

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

**IN RE PAPST LICENSING GMBH & CO.
KG LITIGATION**

This Document Relates To:

ALL CASES

**Misc. Action No. 07-493 (RMC)
MDL Docket No. 1880**

**NOTICE OF RE-FILING OF MOTION TO DISMISS OR, IN THE ALTERNATIVE, TO
TRANSFER ACTION FROM THE NORTHERN DISTRICT OF ILLINOIS TO THE
DISTRICT OF THE DISTRICT OF COLUMBIA FOR TRIAL**

Pursuant to the Court's Second Practice and Procedure Order dated April 8, 2008, FUJIFILM Corporation and FUJIFILM U.S.A., Inc. (collectively, "Fujifilm") hereby give notice of the re-filing of their Motion to Dismiss or, in the Alternative, to Transfer which was originally filed in the United States District Court for the Northern District of Illinois on June 22, 2007.

As set forth in Fujifilm's motion and memorandum, the Complaint Papst filed in the Northern District of Illinois fails to allege infringing activities by Fujifilm or plead facts that support personal jurisdiction over Fujifilm in the Northern District of Illinois, in particular with respect to FUJIFILM Corporation. Moreover, if the Complaint is not dismissed in its entirety, it should be transferred to this Court for trial where the actions brought by at least Casio, Fujifilm, Matsushita and JVC will be tried.

Dated: April 14, 2008

Respectfully submitted,

s/ Steven J. Routh
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CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of April, 2008, I served the foregoing Notice Of Re-Filing Of Motion To Dismiss Or, In The Alternative, To Transfer Action From The Northern District Of Illinois To The District Of The District Of Columbia For Trial and accompanying Notice of Motion, Motion, Memorandum in Support and Exhibits on all counsel of record by filing it through the United States District Court for the District of Columbia Electronic Case Management System.

s/ Steven J. Routh

Steven J. Routh

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

PAPST LICENSING GmbH & Co. KG,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 07cv3401
	)	
FUJIFILM Corporation, and	)	
FUJIFILM U.S.A., Inc.,	)	
	)	
Defendants.	)	
	)	

NOTICE OF MOTION

To: Jerold B. Schnayer
John L. Ambrogio
WELSH & KATZ, LTD.
120 South Riverside Plaza, 22nd Floor
Chicago, IL 60606

PLEASE TAKE NOTICE that on Tuesday, July 10, 2007, at 9:00 a.m., we shall appear before the Honorable James Holderman, or any judge sitting in his stead, in Courtroom 2541 of the Dirksen Federal Building, 219 S. Dearborn Street, Chicago, Illinois 60604, and shall then and there present *Motion to Dismiss or, in the Alternative, to Transfer this Action to the United States District Court for the District of Columbia*, a copy of which is being electronically served on all attorneys of record by means of the Court's CM/ECF system.

Dated: June 22, 2007

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on June 22, 2007, the Notice of Motion was electronically filed with the Clerk of Court using the CM/ECF system, and notification of such filing was sent via the CM/ECF system, upon:

Jerold B. Schnayer (jbschnayer@welshkatz.com)

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By: s/ Matthew J. Gryzlo

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

PAPST LICENSING GmbH & Co. KG,)
)
 Plaintiff,)
)
 v.) Civil Action No. 07cv3401
)
 FUJIFILM Corporation, and)
 FUJIFILM U.S.A., Inc.,)
)
 Defendants.)
)

**MOTION TO DISMISS OR, IN THE ALTERNATIVE, TO TRANSFER THIS ACTION
TO THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA**

Pursuant to Rules 12(b)(2), 12(b)(3) and 12(b)(6) of the Federal Rules of Civil Procedure and 28 U.S.C. § 1404(a), defendants Fujifilm Corporation (“Fujifilm Japan”) and Fujifilm U.S.A., Inc. (“Fujifilm U.S.A.”) (collectively, “Fujifilm”) hereby move to dismiss the Complaint filed by Papst Licensing GmbH & Co. KG (“Papst Licensing”) or, in the alternative, to transfer this action to the United States District Court for the District of Columbia.

As set forth more fully in the accompanying memorandum, the District of Columbia is the presumptive venue, under 35 U.S.C. § 293, for patent actions involving foreign holders of U.S. patents, such as Papst Licensing, that have no registered agent for service of process in the United States. Pursuant to that statutory provision, an action already is pending in the United States District Court for the District of Columbia that involves precisely the same two patents asserted by Papst Licensing before this Court. *Casio, Inc. v. Papst Licensing*, 1:06-cv-01751-GK (USDC DC). Thus, this action is not the “first-filed” action on the patents-in-suit, and for that reason alone it should be transferred or dismissed. *See, e.g., Coleman Co. v. Black & Decker Corp.*, 1996 WL 41484 (N.D. Ill. 1996).

Moreover, on June 21, 2007, Fujifilm filed a declaratory judgment Complaint against Papst Licensing in the District of Columbia on the same two patents-in-suit. While Fujifilm's District of Columbia Complaint is well-pleaded in all respects, the bare three-page Complaint filed by Papst Licensing in this Court is defective on its face. In particular, the handful of substantive paragraphs in the Papst Licensing Complaint do not actually allege infringement of the patents-in-suit by Fujifilm, or even a good-faith belief based on reasonable investigation that such infringement has occurred. Rather, Papst Licensing has merely alleged that it hopes "a reasonable opportunity for further investigation or discovery" will "provide evidentiary support" that Fujifilm has committed acts of infringement or has induced others to do so. Because such paper-thin allegations are susceptible to a motion to dismiss under Rule 12(b)(6), the declaratory judgment Complaint filed by Fujifilm in the District of Columbia should also be given priority over the Papst Licensing Complaint under the "first-to-file" doctrine.

Transfer or dismissal of this action is further supported by the relevant equitable considerations, including the interests of justice and the convenience of the parties and witnesses. A transfer also would avoid the prospect of inconsistency between the rulings of this Court and the Casio court in the District of Columbia on issues of claim construction, invalidity, and unenforceability.

Finally, as indicated above, the Complaint filed by Papst Licensing in this Court is defective and should be dismissed because it fails to allege actual infringing activities by Fujifilm, and therefore fails to state a claim upon which relief may be granted. The Complaint further should be dismissed because it fails to identify any specific Fujifilm products that Papst Licensing alleges infringe the patents-in-suit. Moreover, Papst has failed to plead facts that support personal jurisdiction over Fujifilm, in particular with respect to Fujifilm Japan.

For these reasons and on the additional grounds set forth in detail in the attached memorandum of points and authorities and exhibits filed herewith, Fujifilm moves to dismiss or transfer this action pursuant to Rules 12 (b)(2), 12(b)(3) and 12(b)(6) of the Federal Rules of Civil Procedure and 28 U.S.C. § 1404(a).

