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UTStarcom, Inc.

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA**

UTSTARCOM, INC.

Plaintiff,

v.

FENNER INVESTMENTS, LTD.,

Defendant.

Case No.: _____

**COMPLAINT FOR DECLARATORY
JUDGMENT OF PATENT NON-
INFRINGEMENT AND INVALIDITY**

DEMAND FOR A JURY TRIAL

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MAY 13 2005

**THOMAS W. WELKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE**

C05 01987

EDL

Plaintiff UTStarcom, Inc. ("UTStarcom"), by and through its undersigned attorneys, brings this action for declaratory judgment of patent non-infringement and invalidity against defendant Fenner Investments, Ltd. ("Fenner"), as follows:

JURISDICTION AND VENUE

1. This is an action for a declaratory judgment of patent non-infringement and invalidity pursuant to Rule 57 of the Federal Rules of Civil Procedure and 28 U.S.C. §§ 2201 and 2202. This Court has original and subject matter jurisdiction over this controversy pursuant to 28 U.S.C. §§ 1331 and 1338(a).

2. Venue is proper in this district court pursuant to 28 U.S.C. §§ 1391(b) and (c).

INTRADISTRICT ASSIGNMENT

3. Pursuant to Civil L.R. 3-2(c), this action for declaratory judgment of patent non-infringement and invalidity falls within an excepted category of actions and therefore may be assigned on a district-wide basis.

PLAINTIFF

4. UTStarcom is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business and worldwide headquarters located in this judicial district at 1275 Harbor Bay Parkway, Alameda, California 94502.

5. UTStarcom is a leader in the global telecommunications market for wireless, wireline, optical, and access switching solutions. UTStarcom's customers include public telecommunications service providers that operate wireless voice and data networks throughout the world. UTStarcom designs, manufactures, sells, and installs wireless network solutions that enable wireless service providers to offer voice, data, and Internet access services rapidly and cost effectively.

6. In May 2003, UTStarcom acquired selected assets of 3Com's CommWorks division, formerly known as 3Com's Carrier Networks Business. UTStarcom acquired CommWorks' portfolio of carrier-focused voice and data products, customer support, professional services, and intellectual property.

7. The CommWorks group has been integrated into UTStarcom to expand UTStarcom's capabilities to produce specialized hardware and software used for wireless data transmission. UTStarcom is a leader in providing equipment for wireless transmission of data to cellular service providers.

DEFENDANT

8. On information and belief, Fenner is a limited partnership organized and existing under the laws of the State of Texas, with a principal place of business in Richardson, Texas.

9. Fenner has informed UTStarcom that it is the successor in interest to U.S. Patent No. 5,561,706 ("the '706 patent"), entitled "System For Managing Access By Mobile Users

1 To An Interconnected Communications Network Where A Billing Authority Is Identified By A
2 Billing Code From The User,” a copy of which is attached as Exhibit A hereto. The ‘706 patent
3 issued on October 1, 1996. Peter R. Fenner is listed as the inventor of the ‘706 patent.

4 10. Fenner has informed UTStarcom that it is the successor in interest to U.S.
5 Patent No. 6,819,670 (“the ‘670 patent”), entitled “Data Packet Routing For Mobile Networks,” a
6 copy of which is attached as Exhibit B hereto. The ‘670 patent issued on November 16, 2004.
7 Peter R. Fenner is listed as the inventor of the ‘670 patent.

8 THE FACTS

9 11. On information and belief, in or about September 2002 (after the ‘706 patent
10 issued but before the ‘670 patent issued), Gerald S. Amen of Patent Solutions sent a letter to 3Com
11 in Santa Clara, California. In the letter, Mr. Amen stated that Patent Solutions represented Peter
12 R. Fenner and Fenner Investments, Ltd. in patent licensing matters. Mr. Amen further stated that
13 cdma2000 compliant products would be covered by three patents issued to Peter R. Fenner
14 (“Fenner patents”), including the ‘706 patent, and that if 3Com produced and sold such products,
15 it would require a license under the Fenner patents to avoid further infringement. Mr. Amen
16 further stated that he would contact 3Com to arrange a meeting to present Patent Solutions’
17 findings and commence licensing discussions.

18 12. On information and belief, subsequent to Mr. Amen’s September 2002 letter,
19 Mr. Amen sent several email messages to 3Com in Santa Clara, California to coordinate meetings
20 with 3Com and discuss licensing terms.

21 13. On information and belief, in or around February 2003, Mr. Amen and Greg
22 Howison, also of Patent Solutions, traveled on behalf of Fenner to meet with 3Com in 3Com’s
23 Santa Clara, California offices for discussion of the Fenner patents, including the ‘706 patent. No
24 license agreement was entered into at that time.

