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14 Attorneys for Plaintiffs
15 FUTUREWEI TECHNOLOGIES, INC. and HUAWEI AMERICA, INC.

16 UNITED STATES DISTRICT COURT
17 NORTHERN DISTRICT OF CALIFORNIA
18 SAN FRANCISCO DIVISION

19 FUTUREWEI TECHNOLOGIES, INC. and
20 HUAWEI AMERICA, INC.,

21 Plaintiffs,

22 v.

23 RATES TECHNOLOGY INC.,

24 Defendant.

Case No.: C 04-1084

**FIRST AMENDED COMPLAINT
FOR DECLARATORY JUDGMENT**

DEMAND FOR JURY TRIAL

1 Plaintiffs FUTUREWEI TECHNOLOGIES, INC. ("FutureWei") and HUAWEI
2 AMERICA, INC. ("Huawei America") allege as follows:

3 **PARTIES**

4 1. Plaintiff FUTUREWEI TECHNOLOGIES, INC. is a corporation organized
5 and existing under the laws of the state of Texas and having its principal place of business
6 at 1700 Alma Drive, Plano, Texas 75075.

7 2. Plaintiff HUAWEI AMERICA, INC. is a corporation organized and existing
8 under the laws of the state of California.

9 3. On information and belief, Defendant RATES TECHNOLOGY INC. ("RTI")
10 is a corporation organized and existing under the laws of the state of Delaware and having a
11 place of business at 180 East Main Street, Suite 308, Smithtown, New York 11787. On
12 information and belief, RTI is the assignee of U.S. Patent No. 5,425,085 (the "'085 patent"),
13 issued on June 13, 1995, entitled "Least Cost Routing Device for Separate Connection Into
14 Phone Line," and of U.S. Patent No. 5,519,769 (the "'769 patent"), issued on May 21, 1996,
15 entitled "Method and System for Updating a Call Rating Device" (collectively, the "RTI
16 patents"). The RTI patents list Gerald J. Weinberger ("Weinberger") and Roger C. Lee as
17 inventors. Weinberger has represented himself to be the President of RTI.

18 **JURISDICTION AND VENUE**

19 4. This is an action arising under the patent laws of the United States, 35 U.S.C.
20 § 1 *et seq.*, and the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202. The Court has
21 jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331, 1337,
22 1338, and 1367.

23 5. RTI conducts continuous and substantial business in California. RTI has
24 intentionally engaged in contacts with California involving the RTI patents. On information
25 and belief, these contacts include directing multiple written and oral communications to
26 persons and companies located in California regarding the RTI patents, and entering into
27 contracts with companies in California.

28 6. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391.

GENERAL ALLEGATIONS

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2 7. RTI has accused FutureWei and Huawei America of infringing the RTI
3 patents.

4 8. True and correct copies of the RTI patents are attached hereto as Exhibits A
5 and B.

6 9. In written and oral communications to the representatives of FutureWei and of
7 FutureWei's parent company, Weinberger has stated that RTI intends to sue FutureWei and
8 Huawei America for infringement of the RTI patents.

9 10. By virtue of RTI's threats of a patent infringement lawsuit FutureWei and
10 Huawei America have a reasonable apprehension that they will face a patent infringement
11 suit based on the RTI patents.

12 11. FutureWei and Huawei America deny that they infringe any valid and
13 enforceable claim of either of the RTI patents.

14 12. An actual and justiciable controversy exists between FutureWei and Huawei
15 America and RTI concerning whether FutureWei and Huawei America infringe any valid
16 claim of the RTI patents. FutureWei and Huawei America now seek a declaratory judgment
17 that the claims of the RTI patents are invalid and that FutureWei and Huawei America do
18 not infringe any valid claim of the RTI patents.

19
FIRST CLAIM FOR RELIEF

20 (Invalidity and Non-Infringement of U.S. Patent No. 5,425,085)

21 13. FutureWei and Huawei America incorporate by reference paragraphs 1
22 through 12 as though fully set forth herein.

23 14. FutureWei and Huawei America are not directly infringing, contributorily
24 infringing, or actively inducing others to infringe any valid claim of the '085 patent as
25 properly construed.

26 15. On information and belief, the '085 patent is invalid and void under at least the
27 provisions of 35 U.S.C. §§ 101, 102, 103, and/or 112.
28

1 **SECOND CLAIM FOR RELIEF**

2 (Invalidity and Non-Infringement of U.S. Patent No. 5,519,769)

3 16. FutureWei and Huawei America incorporate by reference paragraphs 1
4 through 15 as though fully set forth herein.

5 17. FutureWei and Huawei America are not directly infringing, contributorily
6 infringing, or actively inducing others to infringe any valid claim of the '769 patent as
7 properly construed.

8 18. On information and belief, the '769 patent is invalid and void under at least the
9 provisions of 35 U.S.C. §§ 101, 102, 103, and/or 112.

10 **THIRD CLAIM FOR RELIEF**

11 (Unenforceability of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769)

12 19. FutureWei and Huawei America incorporate by reference paragraphs 1
13 through 18 as though fully set forth herein.

14 20. On information and belief, during the prosecution and reexamination of the
15 '085 and '769 patents, RTI knowingly failed to cite to the United States Patent and
16 Trademark Office ("PTO") several references and other prior art that were material to the
17 claimed subject matter of the '085 and '769 patents and were known to RTI.

18 21. For example, RTI failed to cite a prior art technology called "Alpha-LCR."
19 RTI has previously been accused of failing to disclose Alpha-LCR to the PTO. *See Open*
20 *LCR.com v. Rates Technology, Inc.*, 112 F. Supp. 2d 1223 (D. Col. 2000) (the "Open LCR
21 litigation").