Dated: June 22, 2007

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on June 22, 2007, the Motion To Dismiss Or, In The Alternative, To Transfer This Action To The United States District Court For The District Of Columbia was electronically filed with the Clerk of Court using the CM/ECF system, and notification of such filing was sent via the CM/ECF system, upon:

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By: s/ Matthew J. Gryzlo

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

PAPST LICENSING GmbH & Co. KG,)
)
 Plaintiff,)
)
 v.) Civil Action No. 07cv3401
)
 FUJIFILM Corporation, and)
 FUJIFILM U.S.A., Inc.,)
)
 Defendants.)
)

**MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEFENDANTS’
MOTION TO DISMISS OR, IN THE ALTERNATIVE, TO TRANSFER THIS ACTION
TO THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA**

Nine months before it filed the above-captioned action, plaintiff Papst Licensing GmbH (“Papst Licensing”) was sued by Casio, Inc. in the District of Columbia on the same two patents now asserted against defendants Fujifilm Corporation (“Fujifilm Japan”) and Fujifilm U.S.A., Inc. (“Fujifilm U.S.A.”) (collectively, “Fujifilm”). *See Casio, Inc. v. Papst Licensing*, 1:06-cv-01751-GK (USDC DC) (“Casio Action”). The Casio Action involves issues relating to claim construction, infringement, and validity of U.S. Patent No. 6,470,399 (the ‘399 patent) and U.S. Patent No. 6,895,449 (the ‘449 patent), just as this action will involve those same issues. More recently, Fujifilm filed a declaratory judgment action in the District of Columbia (“Fujifilm DJ Action”) raising the same two patents and same set of issues.

Under the “first-to-file” rule endorsed by this Court and the Federal Circuit, the existence of the Casio Action and the Fujifilm DJ Action in the District of Columbia support the dismissal of this “second-filed” case. Alternatively, this case should be transferred to the U.S. District Court for the District of Columbia for consideration in connection with those two “first-filed

cases pending there. Moreover, as described below, considerations of judicial economy, the convenience of parties and witnesses, forum shopping, and the lack of any meaningful connection between this action and the Northern District of Illinois further support the dismissal or transfer of this action. Accordingly, Fujifilm moves to dismiss this lawsuit under Federal Rule of Civil Procedure 12(b)(3) or, alternatively, for transfer pursuant to 28 U.S.C. § 1404(a).

The Papst Complaint also is deficient on its face and should be dismissed pursuant to Rules 12(b)(2) and 12(b)(6). Although it purports to assert a claim of patent infringement, the Complaint does not contain any allegation that Fujifilm is in fact infringing the patents-in-suit. Instead, the Complaint alleges merely that “reasonable opportunity for further investigation or discovery is likely to provide evidentiary support” for a claim of infringement. Complaint ¶ 9. The Complaint further is defective because it fails to identify any specific accused products made or sold by Fujifilm. And, the Complaint also fails to allege sufficient facts to establish personal jurisdiction over Fujifilm, particularly with respect to Fujifilm Japan. While Fujifilm acknowledges that the Federal Rules allow notice pleading, the Papst Complaint fails to satisfy even that threshold standard, and, accordingly, it should be dismissed.

Factual Background

Papst Licensing has sent numerous “warning letters” to companies that manufacture or sell digital cameras threatening them with litigation if they did not agree to license the ‘399 and ‘449 patents. In response, on or about October 16, 2006, Casio filed a Complaint against Papst Licensing in the United States District Court for the District of Columbia, pursuant to 35 U.S.C. § 293, seeking a declaratory judgment that the ‘399 and ‘449 patents are invalid and not infringed. See Exhibit A. A Scheduling Order has been entered in the Casio Action, and discovery is under way. Significantly, on May 31, 2007, Magistrate Judge Robinson in the

District of Columbia sanctioned Papst Licensing for failing to comply with its discovery obligations. See Exhibit B at 25-28. Thus, while Papst Licensing already is a party to litigation in the District of Columbia involving the same patents-in-suit in the instant action, it apparently has decided that the District of Columbia is no longer a forum to its liking.

On June 15, 2007, Papst Licensing filed the instant action against Fujifilm in this Court. The patents-in-suit in this case are the same two patents that are at issue in the Casio Action pending in the District of Columbia.

On June 21, 2007, Fujifilm filed a declaratory judgment action in the United States District Court for the District of Columbia. See Exhibit C. In that Complaint, Fujifilm seeks relief that includes the relief sought by Casio in the Casio Action. Specifically, Fujifilm seeks a declaration that the ‘399 and ‘449 patents are invalid and not infringed.

Argument

I. THIS ACTION SHOULD BE DISMISSED OR TRANSFERRED TO THE DISTRICT OF COLUMBIA

A. This Case Should Be Dismissed Or Transferred To The District Of Columbia For Consolidation With The First-Filed Casio Action

Because the Casio Action is the first-filed action seeking to adjudicate the validity and other issues relating to the ‘399 and ‘449 patents, the “first-to-file” rule supports dismissal of this action or transfer to the District of Columbia.

In resolving venue disputes and issues of appropriate forum where two actions involve closely related patent infringement questions, the Federal Circuit has strongly endorsed the ‘first-to-file’ doctrine.

Vanguard Products Group, Inc. v. Protex Int’l Corp., 2006 WL 695700, *2 (N.D. Ill. 2006). The “first-to-file rule” provides that “if actions involving nearly identical parties and issues have been filed in two different courts, the court in which the first suit was filed should generally proceed to judgment.” *Id.*

In circumstances such as those now before this Court, the first-to-file rule weighs in favor of dismissing the second-filed action for improper venue under Federal Rule of Civil Procedure 12(b)(3). *See, e.g., Vanguard* (dismissing infringement action in favor of first-filed declaratory judgment action); *Design Automotive Group, Inc. v. Lund Indus., Inc.*, 1996 WL 377063 (N.D. Ill. 1996) (same). Alternatively, the second-filed action may be transferred under 28 U.S.C. § 1404(a). *See, e.g., Bowe, Bell & Howell Co. v. MidSouth Technologies, LLC*, 2005 WL 1651167 (N.D. Ill. 2005) (electing to transfer rather than dismiss). The “first-to file” rule thus strongly favors dismissal or transfer of the Complaint filed by Papst Licensing in this Court, because the previously-filed Casio Action involves identical issues and was filed nine months ago.^{1/}

This Court’s decision in *Coleman Co. v. Black & Decker Corp.*, 1996 WL 41484 (N.D. Ill. 1996) is directly on point. In September and October of 1995, Black & Decker sued several defendants for patent infringement in the Eastern District of Virginia. Subsequently, in December 1995, Coleman – which was not a party to the Virginia action – brought a declaratory judgment action against Black & Decker in Illinois. Under those facts, this Court granted Black & Decker’s motion to transfer the Illinois action to Virginia, even though Coleman was not a party to the first-filed Virginia action. Although the Illinois action was the first action filed between Coleman and Black & Decker, “the first case filed concerning the validity of the patents-in-suit was in Virginia.” *Id.* Accordingly, this Court held that “the pre-existing Virginia litigation weighs heavily against maintaining this case in this district.” *See also Abbott Laboratories v. Selfcare, Inc.*, 1999 WL 162805 (N.D. Ill. 1999) (granting transfer to Massachusetts, venue of first-filed action, where “the two actions, even though directed to different patents, involve the same parties and substantially similar technology”).

^{1/} Although Fujifilm has yet to answer or file counterclaims in this Court, it has asserted invalidity in the Fujifilm DJ Action and will do so in this action as well if it is not dismissed.

