

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

INTERDIGITAL COMMUNICATIONS,
INC., a Delaware corporation,
INTERDIGITAL TECHNOLOGY
CORPORATION, a Delaware corporation,
IPR LICENSING, INC., a Delaware
corporation, and INTERDIGITAL
HOLDINGS, INC., a Delaware corporation,

Plaintiffs

v.

HUAWEI TECHNOLOGIES CO., LTD.,
HUAWEI DEVICE USA, INC., and
FUTUREWEI TECHNOLOGIES, INC.,

Defendants.

C.A. No. 1:13-cv-00008-RGA

JURY TRIAL DEMANDED

INTERDIGITAL COMMUNICATIONS,
INC., a Delaware corporation,
INTERDIGITAL TECHNOLOGY
CORPORATION, a Delaware corporation,
IPR LICENSING, INC., a Delaware
corporation, and INTERDIGITAL
HOLDINGS, INC., a Delaware corporation,

Plaintiffs

v.

ZTE CORPORATION, and ZTE (USA)
INC.,

Defendants.

C.A. No. 1:13-cv-00009-RGA

JURY TRIAL DEMANDED

**DEFENDANTS' OPPOSITION TO INTERDIGITAL'S MOTION TO DISMISS
FRAND COUNTERCLAIMS**

Of Counsel:

Brinks Hofer Gilson & Lione
NBC Tower, Suite 3600
455 North Cityfront Plaza Drive
Chicago, IL 60611
Telephone: (312) 321-4200

RICHARDS, LAYTON & FINGER, P.A.
Kelly E. Farnan (#4395)
Farnan@rlf.com
Travis S. Hunter (#5350)
Hunter@rlf.com
One Rodney Square
920 N. King St.
Wilmington, DE 19801

Dated: April 25, 2013

Attorneys for Defendant ZTE (USA) Inc.

Of Counsel:

Stanley Young
Robert T. Haslam
COVINGTON & BURLING LLP
333 Twin Dolphin Drive
Redwood Shores, CA 94065
(650) 632-4700

YOUNG CONAWAY STARGATT & TAYLOR, LLP
Martin S. Lessner (No. 3109)
Adam W. Poff (No. 3990)
Monté T. Squire (No. 4764)
Rodney Square
1000 N. King Street
Wilmington, DE 19801
(302) 571-6600
mlessner@ycst.com
apoff@ycst.com
msquire@ycst.com

David W. Haller
COVINGTON & BURLING LLP
620 Eighth Avenue
New York, New York 10018
(212) 841-1057

Winslow Taub
COVINGTON & BURLING LLP
One Front Street
San Francisco, CA 94111

Dated: April 25, 2013

*Attorneys for Huawei Technologies Co., Ltd.,
Futurewei Technologies, Inc., and Huawei
Device USA, Inc.*

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INTRODUCTION

InterDigital Communications, Inc. (“IDC”) has chosen to file a second set of lawsuits against the ZTE and Huawei Defendants (“Defendants”)¹ in this Court, after its first suit was stayed. In this second set of lawsuits, Defendants have filed counterclaims that are compulsory here and that would, if adjudicated, resolve all disputes between them and IDC. Defendants ask this Court to do what other courts have also been prepared to do—to set “fair, reasonable and non-discriminatory” (“FRAND”) licensing terms for IDC’s patents so that they, as willing licensees, may pay IDC for the licenses to which they are entitled under IDC’s contractual obligations.

This Court should reject all three reasons that IDC proffers in its effort to deny Defendants a hearing for their counterclaims, including counterclaims relating to 4G technologies that are not even at issue in the earlier lawsuit. First, the fact that some portion of the counterclaims in the present lawsuits may also in the future be compulsory counterclaims when the stay is lifted in the earlier lawsuit should not compel dismissal here. Defendants are forced to defend the present cases and need to assert their compulsory counterclaims here in order to have their licensing defenses heard in connection with IDC’s affirmative claims of infringement, and efficiency is served by resolving those counterclaims in these present lawsuits that IDC chose to file. Second, Article III jurisdiction exists over the declaratory relief counterclaims (Counts IV, V and VI) because they are ripe, and consideration of those counterclaims here would promote both justice and economy. Third, the breach of contract and promissory estoppel counterclaims (Counts I, II and III) state valid causes of action under French

¹ The Defendants filing this joint brief, more specifically, are ZTE (USA) Inc. (“ZTE”); and Huawei Technologies Co., Ltd., Futurewei Technologies Inc. d/b/a Huawei Technologies (USA), Huawei Device USA (collectively “Huawei”).

law given IDC commitments to standard setting organizations. Accordingly, IDC's motion to dismiss should be denied.

NATURE & STAGE OF PROCEEDINGS AND FACTUAL BACKGROUND

In July 2011, IDC filed litigations in this Court and in the ITC over patents relating to 3G (*i.e.*, "3rd Generation") wireless technology. *See* Case No. 1:11-cv-00654-RGA (the stayed litigation in this Court) (the "654 Action"); *Certain Wireless Devices with 3G Capabilities and Components Thereof*, Inv. No. 337-TA-800 (the "800 ITC case"). On October 11, 2011, the 654 Action was stayed under 28 U.S.C. § 1659, prior to any responsive pleading being filed. D.I. (11-0654-RGA) #24. A final determination in the 800 ITC case is expected by late October 2013 and, if the ITC issues an exclusion order banning ZTE and/or Huawei from importing products, that order will be enforced unless the Federal Circuit issues a stay pending appeal. The 654 Action, however, will remain stayed and (absent leave from the Court) no further pleadings will be filed there until the conclusion of the 800 ITC Case, including any appeals.²

In January 2013, IDC filed a second ITC lawsuit (*Certain Wireless Devices with 3G and/or 4G Capabilities and Components Thereof*, Inv. No. 337-TA-868 (Jan. 2, 2013)) and also filed four other lawsuits in this Court against the respondents in that ITC lawsuit (including the two against the Defendants filing this brief). As is evident from the title of the second ITC case, this later-filed litigation involves 4G devices using the "Fourth Generation" LTE standard, which is not involved in the 800 ITC Case or the 654 Action. The new cases also involve four patents

² Defendants had earlier moved this Court to lift the stay in the 654 Action to allow them to file and litigate FRAND counterclaims relating to the 3G patents in that case. D.I. (11-0654-RGA) #26, #35. On March 2, 2012, this Court declined to allow Defendants to file their FRAND counterclaims in the 654 Action. D.I. (11-0654-RGA) #71. The 654 Action therefore remains stayed, and no FRAND counterclaims have ever been filed in that case. (Huawei did file FRAND claims in a Delaware Chancery Court action, which declined to consider them, deferring to this Court's actions because of concerns that a dispute over patent licensing might raise inherently federal issues.)

that are not at issue in the 654 Action. Also unlike the 654 Action, the four new cases in this Court have not been stayed under 28 U.S.C. § 1659. Defendants have filed answers and counterclaims in the present cases. Six of those counterclaims relate to IDC's obligation to license its patents on FRAND terms—Count I (Breach of Contract), Count II (Breach of Contract-Third Party Beneficiary), Count III (Equitable Estoppel), Count IV (Waiver of Right to Enjoin), Count V (Declaratory Relief—IDC Has Not Offered or Granted [Defendants] Licenses on FRAND Terms) and Count VI (Declaratory Relief—Determination of FRAND Terms). D.I. (13-0008-RGA) #8 (“Huawei Counterclaims”) and D.I. (13-0009-RGA) #7 (“ZTE Counterclaims”).

