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UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

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11 TWENTIETH CENTURY FOX HOME
ENTERTAINMENT LLC, METRO-
12 GOLDWYN-MAYER STUDIOS INC.,
and METRO-GOLDWYN-MAYER
13 HOME ENTERTAINMENT LLC,

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Plaintiffs,

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v.

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NISSIM CORP.,

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Defendant.

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Case No. 2:14-CV-04626

**COMPLAINT FOR
DECLARATORY JUDGMENT
OF NON-LIABILITY FOR
PATENT INFRINGEMENT**

Jury Trial Demanded

1 Plaintiff Twentieth Century Fox Home Entertainment LLC (“Fox”) and
2 Plaintiffs Metro-Goldwyn-Mayer Studios Inc. and Metro-Goldwyn-Mayer Home
3 Entertainment LLC (collectively, “MGM”) (collectively, “Plaintiffs”), by and
4 through their undersigned counsel, hereby bring this Complaint for Declaratory
5 Judgment against Nissim Corp. (“Nissim”) and allege as follows:

6 **NATURE OF THE ACTION**

7 1. Nissim contends that it is the owner of United States Patent Nos.
8 7,054,547 (the ’547 patent), 6,463,207 (the ’207 patent), 6,304,715
9 (the ’715 patent), 6,208,805 (the ’805 patent), 6,151,444 (the ’444 patent),
10 6,002,833 (the ’833 patent), 5,987,211 (the ’211 patent), 5,913,013
11 (the ’013 patent), 5,724,472 (the ’472 patent), 5,589,945 (the ’945 patent), and
12 5,434,678 (the ’678 patent) (collectively, the “Patents-in-Suit”).

13 2. On November 6, 2013, Nissim sent a letter to “21st Century Fox”
14 alleging that Fox video discs infringe the Patents-in-Suit and threatening litigation
15 against Fox if Fox did not agree to a royalty-bearing license to the Patents-in-Suit.
16 A true and correct copy of that letter is attached as Exhibit 1.

17 3. On November 6, 2013, Nissim sent MGM a letter alleging that MGM
18 video discs infringe the Patents-in-Suit and threatening litigation against MGM if
19 MGM did not agree to a royalty-bearing license to the Patents-in-Suit. A true and
20 correct copy of that letter is attached as Exhibit 2.

21 4. Nissim’s infringement allegations are meritless. Plaintiffs have not
22 infringed any claims of the Patents-in-Suit. Moreover, the claims of the Patents-in-
23 Suit are invalid.

24 5. Regardless, even assuming *arguendo* that Nissim’s infringement
25 allegations did have merit, Nissim still would not be entitled to any relief for any
26 alleged infringement. Nissim is precluded at least by 35 U.S.C. § 287 and by the
27 doctrine of laches from obtaining any relief for any alleged infringement of the
28 Patents-in-Suit by Plaintiffs. Nissim’s claims for relief against Plaintiffs are further

1 barred by licenses that Nissim has granted to companies that encode and sell video
2 discs containing Plaintiffs' video content. Nissim's claims for relief against
3 Plaintiffs are further barred by patent exhaustion and implied license due to licenses
4 that Nissim granted to companies that make and sell video disc players. Nissim's
5 claims for relief against Plaintiffs are still further barred by the doctrines of
6 equitable estoppel and estoppel by acquiescence.

7 6. Plaintiffs seek declaratory judgment that Nissim is not entitled to any
8 relief from Plaintiffs for any alleged infringement of the Patents-in-Suit.

9 **PARTIES**

10 7. Twentieth Century Fox Home Entertainment LLC is a Delaware
11 limited liability company with its principal place of business at 10201 W. Pico
12 Boulevard, Los Angeles, California 90035.

13 8. Metro-Goldwyn-Mayer Studios Inc. is a Delaware corporation with its
14 principal place of business at 245 N. Beverly Drive, Beverly Hills, California
15 90210.

16 9. Metro-Goldwyn-Mayer Home Entertainment LLC is a Delaware
17 limited liability company with its principal place of business at 245 N. Beverly
18 Drive, Beverly Hills, California 90210.

19 10. Upon information and belief, Nissim is a Florida corporation. Upon
20 information and belief, Nissim's principal place of business is 18457 Long Lake
21 Drive, Boca Raton, Florida, 33496.

22 **JURISDICTION AND VENUE**

23 11. Plaintiffs incorporate by reference as if fully stated herein and reallege
24 the allegations in paragraphs 2 and 3 of this Complaint. In its November 6, 2013,
25 letter, Nissim has asserted to Plaintiffs that Nissim owns and has the right to
26 enforce each of the Patents-in-Suit. Nissim has further accused Plaintiffs of
27 infringing each of the Patents-in-Suit. Based on Nissim's accusations, Plaintiffs
28 have a reasonable apprehension that Nissim may sue Plaintiffs for alleged patent

1 infringement. An actual and justiciable controversy exists between the parties
2 concerning Plaintiffs' liability or non-liability for alleged infringement of the
3 Patents-in-Suit.

4 12. This is an action under the Federal Declaratory Judgments Act, 28
5 U.S.C. §§ 2201 and 2202, against Nissim for a declaration that pursuant to the
6 patent laws of the United States, 35 U.S.C. § 1 et seq., Plaintiffs have not
7 infringed the Patents-in-Suit, the disputed claims of the Patents-in-Suit are invalid,
8 and Nissim is not entitled to any relief from Plaintiffs for any alleged infringement
9 of the Patents-in-Suit. Jurisdiction is conferred on this Court by 28 U.S.C. §§ 1331
10 and 1338(a).