As in *Coleman*, the Casio Action was filed first, and even though it involves different accused infringers (Casio rather than Fujifilm), it seeks adjudication of the same issues of law and fact. The invalidity of the Papst ‘399 and ‘449 patents is at issue in both cases. Allowing both cases to proceed simultaneously would give rise to the “possibility of inconsistent judgments and patent interpretations.” *Coleman*, 1996 WL 41484. Accordingly, given that the Casio Action involves the same issues of patent invalidity, the “first-to-file” rule weighs heavily in favor of dismissal of this action or, alternatively, transfer to the District of Columbia.

B. The Declaratory Judgment Action Filed By Fujifilm In The District Of Columbia Should Also Be Considered A “First-Filed” Action

As set forth below in Section II, the Complaint filed by Papst Licensing in this action is fatally defective and dismissible under Fed. R. Civ. P. 12(b)(2) and 12(b)(6). The Complaint does not adequately allege that Fujifilm has infringed the patents-in-suit, it does not identify any specific accused products, and it fails to allege facts establishing personal jurisdiction over Fujifilm Japan. Thus, the declaratory judgment Complaint filed by Fujifilm in the District of Columbia is the first-filed, *non-defective* action between Fujifilm and Papst Licensing, and as such it should be given priority over the instant action. It is well-established that the first-filed action should be preferred regardless of whether it is a declaratory judgment action. *Vanguard*, at *2; accord, e.g., *Bowe, Bell & Howell Co. v. MidSouth Technologies, LLC*, 2005 WL 1651167 (N.D. Ill. 2005). Thus, the Fujifilm DJ Action also is a first-filed action that supports dismissal of this action or transfer to the District of Columbia.

C. Equitable Considerations Further Support Dismissal Of This Action Or Transfer To The District Of Columbia

The strong presumption that the instant case should be dismissed or transferred to the District of Columbia, in favor of the first-filed Casio Action and Fujifilm DJ Action, is reinforced by the following equitable considerations: “(1) jurisdiction over the parties, (2)

judicial efficiencies and economies, (3) conveniences to the parties, (4) availability and convenience of witnesses, and (5) the extent to which the declaratory judgment action filed in another forum is anticipatory and motivated by forum shopping.” *Vanguard*, 2006 WL 695700 at *4. Those same considerations also support transfer of this action under 28 U.S.C. § 1404(a). *Holley Performance Products, Inc. v. Barry Grant, Inc.* 2004 WL 3119017 at * 5 (N.D. Ill. 2004) (“The factors the court considers when deciding whether to dismiss an ... action in favor of litigation pending in a different district are the same as the factors considered when deciding to transfer venue to another district.”). *Accord, e.g., Abbott*, 1999 WL 162805 at * 1; *Law Bulletin Publ'g, Co. v. LRP Publications, Inc.*, 992 F.Supp. 1014, 1017 (N.D.Ill.1998).

The relevant equitable considerations thus provide further support for relief requested in the motion. Moreover, even if this Court were to deem the Papst Complaint to be the “first-filed” action – which it should not – the aforementioned equitable considerations would still support transfer of this case to the District of Columbia. *Abbott*, 1999 WL 162805 at * 3, *citing Serco Servs. Co., L.P. v. Kelley Co., Inc.*, 51 F.3d 1037, 1039 (Fed.Cir.1995).

1. The Interests Of Justice Support Transfer

The most important factor that governs whether to dismiss or transfer a duplicative action is “the interests of justice.” The interests of justice “may be determinative in a particular case, even if the convenience of the parties and witnesses might call for a different result.” *Abbott*, 1999 WL 162805 at * 1. “The interest of justice analysis focuses on efficient functioning of the courts, rather than the private interests of the litigants.” *Holley*, 2004 WL 3119017 at * 7 (*citing TIG Ins. Co. v. Brightly Galvanized Products, Inc.*, 911 F.Supp. 344, 346 (N.D.Ill.1996)). “In determining the interests of justice, the court considers the possibility of consolidation with related litigation.” *Holley*, 2004 WL 3119017 at * 7. “Public interest factors or interests of

justice ‘relate to the court's familiarity with the applicable law, the speed at which the case will proceed to trial, and the desirability of resolving controversies in their locale.’” *Technical Concepts L.P. v. Zurn Indus., Inc.*, 2002 WL 31433408 at * 2 (N.D. Ill. 2002) (citing, *VonHoldt v. Husky Injecting Molding System Ltd.*, 887 F.Supp. 185, 188 (N.D.Ill.1995)).

In *Coleman*, this Court found the “interests of justice” persuasive in its determination to transfer an infringement action to Virginia, even though the previously-filed action involved different accused infringers. The Court reasoned:

The interests of justice clearly favor Virginia over this forum. The '206 patent's validity and scope has been at issue in the Eastern District of Virginia since September 1995. Common questions of fact and law are involved. ... Thus, it is readily apparent that there is a possibility of inconsistent judgments and patent interpretations if this case is not transferred to the Eastern District of Virginia. With or without *Coleman*, the Virginia litigation will continue ... Thus, the feasibility of consolidating the cases in Virginia strongly favors transferring venue. [citations omitted] Because scarce judicial resources may only be conserved by transferring this case to the Eastern District of Virginia, the interests of justice clearly weigh [in favor of] Virginia.”

Coleman Co. v. Black & Decker Corp., 1996 WL 41484 (N.D. Ill. 1996).

Similarly, transfer was ordered by this Court in *Abbott Laboratories v. Selfcare, Inc.*, 1999 WL 162805 (N.D. Ill. 1999), even though the previously-filed action did not involve the same patents, because the two cases were sufficiently related that it would be judicially efficient to consolidate them. The *Abbott* Court’s reasoning supports dismissal or transfer of this case:

“When a case is transferred to a district in which a related case is pending, the expectation is that the two cases will be consolidated pursuant to Rule 42(a) of the Federal Rules of Civil Procedure, if practicable. *Waller v. Burlington N. R.R. Co.*, 650 F.Supp. 988, 991 (N.D.Ill.1987). Consolidation not only conserves scarce judicial resources, but also reduces the resources ultimately expended by the litigants. *Keppen v. Burlington N. R.R. Co.*, 749 F.Supp. 181, 183-84 (N.D.Ill.1990). By preventing duplicative efforts on the part of both the courts and the parties, transfer and subsequent consolidation serve the interests of justice within the meaning of the venue transfer statute. As the Supreme Court has acknowledged, “[t]o permit a situation in which two cases involving precisely the same issues are simultaneously pending in different District Courts leads to the

wastefulness of time, energy and money that § 1404(a) was designed to prevent.” *Continental Grain Co. v. Barge FBL-585*, 364 U.S. 19, 26 (1960). Transfer of venue also curbs the risk of inconsistent judgments. *Countryman v. Stein Roe & Farnham*, 681 F.Supp. 479, 484 (N.D.Ill.1987). These concerns have led this district to adopt “a strong policy in favor of transferring a case to the district where a related action is pending.” *Keppen*, 749 F.Supp. at 184.

The same factors found persuasive by this Court in *Coleman* and *Abbott* are equally persuasive here. The Casio Action has been pending for nine months longer than the present case. Accordingly, the Court in the Casio Action is likely to consider and issue Markman rulings construing the ‘399 and ‘449 patents prior to a Markman hearing in this case. Proceeding with both cases simultaneously also presents the possibility of inconsistent discovery rulings and inconsistent determinations on the merits on common issues such as invalidity. Moreover, there is an enormous duplication of judicial time and effort involved in adjudicating identical issues of patent validity, claim construction, and possibly infringement, in two different Courts. Such a duplication of effort, combined with the potential for inconsistent results, weighs strongly in favor of transferring this case to the District of Columbia.