Defendants contend that they are entitled to licenses on FRAND terms for the patents asserted in these lawsuits, but they have been unable to agree with IDC on what the FRAND terms are, given IDC's unreasonable and discriminatory demands. Huawei Counterclaims, ¶¶ 14-22; ZTE Counterclaims, ¶¶ 12-19. Therefore, in the present lawsuits in this Court, in particular Count VI of their counterclaims, Defendants ask this Court to set the FRAND terms for all of IDC's U.S. 3G and 4G declared essential patents and to order specific performance of IDC's contractual commitments to grant them licenses on those terms, which request includes all the patents asserted in both the present cases and the 654 Action. Defendants will pay the terms set by the Court. *See* Huawei Counterclaims, Prayer for Relief, ¶ g; ZTE Counterclaims, Prayer for Relief, ¶ (f); *see also* discussion *infra*, at Sec. II.A.1.a, pp. 8-9.

IDC now moves to dismiss the FRAND counterclaims altogether. After IDC's proposed dismissal, its patent infringement claims in the present cases would apparently proceed to litigation and judgment without any hearing for Defendants' FRAND counterclaims.

ARGUMENT

I. Because the FRAND Counterclaims Are Compulsory in the Present Actions, They Should Not Be Dismissed in Favor of Another Case that Has Been Stayed

IDC argues that the FRAND counterclaims are compulsory counterclaims in the 654 Action and that “[c]laims that ought to be brought as counterclaims in a pending action should generally be dismissed or stayed when those claims are raised in a second, separate action.” IDC Brief at 6. IDC’s alleged authority rests on the “first-to-file” principle, which holds that, “[i]n all cases of concurrent jurisdiction, the court which first has possession of the subject must decide it.” *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925, 929 (3d Cir. 1941) (internal quotation marks omitted).

IDC’s argument fails on two levels. First, IDC fails to acknowledge that the FRAND counterclaims at issue here are compulsory counterclaims in these actions. Second, because the 654 Action is stayed and Defendants have not yet even answered the Complaint in that case, the present cases are the appropriate and most efficient vehicles for resolution of Defendants’ Counterclaims. The authority that IDC cites simply does not require dismissal of compulsory counterclaims of a party who has been sued in a second action where, as here, the first suit sits idle without a responsive pleading having ever been tendered.

A. The Counterclaims Should Not Be Dismissed Because They Are Compulsory in the Present Actions

IDC ignores the fact that the FRAND counterclaims in the present case are compulsory here.³ IDC has cited no authority which holds that a defendant being sued in multiple lawsuits

³ Counterclaims are compulsory when the counterclaim “bears a logical relationship to an opposing party’s claim,” and “where separate trials on each of the claims would involve substantial duplication of effort and time by the parties and the courts” because “the claims involve the same factual issues, the same factual and legal issues, or are offshoots of the same basic controversy between parties.” *Transamerica Occidental Life Ins. Co. v. Aviation Office* (continued...)

can raise counterclaims that would be compulsory in both actions only in one case. In IDC's cited cases (IDC Br. at 6; *Nokia v. InterDigital*, No. 08 Civ. 1507 (DAB), 2009 WL 585848 (S.D.N.Y. Mar. 5, 2009) and *Avante Int'l Tech., Inc. v. Hart Intercivic, Inc.*, No. 08-832-GPM, 2009 WL 2431993 (S.D. Ill. July 31, 2009)), *plaintiffs* were asserting causes of action that could have been brought as counterclaims in earlier filed suits. The courts in both cases dismissed those causes of action after determining that the plaintiffs should have filed compulsory counterclaims as opposed to *new lawsuits*. Here, in contrast, Defendants have not brought new lawsuits to pursue their FRAND-based claims; instead they have asserted counterclaims, which are compulsory in the present actions.

The "letter and spirit of the [first-to-file] rule are grounded on equitable principles," and the bases for departing from the rule are "grounded in what is right and equitable under the circumstances and the law." *Honeywell Int'l Inc. v. Int'l Union, United Auto.*, No. 11-4557, 2012 WL 5278623, at *3 (3d Cir. Oct. 26, 2012) (quoting *EEOC v. Univ. of Pa.*, 850 F. 2d 969, 971-72 (3d Cir. 1988)) (internal quotation marks omitted). It is IDC that chose to split its patent infringement claims, not only into two separate ITC cases, but also into two separate District Court lawsuits, and the FRAND counterclaims related to IDC's 3G portfolio are compulsory in both lawsuits. Defendants should not suffer adverse consequences as a result of IDC's tactics by being prevented from asserting their compulsory counterclaims. In addition, Defendants counterclaims here relate to 4G technologies that are not even at issue in the earlier lawsuit.

of America, Inc., 292 F. 3d 384, 389-90 (3d Cir. 2002) (quoting *Xerox Corp v. SCM Corp.*, 576 F. 2d 1057, 1059 (3d Cir. 1978)). Defendants are therefore *obligated* to bring their FRAND counterclaims in the present actions, or risk that, after the stay in the 654 Action is later lifted, res judicata might bar Defendants from filing those counterclaims in the 654 Action once the stay in that action is lifted. See *Xerox Corp.*, 576 F. 2d at 1059 ("[T]he doctrine of res judicata compels the counterclaimant to assert his claim in the same suit for it would be barred if asserted separately, subsequently").

B. Judicial Efficiency and Other Factors Militate Against Dismissal of the Counterclaims in the Present Cases, Where the Earlier Case Is Stayed

Even if the first-to-file principle had application here, it “is not a mandate directing wooden application of the rule[;] . . . [d]istrict courts have always had discretion to retain jurisdiction given appropriate circumstances” *EEOC*, 850 F. 2d at 971-72. Aside from the mere sequence of filing, other factors govern the exercise of such discretion: bad faith, forum shopping, whether the first-filing party commenced suit in anticipation of the second party’s imminent filing in a less favorable forum, or the fact that “the second-filed action has developed further than the initial suit.” *Collectis S.A. v. Precision Biosciences, Inc.*, 858 F. Supp. 2d 376, 381 (D. Del. 2012) (citing *EEOC*, 850 F. 2d at 972, 976) (internal quotation marks omitted). Ultimately, “judicial economy, as well as financial economy . . . are the underpinnings of the first to file rule.” *Nature’s Benefit, Inc. v. NFI*, No. 06-4836 (GEB), 2007 WL 2462625, at *9 (D.N.J. Aug. 27, 2007). Furthermore, “[e]xceptions to the first-filed rule are no [] [longer] rare and are made when justice or expediency requires.” *Samuel T. Freeman & Co. v. Hiam*, No. 12-1387, 2012 WL 2120474, at *6 (E.D. Pa. June 11, 2012) (alterations in original) (quoting *FMC Corp. v. AMVAC Chem. Corp.*, 379 F. Supp. 2d 733, 744 (E.D. Pa. 2005).