11 13. This Court has personal jurisdiction over Nissim by virtue of Nissim's
12 extensive contacts with the State of California and with this District more
13 particularly. Nissim's minimum contacts with the State of California and this
14 District include at least the following: (1) prosecuting causes of action for alleged
15 infringement of the Patents-in-Suit in this District from February 2008 to May
16 2013; (2) sending letters to Plaintiffs in this District on November 6, 2013, seeking
17 to license the Patents-in-Suit and threatening to sue for patent infringement; (3)
18 sending letters to other companies based in the State of California and this District
19 seeking to license the Patents-in-Suit and threatening litigation against those
20 companies; (4) filing patent-infringement lawsuits against companies whose
21 principal place of business is in the State of California and this District, including
22 Warner Bros. Entertainment Inc. and Warner Home Video Inc., for acts of alleged
23 infringement that took place in this District; (5) licensing the Patents-in-Suit to
24 companies whose principal place of business is in the State of California and this
25 District; and (6) commercializing technologies that allegedly exploit various aspects
26 of the Patents-in-Suit through its subsidiary CustomPlay, LLC, which markets and
27 distributes those technologies in the State of California and this District.
28

1 14. Venue is proper in this District under 28 U.S.C. §§ 1391 and 1400(b).
2 Nissim is a corporation that is subject to personal jurisdiction in this District. A
3 substantial part of the events giving rise to Nissim’s patent-infringement allegations
4 occurred in this District.

5 **BACKGROUND FACTS**

6 15. The facts in this section establish that Nissim cannot recover any
7 damages for any alleged infringement of any of the Patents-in-Suit.

8 16. Videos can be stored on DVDs and Blu-ray discs (collectively, “Video
9 Discs”). DVD players and Blu-ray disc players (collectively, “Disc Players”) can
10 be used to view the video content on Video Discs.

11 17. Since at least 2008, Fox (including third-party sub-distributors with
12 whom Fox contracts) has had the primary involvement with the authoring and
13 distribution of Video Discs containing MGM video content. Accordingly, all of
14 Fox’s defenses to Nissim’s allegations of patent infringement, including those
15 stated in this Complaint, apply equally to MGM and all of MGM’s defenses to
16 Nissim’s allegations of patent infringement, including those stated in this
17 complaint, apply equally to Fox.

18 18. The date on which the ’945 Patent expired is no later than December
19 31, 2013. Acts that occurred after December 31, 2013, do not constitute
20 infringement of the ’945 Patent.

21 19. Plaintiffs use the term “Non-945 Patents-in-Suit” herein to mean the
22 Patents-in-Suit other than the ’945 Patent. The Non-945 Patents-in-Suit consist of
23 the ’547 patent, the ’207 patent, the ’715 patent, the ’805 patent, the ’444 patent,
24 the ’833 patent, the ’211 patent, the ’013 patent, the ’472 patent, and
25 the ’678 patent.

26 20. Plaintiffs use the term “Expiration Date” herein to mean the expiration
27 date of the last of the Non-945 Patents-in-Suit to expire. Acts that occurred after
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1 the Expiration Date do not constitute infringement of any of the Non-945 Patents-
2 in-Suit.

3 21. The Expiration Date is January 11, 2013.

4 22. For at least the reasons set forth below, Nissim cannot recover any
5 damages from Plaintiffs for any alleged infringement of the Patents-in-Suit that
6 occurred prior to the filing of this Complaint.

7 *Pre-Suit Communications between Nissim and Fox*

8 23. On information and belief, prior to the Expiration Date, Nissim did not
9 express to Fox its allegation that Fox infringed any particular one of the Patents-in-
10 Suit. More specifically, prior to the Expiration Date, Nissim did not express to Fox
11 its allegation that Fox infringed the '547 patent. Prior to the Expiration Date,
12 Nissim did not express to Fox its allegation that Fox infringed the '207 patent.
13 Prior to the Expiration Date, Nissim did not express to Fox its allegation that Fox
14 infringed the '715 patent. Prior to the Expiration Date, Nissim did not express to
15 Fox its allegation that Fox infringed the '805 patent. Prior to the Expiration Date,
16 Nissim did not express to Fox its allegation that Fox infringed the '444 patent.
17 Prior to the Expiration Date, Nissim did not express to Fox its allegation that Fox
18 infringed the '833 patent. Prior to the Expiration Date, Nissim did not express to
19 Fox its allegation that Fox infringed the '211 patent. Prior to the Expiration Date,
20 Nissim did not express to Fox its allegation that Fox infringed the '013 patent.
21 Prior to the Expiration Date, Nissim did not express to Fox its allegation that Fox
22 infringed the '472 patent. Prior to the Expiration Date, Nissim did not express to
23 Fox its allegation that Fox infringed the '678 patent. Prior to November 6, 2013,
24 Nissim did not express to Fox its allegation that Fox infringed the '945 patent.

