

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

LG ELECTRONICS INC.

Plaintiff,

v.

**SAINT LAWRENCE
COMMUNICATIONS LLC,**

Defendant.

Case No. 18-cv-11082

JURY TRIAL DEMANDED

SECOND AMENDED COMPLAINT

Plaintiff LG Electronics Inc. (“LG”) hereby submits this Second Amended Complaint against Defendant Saint Lawrence Communications LLC (“Defendant” or “SLC”) to enforce, and for breach of, a license agreement entered into by Defendant and LG to settle their prior litigation. LG alleges as follows:

THE PARTIES

1. Plaintiff LG Electronics Inc. is a Korean company with its principal place of business at LG Twin Towers, 128 Yeoui-daero Yeongdeungpo-gu, Seoul, South Korea, 07336. LG is a global leader in consumer electronics, mobile communications, and home appliances, employing approximately 75,000 people in 118 locations worldwide.

2. Defendant Saint Lawrence Communications LLC is a limited liability company organized and existing under the laws of the State of Texas. SLC alleges that its principal place of business is located at 6136 Frisco Square Blvd., Suite 400, Frisco, Texas 75034. [Ex. I (EVS Codec Technologies, LLC and Saint Lawrence Communications LLC’s Second Amended Complaint for Patent Infringement, filed on Jan. 10, 2019 in E.D. Texas), ¶ 2.] The Texas

Franchise Tax Public Information Report for SLC states that its address is 1701 Directors Blvd. Ste. 300, Austin TX, 78744. [Ex. D.] Acacia Research Group, LLC, a limited liability company formed in Delaware and later converted to a Texas limited liability company¹, owns 100% of SLC. [*Id.*] Acacia Research Corporation, a corporation organized under the laws of Delaware, in turn owns 100% of Acacia Research Group, LLC. [Ex. E (Texas Franchise Tax Public Information Report for Acacia Research Group, LLC).] Acacia Research Corporation has its principal place of business in California, at 520 Newport Center Dr., 12th Floor, Newport Beach, CA 92660. [*Id.*; see also <http://acaciaresearch.com/overview/>]

JURISDICTION AND VENUE

3. Pursuant to 28 U.S.C. § 1332, this Court has subject-matter jurisdiction over LG's claims based on the Parties' diversity of citizenship and because the amount in controversy exceeds \$75,000. LG is a citizen of the Republic of Korea, where it is incorporated and has its principal place of business as set forth in paragraph 1, above. Saint Lawrence Communications LLC's sole member is Acacia Research Group, LLC, and Acacia Research Group, LLC's sole member is Acacia Research Corporation. Therefore, for purposes of diversity jurisdiction under § 1332, Saint Lawrence Communications LLC's citizenship is that of Acacia Research Corporation. As discussed in paragraph 2, above, Acacia Research Corporation is incorporated in Delaware and has its principal place of business in California. Accordingly, Acacia Research Corporation is a citizen of Delaware and California and is not a citizen of the Republic of Korea,

¹ Acacia Research Group LLC was originally formed in Delaware as "Acacia Patent Acquisition LLC," but in December 2010 was converted to a Texas limited liability company, after which it was renamed "Acacia Research Group LLC." [Ex. F (certificate of conversion); Ex. G (certificate of amendment regarding name).]

and thus Saint Lawrence Communications LLC is also a citizen of Delaware and California and is not a citizen of the Republic of Korea.

4. This Court has personal jurisdiction over SLC at least based on the parties' Patent License Agreement ("Agreement"), a true and correct copy of which is attached hereto as Exhibit A. [Ex. A (Patent License Agreement).] Under Section 11.1 of the Agreement, Defendant expressly and irrevocably consented to jurisdiction in New York in any legal proceeding seeking enforcement of the Agreement.

5. Venue in this District is proper under 28 U.S.C. § 1391(b) at least because, under 28 U.S.C. § 1391(c)(2), SLC is deemed to reside in any judicial district in which it is subject to personal jurisdiction. As noted in paragraph 4, above, SLC has consented to this Court's personal jurisdiction over a legal proceeding to enforce the Agreement. SLC therefore has also consented to venue in this District.