In this case, consideration of three of these factors in particular—specifically, whether forum shopping has occurred, whether judicial economy would be served by dismissing the counterclaims here and whether the second-filed action has progressed further than the first—warrant retaining the FRAND counterclaims in the present cases. First, the forum shopping concern that underpins the first to file principle simply does not apply here, because Defendants are asserting the present counterclaims before the very same Court where the 654 Action also

pendents.⁴ Second, the FRAND counterclaims here, which encompass both 4G and 3G technologies, subsume and are broader than the FRAND counterclaims that would be brought in the 654 Action at some indeterminate future time when the stay in that case is lifted. Thus, resolution of the counterclaims in the present cases would actually eliminate the need to consider those counterclaims in the 654 Action, whereas resolution in the 654 Action would leave the 4G issues in this case unaddressed.⁵ Third, the present cases have progressed substantially beyond the 654 Action. In the present cases, discovery should be commencing imminently. In the 654 Action, by contrast, an answer and counterclaims have not even been filed, and the case is stayed until the 800 ITC case, including all appeals, is concluded. D.I. (11-0654-RGA) #71, at 24. The circumstances of this case favor retaining the counterclaims in the instant action.

II. Jurisdiction Exists over the Declaratory Judgment Counterclaims (Counts IV, V and VI), and the Court Can and Should Exercise Jurisdiction over Them.

A. The Declaratory Judgment Counterclaims Are Ripe for Adjudication.

Counts IV, V and VI are ripe for adjudication. If the parties had not disagreed over what a FRAND rate is, they would have entered into licenses and the present lawsuits would not have been filed. A declaratory judgment that IDC has waived the right to obtain injunctions for its

⁴ Defendants attempted to assert FRAND counterclaims in the 654 Action, but the Court declined to allow Defendants to file the counterclaims in that case. D.I. (11-0654-RGA) #71.

⁵ *Rohm and Haas v. Brotech Corp.*, 770 F. Supp. 928 (D. Del. 1991), which IDC cites to support its assertion that the Court should ignore the fact that the FRAND counterclaims brought here are broader than the FRAND counterclaims that would be compulsory in the 654 Action (IDC Brief at 8), is not instructive. In *Rohm*, Rohm first sued Brotech in Delaware, alleging infringement of four patents. Brotech then sued Rohm in Pennsylvania, alleging that Rohm had engaged in anticompetitive behavior in the prosecution and enforcement of ten patents, including the four patents at issue in the Delaware litigation. The Rohm Court found that the six non-overlapping patents at issue in the Pennsylvania litigation either stemmed from the same parent application or involved identical technology as the four patents at issue in the Delaware litigation. *Rohm* at 934. Moreover, Brotech's antitrust allegations were based *solely* on Rohm's actions in obtaining and enforcing the four patents in the Delaware litigation. *Id.* In the present case, there is no indication that the 4G and 3G issues or patents are similarly related.

declared essential patents (Count IV) and that it failed to comply with its obligation to offer FRAND licenses (Count V) would dispose of IDC's claims for injunctive relief in both this Court and in the ITC. The Court's setting of a FRAND rate (Count VI), which Defendants have unequivocally undertaken to pay, together with the companion orders of specific performance that Defendants have requested as remedies, would resolve these lawsuits entirely. These declaratory relief claims are ripe, and jurisdiction exists, under all three prongs of the inquiry of *Armstrong World Indus., Inc. v. Adams*, 961 F.2d 405 (3d Cir. 1992) and *Step-Saver Data Sys., Inc. v. Wyse Tech.*, 912 F.2d 643 (3d Cir. 1990).

1. The First Prong: There Is an Immediate and Non-Contingent Adversity of Interest

a. The counterclaims are not "contingent"

IDC's assertions that (1) Defendants' "willingness to agree to FRAND license terms applies only to patents that are valid, infringed and essential", (2) "[d]eterminations of validity, infringement and essentiality would thus have to be made as to each patent on which Huawei and ZTE seek a 'FRAND license,'" and (3) "ZTE's and Huawei's counterclaims are highly contingent" (IDC Br. at 9-10), rest on a misreading of those counterclaims. In fact, the counterclaims state that each of Defendants "has been and is willing to license each of the Combined Asserted Patents on FRAND terms and conditions." Huawei Counterclaims, ¶ 21; ZTE Counterclaims, ¶ 18. Defendants repeatedly have made clear their unqualified commitment to pay the FRAND rate set by the Court. *See e.g.*, Defendants' Motions to Expedite, D.I. (13-0008-RGA) #17 at 2-3, 19; D.I. (13-0009-RGA) #10 at 8; Declaration of Stanley Young in Support of Defendants' Opposition ("Young Decl."), Ex. A at 41:8-25. There are no qualifications or reservations in this commitment then or now.

IDC argues that Defendants could "change their positions" and that they might "at the

end of the process deny the applicability of any judgment unless and until each patent is found valid and infringed,” citing the *Apple v. Motorola* (Nov. 2012) and *Rembrandt Techs v. Harris Corp.* cases for that proposition. IDC Br. at 10. Both cases are inapposite.

In *Apple v. Motorola* (Nov. 2012), Apple expressly made acceptance of the judicially determined FRAND rate contingent upon the rate falling below a specific value. *Apple, Inc. v. Motorola Mobility, Inc.*, 2012 WL 5416931, at *1 (W.D. Wis. Nov. 2, 2012). Apple’s failure to commit to paying the court-determined rate was the sole basis for the decision of the *Apple v. Motorola* court to refuse to declare a FRAND rate. There is no such failure here. Defendants have not hedged their commitment to pay the judicially determined FRAND rate.

Rembrandt was also very different from the situation here. Like Apple, the defendant in that case equivocated on its commitment to pay the rate set by the court, reserving the right to argue that “no payments are due under the license,” if the single asserted patent was found not infringed or invalid. *Id.* at *3.⁶ Defendants, in stark contrast, have unequivocally committed to license IDC’s entire U.S. declared-essential 3G and 4G portfolio on the FRAND terms set by the Court *regardless of whether any asserted patent is found to be infringed or valid.*

b. IDC’s obligation is not contingent on a court finding of essentiality or infringement

IDC is also wrong as a purely legal matter in arguing that its FRAND commitment is contingent on a finding of essentiality. IDC Br. at 10-11. Every court that has considered the

⁶ It is also of note that the accused infringer in *Rembrandt* sought a license to a *single patent* that was the subject of parallel infringement litigation in federal court. *Rembrandt Techs., L.P. v. Harris Corp.*, No. 07C-09-059-JRS, 2009 WL 1509103, at *1 (Del. Super. Ct. May 22, 2009). Here, in contrast, Defendants seek a license IDC’s entire U.S. declared-essential 3G and 4G portfolio, which include, but are not limited to the patents asserted by IDC in this action. This distinction is significant; unlike in *Rembrandt*, Defendants’ claims for a FRAND license will survive the resolution of the liability issues for the particular patents asserted in this case and before the ITC.

issue agrees that “claims based on fair, reasonable and non-discriminatory licensing obligations are not contingent upon the results of patent infringement suits regarding the same patents” and that such claims are therefore ripe when declared-essential patents have been sued on:

The policies of the standards setting organizations become far less useful or effective if a company who has declared its patents as essential, thereby encouraging the organization to adopt the standard, can then refuse a fair, reasonable and non-discriminatory license until essentiality is proven, either through patent infringement litigation or otherwise.