25 24. A true and correct copy of a May 2, 2002, letter sent to Fox from
26 attorneys representing Nissim is attached as Exhibit 3. The subject line of that
27 letter listed the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents.
28 The letter did not assert that Fox infringed any one of those patents. Rather, the

1 letter asserted that Fox DVDs “infringe one or more patents in the Nissim Patent
2 Portfolio and, therefore, require a license from Nissim.” The letter did not assert
3 that Fox infringed the ’678 patent. The letter also did not assert that Fox infringed
4 the ’945 patent. The letter also did not assert that Fox infringed the ’472 patent.
5 The letter also did not assert that Fox infringed the ’013 patent. The letter also did
6 not assert that Fox infringed the ’211 patent. The letter also did not assert that Fox
7 infringed the ’833 patent. The letter also did not assert that Fox infringed the ’444
8 patent. That letter also did not assert that Fox infringed the ’805 patent. That letter
9 also did not assert that Fox infringed the ’715 patent. The letter did not mention
10 the ’547 and ’207 patents.

11 25. A true and correct copy of another May 2, 2002, letter sent to Fox
12 from attorneys representing Nissim is attached as Exhibit 4. The letter listed
13 the ’678, ’945, ’472, ’013, ’211, ’833, ’444, ’805, and ’715 patents in the subject
14 line. The letter did not assert that Fox infringed any one of those patents. In
15 particular, the letter did not assert that Fox infringed the ’678 patent. The letter also
16 did not assert that Fox infringed the ’945 patent. The letter also did not assert that
17 Fox infringed the ’472 patent. The letter also did not assert that Fox infringed
18 the ’013 patent. The letter also did not assert that Fox infringed the ’211 patent.
19 The letter also did not assert that Fox infringed the ’833 patent. The letter also did
20 not assert that Fox infringed the ’444 patent. The letter also did not assert that Fox
21 infringed the ’805 patent. The letter also did not assert that Fox infringed
22 the ’715 patent. The letter did not mention the ’547 and ’207 patents.

23 *Pre-Suit Communications between Nissim and MGM*

24 26. On information and belief, prior to the Expiration Date, Nissim did not
25 express to MGM its allegation that MGM infringed any particular one of the
26 Patents-in-Suit. More specifically, prior to the Expiration Date, Nissim did not
27 express to MGM its allegation that MGM infringed the ’547 patent. Prior to the
28 Expiration Date, Nissim did not express to MGM its allegation that MGM infringed

1 the '207 patent. Prior to the Expiration Date, Nissim did not express to MGM its
2 allegation that MGM infringed the '715 patent. Prior to the Expiration Date,
3 Nissim did not express to MGM its allegation that MGM infringed the '805 patent.
4 Prior to the Expiration Date, Nissim did not express to MGM its allegation that
5 MGM infringed the '444 patent. Prior to the Expiration Date, Nissim did not
6 express to MGM its allegation that MGM infringed the '833 patent. Prior to the
7 Expiration Date, Nissim did not express to MGM its allegation that MGM infringed
8 the '211 patent. Prior to the Expiration Date, Nissim did not express to MGM its
9 allegation that MGM infringed the '013 patent. Prior to the Expiration Date,
10 Nissim did not express to MGM its allegation that MGM infringed the '472 patent.
11 Prior to the Expiration Date, Nissim did not express to MGM its allegation that
12 MGM infringed the '678 patent. Prior to November 6, 2013, Nissim did not
13 express to MGM its allegation that MGM infringed the '945 patent.

14 27. A true and correct copy of an April 25, 2002, letter sent to MGM from
15 attorneys representing Nissim is attached as Exhibit 5. The letter listed
16 the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents in the subject
17 line. The letter did not assert that MGM infringed any one of those patents.
18 Rather, the letter asserted that MGM DVDs "infringe one or more patents in the
19 Nissim Patent Portfolio and, therefore, require a license from Nissim." The letter
20 did not assert that MGM infringed the '678 patent. The letter also did not assert
21 that MGM infringed the '945 patent. The letter also did not assert that MGM
22 infringed the '472 patent. That letter also did not assert that MGM infringed
23 the '013 patent. That letter also did not assert that MGM infringed the '211 patent.
24 That letter also did not assert that MGM infringed the '833 patent. That letter also
25 did not assert that MGM infringed the '444 patent. That letter also did not assert
26 that MGM infringed the '805 patent. That letter also did not assert that MGM
27 infringed the '715 patent. The letter did not mention the '547 and '207 patents.
28

1 28. A true and correct copy of another April 25, 2002, letter sent to MGM
2 from attorneys representing Nissim is attached as Exhibit 6. The letter listed
3 the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents in the subject
4 line. The letter did not assert that MGM infringed any one of those patents. In
5 particular, that letter did not assert that MGM infringed the '678 patent. The letter
6 also did not assert that MGM infringed the '945 patent. The letter also did not
7 assert that MGM infringed the '472 patent. The letter also did not assert that MGM
8 infringed the '013 patent. The letter also did not assert that MGM infringed
9 the '211 patent. The letter also did not assert that MGM infringed the '833 patent.
10 The letter also did not assert that MGM infringed the '444 patent. The letter also
11 did not assert that MGM infringed the '805 patent. The letter also did not assert
12 that MGM infringed the '715 patent. The letter did not mention the '547 and '207
13 patents.

14 29. A true and correct copy of an April 22, 2003, letter sent by MGM to
15 attorneys representing Nissim is attached as Exhibit 7. The subject line of the letter
16 lists the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents. The letter
17 identified those nine patents as the "Patents." The letter stated: "After considerable
18 research, our counsel has concluded that the DVDs which MGM sells do not
19 infringe any valid claims of the Patents and that certain of the claims of the Patents
20 are invalid." Nissim did not respond to the letter prior to November 6, 2013.