BACKGROUND

6. LG is a leading global consumer electronics company offering a broad range of electronics products in fields such as mobile devices, televisions, and home appliances.

7. On November 18, 2014, SLC sued LG for alleged patent infringement. [See Ex. B (Saint Lawrence Communications LLC's Complaint for Patent Infringement) (hereinafter "2014 Complaint").] SLC's 2014 Complaint alleged that SLC owned several patents relating to audio compression technologies, and that those technologies had been incorporated into several industry standards. [*Id.* ¶¶ 7-8, 15, 19, 23, 27, 31.] SLC's 2014 Complaint further alleged that certain LG mobile phone products infringed U.S. Patent Nos. 6,795,805, 6,807,524, 7,151,802, 7,260,521, and 7,191,123 (collectively, the "SLC Patents") by complying with those industry standards. [*Id.* ¶¶ 15-34.] SLC's German affiliate, Saint Lawrence Communications GmbH,

also filed suit for patent infringement in Germany against LG's German affiliate alleging infringement of various European patents. [*See* Ex. A at Recitals.]

8. LG and SLC settled the entire litigation in both the United States and Germany by entering into a Patent License Agreement dated December 31, 2015. [Ex. A.]

9. Even though LG denied infringing any SLC Patents and denied the validity of the SLC Patents, LG agreed to make a significant payment to SLC in order to conclusively resolve SLC's claims of patent infringement against LG's products. [Ex. A §§ 2.9, 4.2.] In exchange, SLC granted LG (1) a license to certain "Licensed Patents," including the SLC Patents [*id.* § 2.1 & Appx. B]; (2) a broad release from any claim, known or unknown, under the Licensed Patents arising prior to the Agreement's effective date [*id.* §§ 2.2, 2.4]; and (3) a broad covenant not to sue LG or its affiliates for infringement of any patents owned, controlled, or licensable by SLC during the term of the Agreement [*id.* § 2.8.]

10. Section 2.8 of the Agreement states:

Covenant. Licensor, on or behalf of itself, its subsidiaries, and their successors and assigns, ***hereby covenants not to sue Licensee***, its Affiliates, their successors and assigns, direct or indirect customers, users, licensees, service providers, distributors, retailers, or direct and indirect suppliers ***for infringement of any patents owned or controlled or licensable by Licensor during the Term of this Agreement*** ("Covenant Patents") solely with respect to LG Products for the life of such patents.

[*Id.* § 2.8 (emphasis added).]

11. The SLC Patents have been owned and controlled and were licensable by SLC during the term of the Agreement and are therefore "Covenant Patents" under Section 2.8 of the Agreement. On information and belief, the SLC Patents are still owned, controlled, and/or licensable by SLC.

12. Section 1.14 of the Agreement broadly defines "LG Products" as follows:

“LG Products” means *any service or product (including any technology or component within such product) commercially available to an End-User as of the Effective Date and any upgrades, enhancements and natural evolutions thereof* now or hereafter made, have made, manufactured, used, sold, offered for sale, leased, purchased, licensed, imported, have imported, exported, have exported, supplied, distributed, and/or otherwise disposed of by or on behalf of Licensee and/or its Affiliates.

[Ex. A § 1.14 (emphasis added).] The Agreement also defines “End-User” to mean “any person or entity that acquires a Licensed Product and is its ultimate user, or sells to an ultimate user, whether for personal or commercial use.” [*Id.* § 1.7.]

13. Section 10.2 of the Agreement obligates SLC to bind any successors, assignees, or exclusive licensees to SLC’s obligations under the Agreement:

Licensor shall not assign, exclusively license, or transfer any Licensed Patents or Covenant Patents owned or controlled by it at any time to a third party unless such third party agrees in writing that *any encumbrances upon such Licensed Patents or Covenant Patents created by this Agreement shall be binding upon such third party and its successors, heirs and assigns*. Licensor shall impose on any such third party the obligation to impose the obligations under this paragraph 10.2 on the immediate successors-in-interest or assigns with respect to the Licensed Patents.