Apple, Inc. v. Motorola Mobility, Inc., No. 11-cv-178-bbc, 2011 WL 7324582, at *6 (W.D. Wis. June 7, 2011) (discussing the same ETSI IPR policy that is at issue here). Thus, for adjudication of the FRAND obligation, it is not necessary “to determine whether the patents at issue are in fact ‘essential’ because [Motorola] has already voluntarily declared them essential.” *Id.* (quoting *Nokia Corp. v. Qualcomm, Inc.*, No. 06-509, 2006 WL 2521328, *1-2 (D. Del. Aug. 29, 2006), and citing *Ericsson Inc. v. Samsung Elecs. Co., Ltd.*, No. 2:06-CV-63, 2007 WL 1202728, *2–3 (E.D. Tex. Apr. 20, 2007 (FRAND claims can be adjudicated separately from patent infringement claims)); *see also Rembrandt Techs., L.P. v. Harris Corp.*, No. 07C-09-059, 2009 WL 1509103 (Del. Super. May 22, 2009) (denying motion to compel defendant to either admit infringement or concede in the alternative that it was not entitled to a license because the patent was not essential).⁷ The court in *Apple v. Motorola* (June 2011) was aware of “no cases in which the

⁷ IDC has also unambiguously claimed essentiality for its patents. IDC’s complaints in the parallel ITC proceedings allege that Defendants infringe the patents asserted there because they import devices that operate in cellular systems that support those standards. *See, e.g.*, Young Decl., Ex. B at ¶ 7.45 (“On information and belief, Huawei tests or operates the accused products in the United States by using them in one or more 3G WCDMA, 3G CDMA2000, or 4G systems and performing the claimed methods, thereby directly infringing any claims requiring such operation.”); *see generally id.* ¶¶ 7.44–7.47. The claim charts accompanying the 868 ITC case complaint cite only to documents describing the cellular standards, and do not rely on any analysis of the actual operation of Huawei’s accused products. *See* Young Decl., Exs. C-1 to C-11 (claim charts for asserted patents). These materials are referred to in the Counterclaims and are therefore properly considered here. *In* (continued...)

court concluded that contractual or antitrust claims related to licensing obligations cannot be resolved before resolution of related patent infringement suits.” 2011 WL 7324582, at *6.⁸

IDC’s claims of “contingency” as to its licensing obligations are therefore misplaced. A live dispute over those obligations now exists.

c. The Second Prong: The Judgments Sought By Counts IV, V and VI Would Be Conclusive

IDC’s argument on “conclusivity,” with its citations to the *Rembrandt* and *Apple* (November 2012) cases, is basically a repetition of its argument, addressed above, that Defendants can change their minds about paying the FRAND rate that they have asked this Court to set, and that this Court’s judgment would therefore not be “conclusive.” As described above, however, Defendants have committed to pay the rate set by the Court, unlike the parties in *Apple* and *Rembrandt*. IDC also agrees that it will be bound by the Court’s judgment. IDC Br. at 12. That mutual obligation would not be “voluntary,” “one-way,” merely “suggestive” or “hypothetical.” Moreover, Defendants seek a FRAND rate determination as to IDC’s entire U.S. 3G and 4G declared essential portfolio. Even if there were a finding of non-essentiality, non-infringement, or invalidity as to one or more of the individual patents-in-suit, it would not negate Defendants’ commitment to license IDC’s 3G and 4G portfolio on the terms set by the Court. Huawei Counterclaims, Prayer for Relief, ¶ g; ZTE Counterclaims, Prayer for Relief, ¶ (f). A

re Burlington Coat Factory Sec. Litig., 114 F. 3d 1410, 1426 (3d Cir. 1997) (exception to the general rule that courts ruling on motion to dismiss may not consider matters extraneous to the pleadings when there is a “document integral to or explicitly relied upon in the complaint”); *Syncsort Inc. v. Sequential Software, Inc.*, 50 F. Supp. 2d 318 (D.N.J. 1999) (applying same to counterclaims).

⁸ The Federal Trade Commission adopted a similar approach in a recent Consent Order against Google, specifically providing that a potential licensee does not become an unwilling licensee and lose its FRAND rights simply as a result of challenging validity or essentiality. Young Decl., Ex. D.

judgment on the FRAND declaratory relief counterclaims would therefore be “conclusive.”⁹

d. The Third Prong: The Court’s Declaratory Judgment on Counts IV, V and VI Will Be Useful Because It Will Resolve The Parties’ Litigations

For the reason described above, the judgment that Defendants seek would not be “theoretical,” as IDC posits (IDC Br. at 14 n.6), and would not be a mere “bargaining chip.” IDC fundamentally misrepresents Defendants’ counterclaims and the obligations they are seeking to undertake (*i.e.*, the very license agreements for which Defendants are asking the Court to order specific performance). A party who obtains a declaratory judgment for specific performance of a contract, which each Defendant is seeking, must perform its part of that contract.¹⁰ Defendants are not seeking some tactical advantage over IDC, only the license on FRAND terms to which IDC committed and to which they are entitled. This Court is the only forum to set the FRAND rate for that license and to order specific performance of the license, which will resolve this case, the 654 Action, and the two pending ITC investigations.

As the court found in *Microsoft Corp. v. Motorola, Inc.*, it is an “inescapable conclusion

⁹ IDC focuses on language in ZTE’s and Huawei’s earlier motion to expedite to the effect that they should have the “opportunity to accept a FRAND license.” IDC Br. at 11. It is true that Defendants in fact were entitled to such an opportunity prior to IDC’s filing of its litigations. But nothing in what Defendants have said reserves for them the “opportunity to decline” that IDC alleges exists. IDC cites no case authority to suggest that ZTE or Huawei would have an “opportunity to decline” to comply with a judgment that this Court would issue at their own request.