25 14. On information and belief, in or around March 2003, Mr. Amen sent a letter to
26 3Com in Santa Clara, California. In the letter, Mr. Amen stated that he had read of the impending
27 sale of the CommWorks unit of 3Com to UTStarcom. Mr. Amen further stated that Patent
28

1 Solutions continued to feel very strongly that PDSNs infringe on the Fenner patents and requested
2 that 3Com forward him UTStarcom's contact information.

3 15. In or about May 2003, after UTStarcom acquired selected assets of 3Com's
4 CommWorks division, Mr. Amen sent a letter to UTStarcom in Alameda, California. In the letter,
5 Mr. Amen stated that Patent Solutions represented Peter R. Fenner and Fenner Investments, Ltd.
6 in patent licensing matters. Mr. Amen further stated that cdma2000 compliant products would be
7 covered by the Fenner patents, including the '706 patent, and that if UTStarcom produced and sold
8 such products, such as through its manufacture and sale of certain CommWorks products, it would
9 require a license under the Fenner patents to avoid further infringement. Mr. Amen further stated
10 that he would contact UTStarcom to arrange a meeting to present Patent Solutions' findings and
11 commence licensing discussions.

12 16. On January 6, 2005 (after both the '706 and '670 patents issued), Fenner filed
13 an Original Complaint For Patent Infringement against UTStarcom in the U.S. District Court for
14 the Eastern District of Texas (Marshall Division, No. 2:05-cv-00005 (LED)). On January 21,
15 2005, Fenner filed an Amended Original Complaint. On January 28, 2005, Fenner filed a Second
16 Amended Original Complaint, a copy of which is attached as Exhibit C hereto. The Second
17 Amended Original Complaint alleges that UTStarcom infringed and continues to infringe the '706
18 and '670 patents through its "manufacture, use, sale, importation, and/or offer for sale of products
19 and services and the practice of the methods claimed" in those patents, and through its inducement
20 of and contribution to such alleged acts. Exhibit C at ¶¶ 11, 15.

21 17. On March 1, 2005, UTStarcom filed a motion to dismiss the Second Amended
22 Original Complaint due to improper venue. The Court has set a hearing on UTStarcom's motion
23 for May 16, 2005.

24 **FIRST CLAIM FOR RELIEF**

25 **DECLARATION OF NON-INFRINGEMENT AND**

26 **INVALIDITY OF U.S. PATENT NO. 5,561,706**

27 18. UTStarcom incorporates the allegations of paragraphs 1 through 17 as if fully
28 set forth herein.

1 19. As a result of Fenner's actions detailed above, an actual controversy exists
2 between UTStarcom and Fenner concerning whether UTStarcom's products and services, and
3 activities related to those products and services, infringe any valid claim of the '706 patent.

4 20. UTStarcom therefore seeks entry of a declaratory judgment that UTStarcom's
5 products and services, and activities related to those products and services, do not infringe any
6 claim of the '706 patent, and/or such claims are invalid for failing to satisfy one or more of the
7 conditions of patentability set forth in 35 U.S.C. §§ 101, 102, 103, and 112.

8 **SECOND CLAIM FOR RELIEF**

9 **DECLARATION OF NON-INFRINGEMENT AND**

10 **INVALIDITY OF U.S. PATENT NO. 6,819,670**

11 21. UTStarcom incorporates the allegations of paragraphs 1 through 17 as if fully
12 set forth herein.

13 22. As a result of Fenner's actions detailed above, an actual controversy exists
14 between UTStarcom and Fenner concerning whether UTStarcom's products and services, and
15 activities related to those products and services, infringe any valid claim of the '670 patent.

16 23. UTStarcom therefore seeks entry of a declaratory judgment that UTStarcom's
17 products and services, and activities related to those products and services, do not infringe any
18 claim of the '670 patent, and/or such claims are invalid for failing to satisfy one or more of the
19 conditions of patentability set forth in 35 U.S.C. §§ 101, 102, 103, and 112.

PRAYER FOR RELIEF

WHEREFORE, plaintiff UTStarcom respectfully requests that judgment be entered against defendant Fenner as follows:

A. A declaratory judgment that UTStarcom's products and services, and activities related to those products and services, do not infringe any claim of the '706 patent and/or such claims are invalid;

B. A declaratory judgment that UTStarcom's products and services, and activities related to those products and services, do not infringe any claim of the '670 patent and/or such claims are invalid;

C. A judgment in favor of UTStarcom for its attorneys' fees, costs, and expenses in this action; and

D. Such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiff UTStarcom respectfully requests a trial by jury pursuant to Rule 38(b) of the Federal Rules of Civil Procedure of any and all issues triable of right by a jury.

CERTIFICATION OF NON-PARTY INTERESTED ENTITIES OR PERSONS

Pursuant to Civil L.R. 3-16, the undersigned certifies that as of this date, other than the named parties, there is no such interest to report.

Dated: May 13, 2005

Respectfully submitted,

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