2. The Convenience Of Parties And Witnesses Supports Transfer

It is well-settled that a “plaintiff’s choice of forum ha[s] reduced value where the forum lacks any significant contact with the underlying cause of action.” *Hotel Constructors, Inc. v. Seagrave Corp.*, 543 F.Supp. 1048, 1050 (N.D. Ill. 1982) (citing *Cunningham v. Cunningham*, 477 F.Supp. 632, 634 (N.D. Ill. 1979)). Patent infringement cases are centered around the activities of the accused infringer, not the patent holder. See *Gen 17, Inc. v. Sun Microsystems, Inc.*, 953 F.Supp. 240, 243 (N.D. Ill. 1997). “[W]here the plaintiff’s choice is not its resident forum, the chosen forum is entitled to less deference” and becomes “only one of many factors the court considers.” *Holley*, 2004 WL 3119017 at * 6; *Bryant v. ITT Corp.*, 48 F.Supp.2d 829, 832 (N.D.Ill.1999); *Hotel Constructors*, 543 F.Supp. at 1050.

According to its Complaint, “Papst Licensing is a company existing under the laws of the Federal Republic of Germany with its principal place of business [in] Germany.” Complaint ¶ 3 2/. It apparently chose the Northern District of Illinois for the convenience of its counsel, rather than for that of any party or witness. Convenience of counsel, however, is entitled to *no weight*. *See, e.g., Welford v. Amer. Home Prods. Corp.*, 948 F. Supp. 47, 50 (N.D. Ill. 1996).

The only connection with Illinois alleged by Papst Licensing is that some, unidentified Fujifilm products are allegedly sold here. None of the manufacturing or design work is alleged to occur in Illinois. Moreover, as Papst admits, there is nothing unique about Fujifilm having a sales presence in Illinois, because Fujifilm has an “on-going business *throughout* the United States.” Complaint ¶ 4 (emphasis added). When a product is distributed across the United States, the fact that some entities sell the product in Illinois is insufficient to establish a substantial connection to this forum when considering a motion to transfer. “[S]ales alone are insufficient to establish a substantial connection to the forum if the defendant's goods are sold in many states.” *Technical Concepts*, 2002 WL 31433408 at * 3, *quoting, Energaire Corp. v. E.S. Originals, Inc.*, 1999 U.S. Dist. LEXIS 17304, at * 7 (N.D.Ill. Oct. 27, 1999), and *Anchor Wall Systems, Inc. v. R & D Concrete Prods., Inc.*, 55 F.Supp.2d 871, 874 (N.D.Ill.1999).

The convenience of witnesses and parties weighs in favor of the District of Columbia. Among other things, Fujifilm U.S.A. is a New York corporation and its principal place of business is in Valhalla, New York, which is closer and more easily accessible to the District of Columbia than Chicago.

2/ It is beyond question that Papst Licensing is subject to the jurisdiction of the District Court for the District of Columbia. *See* 35 U.S.C. § 293. In contrast, as discussed in Section II.C., *infra.*, the Complaint in this action fails to allege facts sufficient to establish personal jurisdiction over Fujifilm Japan and thus should be dismissed as to that defendant. That fact also weighs in favor of dismissing or transferring this action in favor of the declaratory judgment action now pending in the District of Columbia. *Abbott*, 1999 WL 162805 at * 3

Again, the facts of this case are highly analogous to *Coleman*. In *Coleman*, this Court transferred an action to Virginia even though the defendant had sales offices in the Chicago area and solicited customers in Chicago. The parties were not Illinois corporations, they did not conduct any manufacturing or design activities in Illinois, there were no significant witnesses within the Court's subpoena power, and Illinois lacked any "significant" connection with the case. "Limited sales activities," without more, did not warrant keeping the case in Chicago. Moreover, the defendant's facilities in Connecticut and North Carolina were closer to the transferee forum (Virginia) than to Illinois. *Coleman*, 1996 WL 41484.

Accordingly, on balance, the convenience of the parties and witnesses supports dismissal of this action or transfer to the District of Columbia.

3. Papst Licensing's Apparent Forum Shopping Also Supports Transfer

In the Casio Action, Magistrate Judge Robinson recently granted Casio's motion for sanctions against Papst for failing to provide discovery. Although Papst Licensing's request for a clarification of that sanctions order remains pending, it appears that the sanctions imposed on Papst Licensing may include waiver of certain privileges and protections over documents requested by Casio in discovery as well as attorneys' fees and costs associated with Casio's motion. With that recent set-back in the Casio Action, due to Papst Licensing's own misconduct, it appears that Papst Licensing has decided to look for other district courts in which to seek resolution of disputes relating to the patents-in-suit. Particularly in light of the lack of any meaningful connection between the Northern District of Illinois and Papst Licensing, Fujifilm, and/or the subject matter of the instant action, it is apparent that Papst Licensing is shopping for a more favorable forum than the District of Columbia in which to press its claims. Such forum shopping should not be condoned.

II. THE COMPLAINT ALSO SHOULD BE DISMISSED UNDER FED. R. CIV. P. 12(b)(2) and 12(b)(6)

A. The Complaint Should Be Dismissed For Failure To State A Claim

In ruling on a Rule 12(b)(6) motion, a Court should consider only well-pleaded facts. *Chisholm v. Foothill Capital Corp.*, 940 F. Supp. 1273, 1280 (N.D. Ill. 1996). The Court is “not obliged to accept mere conclusory allegations, without any supporting facts, as true.” *Id.* (citing *Tamari v. Backe & Co. (Lebanon) S.A.L.*, 565 F.2d 1194, 1199 (7th Cir. 1977)). Indeed, the Supreme Court recently recognized that “a plaintiff’s obligation to provide the ‘grounds’ of his ‘entitle[ment] to relief’ requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do.” *Bell Atlantic Corp. v. Twombly*, 127 S. Ct. 1955, 1964-65 (May 21, 2007). Accordingly, a plaintiff cannot avoid dismissal “simply by attaching bare legal conclusions to narrated facts which fail to outline the bases of their claims.” *Perkins v. Silverstein*, 939 F.2d 463, 466 (7th Cir. 1991).

The Complaint filed by Papst Licensing in this Court fails to satisfy even notice pleading standards. Indeed, it does not allege any act of patent infringement. Instead, it alleges only that “[a] reasonable opportunity for further investigation or discovery is likely to provide evidentiary support [sic] the Fujifilm defendants have made, used, sold or offered to sell to numerous customers in the United States or have imported into the United States digital cameras which infringe the Patents in Suit.” Complaint ¶ 9. It contains similarly vague allegations with respect to contributory, induced and willful infringement. *See id.* ¶¶ 10-11. Thus, the allegations do not even support a conclusion that Papst Licensing has conducted an investigation of available facts sufficient to support a good faith belief that Fujifilm has infringed the patents-in-suit.

