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10 Attorneys for Plaintiff  
CONEXANT SYSTEMS, INC.

11 UNITED STATES DISTRICT COURT  
12 SOUTHERN DISTRICT OF CALIFORNIA  
13

14 CONEXANT SYSTEMS, INC.,  
15 Plaintiff,  
16  
17 v.  
18 BRITISH TELECOMMUNICATIONS, PLC;  
19 Defendant.

Case No. 07 CV 0573 JAH (WMC)

**FIRST AMENDED COMPLAINT FOR  
DECLARATORY JUDGMENT OF  
NONINFRINGEMENT,  
UNENFORCEABILITY AND INVALIDITY  
OF U.S. PATENT No. 5,153,591**

**DEMAND FOR JURY TRIAL**

20  
21 Plaintiff, for its complaint herein, alleges as follows:

22 **THE PARTIES**

23 1. Plaintiff, Conexant Systems, Inc. ("Conexant") is a corporation incorporated under  
24 the laws of the State of Delaware, and has its principal place of business at 4000 MacArthur Blvd,  
25 Newport Beach, California 92660. It maintains an office and conducts business in this judicial  
26 district at 9868 Scranton Road, San Diego, California 92121.

27 2. Defendant, British Telecommunications, plc, (hereinafter "BT") is a corporation  
28 incorporated under the laws of the United Kingdom, and has its place of business in London,

1 United Kingdom.

2 **JURISDICTION**

3 3. Jurisdiction of this Court arises under the Federal Declaratory Judgments Act,  
4 U.S.C. §§ 2201 and 2202, and under the laws of the United States concerning actions relating to  
5 patents, 28 U.S.C. § 1338(a).

6 **VENUE**

7 4. Venue is proper in this Court under 28 U.S.C. § 1391.

8 **BT'S WRONGFUL ACCUSATIONS OF PATENT INFRINGEMENT**

9 5. BT purports to own U.S. Patent No. 5,153,591 (the "'591 patent") entitled  
10 "Method and Apparatus for Encoding, Decoding and Transmitting Data in Compressed Form."  
11 Records at the United States Patent and Trademark Office list British Telecommunications, plc as  
12 the present assignee for the '591 patent. A copy of the '591 patent is attached hereto as Exhibit  
13 A.

14 6. On or around February 6, 2007 representatives from Conexant and BT met  
15 regarding the possibility of Conexant taking a license to the '591 patent from BT. During the  
16 meeting the BT representatives charged Conexant with infringement of the '591 patent and all  
17 claims thereof by reason of the manufacture and offering for sale of Conexant's AC97 SoftV92  
18 Data Fax Modem and associated Windows XP Driver software (the "Data Fax Modem").  
19 Additionally, during the meeting the BT representatives explicitly informed Conexant that if it  
20 did not sign a license agreement by March 31, 2007 BT would initiate a patent infringement  
21 lawsuit against Conexant regarding the '591 patent.

22 7. As set forth below, BT with full knowledge of the activities of Conexant has failed  
23 to assert its '591 for a period of sixteen years while Conexant invested time and money in  
24 building its business and goodwill. As a result, BT is now guilty of laches and cannot maintain  
25 any cause of action against Conexant under the '591 patent.

26 a. On or around March 9, 1989 Rockwell International Corp. ("Rockwell"), a  
27 predecessor in interest to Conexant, wrote to BT in an effort to arrange a meeting to discuss  
28 Rockwell potentially obtaining a license to the "BT algorithm."

1 b. BT did not respond to Rockwell's March 9, 1989 letter until May 1994 and  
2 ultimately revoked a license offer that it had extended to Conexant, conveying the impression that  
3 BT had abandoned its allegations of patent infringement against Conexant.

4 c. More than eight years later, on or around March 14, 1997 BT wrote Rockwell  
5 asking whether Rockwell was interested in taking a license for the '591 patent. Thereafter, BT  
6 and Rockwell engaged in negotiations regarding a license for the '591 patent. During the  
7 negotiations Conexant's predecessor, Rockwell, argued, among other things, it was not infringing  
8 the BT patents. In late 1999, negotiations stalled and no further communications occurred  
9 between Conexant and BT until 2001.

10 d. On or around August 29, 2001 BT wrote Conexant to "formally withdraw" the  
11 license offer it made in late 1999.

12 e. On or around January 3, 2007, and after over five additional years of silence from  
13 BT regarding the '591 patent, BT wrote Conexant requesting a meeting to discuss Conexant's  
14 alleged infringement of the '591 patent.

15 f. Such a meeting occurred on February 6, 2007, at which BT provided to Conexant  
16 explicit written materials and patent claims analysis comparing the '591 patent to Conexant's  
17 AC97 SoftV92 Data Fax Modem and associated Windows XP Driver software, orally stated that  
18 Conexant infringed on the '591 patent and threatened patent litigation if Conexant did not sign a  
19 license agreement by March 30, 2007.

20 **FIRST CLAIM FOR RELIEF**

21 **DECLARATORY JUDGMENT OF NONINFRINGEMENT OF U.S. PATENT NO. 5,153,591**

22 8. Each of paragraphs 1-7 is incorporated by reference herein, as though fully set out  
23 herein.