[*Id.*, § 10.2 (emphasis added).] SLC also “represents and warrants that . . . it has not granted and *will not grant any licenses or other rights*, under the Licensed Patents, *that would conflict with or prevent the licenses, releases and rights granted to Licensee hereunder*.” [*Id.* § 7.2

(emphasis added).] In addition, Section 12.3 of the Agreement further provides that “this Agreement shall inure to the benefit and bind the successors and assigns of the Parties hereto.” [*Id.* § 12.3.]

14. Section 11.1 of the Agreement provides the governing law for the Agreement and specifies the exclusive forum for dispute resolution under the Agreement:

This Agreement shall be *governed by, interpreted and construed in accordance with the laws of New York*, without reference to conflicts of laws principles. *Any legal action or other legal proceeding* relating to the interpretation or the *enforcement of any provision of this Agreement must*

be brought or otherwise commenced in a federal or state court in New York. Each Party expressly and irrevocably consents and submits to the jurisdiction of such state and federal courts in connection with any such legal proceeding.

[*Id.* § 11.1 (emphasis added).]

15. After entering into the Agreement, the parties jointly moved for dismissal with prejudice of SLC’s 2014 U.S. suit for patent infringement. The Texas court granted that motion and dismissed SLC’s suit against LG on January 7, 2016. The parties also sought and obtained dismissal of their litigation in Germany.

16. LG has made all required payments and has complied with its obligations under the Agreement. Because LG “has paid the Settlement Fee in full, all licenses, covenants, releases, and other rights granted to Licensee in this Agreement bec[a]me irrevocable and non-terminable.” [*Id.* § 6.2.] Further, LG and SLC agreed that “the licenses and covenants granted under this Agreement are effective as of the Effective Date and continue in full force until the expiration of the last surviving Licensed Patent.” [*Id.* § 5.1.] The Agreement therefore remains in force and LG’s licenses, covenants, and releases—including the covenant under Section 2.8 of the Agreement—are irrevocable, non-terminable, and remain in effect.

17. On August 6, 2018, a company called EVS Codec Technologies, LLC (“ECT”) filed a complaint for patent infringement against LG in the United States District Court for the Eastern District of Texas. [Ex. C (EVS Codec Technologies, LLC’s Complaint for Patent Infringement) (hereinafter “2018 Complaint”).]

18. ECT’s 2018 Complaint alleges that LG infringes the SLC Patents (*i.e.*, U.S. Patent Nos. 6,795,805, 6,807,524, 7,151,802, 7,260,521, and 7,191,123), which are the same five U.S. patents that were the subject of SLC’s 2014 Complaint against LG. [*Id.* ¶¶ 40-125.]

19. In its 2018 Complaint, ECT alleges that it “has been granted the exclusive right to license products practicing the EVS Standard” with respect to all five SLC Patents. [*Id.* ¶¶ 40, 56, 73, 89, 108.] On information and belief, ECT does not own any of the SLC Patents, and has only whatever rights in those patents may have been granted by SLC. On information and belief, ECT is in privity with SLC, is acting as SLC’s agent in bringing its suit for infringement of the SLC Patents, is under the control or authority of SLC, and/or is a successor-in-interest to SLC with respect to the SLC Patents that is bound by SLC’s obligations under the Agreement pursuant to Sections 7.2, 10.2, and 12.3 of the Agreement.

20. The allegations of ECT’s 2018 Complaint largely parrot those in SLC’s earlier 2014 Complaint against LG. For example, paragraph 23 of ECT’s complaint repeats paragraph 7 of SLC’s complaint almost *verbatim*. [*Compare* Ex. B ¶ 7 with Ex. C ¶ 23.]

21. ECT’s 2018 Complaint similarly alleges that the SLC Patents cover audio compression technologies that have been incorporated into various industry standards, and that certain of LG’s mobile phone products allegedly infringe the SLC Patents by complying with those standards. [Ex. C ¶¶ 23-125.]