Indeed, if any reasonable inference can be drawn from the highly conclusory allegations of the Complaint, it is that Papst Licensing has not conducted a reasonable investigation or

analysis of its claims, because it has alleged merely that “further investigation or discovery” might lead to evidence to support a claim of infringement. If any such “evidence” had been identified to date, or Papst Licensing undoubtedly would have alleged at least some fact relating to infringement of the patents-in-suit. Because the Complaint does nothing more than state a “suspicion [of] a legally cognizable right of action,” it must be dismissed under Rule 12(b)(6). *See Bell Atlantic*, 127 S. Ct. at 1965 (quoting 5 C. Wright & A. Miller, *FEDERAL PRACTICE AND PROCEDURE* § 1216, pp. 235-236 (3d ed. 2004)).

B. The Complaint Should Be Dismissed For Failure To Identify Accused Products

It is well-established that “[f]or fair notice to be given, a complaint must at least include the operative facts upon which plaintiff bases his claim.” *Kyle v. Morton High Sch.*, 144 F.3d 448, 455 (7th Cir. 1998) (internal quotation marks omitted)). In the context of a patent infringement complaint, a plaintiff must either identify the specific products it is accusing of infringement or provide a “limiting parameter” that would allow defendant to determine which of its products are accused products. *See, e.g., Bay Industries v. Tru-Arx Mfg., L.L.C.*, 2006 WL 3469599 (E.D. Wis. 2006); *Agilent Tech., Inc. v. Micromuse, Inc.*, 2004 WL 2346152 (S.D.N.Y. 2004); *In re Papst Licensing GmbH Patent Litigation*, 2001 WL 179926 (E.D. La. 2001). The reason for this rule is that a defendant “should not have to guess which of its products infringe nor guess how its products might fall within plaintiff’s interpretation of the claims of the patent”. *Bay Industries*, 2006 WL 3469599 at *2. *See also eSoft, Inc. v. Astaro Corp.*, 2006 U.S. Dist. LEXIS 52336, *4 (D. Colo. 2006) (“Defendant cannot realistically be expected to frame a responsive pleading without risk of prejudice in the absence of any indication as to which of its products are accused.”).

The Complaint before this Court does not identify any specific accused products; instead, it broadly asserts a potential claim against certain unnamed Fujifilm “digital cameras.” Fujifilm has manufactured and sold dozens of different digital camera models with different types of operating systems, features, and components. The Complaint does not identify even a single Fujifilm digital camera model that is accused of infringement. Nor does it provide any “limiting parameter” that would enable Fujifilm to determine which products Papst Licensing is accusing. For that reason as well, the Complaint is defective and should be dismissed.

C. The Complaint Fails to Plead Facts Establishing That This Court Has Personal Jurisdiction Over Fujifilm

Under Rule 12(b)(2), a Complaint must be dismissed if it fails to allege facts sufficient to establish that the Court has jurisdiction over a defendant. This Court conducts a two-step inquiry to evaluate whether a complaint adequately pleads personal jurisdiction: (1) it determines whether plaintiff has pled facts demonstrating that defendants are subject to jurisdiction under Illinois’ long-arm statute; and (2) it considers whether plaintiff has pled facts demonstrating that the exercise of jurisdiction comports with due process requirements. *See Brooks v. Bekins Van Lines, LLC*, 2006 WL 3524426 (N.D. Ill. 2006). Plaintiff bears the burden of making a prima facie showing that the complaint satisfies the statutory and constitutional requirements for personal jurisdiction. *See Vandeveld v. Christoph*, 877 F. Supp. 1160, 1163 (N.D. Ill. 1995).

The Complaint fails to establish personal jurisdiction over defendants in this case. With respect to Fujifilm U.S.A., plaintiff has alleged only that it has a sales office in Hanover Park, Illinois. Complaint ¶ 4. The Complaint contains no allegations regarding the involvement of this sales office in the conduct that is alleged to be infringing. Likewise, there are no allegations that would demonstrate that this office engages in the type of continuous and systematic contacts with this forum that would support the exercise of general jurisdiction over Fujifilm U.S.A.

The Complaint even more clearly fails to allege facts sufficient to support this Court's exercise of personal jurisdiction over Fujifilm Japan. Plaintiff alleges only that Fujifilm is a "multinational corporation having an established and on-going business throughout the United States." Complaint ¶ 4. That allegation sets forth no facts relating to Fujifilm Japan's contacts with this forum. Moreover, courts in Seventh Circuit have repeatedly held that this type of conclusory allegation is insufficient to support the exercise of personal jurisdiction over a non-resident defendant. *See, e.g., Gentry v. Environmental Recycling, Inc.*, No. 1:05-CV-0507-SEB-VSS, 2006 WL 3198025 (S.D. Ind. March 6, 2006); *Wasendorf v. DBH Brokerhaus AG*, No. 04-C-1904, 2004 WL 2872763 (N.D.Ill. Dec. 13, 2004); *Sanderson v. Spectrum Labs, Inc.*, 227, F.Supp.2d 1001, 1013 (N.D. Ind. 2000); *Search Force, Inc. v. Dataforce Intern., Inc.*, 112 F.Supp.2d 771, 774 (S.D.Ind.2000); *Meltzer v. McGeorge School of Law*, No. 87 C 2542 1997 WL 28263 (N.D. Ill. Nov. 16, 1987); *see also Massachusetts School of Law at Andover, Inc. v. American Bar Ass'n*, 107 F.3d 1026, 1042 (3d Cir.1997) ("mere unsupported allegation that the defendant 'transacts business' in an area is 'clearly frivolous' ").

To the extent the Complaint alleges the existence of a "Fujifilm" sales office in Hanover Park, Illinois, Complaint ¶ 4, that allegation also is insufficient to establish personal jurisdiction over Fujifilm Japan. As the Complaint itself acknowledges, Fujifilm U.S.A. and Fujifilm Japan are separate corporations. The sales and distribution center located in Hanover Park, Illinois is an office of Fujifilm U.S.A., not Fujifilm Japan. *See* Exhibit D, Declaration of Jonathan E. File ¶¶ 5-6 (submitted solely in support of Fujifilm's motion under Rule 12(b)(2)). The law is clear that personal jurisdiction over a parent corporation cannot be premised merely on the conduct of a subsidiary. *See IDS Life Ins. Co. v. SunAmerica Life Ins. Co.*, 136 F.3d 537, 540 (7th Cir.1998)). *Accord, e.g., Purdue Research Found. v. Sanofi-Synthelabo, S.A.*, 338 F.3d 773,

788 n.17 (7th Cir. 2003); *Joseph P. Caulfield & Associates, Inc. v. Litho Productions, Inc.*, 155 F.3d 883, 887 (7th Cir. 1998); *A.M Mfg. Co., Inc. v. J.C. Ford Co.*, 2006 WL 1987825 (N.D. Ill. 2006); *Faust Printing, Inc. v. Man Capital Corp.*, 2006 WL 1719532 (N.D. Ill. 2006).

Because the Complaint contains no factual allegations regarding the contacts of Fujifilm Japan with this forum, and because the contacts of Fujifilm U.S.A. cannot, as a matter of law, be attributed to Fujifilm Japan, the Complaint is deficient and should be dismissed because it does not adequately plead personal jurisdiction over Fuji Japan.^{3/}

Conclusion

For the foregoing reasons, the Court should dismiss the Complaint for improper venue under Rule 12(b)(3), for failure to state a claim as required by Rule 12(b)(6), and for failure to allege facts establishing personal jurisdiction under Rule 12(b)(2). In the alternative, the Court should transfer this case to the United States District Court for the District of Columbia where there are actions already pending that involve the same patents asserted in this action.