24 9. There is a substantial controversy, between Conexant and BT, who are parties with  
25 an adverse legal interest, and the controversy is of sufficient immediacy and reality to warrant the  
26 issuance of a declaratory judgment.

27 10. BT has accused Conexant's Data Fax Modem of infringing the claims of the '591  
28 patent.

1 11. Conexant currently manufactures and distributes its Data Fax Modem in the  
2 United States.

3 12. On information and belief, Conexant contends that its Data Fax Modem does not  
4 infringe any valid claim of the '591 patent and that the '591 patent is invalid.

5 13. BT, with full knowledge of the activities of Conexant, has failed to assert its '591  
6 for a period of sixteen years while Conexant invested time and money in building its business and  
7 goodwill, and BT is now guilty of laches and cannot maintain any cause of action against  
8 Conexant under the '591 patent.

9 14. BT's allegations of patent infringement have caused, and will continue to cause,  
10 damage to Conexant.

11 15. Upon information and belief, BT is likely to continue its allegations of patent  
12 infringement.

13 16. Conexant is entitled to a declaratory judgment of non-infringement of the claims  
14 of the '591 patent.

15 **SECOND CLAIM FOR RELIEF**

16 **DECLARATORY JUDGMENT OF INVALIDITY OF U.S. PATENT NO. 5,153,591**

17 17. Each of paragraphs 1-16 is incorporated by reference herein as though fully set  
18 forth herein.

19 18. There is a substantial controversy, between Conexant and BT, who are parties with  
20 an adverse legal interest, and the controversy is of sufficient immediacy and reality to warrant the  
21 issuance of a declaratory judgment.

22 19. Conexant contends that one or more claims of the '591 patent is invalid for failure  
23 to meet one or more of the conditions of patentability specified in 35 U.S.C. §§ 101, 102, 103,  
24 and/or 112.

25 20. BT contends that each claim of the '591 patent is valid and enforceable.

26 21. Conexant is entitled to a declaratory judgment of invalidity of the claims of the  
27 '591 patent.

28

**THIRD CLAIM FOR RELIEF**

**DECLARATORY JUDGMENT OF UNENFORCEABILITY DUE TO LACHES OF U.S. PATENT NO.  
5,153,591**

22. Each of paragraphs 1-21 is incorporated by reference herein as though fully set forth herein.

23. There is a substantial controversy, between Conexant and BT, who are parties with an adverse legal interest, and the controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

24. Conexant contends that one or more claims of the '591 patent is unenforceable as to Conexant and its customers due to BT's extensive delay in asserting said patent against Conexant, and Conexant's justifiable reliance and change of position based on BT's lack of conduct and delay.

25. BT contends that each claim of the '591 patent is valid and enforceable.

26. Conexant is entitled to a declaratory judgment of unenforceability of the claims of the '591 patent as to Conexant and its customers.

**FOURTH CLAIM FOR RELIEF**

**DECLARATORY JUDGMENT OF UNENFORCEABILITY DUE TO EQUITABLE ESTOPPEL  
REGARDING CONDUCT PERTAINING TO U.S. PATENT NO. 5,153,591**

27. Each of paragraphs 1-26 is incorporated by reference herein as though fully set forth herein.

28. There is a substantial controversy, between Conexant and BT, who are parties with an adverse legal interest, and the controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

29. Conexant contends that one or more claims of the '591 patent is unenforceable as to Conexant and its customers due the doctrine of equitable estoppel related to BT's extensive delay in asserting said patent against Conexant, and Conexant's justifiable reliance and change of position based on BT's lack of conduct and delay.

30. BT contends that each claim of the '591 patent is valid and enforceable.

1           31.     Conexant is entitled to a declaratory judgment of unenforceability of the claims of  
2 the '591 patent as to Conexant and its customers.

3  
4           **WHEREFORE, PLAINTIFF DEMANDS:**

5           1.     Entry of judgment that BT is without right or authority to threaten or to maintain  
6 suit against plaintiff or its customers or alleged infringement of Patent No. 5,153,591; that said  
7 patent is invalid, unenforceable, and void in law; and that said patent is not infringed by Conexant  
8 because of the making, selling, or using of any apparatus made or sold or used by Conexant.

9           2.     Entry of a preliminary injunction enjoining BT, its officers, agents, servants,  
10 employees, and attorneys, and those persons in active concert or participation with it who receive  
11 actual notice thereof from initiating infringement litigation and from threatening plaintiff or any  
12 of its customers, dealers, agents, servants, or employees, or any prospective or present sellers,  
13 dealers, or users of Conexant's devices or apparatus, with infringement litigation or charging any  
14 of them either verbally or in writing with infringement of Patent No. 5,153,591 because of the  
15 manufacture, use, or selling or offering for sale of apparatus made by plaintiff, to be made  
16 permanent following trial.

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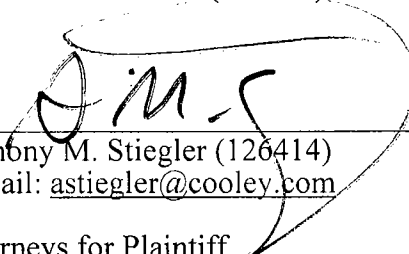
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3. Entry of judgment for its costs and reasonable attorney fees incurred by Conexant herein.

4. Such other and further relief as the Court may deem appropriate.

Dated: May 8, 2007

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