¹⁰ “We will order specific performance only if a party is ready, willing, and able to perform under the terms of the agreement.” *Osborn ex rel. Osborn v. Kemp*, 991 A.2d 1153, 1161 (Del. 2010). “A party seeking specific performance must establish that (1) a valid contract exists, (2) he is ready, willing, and able to perform, and (3) that the balance of equities tips in favor of the party seeking performance.” *Id.* at 1158. *Accord Pharmathene, Inc. v. Siga Technologies, Inc.*, No. 2627–VCP, 2011 WL 4390726, at 34* (Del. Ch. Sept. 22, 2011) (“Additionally, [plaintiff] PharmAthene has shown that it is ‘ready, willing, and able to perform’ its obligation to negotiate under those contracts. . . . Indeed, this is not a situation where two parties simply failed to come to terms on a prospective transaction.”).

that a forum must exist to resolve honest disputes between patent holder and implementer as to what in fact constitutes a RAND license agreement,” and that “the courthouse may be the only such forum.” No. C10-1823JLR, 2012 WL 4827743, at *6 (W.D. Wash. Oct. 10, 2012). As the District Court has done in *Microsoft*, the Court in these cases can most efficiently solve the dispute between the parties by determining the proper FRAND royalty rate for their licenses. See *Ericsson Inc. v. Samsung Elecs. Co.*, No. 2:06-CV-63, 2007 WL 1202728, at *3 (E.D. Tex. Apr. 20, 2007) (staying the parties’ patent infringement claims pending disposition of the FRAND-based breach of contract claims because of “possibility that resolution of the FRAND case might alleviate many of the primary differences between [the] two parties”).¹¹

B. The Court Should Exercise Its Declaratory Judgment Jurisdiction

For the reasons described above, the Court’s judgment on the FRAND counterclaims in the present cases will resolve the parties’ overall dispute, not only over the particular patents in dispute currently, but over other patents in the same U.S. declared essential portfolio, thereby prevent future litigations from emerging. Unlike the *Apple v. Motorola* case, the present case involves no mere advisory opinion, but would have the very practical and beneficial effect of settling the parties’ relationship and reducing the dockets of both this Court and the ITC.

¹¹ IDC’s objection that Defendants “do not concede that they infringe any InterDigital patents” (IDC Br. at 13) is inapposite. If a license’s existence depended on the licensee always conceding infringement, licensing would be much less efficient. In *Bayer Cropscience AG v. Dow Agrosciences*, this Court ordered an early adjudication of a licensing defense (see Young Decl. Ex. E, at *e.g.* 13:25-14:5). The plaintiff argued that the defendant should first be required to stipulate to infringement. *Id.* at 5:23-6:17. But the Court declined to require a stipulation of infringement, prioritized the licensing issues over the patent infringement issues, and entered a scheduling order that allowed for early adjudication of the license defense. *Id.* at 12:19-22, 13:25-14:5; Ex. F at ¶ 11.

III. Defendants' Breach of Contract and Estoppel Counterclaims (Counts I, II and III) State Valid Causes of Action

A. Defendants' Breach of Contract and Equitable Estoppel Claims are Well-Pleaded

Defendants' pleadings with respect to Counterclaims I–III are sufficiently pleaded because they put IDC on notice of the claims asserted against it. Pleadings need only allege sufficient facts to plausibly support a claim for relief, which Defendants have done with Counterclaims I–III. *Ashcroft v. Iqbal*, 556 U.S. 662, 664 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 547 (2007); *Jam Transp. v. Harleysville Mutual Ins. Co.*, No. 11-253-LPS, 2013 WL 1442585 (D. Del. Apr. 9, 2013). At the pleading stage, Defendants are not required to satisfy their ultimate burden of proof and must only provide “a short and plain statement of the claim showing that the pleader is entitled to relief.” Fed. R. Civ. P. (8)(a)(2). When pleading breach of contract in Delaware, the plaintiff must demonstrate “(1) the existence of a contract, whether express or implied, (2) the breach of an obligation imposed by that contract, and (3) resulting damages to the [claimant].” *Johnson v. GEICO Cas. Co.*, 516 F. Supp. 2d 351, 357-58 (D. Del. 2007) (citing *VLIW Tech., LLC v. Hewlett-Packard Co.*, 840 A.2d 606, 612 (Del. 2003)). The requirements are the same under French law.¹² Declaration of Pr. Laurent Aynes (“Aynes Decl.”), ¶ 23. Defendants have pleaded facts sufficient to plausibly

¹² Defendants do not contest that French law applies to their breach of contract claims to the extent ETSI's bylaws and IDC's participation with ETSI form the basis for the claims. Furthermore, discovery has not yet begun in this case, and Defendants have not had a chance to obtain discovery regarding IDC's French law expert. Normally, parties are entitled to discovery in preparing themselves on issues of foreign law. *See In re Bridgestone/Firestone, Inc.*, 131 F. Supp. 2d 1027, 1031 (S.D. Ind. 2001) (holding that discovery into the basis of experts' conclusions and qualifications was appropriate where defendants' motion to dismiss included affidavits from foreign law experts); *see generally* 9A Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2444 (3d ed. 2008).

show these three elements of their breach of contract claims.¹³

Defendants have pleaded existence of a contract or promise by identifying IDC’s “express or implied contract with ETSI, 3GPP, ITU, their members, and manufacturers and sellers of products designed to be compliant with standards adopted by these SSOs” ZTE Counterclaim, ¶¶ 48, 52; *accord. id.* ¶ 59; Huawei Counterclaims, ¶¶ 49, 53, 60. Defendants have alleged IDC’s breach of that contract or promise by identifying IDC’s failure “to license purportedly essential IPR, including the Asserted Patents, on FRAND terms.” ZTE Counterclaims, ¶ 49; *accord. id.* ¶ 56; Huawei Counterclaims, ¶¶ 50, 57, 63-64. Defendants have alleged harm resulting from IDC’s breach of contract by identifying resources that have been expended in “resolving this licensing dispute” and the threat of “irreparable loss of profits, loss of customers and potential customers, loss of goodwill and product image, and uncertainty among customers and potential customers.” ZTE Counterclaims, ¶¶ 50, 57, 63; Huawei Counterclaims, ¶¶ 51, 58, 64. These assertions go beyond mere threadbare recitals of a cause of action, *Iqbal*, 556 U.S. at 664, and supply the necessary facts to put IDC on sufficient notice of Defendant’ claims.

Instead of arguing that the pleadings are insufficient to meet the applicable burden for pleading breach of contract, IDC argues about how the facts of the dispute should be applied under its interpretation of French law. In essence, IDC admits that a contractual obligation exists, but argues that its obligation does not extend as far as Defendants allege or that certain remedies may not be available under IDC’s version of French law. *See* IDC Br. at 18-20. But

¹³ IDC makes no arguments specific to each of Defendant’s claims of Breach of Contract, Breach of Contract—Third-Party Beneficiary, or Equitable Estoppel. Instead, IDC speaks only generally as to a “breach of contract or promise.” For the same reasons as stated for the Breach of Contract claim, Defendants have met the pleading standard by pleading sufficient facts for a Breach of Contract—Third-Party Beneficiary and for the Equitable Estoppel claim.

irrespective of the extent of IDC's contractual obligation—whether it is merely an agreement to negotiate in good faith or an obligation to grant a license on FRAND terms—there is no dispute that Defendants have sufficiently pleaded claims for breach of contract and equitable estoppel. IDC's arguments touch issues of contract interpretation that should be adjudicated only at a later stage in the case and after sufficient legal and factual development. Accordingly, Defendants' counterclaims I–III should not be dismissed.