Dated: June 22, 2007

Respectfully submitted,

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**Counsel for Defendants-Fujifilm
 Corporation, and Fujifilm U.S.A., Inc.**

^{3/} The Complaint is defective for the additional reason that it does not allege that either of the Fujifilm defendants has committed any acts of infringement in this judicial district under 28 U.S.C. § 1400(b).

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on June 22, 2007, the Memorandum Of Points And Authorities In Support Of Defendants' Motion To Dismiss Or, In The Alternative, To Transfer This Action To The United States District Court For The District Of Columbia was electronically filed with the Clerk of Court using the CM/ECF system, and notification of such filing was sent via the CM/ECF system, upon:

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FILED

OCT 16 2006

NANCY MAYER WHITTINGTON, CLERK
U.S. DISTRICT COURT

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

----- X
:
CASIO INC. :
570 Mount Pleasant Avenue :
Dover, New Jersey 07801 :
:
Plaintiff, :
:
-against- :
:
PAPST LICENSING GMBH & CO. KG :
Bahnhofstr. 33 :
78112 St. Georgen :
Germany :
:
Defendant. :
----- X

COMPLAINT

CASE NUMBER 1:06CV01751

JUDGE: Gladys Kessler

DECK TYPE: General Civil

DATE STAMP: 10/16/2006

**JURY
ACTION**

Plaintiff Casio, Inc. ("Casio"), for its Complaint against Defendant Papst Licensing GmbH & Co. KG ("Papst Licensing"), alleges and states as follows:

NATURE OF ACTION

1. This action arises under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202 and the patent laws of the United States, Title 35 U.S.C. § 1 et seq.

THE PARTIES

2. Casio is a New York corporation in the business of, among other things, selling electronic goods, with its principal place of business located at 570 Mount Pleasant Avenue, Dover, New Jersey 07801.

3. On information and belief, Defendant Papst Licensing is a German partnership in the business of licensing, enforcing, and commercializing U.S. Patents and other forms of

intellectual property, with its principal place of business located at Bahnhofstrasse 33, 78112 St. Georgen, Germany.

JURISDICTION AND VENUE

4. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338.
5. This Court has personal jurisdiction over Papst Licensing pursuant to 35 U.S.C. § 293.
6. Venue is proper in this judicial district at least pursuant to 28 U.S.C. § 1391(c).

GENERAL ALLEGATIONS

7. Casio imports, markets and sells electronic goods in the United States including digital cameras.
8. On information and belief, Papst Licensing owns various United States patents, has filed numerous patent infringement suits in the United States to enforce its rights under those patents, and has negotiated numerous license agreements with a variety of United States companies relating to those patent rights.
9. Papst Licensing claims to be the owner of U.S. Patent Nos. 6,895,449 ("the '449 patent") and 6,470,399 ("the '399 patent").
10. Papst Licensing has accused Casio of infringing upon both the '449 and '399 patents. For example, in a letter dated March 14, 2006, Papst Licensing accused Casio of infringing the '449 and '399 patents. Papst Licensing has repeated its accusations on numerous occasions since that time.

11. Casio responded with a detailed analysis of why it does not infringe the '449 patent or the '399 patent.

12. Notwithstanding, Papst Licensing demanded, among other things, that Casio pay it royalties for the use of the '449 and '399 patents in Casio's digital cameras that have been sold in the United States. Papst Licensing offered to license the '449 and '399 patents to Casio. Casio has rejected Papst Licensing's demands for payment of royalties and Papst Licensing's offer to license its '449 and '399 patents.

13. Papst Licensing has asserted and continues to assert, that the '449 and '399 patents are infringed by Casio.

COUNT ONE

**DECLARATORY JUDGMENT OF
NON-INFRINGEMENT AND INVALIDITY
OF THE '449 PATENT**

14. Casio repeats and realleges the averments of paragraphs 1-13 as if fully set forth herein.

15. There is an actual controversy between Casio and Papst as to the infringement and the validity of the '449 patent.

16. Casio has not infringed and does not infringe the '449 patent.

17. The '449 patent is invalid for failure to comply with the patent laws of the United States, including the requirements of 35 U.S.C. §§ 102, 103, and/or 112.

COUNT TWO

**DECLARATORY JUDGMENT OF
NON-INFRINGEMENT AND INVALIDITY
OF THE '399 PATENT**

18. Casio repeats and realleges the averments of paragraphs 1-17 as if fully set forth herein.
19. There is an actual controversy between Casio and Papst as to the infringement and the validity of the '399 patent.
20. Casio has not infringed and does not infringe the '399 patent.
21. The '399 patent is invalid for failure to comply with the patent laws of the United States, including the requirements of 35 U.S.C. §§ 102, 103, and/or 112.

JURY DEMAND

22. Casio demands a trial by jury.

PRAYER FOR RELIEF

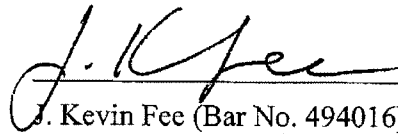
WHEREFORE Plaintiff Casio Inc. respectfully requests that the Court enter judgment against Papst Licensing GmbH & Co. KG, including:

- a. a declaration that Casio Inc. has not infringed, and is not infringing the '449 and '399 patents;
- b. a declaration that each of the claims of the '449 and '399 patents are invalid;
- c. an injunction prohibiting Papst Licensing from alleging infringement of the '449 and '399 patents by Casio Inc.;
- d. an award of damages Casio Inc. has sustained;
- e. a declaration that this case is an "exceptional case" within the meaning of 35 U.S.C. § 285 due to, *inter alia*, the above actions of Papst Licensing;

- f. an award of costs and attorneys fees and other expenses Casio Inc. has been forced to incur; and
- g. such further relief as the Court may deem just and proper.

October 13, 2006

Respectfully submitted:



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Attorney for Plaintiff
Casio Inc.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

- - - - - x
In the Matter of: :
CASIO, INC., :
Plaintiff, :
vs. : Civil Action No. 06-1751
PAPST LICENSING GMBH & CO., :
Defendant. :
Washington, D.C.
- - - - - x May 31, 2007

TRANSCRIPT OF MOTIONS HEARING
BEFORE THE HONORABLE DEBORAH A. ROBINSON
UNITED STATES MAGISTRATE JUDGE

APPEARANCES:

For the Plaintiff: J. KEVIN FE, ESQ.
SCOTT D. STIMPSON, ESQ.
For the Defendant: JEROLD B. SCHNAYER, ESQ.
DAMON W.D. WRIGHT, ESQ.

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Washington, D.C. 20005, 202-347-5395, www.pro-typists.com
M1837V/bf

1 PROCEEDINGS

2 THE CLERK: Civil Case Number 06-1751. This is
3 in the matter of Casio, Inc. versus Papst Licensing GMBH &
4 Company. I don't know what the "KG" is. I have that on our
5 archive. Kevin Fe and Scott D. Stimpson for the Plaintiffs;
6 Jerold B. --

7 MR. SCHNAYER: "Schnayer."

8 THE CLERK: -- Schnayer and Damon Wright for the
9 Defendant. This is set for a motions hearing.

10 THE MAGISTRATE JUDGE: Now, good afternoon to all
11 of you. This matter was scheduled for a hearing on the
12 motion filed by Casio, to compel and for sanctions.