21 30. Upon information and belief, Nissim had no communications with
22 MGM between April 22, 2003, and November 6, 2013.

23 *Additional Facts Regarding Fox Equitable Defenses*

24 31. Under the doctrine of laches, Nissim cannot recover any damages for
25 any alleged use by Fox of the alleged inventions claimed in the Patents-in-Suit.

26 32. On November 6, 2013, Nissim sent Fox a letter alleging that Fox video
27 discs with Seamless Play and User Operation Control functionalities infringed each
28 of the Patents-in-Suit. Nissim stated: "The Nissim Patents principally cover

1 features of the DVD Specifications known as User Operation Control and Seamless
2 Play. Virtually all DVD-Video discs contain User Operation Control capabilities,
3 and many contain Seamless Play capabilities.” In the letter, Nissim threatens to file
4 a patent-infringement lawsuit against Fox if Fox does not pay a royalty to Nissim.

5 33. Fox has sold Video Discs having what Nissim alleges to be “Seamless
6 Play” functionality since at least 2000. Additionally, Fox has sold Video Discs
7 having what Nissim alleges to be “User Operation Control” functionality since at
8 least 1998. Nissim could have discovered at least as early as 2000 that Fox’s Video
9 Discs included those alleged functionalities by playing Fox’s Video Discs in a Disc
10 Player. Discovering that fact in 2000 would have required only reasonable efforts
11 on Nissim’s part.

12 34. The first of the Patents-in-Suit to issue (the ’678 patent) issued on July
13 18, 1995. The last of the Patents-in-Suit to issue (the ’547 patent) issued on May
14 30, 2006. Upon information and belief, Nissim was aware at least as early as May
15 2008, and likely much earlier, that Fox sold Video Discs. Upon information and
16 belief, Nissim was further aware at least as early as May 2008 that Fox sold Video
17 Discs allegedly having Seamless Play and User Operation Control functionalities.
18 Upon information and belief, Nissim was aware of Fox’s purported infringement of
19 all of the Patents-in-Suit at least as early as May 2008.

20 35. Nissim unreasonably and inexcusably delayed filing a lawsuit for
21 Fox’s alleged infringement of the Patents-in-Suit. Nissim’s unreasonable delay in
22 filing a lawsuit was prejudicial and injurious to Fox. For example, Nissim’s delay
23 discouraged Fox from pursuing alternatives to its allegedly infringing activities. As
24 another example, witnesses’ memories have faded and documentary evidence has
25 been lost due to Nissim’s delay in filing a lawsuit. It would be inequitable to
26 permit Nissim to bring a cause of action against Fox for infringement of the
27 Patents-in-Suit.

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1 36. Under the doctrines of equitable estoppel and estoppel by
2 acquiescence, Nissim cannot recover any damages for any alleged infringement of
3 the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents. Nissim's
4 failure to assert the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents
5 in timely fashion and Nissim's silence in the face of the public activities for which
6 Fox is now accused of infringement misled Fox into reasonably inferring that
7 Nissim did not intend to prosecute an action for infringement against Fox. Fox
8 detrimentally relied on Nissim's misleading conduct and silence. For example, Fox
9 was discouraged from pursuing alternatives to its activities now accused of
10 infringement.

11 *Additional Facts Regarding MGM Equitable Defenses*

12 37. Under the doctrine of laches, Nissim cannot recover any damages for
13 any alleged use by MGM of the alleged inventions claimed in the Patents-in-Suit.

14 38. On information and belief, the first time that Nissim accused MGM of
15 infringing any particular Patent-in-Suit was on November 6, 2013. On November
16 6, 2013, Nissim sent MGM a letter alleging that MGM video discs with Seamless
17 Play and User Operation Control functionalities infringed each of the Patents-in-
18 Suit. Nissim stated: "The Nissim Patents principally cover features of the DVD
19 Specifications known as User Operation Control and Seamless Play. Virtually all
20 DVD-Video discs contain User Operation Control capabilities, and many contain
21 Seamless Play capabilities." In the letter, Nissim threatens to file a patent-
22 infringement lawsuit against MGM if MGM does not pay a royalty to Nissim.

23 39. Video Discs containing MGM video content and having what Nissim
24 alleges to be "Seamless Play" functionality have been sold in the United States
25 since at least 2001. Additionally, Video Discs containing MGM video content and
26 having what Nissim alleges to be "User Operation Control" functionality have been
27 sold in the United States since at least 1997. Nissim could have discovered that
28 those Video Discs included those alleged functionalities by playing the Video Discs

1 in a Disc Player. Discovering that fact would have required only reasonable efforts
2 on Nissim's part.

3 40. The first of the Patents-in-Suit to issue (the '678 patent) issued on July
4 18, 1995. The last of the Patents-in-Suit to issue (the '547 patent) issued on May
5 30, 2006. Upon information and belief, Nissim was aware at least as early as May
6 2008, and likely much earlier, that Video Discs containing MGM video content
7 were being sold in the United States. Upon information and belief, Nissim was
8 further aware at least as early as May 2008 that Video Discs containing MGM
9 video content and allegedly having Seamless Play and User Operation Control
10 functionalities were being sold in the United States. Upon information and belief,
11 Nissim was aware of MGM's purported infringement of all of the Patents-in-Suit at
12 least as early as May 2008.

