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U.S. DISTRICT COURT
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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION

THIRD DIMENSION SEMICONDUCTOR,
INC.,

Plaintiff,

v.

FAIRCHILD SEMICONDUCTOR
INTERNATIONAL, INC., and FAIRCHILD
SEMICONDUCTOR CORPORATION

Defendants

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Civil Action No. 6:08 CV 200

JURY DEMANDED

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PLAINTIFF'S ORIGINAL COMPLAINT AND JURY DEMAND

Plaintiff Third Dimension Semiconductor, Inc., through counsel, hereby demands a jury trial and brings this action for breach of contract and, to the extent the License Agreement at issue has terminated, for patent infringement against Defendants Fairchild Semiconductor International, Inc., and Fairchild Semiconductor Corporation (collectively, "Defendants" or "Fairchild") as follows:

I.

THE PARTIES

1. Plaintiff Third Dimension Semiconductor, Inc. ("3D") is a Texas corporation that maintains its principal place of business in Tempe, Arizona

2. Upon information and belief, Defendant Fairchild Semiconductor International, Inc., ("Fairchild Semiconductor International") is a Delaware corporation that maintains its principal place of business at 82 Running Hill Road, South Portland, Maine, 04106. Upon information and belief, Fairchild Semiconductor International may be served with process by

serving its registered agent, Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808.

3. Upon information and belief, Defendant Fairchild Semiconductor Corporation is a Delaware corporation that maintains its principal place of business at 82 Running Hill Road, South Portland, Maine 04106. Upon information and belief, Fairchild Semiconductor Corporation is authorized to do business in Texas and may be served with process by serving its registered agent, Corporation Service Company d/b/a CSC-Lawyers Incorporating Service Company, 701 Brazos Street, Suite 1050, Austin, Texas 78701.

II.

JURISDICTION AND VENUE

4. This Court has jurisdiction pursuant to 28 U.S.C. §1332 because of the existing diversity of citizenship between the parties and because the matter in controversy exceeds the sum of seventy-five thousand dollars (\$75,000), exclusive of interest and costs. To the extent the License Agreement at issue has been terminated, this action also arises under the patent laws of the United States, Title 35, United States Code. Thus, the Court's jurisdiction is alternatively proper under 35 U.S.C. § 271 *et seq.* and 28 U.S.C. § 1338.

5. Personal jurisdiction exists generally over the Defendants because the Defendants have sufficient minimum contacts with this forum as a result of business regularly conducted in the State of Texas and within this judicial district. Personal jurisdiction alternatively exists specifically over the Defendants as a result of, at least, the Defendants' distribution network wherein the Defendants place their power semiconductor products that infringe 3D's patent within the stream of commerce, which stream is directed at this district, and by committing the tort of patent infringement within this district. Further, Defendant Fairchild Semiconductor

Corporation, has previously initiated patent litigation in this judicial district in *Fairchild Semiconductor Corporation, et. al. v. Power Integrations, Inc.*, Case No: 2-06CV-151 (TJW), Federal District Court, Eastern District of Texas.

6. Venue is proper in this Court under 28 U.S.C. §§ 1391 as well as 28 U.S.C. § 1400(b).

7. Defendants have also consented to venue in the Eastern District of Texas in Article 5.A of a License Agreement between Power Mosfet Technologies, LLC (“PMT”) and Fairchild Semiconductor Corporation, Fairchild Semiconductor International, and other related entities (“License Agreement”), a true and correct copy of which is attached hereto as **Exhibit A**.

III.

BACKGROUND

8. On or about January 31, 2001, Fairchild entered into the License Agreement with PMT. Subsequently, PMT assigned all of its rights, title, and interest in the License Agreement to Plaintiff 3D on or about January 31, 2002. A true and correct copy of the assignment is attached hereto as **Exhibit B**.

9. Article 2.1 of the License Agreement grants Fairchild a non-exclusive patent license to several patents. The Licensed Patents are listed in Appendix A of the License Agreement. U.S. Patent No. 5,216,275 (“‘275 Patent”), titled “Semiconductor Power Devices with Alternating Conductivity Type High-Voltage Breakdown Regions,” is included among the Licensed Patents in Appendix A. A true and correct copy of the ‘275 Patent is attached hereto as **Exhibit C**.

10. Under Article 4.A.2 of the License Agreement, Fairchild agreed to pay an annual royalty of 4.75% of Fairchild’s Net Billed Sales of Licensed Products, subject to various

decrements. In Article 1.B, the License Agreement defines the term “Licensed Products” to include “products and methods of use that are covered by, or products made using and apparatus or process covered by, at least one claim of one or more of the Licensed Patents.”

11. Fairchild is making, using, importing, offering for sale, and/or selling products, including, but not limited to, power semiconductor devices under the name “SuperFET,” in violation of Article 2.1 of the License Agreement, that embody one or more claims patented within the ‘275 Patent. These products fall under the scope of Licensed Products, but Fairchild has failed to pay any royalties to 3D.