13 The issue presented by the motion is a relatively
14 straightforward one, and the Court indeed considered ruling
15 on the motion without scheduling a hearing. But recognizing
16 that the status of the issue presented might have changed
17 as of the time the Court made a ruling had there been no
18 hearing, the Court thought it prudent for counsel to come in
19 and address the matter.

20 I understand, based upon your informal discussion
21 off the record my law clerk before the case was called, that
22 it may be the case that some responses to the outstanding
23 interrogatories have been served. However, recognizing that
24 that may not fully address the pending motion, the Court
25 will hear first from Plaintiff's counsel, then from counsel

1 for the Defendant, regarding these issues.

2 Now, who will address the matter on behalf of
3 the Plaintiff?

4 MR. STIMPSON: I will, Your Honor. Scott
5 Stimpson.

6 THE MAGISTRATE JUDGE: Mr. Stimpson, good
7 afternoon.

8 MR. STIMPSON: Good afternoon, and thank you.
9 I will be brief.

10 We were served last night with responses to
11 interrogatories and document requests. There are many
12 objections. We still have not received a single document
13 in document production.

14 I think it would help just to have a very short
15 recitation of the chronology as things have played out here.

16 On March 2 we had what we believed to be our 26(f)
17 conference and we served our discovery requests. We served
18 a proposed discovery plan on the other side on March 9. It
19 was more than six weeks later before we got any comments
20 from the other side after this motion was filed.

21 On March 13, Judge Kessler issued an order that
22 discovery proceed.

23 Exhibit J to our motion is a letter we sent to
24 opposing counsel shortly before their responses were due,
25 which I think is instructive here. We were getting wind

1 that -- it's "J," Your Honor. We were getting wind that
2 perhaps they were not going to respond on time, and we sent
3 a letter telling them that Judge Kessler has ordered
4 discovery to proceed and we expect full and appropriate
5 responses, and if we don't get them we are going to take
6 appropriate action.

7 So counsel for Papst took the risks they were
8 taking with their eyes wide open to what might happen here.

9 It is now May 31. We are about three months since
10 we served our discovery requests. We are two-and-a-half
11 months after Judge Kessler ordered discovery to proceed.
12 We do not have a single document. And the responses we
13 received last night are riddled with objections.

14 THE MAGISTRATE JUDGE: May I ask you to state the
15 substance of some of the objections. In other words, what
16 sort of objections were raised.

17 MR. STIMPSON: I only received them last night,
18 so I went over them briefly today, Your Honor.

19 The objections to the document requests -- they
20 have objections on a protective order, they have objections
21 on over-breadth, they have, you know, your typical
22 objections you'd expect, privilege and work product.

23 Some of the document requests, they say they will
24 give us some documents at some unspecified date. Some of
25 the document requests, they simply -- if I remember

1 correctly, they simply say, "No," or "We'll think about it.
2 We'll talk to you at some other time." Or, "We'll have a
3 meet and confer, and discuss it."

4 But as I say, we have yet to receive a single
5 document, and the case has been going for three months now -
6 discovery has been going for three months.

7 THE MAGISTRATE JUDGE: What is your proffer
8 regarding whether or not any agreement was reached with
9 respect to objections?

10 MR. STIMPSON: I believe no agreement was reached
11 -- absolutely none.

12 THE MAGISTRATE JUDGE: Very well, you may
13 continue.

14 MR. STIMPSON: So, Your Honor, my opponent is
15 trying to make this into a 26(f) issue. 26(f) is long since
16 done, and this is not a 26(f) issue. This is a 26(d) issue.
17 This is about a failure to respond to the Court order.
18 26(d) says that discovery can proceed regardless of whether
19 there's been a 26(f) conference if the Court orders it, and
20 unquestionably the Court ordered it.

21 So the question, I think, or the consequences of
22 what's happened here, it's very clear that the Court order
23 has been -- they have not complied with the Court order.
24 And so we request basically four remedies for that.

25 One is, since the objections are untimely, they

1 are waived. That we get prompt discovery, including all the
2 documents that should have been produced. We also request
3 our fees and costs under 37(a) and (b).

4 THE MAGISTRATE JUDGE: And by "fees and costs,"
5 may I assume you mean fees and costs associated with the
6 filing of the motion?

7 MR. STIMPSON: Correct. Correct. And lastly,
8 Your Honor, I think an appropriate sanction in this
9 situation would be entry of an order bifurcation. I think,
10 for one thing, it's going to avoid another motion which may
11 be coming, and bifurcation is particularly appropriate in
12 this case.

13 Judge Kessler has asked that fact discovery be
14 completed by December, December of this year. We've now had
15 three months of our fact discovery period go by. We haven't
16 received a single document. We've now just got six months
17 left. And if damages and willfulness are left in this case,
18 it is going to be darn near impossible to get this done
19 pursuant to Judge Kessler's order. And it's a particularly
20 appropriate sanction here, Your Honor, because they're
21 effectively using the 26(f) procedures as a shield to
22 prevent themselves from having to comply with the CRA.

23 So if there are no questions, I'll turn it over to
24 my opponent.

25 THE MAGISTRATE JUDGE: Well, I do have one

1 additional question, Mr. Stimpson. Is your request for what
2 you term "bifurcation" a request for a sanction or is it
3 simply your view that, given the delay in making discovery
4 that discovery cannot be completed in the time for which the
5 Court already provided.

6 MR. STIMPSON: Well, it's both actually, Your
7 Honor. We've cited cases where, in fact, one Court
8 specifically mentioned entering a scheduling order by
9 opposing party if they didn't comply with the Court orders.
10 It's certainly an appropriate sanction for what's happened
11 here.

12 But stepping back and just looking at where we are
13 now, and we've got six more months of fact discovery, it's a
14 very complicated case, even liability-wise. We've got two
15 patents, we've got many accused products, we've got lots and
16 lots of prior art. I assume there will be many accused
17 claims of each patent that are alleged to be infringed.
18 It is going to be a mountain for a jury. And if you add
19 damages and willfulness to that, it is going to be a very
20 lengthy trial and I can't see how we can really get it done
21 in time.

22 So there are many reasons for bifurcation. I will
23 leave that argument for another day, if it's needed. But a
24 short answer to your question is, as a sanction and because
25 it's appropriate, we request bifurcation.

1 THE MAGISTRATE JUDGE: Very well. Thank you very
2 much, Mr. Stimpson.

3 MR. STIMPSON: Thank you.

4 THE MAGISTRATE JUDGE: Mr. Schnayer?

5 MR. SCHNAYER: Yes, Your Honor.

6 THE MAGISTRATE JUDGE: Very well. Good afternoon.

7 MR. SCHNAYER: Good afternoon. Nice to see you
8 again.

9 Your Honor, first of all, let me make it clear we
10 did serve discovery responses, and I would like to point out
11 that the -- I'm going to hand up a copy -- they only have
12 one copy, but I'd like to point out --

13 THE MAGISTRATE JUDGE: Let me interrupt you just
14 one moment.

15 MR. SCHNAYER: Sure.

16 THE MAGISTRATE JUDGE: I don't believe that I need
17 to see the responses. Let me ask whether you concede that
18 service of any responses last night was well beyond the time
19 in which --

20 MR. SCHNAYER: No, Your Honor.

21 THE MAGISTRATE JUDGE: -- the responses were due.

22 MR. SCHNAYER: Your Honor -- no.

23 THE MAGISTRATE JUDGE: When were you served with
24 the discovery requests?

25 MR. SCHNAYER: We were served with the discovery

1 requests -- maybe I should go back and give you my version
2 of what happened.