1. As Pleaded by Defendants, IDC is Obligated to Offer and Grant Licenses on FRAND Terms

By submitting declarations pursuant to clause 6.1 of the ETSI IPR Policy, IDC contractually committed to ETSI and its members to offer and grant licenses on fair, reasonable, and non-discriminatory terms and conditions. Huawei Counterclaims, ¶¶ 35, 42; ZTE Counterclaims, ¶¶ 34, 42. IDC does not contest that it has contractual obligations pursuant to the ETSI IPR Policy or that third parties including Defendants are beneficiaries to those obligations. IDC's arguments instead go to the scope of these obligations. IDC wrongly characterizes its obligation as an “*accord de principe*” under French law, or alternatively as an unenforceable “agreement to agree.” IDC Br. at 17-18. However, this characterization does not comport with the language and purpose of the ETSI IPR Policies, and has been directly rejected in multiple district courts.

In fact, every court to examine FRAND obligations made in relation to SSOs, such as those made by IDC to ETSI, has concluded that an enforceable contractual commitment to license patents to standards implementers on FRAND terms exists and has refused to dismiss breach of contract claims based on those commitments:

- *See Apple Inc. v. Samsung Elecs. Co., Ltd.*, No. 11-cv-1846, 2012 WL 1672493, at *11-12 (N.D. Cal. May 14, 2012) (denying motion to dismiss breach of contract claims based on obligation to license on FRAND terms patents declared to ETSI as essential);

- *Apple v. Motorola Mobility, Inc.*, No. 11-cv-178, 2011 WL 7324582, at *9 (W.D. Wis. June 7, 2011) (denying motion to dismiss and finding that “[t]he combination of the policies and Motorola’s assurances to the Institute that it would grant fair, reasonable, and non-discriminatory licenses . . . constitute a contractual agreement between Motorola and [ETSI].”);
- *Research in Motion Ltd. v. Motorola, Inc.*, 644 F. Supp. 2d 788, 791, 797 (N.D. Tex. 2008) (“Both ETSI and IEEE require all patent owners to promise that they will license any patents incorporated into their standard on FRAND terms. . . . RIM has adequately pled that Motorola did not honor its promise to license on FRAND terms. Motorola’s contention is entitled to no weight on a Rule 12(b)(6) motion.”);
- *Ericsson Inc. v. Samsung Elecs. Co., Ltd.*, No. 06-cv-63, 2007 WL 1202728, at *1 (E.D. Tex. Apr. 20, 2007) (“With respect to ETSI, the parties agree that the FRAND obligation is contractual and binds all of the members.”);
- *Microsoft Corp. v. Motorola, Inc.*, No. 10-1823, Dkt. No. 66 (W.D. Wash. June 1, 2011) (denying motion to dismiss breach of contract claims based on Motorola’s obligation to license patents on FRAND terms, arising from Motorola’s participation and declarations to IEEE and ITU); *Microsoft*, 2012 WL 4827743, at *7 (“[T]he court has already twice rejected Motorola’s contention that Motorola’s agreements with the ITU and IEEE only require it to negotiate toward a RAND license.”);¹⁴
- *Realtek Semiconductor Corp. v. LSI Corp.*, No. 12-3451, 2012 WL 4845628, at *4-5 (N.D. Cal. Oct. 10, 2012) (“[B]oth *Microsoft* and *Apple v. Motorola* suggest that RAND licensing obligations exist independent of whether the parties attempt to negotiate a license. It follows that, at least to some extent, a breach must be ascertainable without reference to private negotiations. . . . [T]he court cannot conclude, under the liberal pleading standards of a motion to dismiss, that Realtek’s complaint fails to state a claim for breach of contract.”);
- *ESS Tech., Inc. v. PC-Tel, Inc.*, No. C-99-20292-RMW, 1999 WL 33520483, at *3-4 (N.D. Cal. Nov. 4, 1999) (denying motion to dismiss claim for specific performance of contractual obligation to license patents on FRAND terms based on agreement with ITU); and

¹⁴ IDC attempts to distinguish *Microsoft* based on Motorola’s stipulation of the existence of an obligation to license, IDC Br. at 17, however Motorola backtracked from its earlier statement at a later hearing. *Microsoft Corp. v. Motorola, Inc.*, 864 F. Supp. 2d 1023, 1031 (W.D. Wash. 2012). The court reaffirmed its previous ruling after hearing this new argument, but did not rely on Motorola’s earlier stipulation in its analysis. *Id.* at 1031-33. The court walked through how a contract was formed between Motorola and both the ITU and IEEE, concluding that “Motorola’s statements to the IEEE and ITU constitute a binding agreement to license its essential patents on RAND terms.” *Id.* at 1032.

- *In re Innovatio IP Ventures, LLC Patent Litig.*, No. 2303, 2013 WL 427167, at *16, n.18 (N.D. Ill. Feb. 4, 2013) (denying motion to dismiss where standard-essential patent holder “does not dispute the general theory that patent holders who make RAND commitments to a standard-setting organization may be liable in contract,” additionally noting that “multiple courts have adopted this theory of liability.”).

Apple v. Samsung is particularly significant due to its nearly identical facts and procedural posture to this case. In *Apple v. Samsung*, Apple brought a breach of contract counterclaim based on Samsung’s failure to license standard-essential patents on FRAND terms in contravention to its ETSI commitment. 2012 WL 1672493, at *1-2. Samsung moved to dismiss the claim under Rule 12(b)(6), arguing, with the support of a French law expert, that its obligation should be construed as an unenforceable “agreement to agree.” *Id.* at *12. The court rejected this argument, stating:

Even adopting [Samsung’s French law expert]’s declaration of the governing French law, it is not clear that Apple is not entitled to FRAND licenses pursuant to ETSI IPR Policy 6.1 and Samsung’s FRAND declarations. Samsung arguably consented to enter into FRAND licenses by submitting its FRAND declaration in order to have its patents adopted by the standard setting organization. Samsung certainly had the right to refuse to license its patents, but arguably relinquished that right when it submitted its FRAND declaration. At least at this stage, the Court is not willing to say that Apple’s theory fails under French law.

Id. IDC’s argument is identical here and should likewise be rejected.

IDC fails to address the cases above upholding claims for breach of contract brought based on patent holders’ refusals to grant licenses on FRAND terms, instead citing a number of cases that stand only for the general proposition that claims cannot be brought for breach of “agreements to agree.” See *LG Elecs., Inc. v. ASKO Appliances, Inc.*, No. 08-828-RGA, 2012 WL 2365901 (D. Del. June 21, 2012) (regarding a Memorandum of Understanding for a litigation settlement); *Int’l Equity Capital Growth Fund, L.P. v. Clegg*, No. Civ. A 149995, 1997 WL 208955 (Del Ch. Apr. 22, 1997) (regarding an SEC filing stating the intention to acquire a corporation); *Copeland v. Baskin Robbins USA*, 96 Cal. App. 4th 1251 (2002) (regarding an

agreement to purchase a manufacturing facility); *Heritage Homes of De La Warr, Inc. v. Alexander*, CIV.A. 1399-K, 2005 WL 2173992 (Del. Ch. Sept. 1, 2005) (regarding an agreement to construct a residential home). None of those cases pertain to a patent holder's FRAND obligations to an SSO, which every court that has faced the issue agrees is actionable. In fact, as discussed above, courts that have considered the issue have found patentees' disclosures to SSOs to create a binding, enforceable contract.