12. Fairchild further agreed to provide written reports concerning the computation of royalties due or payable to PMT within sixty (60) days following the end of each calendar year under Article 4.D of the License Agreement. However, Fairchild failed to provide the written reports of royalties due at the end of each Reporting Period, a violation of Article 4.D.

13. Disputes arising from the License Agreement are governed by Article 5. Article 5.B provides for a meeting and a thirty (30) day period following the meeting to resolve disputes before a party can initiate litigation. On April 17, 2008, representatives of Fairchild and 3D met in accordance with Article 5.B to attempt to resolve Fairchild’s breach of the License Agreement. But Fairchild maintained its refusal to pay any royalties owed to 3D.

14. Termination of the License Agreement is addressed in Article 8. Under Article 8.B, a party is required to provide sixty (60) days notice to terminate the License Agreement for breach or default. On April 24, 2008, 3D sent Fairchild a letter terminating the License Agreement, effective sixty (60) days from April 25, 2008.

15. Finally, Article 5.A grants to the party seeking redress for a dispute the right to choose either Texas law or Maine law to govern. As the party seeking redress for Fairchild's breach of the License Agreement, 3D has that right to select the law that shall apply.

IV.

FIRST CAUSE OF ACTION

BREACH OF CONTRACT

16. 3D repeats and re-alleges the previous allegations as though fully set forth herein.

17. The License Agreement constitutes a contract between 3D and Fairchild. Because the Defendants make, use, import, sell, and/or offer for sale products that embody one or more claims patented within the '275 Patent, the royalty provisions of Article 4 of the License Agreement are invoked.

18. Fairchild is liable to 3D for material breaches of the License Agreement, including but not limited to violations of: Articles 2.1 and 4.A.2 by failing to pay royalties on the sales of Licensed Products; and Article 4.D by failing to provide written reports showing the calculation of royalties due under the License Agreement.

19. The forgoing breaches of contract constitute material breaches that have caused substantial damages to 3D. 3D is entitled to a judgment against Fairchild for damages, costs, and attorney fees caused by Fairchild's breach of contract.

20. All conditions precedent have been satisfied by 3D.

V.

SECOND CAUSE OF ACTION

INFRINGEMENT OF UNITED STATES PATENT NO. 5,216,275

21. 3D repeats and re-alleges the previous allegations as though fully set forth herein.

22. Article 8.B of the License Agreement requires sixty (60) days notice to terminate. 3D has provided Defendants notice of termination of the License Agreement, but the sixty day period is not yet completed. However, if the License Agreement has terminated before the expiration of the sixty (60) day termination period due to Fairchild's material breach, Defendants have infringed and are infringing the '275 Patent.

23. If the License Agreement has terminated, Defendants have infringed and are infringing, literally and/or under the doctrine of equivalents, one or more claims of the '275 Patent, directly and/or indirectly, in violation of 35 U.S.C. § 271, by making, using, importing, offering for sale, and/or selling in the United States, without authority, products, including power semiconductor devices under the name "SuperFET" that embody one or more of the claims patented within the '275 Patent, and, on information and belief, by actively inducing and/or contributing to infringement of said patent by others. Defendants will continue to infringe the '275 Patent unless enjoined by this Court.

24. 3D is the owner of the '275 Patent. The '275 Patent is valid and enforceable.

25. Upon information and belief, Defendants' infringement of the '275 Patent is willful.

VI.

EXCEPTIONALITY AND DAMAGES

26. 3D is entitled to actual damages, costs, and attorneys fees for Fairchild's breach of the License Agreement under Texas law, including but not limited to, Tex. Civ. Prac. & Rem. Code § 38.001.

27. This is an exceptional case within the meaning of 35 U.S.C. § 285.

28. Under 35 U.S.C. § 284, 3D is entitled to actual damages and increased damages adequate to compensate it for Defendants' willful infringement of the above-identified U.S. Patent, including but not limited to a reasonable royalty for the use of 3D's inventions.

PRAYER FOR RELIEF

3D respectfully requests the following relief:

- A. Judgment that the Defendants breached the License Agreement;
- B. Judgment that, if the License Agreement has terminated, one or more claims of the '275 Patent has been infringed, either literally or under the doctrine of equivalents, by the Defendants;
- C. That the Court enter preliminary and permanent injunctions against the Defendants' infringement of the '275 Patent;
- D. That the Court award damages to 3D to which it is entitled, including, but not limited to, the full amount of actual damages caused by Defendants' breach of the license;
- E. That the Court alternatively award actual damages to 3D for Defendants' infringing activities, which may include lost profits and/or a reasonable royalty;
- F. That the Court treble the actual damages in view of Defendants' willful infringement;
- G. That the Court award interest on such damages;
- H. That the Court award 3D's costs and attorney fees incurred in this action; and
- I. Such other relief as the court deems just and proper.

JURY DEMAND

Plaintiff Third Dimension Semiconductor Inc., specifically requests a trial by jury on its Original Complaint, and any amendments or supplements thereto, for breach of contract and patent infringement against Defendants Fairchild Semiconductor International, Inc., and Fairchild Semiconductor Corporation.

Dated: May 17, 2008.

Respectfully submitted,



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