22. All of the LG mobile phone products accused of infringement in ECT’s 2018 Complaint are “LG Products” as defined in Section 1.14 of the Agreement. By way of example and not limitation, ECT’s 2018 Complaint alleges infringement by products that were “commercially available to an End-User as of the Effective Date” of the Agreement. By way of further example and not limitation, all of the allegedly infringing LG mobile phones are upgrades, enhancements, and evolutions of LG mobile phones commercially available as of the Agreement’s effective date.

23. The products accused of infringement by ECT are also “LG Products” as defined in Section 1.14 of the Agreement because they contain “components” and “technologies” that (1) were “commercially available to an End-User” as of the Agreement’s effective date and/or (2) are upgrades, enhancements, and evolutions of components and technologies within LG mobile phones that were commercially available as of the Agreement’s effective date. For example, ECT’s 2018 Complaint alleges that certain LG products infringe the patents at issue because they allegedly practice the “EVS Standard as set forth, for example, in 3GPP TS 26.411 through 3GPP TS 26.451 and 3GPP TS 26.114.” [*E.g.*, Ex. C ¶¶ 25, 42, 47-50]. But to the extent that any LG products use the EVS Standard, that technology was “commercially available to an End-User” as of the Agreement’s effective date. Moreover, EVS is an upgrade, enhancement, and evolution of earlier audio compression standards that were themselves within LG products commercially available as of the Agreement’s effective date. Similarly, ECT’s 2018 Complaint identifies various Qualcomm and Mediatek modems present in the allegedly infringing products, [*e.g.*, Ex. C, ¶ 43], but these components were either “commercially available to an End-User” as of the Agreement’s effective date and/or are upgrades, enhancements, and evolutions of components that were commercially available as of the Agreement’s effective date. In addition to these examples, there are many other technologies and components in the LG products that ECT has accused of infringement and that were commercially available as of the Agreement’s effective date and/or are upgrades, enhancements, and evolutions of earlier technologies and components within LG products as of the Agreement’s effective date.

24. On December 12, 2018, ECT amended its 2018 Complaint to add SLC as a co-plaintiff. [Ex. H (SLC and ECT’s 2018 First Amended Complaint) at Cover Page.] This Texas

First Amended Complaint asserted the same patent infringement allegations as ECT's original 2018 Complaint. [*See id.* ¶¶ 24-126.] ECT and SLC also filed a Second Amended Complaint in Texas on January 10, 2019, that also maintains the same patent infringement allegations. [Ex. I (SLC and ECT's 2018 Second Amended Complaint) ¶¶ 24-127.]

25. By December 12, 2018, when SLC joined ECT's Texas patent infringement suit as a co-plaintiff, SLC was aware of LG's position that ECT's suit was a breach of the Agreement's covenant not to sue, at least based on the November 28, 2018 Complaint that LG filed in this action. Thus, SLC was aware that its and ECT's Texas patent infringement suit would relate to the interpretation of the Agreement. SLC's and ECT's Second Amended Complaint confirms SLC's knowledge that its patent infringement allegations would relate to the Agreement's interpretation by explicitly referencing the Agreement. Specifically, the Second Amended Complaint in Texas states that "the allegations in this complaint do not accuse any service or product (including any technology or component within such product) commercially available to an end-user as of the effective date of the 'AMRWB Standard Patent License Agreement' and any upgrades, enhancements, and natural evolutions thereof." [*Id.* ¶ 40.] Despite having full notice of LG's position that SLC and ECT's patent infringement allegations are barred by the Agreement, the Second Amended Complaint in Texas provides no explanation regarding how or why the products, technologies, and components it accuses of patent infringement are not "LG Products" under the Agreement. [*Id.* ¶¶ 24-127.]

26. All of ECT's and SLC's claims for infringement against LG are within the scope of the protections in the Agreement, including SLC's covenant not to sue as set forth in Section 2.8 of the Agreement.

