts and litigation arises from its collective action with its competitors, not from the original patenting of the technology at issue.

7. In furtherance of its anticompetitive efforts, IDC also has made false or ineffective promises that it would license any essential technology on "fair, reasonable, and non-discriminatory" or "FRAND" terms. IDC's promises thereby induced its competitors and other members of the standard-setting organizations ("SSOs") to incorporate IDC's technology into the Cellular Standards.

8. SSOs, like ETSI, require SEP owners to make commitments to license their SEPs to potential implementers of the standards on FRAND terms in an attempt to mitigate the dangers of hold-up inherent in collective standard-setting activities, which by their nature restrict the technological alternatives that are available in the market. Such FRAND commitments must effectively neutralize any hold-up ability arising from the inclusion of patented technology within the Cellular Standards.

9. In connection with its participation in standard-setting through its membership in ETSI and 3GPP, IDC has submitted IPR Declarations under ETSI's Intellectual Property Rights ("IPR") Policy that commit IDC to license any of its SEPs related to the Cellular Standards on FRAND terms to all potential implementers, including Plaintiffs. ETSI and 3GPP relied upon these FRAND licensing commitments when they purportedly incorporated the technology allegedly claimed in patents now owned or controlled by IDC into the Cellular Standards, but IDC did not regard these commitments as meaningfully restraining the terms it could seek for licenses to its alleged SEPs.

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10. IDC compounded the deceptive nature of its IPR Declarations by declaring thousands of its patents as essential to the Cellular Standards without regard to whether those patents are actually—or reasonably may become—essential, thereby creating a thicket of alleged SEPs intended to raise the costs and complexity, as a practical matter, for potential licensees to assess fully those claims of essentiality. In doing so, IDC tilts negotiations improperly in its favor through a massive and disproportionate imposition of transaction costs upon implementers of the Cellular Standards that seek to license Cellular SEPs on FRAND terms. IDC, thereby, has obtained the power to extract supra-FRAND terms and conditions from implementers that are based not on the value of any SEPs that IDC may hold, but rather on transaction costs imposed by the asserted size of its SEP portfolio and the threat of unending, serial litigation and potential exclusion. IDC thus uses its artificially inflated portfolio of declared SEPs—which in prior disputes has been shown to include many valueless and non-essential patents—to impose added costs on implementers, all to the harm of competition within the market for cellular technology.

11. Finally, IDC has perpetuated its anticompetitive scheme through an on-going and conscious disregard of both its FRAND licensing obligations and its overarching obligation not to exploit the hold-up power that it obtained only through the agreements it has entered with its competitors to restrain technological competition, which IDC has demonstrated in licensing negotiations with Plaintiffs and others. This pattern of conduct not only breaches IDC's FRAND licensing obligations, but it renders unlawful the agreements it has made with its competitors in the standard-setting process to restrict the technology available to consumers and IDC's acquisition of a monopoly position in the Relevant Technology Markets.

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