13 41. Nissim unreasonably and inexcusably delayed filing a lawsuit for
14 MGM's alleged infringement of the Patents-in-Suit. Nissim's unreasonable delay
15 in filing a lawsuit was prejudicial and injurious to MGM. For example, Nissim's
16 delay discouraged MGM from pursuing alternatives to its allegedly infringing
17 activities. As another example, witnesses' memories have faded and documentary
18 evidence has been lost due to Nissim's delay in filing a lawsuit. It would be
19 inequitable to permit Nissim to bring a cause of action against MGM for
20 infringement of the Patents-in-Suit.

21 42. Under the doctrines of equitable estoppel and estoppel by
22 acquiescence, Nissim cannot recover any damages for any alleged infringement of
23 the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents. Nissim's
24 failure to assert the '678, '945, '472, '013, '211, '833, '444, '805, and '715 patents
25 in timely fashion and Nissim's silence in the face of the public activities for which
26 MGM is now accused of infringement misled MGM into reasonably inferring that
27 Nissim did not intend to prosecute an action for infringement against MGM. MGM
28 detrimentally relied on Nissim's misleading conduct and silence. For example,

1 MGM was discouraged from pursuing alternatives to its activities now accused of
2 infringement.

3 *Additional Facts Regarding Nissim's Failure to Comply with 35 U.S.C. § 287*

4 43. Nissim is not entitled to any damages for any use by Plaintiffs of the
5 alleged inventions claimed in the Non-945 Patents-in-Suit that occurred prior to the
6 Expiration Date because Nissim failed to comply with the provisions of Section 287
7 of the Patent Act (i.e., 35 U.S.C. § 287). Nissim's failure to comply with the
8 provisions of Section 287 of the Patent Act further bars Nissim from recovering any
9 damages for alleged infringement of the '945 Patent that occurred prior to
10 November 6, 2013.

11 44. If a patentee or its licensees sell in the United States articles that
12 practice a patent, Section 287 of the Patent Act requires that the patentee give an
13 accused infringer actual or constructive notice that it infringes that patent to be
14 eligible to recover damages for that infringement.

15 45. Actual notice of infringement under Section 287 of the Patent Act
16 requires that the patentee express its allegation of infringement to the accused
17 infringer. In particular, actual notice of infringement under Section 287 of the
18 Patent Act requires that the patentee express to the accused infringer the identities
19 of the patents allegedly infringed and the products accused of infringing that patent.

20 46. Nissim did not provide Plaintiffs with actual notice of infringement of
21 the Non-945 Patents-in-Suit under Section 287 of the Patent Act prior to the
22 Expiration Date. Nissim did not provide Plaintiffs with actual notice of
23 infringement of the '945 Patent under Section 287 of the Patent Act prior to
24 November 6, 2013. These assertions are established by the facts set forth above in
25 this Complaint.

26 47. Constructive notice under Section 287 of the Patent Act requires that a
27 patentee make reasonable efforts to ensure that licensees mark patented products
28 with the patents that those products practice.

1 48. Nissim did not provide Plaintiffs with constructive notice of
2 infringement of any of the Patents-in-Suit under Section 287 of the Patent Act prior
3 to the Expiration Date. This is established by the facts set forth below.

4 49. Nissim has entered into agreements in which Nissim granted at least
5 some rights to use the alleged inventions claimed in the Patents-in-Suit to entities
6 other than Nissim. Plaintiffs use the term “Nissim License” herein to refer to any
7 such agreement and the term “Nissim Licensee” to refer to any entity that was
8 granted rights under any such agreement.

9 50. Nissim contends that the unlicensed sale in the United States of at least
10 some Video Discs before the expiration of the Patents-in-Suit infringed one or more
11 claims of the Patents-in-Suit. Hereinafter, Plaintiffs use the term “Patented Video
12 Discs” to refer to any and all Video Discs that Nissim contends satisfy the
13 limitations of one or more claims of the Patents-in-Suit.

14 51. Upon information and belief, for each Patent-in-Suit, Nissim contends
15 that all unlicensed sales in the United States of Video Discs with User Operation
16 Control capability that occurred after that Patent-in-Suit issued and before that
17 Patent-in-Suit expired infringed that Patent-in-Suit. Upon information and belief,
18 for each Patent-in-Suit, Nissim contends that all unlicensed sales in the United
19 States of Video Discs with Seamless Play capability that occurred after that Patent-
20 in-Suit issued and before that Patent-in-Suit expired infringed that Patent-in-Suit.

21 52. At least some Nissim Licenses give Nissim Licensees rights to sell
22 Patented Video Discs in the United States prior to the Expiration Date.

23 53. At least some Nissim Licenses that give Nissim Licensees rights to sell
24 Patented Video Discs in the United States prior to the Expiration Date lack any
25 provision requiring those licensees to mark Patented Video Discs with any of the
26 Patents-in-Suit.

27 54. For example, Nissim entered into a license agreement with Sony
28 Corporation (“Sony”) in 2000 (“Sony License”). The Sony License gives Sony

1 rights to sell Patented Video Discs in the United States. The Sony License contains
2 no provision requiring Sony to mark any Patented Video Discs with any of the
3 Patents-in-Suit.

4 55. Upon information and belief, at least some Nissim Licensees, after
5 entering into a Nissim License but prior to the Expiration Date, sold at least some
6 Patented Video Discs in the United States that were not marked with any of the
7 Patents-in-Suit. Upon further information and belief, at least some of those same
8 Nissim Licensees, after being granted a Nissim License but prior to the Expiration
9 Date, sold unmarked Patented Video Discs in the United States in packaging that
10 was not marked with any of the Patents-in-Suit. At least some of those sales of
11 unmarked Patented Video Discs in unmarked packaging occurred more than six
12 years prior to the filing of this Complaint.