27. ECT and SLC continue to maintain their Texas suit against LG. Indeed, SLC and ECT have refused to mitigate LG's damages by either dismissing their Complaint without prejudice or by transferring the case to this Court in compliance with the Agreement's forum selection clause and then staying proceedings on their patent claims.

COUNT I
(Breach of Contract)

28. LG repeats and realleges each and every allegation in all of the foregoing paragraphs as though fully set forth herein.

29. The Agreement between LG and SLC constitutes a valid and enforceable contract.

30. LG performed all of its obligations under the Agreement.

31. Under Section 2.8 of the Agreement, SLC granted LG a covenant not to sue based on any patent owned, controlled, or licensable by SLC during the term of the Agreement with respect to LG Products, as defined in Section 1.14 of the Agreement.

32. Under Section 7.2 of the Agreement, SLC warranted that it would not grant any license or other rights under the SLC Patents that would conflict with or prevent the licenses, releases, and rights granted to LG under the Agreement.

33. Under Section 10.2 of the Agreement, SLC agreed not to assign, exclusively license, or transfer any of the Licensed Patents to a third party without that party's agreement in writing that the encumbrances upon the patents created by the Agreement shall be binding upon that third party.

34. SLC has breached and continues to breach the Agreement at least by purportedly granting its privy, agent, successor, and/or licensee, ECT, the "exclusive right to license products practicing the EVS Standard" with respect to the SLC Patents and/or by enabling, empowering, and/or authorizing ECT to file suit for infringement of the SLC Patents in violation of Sections

2.8, 7.2, and/or 10.2 of the Agreement. All of ECT's claims for patent infringement are claims for infringement of Covenant Patents with respect to LG Products, as defined in the Agreement.

35. SLC's enablement, empowerment, and/or authorization of ECT to file its suit against LG is a knowing, intentional, and malicious breach of the Agreement.

36. SLC further knowingly breached the Agreement by joining as a co-plaintiff on December 12, 2018 in the lawsuit filed by ECT in Texas, and by participating in the suit against LG for infringement of the SLC Patents in violation of Section 2.8 of the Agreement. SLC's breach is ongoing, as it continues to maintain suit against LG in violation of Section 2.8 of the Agreement.

37. SLC also knowingly breached Section 11.1 of the Agreement by bringing patent infringement allegations in the United States District Court for the Eastern District of Texas. SLC joined ECT's patent infringement allegations in Texas knowing that the patent case is a "legal proceeding relating to the interpretation" of the Agreement, and was therefore required to be brought in New York. SLC continues to breach the Agreement's forum selection clause by opposing transfer of the Texas patent infringement case to New York.

38. As a result of SLC's breaches, LG has suffered and will continue to suffer damages in an amount that shall be proven at trial, including but not limited to damages sought by ECT and SLC through the 2018 Complaint and amendments thereto and LG's expenses incurred to defend against ECT's and SLC's improper claims of infringement.

39. LG will suffer immediate and irreparable injury by reason of the acts, practices, and conduct of SLC alleged above until and unless the Court enjoins such acts, practices, and conduct.

COUNT II
(Declaratory Judgment)

40. LG repeats and realleges each and every allegation in the foregoing paragraphs as though fully set forth herein.

41. There is an actual, substantial, and continuing justiciable controversy between LG and SLC based at least on SLC's privy, agent, successor, and/or licensee, ECT, having filed a complaint against LG alleging that LG's products infringe the SLC Patents, and/or based at least on SLC joining this lawsuit against LG. By suing LG for alleged infringement of the SLC Patents and by allowing ECT to do the same, SLC has taken the position that its and ECT's claims for patent infringement are not within the scope of the covenant not to sue granted by SLC to LG in Section 2.8 of the Agreement. Indeed, SLC's and ECT's Second Amended Complaint alleges that the infringement allegations contained therein are not barred by the covenant not to sue, despite SLC's knowledge of LG's contention that the covenant not to sue bars those patent infringement claims. There is therefore a dispute regarding the scope of the Agreement as to which LG requires a declaration of its rights by this Court. Specifically, the controversy concerns the scope of the covenant not to sue granted to LG by SLC and the right of ECT to maintain suit for alleged infringement of SLC's patents.