Furthermore, contrary to IDC's argument, IDC's commitment to ETSI does not constitute an "*accord de principe*" under French law as that concept is fundamentally inconsistent with the provisions of the ETSI IPR Policy. The ETSI IPR Policy provides that an IPR holder may either "give an undertaking in writing that it is prepared to grant irrevocable licenses on FRAND terms and conditions under such IPR" pursuant to Article 6.1 or alternatively "refuse to license" under Article 8.1. Huawei Counterclaims, ¶¶ 35, 36; ZTE Counterclaims, ¶¶ 34, 35. Aynes Decl., ¶¶ 16, 7-8. Therefore, IDC was not originally obliged to license the patents-in-suit, but voluntarily committed to doing so by submitting undertakings "irrevocably declar[ing]" that it is "prepared to grant irrevocable licenses . . . on terms and conditions which are in accordance with clause 6.1 of the ETSI IPR Policy." Young Decl., Exs. G, H.¹⁵ Once IDC eschewed Article 8.1 and declared that it is "prepared to grant" licenses on FRAND terms, it irrevocably committed to license the subject patents on FRAND terms to willing licensees such as Defendants. Moreover, the purpose of the ETSI mechanism is to enable standards to be accessible to potential users by

¹⁵ Though not attached to Defendants' Counterclaims, these declarations are explicitly relied upon by the counterclaims (*see e.g.*, Huawei Counterclaims at ¶¶42-43, 69; ZTE Counterclaims at 13, 43) and may properly be considered at this stage. *See In re Burlington Coat Factory*, at 1426 ("a document *integral to or explicitly relied upon* in the complaint may be considered without converting the motion [to dismiss] into one for summary judgment.") (emphasis and brackets in original; quotation marks removed).

making licenses “available.” See Huawei Counterclaims, ¶¶ 36-38; ZTE Counterclaims, ¶¶ 35-37; Ex. 10 to Rees Decl. in Support of IDC Mot., Article 3.3, Article 6 (“Availability of Licenses”); Aynes Decl., ¶¶ 5-10. IDC’s “*accord de principe*” interpretation of the ETSI Policy runs directly counter to that purpose by making the availability of licenses contingent on the negotiations and potential refusal of the IPR holder. Aynes Decl., ¶ 15. Moreover, an “*accord de principe*” generally arises between two parties during the course of a negotiation process of an underlying agreement and requires the consent of both parties involved in the negotiation. *Id.* at ¶ 14. Here, IDC’s obligations arise from its participation and declarations to ETSI, not from negotiations with Defendants, and there has been no consent from Defendants to the narrow agreement to negotiate that IDC suggests.

Rather than an “*accord de principe*,” IDC’s contractual commitment to ETSI resembles a “*stipulation pour autrui*,” or a stipulation for the benefit of a third party, that is specifically authorized under Article 1121 of the French Civil Code. Aynes Decl., ¶¶ 19-22. A “*stipulation pour autrui*” is formed via an exchange of consent between a promisor (IDC in this case) and a Stipulator (ETSI) where the promisor irrevocably grants a right to one or more beneficiaries (Defendants). *Id.* ¶ 21. Under French law, Defendants are entitled to enforce IDC’s promise made in its declarations submitted to ETSI pursuant to Article 6.1. *Id.* ¶¶ 21-22.

2. Defendants’ Counterclaims also Allege Breach Through IDC’s Failure to Negotiate in Good Faith

As stated above, IDC’s contractual commitments require IDC to not only negotiate in good faith but also to grant a license to willing licensees. However, even if the Court holds that IDC’s commitment only encompasses the obligation to negotiate in good faith, which is what IDC argues, Defendants’ counterclaims still properly state a claim for which relief can be granted. Defendants adequately pled that IDC did not negotiate in good faith by failing to “*offer*

and grant a license for each of the Asserted Patents[.]” Huawei Counterclaims, ¶¶ 18-19, 47; ZTE Counterclaims, ¶¶ 17, 47 (emphasis added).

B. Ambiguity as to the Extent of IDC’s Obligations or the Extent of Available Damages is an Improper Basis for Dismissal

It would be improper to dismiss Defendants’ counterclaims for perceived ambiguity as to the extent of IDC’s obligations or the extent of available damages. IDC makes arguments as to the interpretation, scope, and meaning of IDC’s ETSI obligations. As described above, Defendants have a different interpretation as to those obligations. *Compare generally* Aynes Decl. *with* Fages Decl. At this stage of the proceedings, IDC’s arguments show, at most, differing interpretations as to the extent of the obligations imposed by IDC’s declarations to ETSI. But in deciding a motion to dismiss, it is improper for the court to choose between two differing reasonable interpretations of an arguably ambiguous provision of foreign law. *VLIW Tech., LLC v. Hewlett-Packard Co.*, 840 A.2d 606, 615 (Del. 2003). Instead, dismissal is proper only if the movant’s interpretation of the provision is the only reasonable construction as a matter of law. *Id.* Ambiguity exists when the provision is reasonably or fairly susceptible of different interpretations. *Id.* Because the meaning of the provisions must be construed in the light most favorable to the nonmoving party, courts should not dismiss claims in a 12(b)(6) motion unless it appears with reasonable certainty that the movant cannot prevail on any set of facts which might be proven to support the allegations in the complaint. *Id.*

Here, IDC does not dispute that it has an obligation to Defendants arising from its declarations to ETSI: “This imposes on the negotiating parties a duty to negotiate in good faith.” IDC Br. at 17. Dr. Fages states in his declaration: “The undertaking in writing which an IPR owner makes pursuant to Clause 6.1 . . . imposes an obligation to negotiate these terms and conditions in good faith.” Fages Decl., ¶ 10. In effect, IDC argues only that its obligation does

not extend as far as that alleged by Defendants. IDC Br. at 17-18. This shows only a disagreement as to the scope of IDC's obligation under ETSI's IPR Policy, and it represents, at most, an ambiguity that should not be resolved through a motion to dismiss. When the allegations are construed in the light most favorable to Defendants, Counterclaims I-III are sufficiently pled claims, and IDC's perceived ambiguities in the contract cannot be the basis for dismissal under 12(b)(6).

C. Defendants Have Sufficiently Alleged Appropriate Relief

Specific performance is an appropriate remedy for breach of contract that Defendants have properly alleged. IDC wrongly argues that specific performance is unavailable as a remedy for a breach of an agreement to negotiate in good faith because "specific performance is only available for contracts with terms that are sufficiently certain to allow for an appropriate order." IDC Br. at 19. Contrary to IDC's argument, specific performance is a proper remedy because the essential terms are sufficiently known or determinable, as described above regarding the license elements present in IDC's FRAND declarations. *See* discussion *supra*, at Sec. III.A.1, pp. 16-20. Furthermore, courts have previously endorsed specific performance claims regarding FRAND obligations under circumstances similar to the present case. *See Apple, Inc. v. Motorola Mobility, Inc.*, No. 11-cv-178, 2012 WL 5416941, *4 (W.D. Wis. Oct. 29, 2012) (denying motion to preclude specific performance, stating that "specific performance may be an appropriate remedy under the circumstances of this case. In fact, it may be the only remedy."); *ESS Tech*, 1999 WL 33520483, at *3-4 (denying motion to dismiss claim for specific performance where no terms of the license are expressly agreed upon); *Microsoft*, 2012 WL 4827743, at *5-7 (declining to dismiss possible remedy of creating license agreement with FRAND terms for the parties); *see also Great-West Investors LP v. Thomas H. Lee Partners, LP*, No. 5508-VCN, 2011 WL 284992, at *9 (Del. Ch. Jan. 14, 2011) (denying motion to dismiss

claim for specific performance of agreement to negotiate in good faith).