13 56. For example, after entering into the Sony License but prior to the
14 Expiration Date, Sony sold at least some Patented Video Discs in the United States
15 that were not marked with any of the Patents-in-Suit. Furthermore, after entering
16 into the Sony License but prior to the Expiration Date, Sony sold unmarked
17 Patented Video Discs in the United States in packaging that was not marked with
18 any of the Patents-in-Suit. Furthermore, at least some of Sony's sales of unmarked
19 Video Discs in unmarked packaging occurred more than six years prior to the filing
20 of this Complaint.

21 57. After entering into the Sony License but prior to the Expiration Date,
22 Sony sold in the United States at least some Patented Video Discs having User
23 Operation Control capability that were not marked with any of the Patents-in-Suit.
24 Furthermore, after entering into the Sony License but prior to the Expiration Date,
25 Sony sold at least some unmarked Patented Video Discs with User Operation
26 Control capability in the United States in packaging that was not marked with any
27 of the Patents-in-Suit. Furthermore, at least some of Sony's sales of unmarked
28

1 Video Discs with User Operation Control capability in unmarked packaging
2 occurred more than six years prior to the filing of this Complaint.

3 58. After entering into the Sony License but prior to the Expiration Date,
4 Sony sold in the United States at least some Patented Video Discs having Seamless
5 Play capability that were not marked with any of the Patents-in-Suit. Furthermore,
6 after entering into the Sony License but prior to the Expiration Date, Sony sold at
7 least some unmarked Patented Video Discs with Seamless Play capability in the
8 United States in packaging that was not marked with any of the Patents-in-Suit.
9 Furthermore, at least some of Sony's sales of unmarked Video Discs with Seamless
10 Play capability in unmarked packaging occurred more than six years prior to the
11 filing of this Complaint.

12 59. Upon information and belief, no Nissim Licensee has ever marked a
13 Patented Video Disc or its packaging with any of the Patents-in-Suit.

14 60. Nissim further contends that the unlicensed sale in the United States of
15 at least some Disc Players prior to the Expiration Date infringed the Patents-in-Suit.
16 Hereinafter, Plaintiffs use the term "Patented Disc Players" to refer to any and all
17 Disc Players that Nissim contends satisfy one or more claims of the Patents-in-Suit.

18 61. Upon information and belief, for each Patent-in-Suit, Nissim contends
19 that all unlicensed sales in the United States of Disc Players with User Operation
20 Control capability that occurred after that Patent-in-Suit issued and before that
21 Patent-in-Suit expired infringed that Patent-in-Suit. Upon information and belief,
22 for each Patent-in-Suit, Nissim contends that all unlicensed sales in the United
23 States of Disc Players with Seamless Play capability that occurred after that Patent-
24 in-Suit issued and before that Patent-in-Suit expired infringed that Patent-in-Suit.

25 62. At least some Nissim Licenses give Nissim Licensees rights to sell
26 Patented Disc Players in the United States prior to the Expiration Date.

27 63. Upon information and belief, at least some Nissim Licenses that give
28 Nissim Licensees rights to sell Patented Disc Players in the United States prior to

1 the Expiration Date lack any provision requiring those licensees to mark Patented
2 Disc Players with any of the Patents-in-Suit.

3 64. At least some Nissim Licensees, after being granted a Nissim License
4 but before the expiration of the Patents-in-Suit, sold Patented Disc Players in the
5 United States that were not marked with any of the Patents-in-Suit. Those Nissim
6 Licensees include at least Sony, Oppo, and Panasonic. Furthermore, upon
7 information and belief, at least some Nissim Licensees, after being granted a
8 Nissim License but before the expiration of the Patents-in-Suit, sold unmarked
9 Patented Disc Players in the United States in packaging that was not marked with
10 any of the Patents-in-Suit. Furthermore, at least some of those sales of unmarked
11 Patented Disc Players in unmarked packaging occurred more than six years prior to
12 the filing of this Complaint.

13 65. Nissim did not make reasonable efforts to ensure that Nissim
14 Licensees marked Patented Video Discs with the Patents-in-Suit prior to the
15 expiration of the Patents-in-Suit.

16 66. Nissim did not make reasonable efforts to ensure that Nissim
17 Licensees marked Patented Disc Players with the Patents-in-Suit prior to the
18 expiration of the Patents-in-Suit.

19 67. To recover any damages for any infringement of the Non-945 Patents-
20 in-Suit, Nissim bears the burden of proving compliance with 35 U.S.C. § 287. For
21 at least the reasons set forth above, Nissim cannot prove such compliance.

22 68. To recover any damages for any infringement of the '945 patent that
23 occurred prior to November 6, 2013, Nissim bears the burden of proving
24 compliance with 35 U.S.C. § 287. For at least the reasons set forth above, Nissim
25 cannot prove such compliance.

26 *Additional Facts Regarding License and Patent Exhaustion*

27 69. At least one Nissim Licensee with a license to all of the Patents-in-Suit
28 encoded and sold Patented Video Discs containing Fox and MGM video content.

1 That license bars Nissim from recovering any damages for those Patented Video
2 Discs.

3 70. Nissim is further barred under the doctrines of patent exhaustion and
4 implied license from recovering damages for Plaintiffs' alleged infringement of the
5 Patents-in-Suit.