42. A judicial declaration that SLC's and ECT's allegations of patent infringement are barred by SLC's covenant not to sue LG is necessary and appropriate at this time so that LG can ascertain its rights with respect to the Agreement. SLC's actions are ongoing and will continue to inflict harm upon LG as to which there exists no adequate remedy at law.

43. The products, technologies, and components that SLC and ECT have accused of infringement are "LG Products" as defined in Section 1.14 of the Agreement. These products, technologies, and components were "commercially available to an End-User" as of the

Agreement's effective date, and/or they are upgrades, enhancements, and evolutions of products, technologies, and components that were commercially available as of the Agreement's effective date.

44. The patents as to which SLC and ECT allege infringement are "Covenant Patents" owned, controlled, and/or licensable by SLC during the term of the Agreement. SLC granted to LG a covenant not to sue LG for infringement of those Covenant Patents by LG Products.

45. SLC's participation in ECT's Texas suit for patent infringement against LG is a direct violation of the Agreement's covenant not to sue. In addition, SLC cannot and could not grant ECT rights to sue LG for patent infringement that SLC, as owner of the SLC Patents, lacks. Thus, the Agreement's covenant not to sue also bars ECT from maintaining its patent infringement allegations against LG.

46. In view of SLC's and ECT's conduct and action, there is a threat of actual and imminent injury to LG that can be redressed by judicial relief and that injury is sufficiently immediate and real to warrant the issuance of a declaratory judgment. Absent the requested declaration, the SLC Patents will continue to be wrongly asserted against LG, thus causing LG irreparable injury and damage.

47. Pursuant to the Federal Declaratory Judgment Act, 28 U.S.C. §§ 2201 *et seq.*, LG therefore requests a judicial declaration that the products that SLC and ECT have accused of patent infringement are "LG Products" subject to SLC's covenant not to sue, and that LG cannot be sued for alleged infringement of SLC's patents with respect to those products.

PRAYER FOR RELIEF

WHEREFORE, LG respectfully requests the following relief:

- a) A judgment that Defendant has breached its obligations under the Agreement;

b) A declaration that LG's products accused of infringement by Defendant and/or its privies, agents, successors, licensees, and assigns (including ECT) are "LG Products" as defined in Section 1.14 of the Agreement and thus benefit from the covenant under Section 2.8 of the Agreement, and that LG cannot be sued for alleged infringement of SLC's patents with respect to those products;

c) An order for Defendant and/or its privies, agents, successors, licensees, and assigns (including ECT) to specifically perform all of the obligations required by the Agreement;

d) An injunction enjoining Defendant and/or its privies, agents, successors, licensees, and assigns (including ECT) from bringing or maintaining any legal proceeding against LG and/or its affiliates (including, without limitation, LG Electronics U.S.A, Inc. and LG Electronics Mobilecomm U.S.A., Inc.) for alleged infringement of any Licensed Patents or Covenant Patents, as defined in the Agreement;

e) A judgment awarding LG damages in an amount in excess of \$75,000 to be proven at trial;

f) An award to LG of its costs and attorneys' fees in this action; and

g) Any such other appropriate relief at law or in equity as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

LG hereby requests a trial by jury on all claims and issues so triable.

Dated: New York, New York
October 4, 2019

Respectfully submitted,

By: *s/Peter J. Pizzi*

Peter J. Pizzi
Selina M. Ellis

WALSH PIZZI O'REILLY FALANGA LLP
140 Broadway, 46th Floor
New York, NY 10005
Phone: 212-380-1043
Fax: 973-757-1090

Of Counsel (admitted pro hac vice):

Michael J. McKeon
Christian A. Chu
R. Andrew Schwentker
Christopher W. Dryer
FISH & RICHARDSON P.C.
1000 Maine Ave SW
Washington, D.C. 20024
Phone: 202-783-5070

*Attorneys for Plaintiff
LG Electronics Inc.*