22 22. On information and belief, as early as 1987, one of Open LCR.com's founders
23 had participated in the invention of a technology, called "Alpha-LCR," for routing calls
24 from a telephone device to selected low-cost carriers. *Id.* at 1225.

25 23. In 1994, Weinberger filed applications for the '085 and '769 patents. On
26 information and belief, Weinberger was aware of Alpha-LCR technology at this time.
27 Weinberger did not disclose the Alpha-LCR technology to the PTO.
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1 24. According to declarations filed in the Open LCR litigation, on or about March
2 1999, Weinberger contacted Open LCR.com in an attempt to enforce RTI's purported rights
3 in the '085 and '769 patents, and Open LCR.com stated to Mr. Weinberger at that time that
4 one of its co-founders was the inventor of LCR in Japan.

5 25. On August 31, 1999, reexamination was requested before the PTO on the '085
6 and '769 patents, and subsequently granted as to both.

7 26. On information and belief, on or about February 2, 2000, while the re-
8 examination proceedings were in progress, Sharp, a co-defendant in the Open LCR
9 litigation, sent to RTI and Weinberger user manuals documenting the Alpha-LCR prior art,
10 and, on or about Feb 8, 2000, Open LCR sent user manuals from Sharp, Sanyo, Panasonic,
11 Kenwood, and Japanese telecommunications firm DDI to RTI and Weinberger,
12 documenting the Alpha-LCR prior art. At no time before, during, or after the reexamination
13 proceedings did RTI or Weinberger submit these documents to the PTO.

14 27. During the reexamination proceedings for the '769 patent, RTI also failed to
15 disclose to the PTO material facts known to it from a declaratory judgment action filed by
16 Mediacom Corporation against RTI on March 10, 1997 (the "Mediacom litigation").

17 28. On or about February 19, 1999, Mediacom moved for summary judgment of
18 invalidity and non-infringement of the '769 patent. Mediacom submitted declarations
19 describing the "Callmiser" prior art.

20 29. In violation of PTO disclosure requirements, RTI failed to disclose, during re-
21 examination of the '769 patent, prior art references and relevant declarations referring to
22 same brought to its attention in the Mediacom litigation, including the Declaration of John
23 M. Lull and references from the Declarations of John M. Lull and Michael T. Finnin.

24 30. On page 3 of paper #6 in the re-examination proceedings for the '769 patent,
25 received January 4, 2000, RTI, with respect to the Callmiser prior art, stated to the PTO:
26 "The rate information in these systems was apparently updated monthly, via mail. Hence,
27 these routers were not updated by connecting to the rate provider." However, according to
28 documents disclosed to RTI in the Mediacom litigation, the rate information in the

1 Callmiser prior art was capable of being updated by modem. RTI's statement was therefore
2 an intentional mischaracterization of the Callmiser prior art.

3 31. The omissions and/or misleading statements made by RTI are as a matter of
4 law material to the patentability of the '085 and '769 patent.

5 32. On information and belief, the omissions and/or misleading statements were
6 made with the intent to mislead or deceive the PTO.

7 33. As a result of inequitable conduct before the PTO, the '085 and '769 patents
8 are unenforceable.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, FutureWei and Huawei America pray for the following relief:

11 A. As to the First and Second Claims for Relief, that the Court enter a declaratory
12 judgment that FutureWei and Huawei America do not infringe any valid claim of the RTI
13 patents, and/or that the claims of the RTI patents are invalid;

14 B. As to the Third Claim for Relief, that the Court enter a declaratory judgment
15 that each of U.S. Patent No. 5,425,085 and U.S. Patent No. 5,519,769 is unenforceable as a
16 result of RTI's and Weinberger's engaging in inequitable conduct during the prosecution
17 and/or re-examination of these patents;

18 C. That this Court enter a judgment that this is an exceptional case under 35
19 U.S.C. § 285;

20 D. That this Court award FutureWei and Huawei America its costs, expenses,
21 and attorneys' fees in this action; and

22 E. Any such other, further, or different relief that FutureWei and Huawei
23 America may be entitled to as a matter of law or equity, or that the Court otherwise deems
24 just and proper.

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Dated: March 29, 2004

Respectfully submitted,
STANLEY YOUNG
CHRIS MARTINIAK
HELLER EHRMAN WHITE & MCAULIFFE LLP

By: _____s/Stanley Young_____

STANLEY YOUNG

Attorneys for Plaintiffs
FUTUREWEI TECHNOLOGIES, INC. and
HUAWEI AMERICA, INC.

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CERTIFICATION OF INTERESTED ENTITIES OR PERSONS

Pursuant to Civil Local Rule 3-16, the undersigned certifies that as of this date, Huawei Tech. Investment Co., Ltd. and Huawei Technologies Co., LTD. have a financial interest in the subject matter in controversy or in a party to the proceeding. Other than Huawei Tech. Investment Co., Ltd. and Huawei Technologies Co., LTD. and the named parties, to the best of the undersigned's knowledge, there is no other interest to report.

Dated: March 29, 2004

STANLEY YOUNG
CHRIS MARTINIAK
HELLER EHRMAN WHITE & MCAULIFFE LLP

By: _____s/Stanley Young_____

STANLEY YOUNG

Attorneys for Plaintiffs
FUTUREWEI TECHNOLOGIES, INC. and
HUAWEI AMERICA, INC.

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DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38(b), FutureWei and Huawei America hereby demand a trial by jury of any and all issues triable by a jury in this action.

Dated: March 29, 2004

STANLEY YOUNG
CHRIS MARTINIAK
HELLER EHRMAN WHITE & MCAULIFFE LLP

By: _____s/Stanley Young_____

STANLEY YOUNG

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