

solutions, platforms and frameworks, including solutions for securing software applications and digital content. Uniloc's patented technologies enable software and content publishers to securely distribute and sell their high-value technology assets with minimum burden to their legitimate end users. Uniloc's technology is used in several markets, including software and game security, identity management, intellectual property rights management, and critical infrastructure security.

4. Rosetta Stone Ltd. ("Rosetta Stone" or "Defendant") is a Virginia corporation with its principal place of business in Arlington, Virginia. Rosetta Stone may be served with process through its registered agent, Michael C. Wu, 135 West Market Street, Harrisonburg, Virginia 22801. Upon information and belief, Rosetta Stone does business in the State of Texas and in the Eastern District of Texas.

JURISDICTION AND VENUE

5. Uniloc brings this action for patent infringement under the patent laws of the United States, namely 35 U.S.C. §§ 271, 281, and 284-285, among others. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(a), and 1367.

6. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(c) and 1400(b). On information and belief, Defendant is deemed to reside in this judicial district, has committed acts of infringement in this judicial district, has purposely transacted business involving its accused products in this judicial district and/or, has regular and established places of business in this judicial district.

7. Defendant is subject to this Court's specific and general personal jurisdiction pursuant to due process and/or the Texas Long Arm Statute, due at least to its substantial business in this State and judicial district, including: (A) at least part of its infringing activities alleged herein; and (B) regularly doing or soliciting business, engaging in other persistent

conduct, and/or deriving substantial revenue from goods sold and services provided to Texas residents.

COUNT I

(INFRINGEMENT OF U.S. PATENT NO. 7,024,696)

8. Uniloc incorporates paragraphs 1 through 7 herein by reference.

9. Uniloc Luxembourg is the owner, by direct assignment from the inventor, of the '696 patent, entitled "METHOD AND SYSTEM FOR PREVENTION OF PIRACY OF A GIVEN SOFTWARE APPLICATION VIA A COMMUNICATIONS NETWORK." A true and correct copy of the '696 patent is attached as Exhibit A.

10. Uniloc USA is the exclusive licensee of the '696 patent with ownership of all substantial rights in the '696 patent, including the right to grant sublicenses, exclude others and to enforce, sue and recover damages for past and future infringements.

11. The '696 patent is valid, enforceable and was duly issued in full compliance with Title 35 of the United States Code.

12. Rosetta Stone is directly infringing one or more claims of the '696 patent in this judicial district and elsewhere in Texas, including at least claim 18, without the consent or authorization of Uniloc, by or through making, using, offering for sale, selling and/or importing computer software that implements piracy prevention technology, including, without limitation, German Level 1.

13. Uniloc has been damaged as a result of Defendant's infringing conduct described in this Count. Defendant is, thus, liable to Uniloc in an amount that adequately compensates it for Defendant's infringements, which, by law, cannot be less than a reasonable royalty, together with interest and costs as fixed by this Court under 35 U.S.C. § 284.

JURY DEMAND

Uniloc hereby requests a trial by jury pursuant to Rule 38 of the Federal Rules of Civil Procedure.

PRAYER FOR RELIEF

Uniloc requests that the Court find in its favor and against Defendant, and that the Court grant Uniloc the following relief:

- a. Judgment that one or more claims of the '696 patent has been infringed, either literally and/or under the doctrine of equivalents, by Defendant and/or by others to whose infringements Defendant has contributed and/or by others whose infringements have been induced by Defendant;
- b. Judgment that Defendant account for and pay to Uniloc all damages to and costs incurred by Uniloc because of Defendant's infringing activities and other conduct complained of herein;
- c. Judgment that Defendants account for and pay to Uniloc a reasonable, on-going, post judgment royalty because of Defendant's infringing activities and other conduct complained of herein;
- d. That Uniloc be granted pre-judgment and post-judgment interest on the damages caused by Defendant's infringing activities and other conduct complained of herein; and
- e. That Uniloc be granted such other and further relief as the Court may deem just and proper under the circumstances.

Dated: March 30, 2012

Respectfully submitted,

/s/ Barry J. Bumgardner (w/permission W. Hill)

Barry J. Bumgardner

Lead Attorney

Texas State Bar No. 24041918

Steven W. Hartsell

Texas State Bar No. 24040199

NELSON BUMGARDNER CASTO, P.C.

3131 West 7th Street, Suite 300

Fort Worth, Texas 76107

Phone: (817) 377-9111

Fax: (817) 377-3485

James Etheridge
Texas Bar No. 24059147
ETHERIDGE LAW GROUP, PLLC
2600 E. Southlake Blvd., Suite 120 / 324
Southlake, Texas 76092
Telephone: (817) 470-7249
Facsimile: (817) 887-5950
Jim@EtheridgeLaw.com

T. John Ward, Jr.
Texas State Bar No. 00794818
J. Wesley Hill
Texas State Bar No. 24032294
WARD & SMITH LAW FIRM
111 W. Tyler Street
Longview, Texas 75601
(903) 757-6400
(903) 757-2323 (fax)
jw@wsfirm.com
wh@wsfirm.com

Eric M. Albritton
Texas State Bar No. 00790215
ALBRITTON LAW FIRM
P.O. Box 2649
Longview, TX 75606
(903) 757-8449
(903) 758-7397 (fax)
ema@emafirm.com

Attorneys for Plaintiffs
Uniloc Luxembourg S.A. and
Uniloc USA, Inc.