Here, Defendants have requested specific performance in light of injuries associated with IDC's breach of contract and breach of promises. A party seeking specific performance of a contract must establish that "(1) a valid contract exists, (2) he is ready, willing, and able to perform, and (3) that the balance of equities tips in favor of the party seeking performance." *Osborn ex rel. Osborn v. Kemp*, 991 A.2d 1153, 1158 (Del. 2010). As described above, at the pleading stage, these elements need only be plausible, *Iqbal*, 556 U.S. at 664; *Twombly*, 550 U.S. at 547, and these elements need not be ultimately proven without a fully developed factual record. IDC's citation to pre-trial motions in *Apple v. Motorola Mobility, Inc.* highlight the fact that the pleading stage is different. In that case, Judge Crabb explained that during an earlier stage of the case "specific performance may be an appropriate remedy under the circumstances of this case." 2012 WL 5416931, at *1 (quoting her earlier statement). It was only at the pre-trial conference, after consideration of subsequently-developed facts, that Judge Crabb explained that Apple failed to ultimately prove that specific performance was an appropriate remedy. *Id.* at *1-3.¹⁶

IDC's suggestion that Defendants have failed to plead appropriate types of damages is also incorrect. IDC's only argument is that Defendants have failed to plead harm due to "losses

¹⁶ Not only are IDC's arguments premature, they can be distinguished in that Judge Crabb refused to include specific performance as an available remedy for two reasons, both of which are absent here. First, Judge Crabb refused to include such a remedy because Apple stated that it would not necessarily accept and pay a court-set FRAND rate. *Apple v. Motorola Mobility, Inc.*, 2012 WL 5416931, at *2. In this case, Defendants have agreed to accept and pay a court-set FRAND rate. See discussion *supra*, at Sec.II.A.1.a, pp. 8-9. Second, Apple failed to prove that damages would be an insufficient remedy because Motorola was unsuccessful in obtaining an injunction. *Apple v. Motorola Mobility, Inc.*, 2012 WL 5416931, at *3. In this case, the threat of an injunction remains a looming possibility because of two IDC-initiated ITC cases are currently pending. See *Certain Wireless Devices with 3G Capabilities and Components Thereof*, Inv. No. 337-TA-800; *Certain Wireless Devices with 3G and/or 4G Capabilities and Components Thereof*, Inv. No. 337-TA-868.

incurred as part of negotiation.”¹⁷ However, IDC’s quotation to Defendants’ pleading is incomplete and omits Defendants’ allegations that include losses due to expending “resources resolving this licensing dispute.” Huawei Counterclaims, ¶¶ 51, 58; ZTE Counterclaims, ¶¶ 57, 63. Moreover, the types of damages that may be available to Defendants depend on the scope and extent of IDC’s obligations arising from its declaration to ETSI. *See* discussion *supra*, at Sec. III.B, pp. 21-22. And as described above, any ambiguity that exists in regard to the scope of InterDigital’s obligations should not be resolved at this stage in the litigation on a Rule 12(b)(6) motion to dismiss. *Id.* Accordingly, the type of relief sought by Defendants is properly pleaded and Claims I–III should not be dismissed.

CONCLUSION

For the reasons discussed above, Defendants respectfully request that IDC’s motion to dismiss be denied.

¹⁷ InterDigital agrees that, assuming a breach of its obligation, damages for losses incurred as part of the negotiation are an available remedy. IDC Br. at 1.

Of Counsel:

Brinks Hofer Gilson & Lione
NBC Tower, Suite 3600
455 North Cityfront Plaza Drive
Chicago, IL 60611
Telephone: (312) 321-4200

Dated: April 25, 2013

Of Counsel:

Stanley Young
Robert T. Haslam
COVINGTON & BURLING LLP
333 Twin Dolphin Drive
Redwood Shores, CA 94065
(650) 632-4700

David W. Haller
COVINGTON & BURLING LLP
620 Eighth Avenue
New York, New York 10018
(212) 841-1057

Winslow Taub
COVINGTON & BURLING LLP
One Front Street
San Francisco, CA 94111

Dated: April 25, 2013

/s/ Kelly E. Farnan

RICHARDS, LAYTON & FINGER, P.A.
Kelly E. Farnan (#4395)
Farnan@rlf.com
Travis S. Hunter (#5350)
Hunter@rlf.com
One Rodney Square
920 N. King St.
Wilmington, DE 19801

Attorneys for Defendant ZTE (USA) Inc.

/s/ Adam W. Poff

YOUNG CONAWAY STARGATT & TAYLOR, LLP
Martin S. Lessner (No. 3109)
Adam W. Poff (No. 3990)
Monté T. Squire (No. 4764)
Rodney Square
1000 N. King Street
Wilmington, DE 19801
(302) 571-6600
mlessner@ycst.com
apoff@ycst.com
msquire@ycst.com

*Attorneys for Huawei Technologies Co., Ltd.,
Futurewei Technologies, Inc., and Huawei
Device USA, Inc.*

CERTIFICATE OF SERVICE

I, Adam W. Poff, Esquire, hereby certify that on April 25, 2013, I caused to be electronically filed a copy of the foregoing document with the Clerk of the Court using CM/ECF, which will send notification that such filing is available for viewing and downloading to the following counsel of record:

Neal C. Belgam, Esquire
Melissa N. Donimirski, Esquire
Proctor Heyman LLP
300 Delaware Avenue, Suite 200
Wilmington, DE 19801
(302) 472-7300
nbelgam@proctorheyman.com
mdonimirski@proctorheyman.com

I further certify that on April 25, 2013, I caused a copy of the foregoing document to be served by e-mail on the above-listed counsel of record and on the following:

Ron E. Shulman
Latham & Watkins
140 Scott Drive
Menlo Park, CA 94025
Ron.Shulman@lw.com

Maximilian A. Grant
Bert C. Reiser
Latham & Watkins
555 Eleventh Street, N.W., Ste. 1000
Washington, DC 20004
Max.Grant@lw.com
Bert.Reiser@lw.com

David S. Steuer
Michael B. Levin
Maura L. Rees
Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94304
dsteuer@wsgr.com
mlevin@wsgr.com
mrees@wsgr.com

YOUNG CONAWAY STARGATT
& TAYLOR, LLP

/s/ Adam W. Poff

Martin S. Lessner (No. 3109)
Adam Wyatt Poff (No. 3990)
Monté T. Squire (No.4764)
Rodney Square
1000 North King Street
Wilmington, DE 19801
mlessner@ycst.com
apoff@ycst.com
msquire@ycst.com

*Attorneys for Defendants Huawei
Technologies Co. Ltd., Futurewei
Technologies, Inc. and Huawei Device USA,
Inc.*