6 71. Some Nissim Licenses authorize some Nissim Licensees to sell
7 Patented Disc Players to consumers in the United States. Some Nissim Licensees
8 made authorized sales of Patented Disc Players to consumers in the United States
9 prior to the Expiration Date. Upon information and belief, most sales of Patented
10 Disc Players in the United States after May 2008 were authorized by Nissim.

11 72. Patented Disc Players are adapted and designed to play Patented Video
12 Discs. Seamless Play and User Operation Control functionalities on Patented Disc
13 Players have no use except when those Patented Disc Players are used to play
14 Patented Video Discs.

15 73. Patented Video Discs are adapted and designed to be played on
16 Patented Disc Players. Seamless Play and User Operation Control functionalities
17 on Patented Video Discs have no use except when those Patented Video Discs are
18 played on Patented Disc Players.

19 74. Under the doctrine of patent exhaustion, consumers with Nissim-
20 licensed Patented Disc Players have a right to play Patented Video Discs on those
21 Patented Disc Players. Furthermore, under the doctrine of patent exhaustion,
22 Plaintiffs have a right to sell Patented Video Discs to consumers with Nissim-
23 licensed Patented Disc Players.

24 75. Under the doctrine of implied license, consumers with Nissim-licensed
25 Patented Disc Players have a right to play Patented Video Discs on those Patented
26 Disc Players. Furthermore, under the doctrine of implied license, Plaintiffs have a
27 right to sell Patented Video Discs to consumers with Nissim-licensed Patented Disc
28 Players.

1 85. The disputed claims of the '207 patent are invalid for failure to meet
2 one or more requirements of Title 35 of the United States Code, including but not
3 limited to §§ 101, 102, 103, and 112.

4 86. Nissim is not entitled to any relief for any alleged infringement by
5 Plaintiffs of the '207 patent.

6 **COUNT 3**

7 **(U.S. Patent No. 6,304,715)**

8 87. Plaintiffs incorporate by reference as if fully stated herein and reallege
9 the allegations in paragraphs 1–76 of this Complaint.

10 88. As a result of Nissim's allegations against Plaintiffs, an actual
11 controversy exists as to Plaintiffs' liability for alleged infringement of
12 the '715 patent. A true and correct copy of the '715 patent is attached as
13 Exhibit 10.

14 89. Plaintiffs are not infringing and have not infringed, either directly or
15 indirectly, the '715 patent.

16 90. The disputed claims of the '715 patent are invalid for failure to meet
17 one or more requirements of Title 35 of the United States Code, including but not
18 limited to §§ 101, 102, 103, and 112.

19 91. Nissim is not entitled to any relief for any alleged infringement by
20 Plaintiffs of the '715 patent.

21 **COUNT 4**

22 **(U.S. Patent No. 6,208,805)**

23 92. Plaintiffs incorporate by reference as if fully stated herein and reallege
24 the allegations in paragraphs 1–76 of this Complaint.

25 93. As a result of Nissim's allegations against Plaintiffs, an actual
26 controversy exists as to Plaintiffs' liability for alleged infringement of
27 the '805 patent. A true and correct copy of the '805 patent is attached as
28 Exhibit 11.

1 94. Plaintiffs are not infringing and have not infringed, either directly or
2 indirectly, the '805 patent.

3 95. The disputed claims of the '805 patent are invalid for failure to meet
4 one or more requirements of Title 35 of the United States Code, including but not
5 limited to §§ 101, 102, 103, and 112.

6 96. Nissim is not entitled to any relief for any alleged infringement by
7 Plaintiffs of the '805 patent.

8 **COUNT 5**

9 **(U.S. Patent No. 6,151,444)**

10 97. Plaintiffs incorporate by reference as if fully stated herein and reallege
11 the allegations in paragraphs 1–76 of this Complaint.

12 98. As a result of Nissim's allegations against Plaintiffs, an actual
13 controversy exists as to Plaintiffs' liability for alleged infringement of
14 the '444 patent. A true and correct copy of the '444 patent is attached as
15 Exhibit 12.

16 99. Plaintiffs are not infringing and have not infringed, either directly or
17 indirectly, the '444 patent.

18 100. The disputed claims of the '444 patent are invalid for failure to meet
19 one or more requirements of Title 35 of the United States Code, including but not
20 limited to §§ 101, 102, 103, and 112.

21 101. Nissim is not entitled to any relief for any alleged infringement by
22 Plaintiffs of the '444 patent.

23 **COUNT 6**

24 **(U.S. Patent No. 6,002,833)**

25 102. Plaintiffs incorporate by reference as if fully stated herein and reallege
26 the allegations in paragraphs 1–76 of this Complaint.

27 103. As a result of Nissim's allegations against Plaintiffs, an actual
28 controversy exists as to Plaintiffs' liability for alleged infringement of

1 the '833 patent. A true and correct copy of the '833 patent is attached as
2 Exhibit 13.

3 104. Plaintiffs are not infringing and have not infringed, either directly or
4 indirectly, the '833 patent.

5 105. The disputed claims of the '833 patent are invalid for failure to meet
6 one or more requirements of Title 35 of the United States Code, including but not
7 limited to §§ 101, 102, 103, and 112.

8 106. Nissim is not entitled to any relief for any alleged infringement by
9 Plaintiffs of the '833 patent.

10 **COUNT 7**

11 **(U.S. Patent No. 5,987,211)**

12 107. Plaintiffs incorporate by reference as if fully stated herein and reallege
13 the allegations in paragraphs 1–76 of this Complaint.

14 108. As a result of Nissim's allegations against Plaintiffs, an actual
15 controversy exists as to Plaintiffs' liability for alleged infringement of
16 the '211 patent. A true and correct copy of the '211 patent is attached as
17 Exhibit 14.

18 109. Plaintiffs are not infringing and have not infringed, either directly or
19 indirectly, the '211 patent.

20 110. The disputed claims of the '211 patent are invalid for failure to meet
21 one or more requirements of Title 35 of the United States Code, including but not
22 limited to §§ 101, 102, 103, and 112, and the doctrine of obviousness-type double
23 patenting.

24 111. Nissim is not entitled to any relief for any alleged infringement by
25 Plaintiffs of the '211 patent.

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COUNT 8

(U.S. Patent No. 5,913,013)

112. Plaintiffs incorporate by reference as if fully stated herein and reallege the allegations in paragraphs 1–76 of this Complaint.

113. As a result of Nissim’s allegations against Plaintiffs, an actual controversy exists as to Plaintiffs’ liability for alleged infringement of the ’013 patent. A true and correct copy of the ’013 patent is attached as Exhibit 15.

114. Plaintiffs are not infringing and have not infringed, either directly or indirectly, the ’013 patent.

115. The disputed claims of the ’013 patent are invalid for failure to meet one or more requirements of Title 35 of the United States Code, including but not limited to §§ 101, 102, 103, and 112, and the doctrine of obviousness-type double patenting.

116. Nissim is not entitled to any relief for any alleged infringement by Plaintiffs of the ’013 patent.

COUNT 9

(U.S. Patent No. 5,724,472)

117. Plaintiffs incorporate by reference as if fully stated herein and reallege the allegations in paragraphs 1–76 of this Complaint.

118. As a result of Nissim’s allegations against Plaintiffs, an actual controversy exists as to Plaintiffs’ liability for alleged infringement of the ’472 patent. A true and correct copy of the ’472 patent is attached as Exhibit 16.

119. Plaintiffs are not infringing and have not infringed, either directly or indirectly, the ’472 patent.

120. The disputed claims of the ’472 patent are invalid for failure to meet one or more requirements of Title 35 of the United States Code, including but not

1 limited to §§ 101, 102, 103, and 112, and the doctrine of obviousness-type double
2 patenting.

3 121. Nissim is not entitled to any relief for any alleged infringement by
4 Plaintiffs of the '472 patent.

5 **COUNT 10**

6 **(U.S. Patent No. 5,589,945)**

7 122. Plaintiffs incorporate by reference as if fully stated herein and reallege
8 the allegations in paragraphs 1–76 of this Complaint.

9 123. As a result of Nissim's allegations against Plaintiffs, an actual
10 controversy exists as to Plaintiffs' liability for alleged infringement of
11 the '945 patent. A true and correct copy of the '945 patent is attached as
12 Exhibit 17.

13 124. Plaintiffs are not infringing and have not infringed, either directly or
14 indirectly, the '945 patent.

15 125. The disputed claims of the '945 patent are invalid for failure to meet
16 one or more requirements of Title 35 of the United States Code, including but not
17 limited to §§ 101, 102, 103, and 112, and the doctrine of obviousness-type double
18 patenting.

19 126. Nissim is not entitled to any relief for any alleged infringement by
20 Plaintiffs of the '945 patent.

21 **COUNT 11**

22 **(U.S. Patent No. 5,434,678)**

23 127. Plaintiffs incorporate by reference as if fully stated herein and reallege
24 the allegations in paragraphs 1–76 of this Complaint.

25 128. As a result of Nissim's allegations against Plaintiffs, an actual
26 controversy exists as to Plaintiffs' liability for alleged infringement of
27 the '678 patent. A true and correct copy of the '678 patent is attached as
28 Exhibit 18.

1 129. Plaintiffs are not infringing and have not infringed, either directly or
2 indirectly, the '678 patent.

3 130. The disputed claims of the '678 patent are invalid for failure to meet
4 one or more requirements of Title 35 of the United States Code, including but not
5 limited to §§ 101, 102, 103, and 112, and the doctrine of obviousness-type double
6 patenting.

7 131. Nissim is not entitled to any relief for any alleged infringement by
8 Plaintiffs of the '678 patent.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiffs pray for judgment as follows:

- 11 A. A declaration that Plaintiffs have not infringed the Patents-in-Suit;
12 B. A declaration that the disputed claims of the Patents-in-Suit are
13 invalid;
14 C. A declaration that Nissim is not entitled to any relief for any alleged
15 infringement of the Patents-in-Suit by Plaintiffs;
16 D. A declaration that this case is exceptional under 35 U.S.C. § 285;
17 E. An award of Plaintiffs' costs and attorneys' fees; and
18 F. Any other remedy to which Plaintiffs may be entitled.

19

20 Dated: June 16, 2014

By: /s/ Vincent J. Belusko
VINCENT J. BELUSKO
RYAN MALLOY
MORRISON & FOERSTER LLP
Attorneys for Plaintiffs

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DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs hereby demand a trial by jury on all issues raised by the Complaint.

Dated: June 16, 2014

By: /s/ Vincent J. Belusko _____
VINCENT J. BELUSKO
RYAN MALLOY
MORRISON & FOERSTER LLP
Attorneys for Plaintiffs