3 THE MAGISTRATE JUDGE: Well, let me ask when you
4 were served with the discovery requests.

5 MR. SCHNAYER: On March 2nd, we were served with
6 the discovery responses, Your Honor. And --

7 THE MAGISTRATE JUDGE: Discovery "requests."

8 MR. SCHNAYER: Discovery requests.

9 THE MAGISTRATE JUDGE: Very well. You may
10 continue.

11 MR. SCHNAYER: Your Honor, in this case originally
12 we had been having discussions about infringement charges.
13 I'm going to go back to the beginning, because I think it
14 needs to be understood. We've had discussions with Casio
15 about charges of infringement we made against them
16 concerning two patents that are involved in this lawsuit.
17 They concern digital cameras. We had one meeting with them,
18 never with their client, and my normal experience is we
19 usually have five, ten meetings with companies and we
20 discuss the issues. They decided to sue Papst, to bring a
21 DJ action. So this case started as a DJ action.

22 We filed a counterclaim against them, and
23 originally it was Casio USA involved, and we also sued Casio
24 Japan. And when we sued Casio Japan we did so because it's
25 our understanding that they manufacture the infringing goods

1 here.

2 And we had meetings with counsel before the
3 Rule 26(f) conference that they claim happened, and we said
4 to them, "Lookit, do you represent Casio Japan? Would you
5 accept service of process for Casio Japan?"

6 And we were told, "We don't represent Casio Japan
7 and we won't accept service of process for Casio Japan."

8 So we were forced to go through the Hague
9 Convention. What that means is, since it's a foreign
10 company we have to file a request with the Court, the Court
11 files a request with the Justice Department, the Justice
12 Department here files a request in Japan, and they serve the
13 company, and eventually they got served.

14 And so a lot of delay that was caused in this case
15 was caused by the Plaintiff in this case. They could have
16 accepted services of process.

17 Now, we have this meeting, and we asked them to
18 provide us with a draft before the meeting. We also asked
19 them whether they represented Casio Japan. Because Casio
20 Japan is a party. And they come to the meeting, we never
21 got a draft of a proposal for the 26(f) scheduling order
22 that we had to present to the Court -- they're the
23 Plaintiff. And they come to the meeting and they say,
24 "We don't represent Casio Japan."

25 So I said, "Well, how could we have a 26(f)

1 conference if you don't represent Casio Japan?"

2 And they said, "Well, we don't represent them.

3 And we're not going to accept service of process."

4 Counsel wasn't at that conference. It lasted for
5 about 15 minutes.

6 THE MAGISTRATE JUDGE: Do you agree, Mr. Schnayer,
7 that there's no authority which holds that even the complete
8 absence of a meet and confer session relieves a party of
9 the time limits which otherwise apply to the service of
10 responses to interrogatories and requests for production of
11 documents?

12 MR. SCHNAYER: I don't. I think the rule is
13 clear. I think you have --

14 THE MAGISTRATE JUDGE: What portion of the rule
15 is it --

16 MR. SCHNAYER: 26(f) --

17 THE MAGISTRATE JUDGE: -- on which you rely?

18 MR. SCHNAYER: Okay. Yes. It says --

19 THE MAGISTRATE JUDGE: What portion are you
20 reading?

21 MR. SCHNAYER: I'm in 26(d), Timing and Sequence
22 of Discovery. "Except in categories of proceedings exempt
23 from initial disclosure under Rule 26(a)(1)(E) or when
24 authorized under these rules or by order of agreement of
25 the parties, a party may not seek discovery from any source

1 before the parties have conferred as required by Rule
2 26(f)."

3 And then, Your Honor --

4 THE MAGISTRATE JUDGE: Doesn't the order of Judge
5 Kessler, which directed that discovery proceed, mean that
6 your reliance on that rule is misplaced?

7 MR. SCHNAYER: I don't think so, Your Honor,
8 at all. It's not how I read the Judge's order.

9 Counsel asked that discovery be allowed to go
10 forward. After we had that 15-minute conference, this
11 so-called 26(f) conference, we met numerous times for many
12 hours on the phone.

13 And when I saw the Judge's order, it was my
14 understanding that we had to -- that discovery would go
15 forward, but the Judge never said that you don't have to
16 comply with 26(d). 26(d) is very specific. It says you
17 have to have a 26(f) conference. That doesn't mean meet for
18 15 minutes and discovery goes forward. It means you're
19 supposed to prepare a discovery plan. You're supposed to
20 discuss the issues. And I have a section of the statute
21 that -- I'm going to hand up a copy of this, if I may, Your
22 Honor?

23 THE MAGISTRATE JUDGE: You need not hand up the
24 statute or the rule. We have it here.

25 MR. SCHNAYER: Well, these are the notes for the -

1 - committee notes for that, that were part of it, describing
2 what was contemplated under new twenty -- or, 26(f), and
3 what it basically talks about is -- these were recently
4 passed. It talks about electronic discovery, it talks about
5 the requirement to talk about electronic discovery, to
6 exchange information; that the committee now wants these
7 initial conferences to be significant, to exchange
8 information, for the parties to cooperate.

9 And the first conference we had, one of the
10 parties wasn't even present at that conference. Because
11 they wouldn't agree -- the same attorneys that represent
12 them now wouldn't agree to talk on their behalf. We
13 couldn't have had a conference.

14 I asked them to provide me with information about
15 electronic discovery. The new rules say this is an
16 important issue that must be addressed, and we had hours of
17 conversations after this. Right up until the time we filed
18 the 26(f) statement. And we -- we -- took the initiative
19 on that.

20 We asked them to provide us with a bunch of
21 information. If you look at the letters attached to my
22 motion, we sent out letters and we show you a list of
23 questions we asked them, that they never complied with.

24 So, for example -- we were trying to hone the
25 issues down. This is a complicated case. Understand,

1 there's a Japanese company and a U.S. company. This is not
2 easy. There might be additional companies involved here.
3 If we don't get the parties that we need involved or find
4 out about the electronic data, it's hard for us to comply
5 with Rule 26(f) as contemplated by the rules. And we had
6 conversation after conversation with them. And they
7 wouldn't provide us with the information. Their answer was,
8 "We're not going to give you free discovery."

9 Serve formal requests. Well, the rule
10 contemplates the parties are going to cooperate. We hoped
11 to get a 26(l) conference completed pretty quickly, but we
12 couldn't until the very last day because the parties were
13 exchanging extensive drafts, because we weren't getting
14 cooperation. In the end, I finally threw up my hands and
15 said, "Okay, I have to move forward, I have to agree on
16 something," and we submitted a joint report to the Court.

17 THE MAGISTRATE JUDGE: Do you agree that in the
18 joint report this issue which -- when I say the "joint
19 report," I mean the joint report which you also signed --
20 does not raise this issue at all?

21 MR. SCHNAYER: No, it doesn't really address it at
22 all. They filed a separate motion. It doesn't address it.
23 And it does not --

24 THE MAGISTRATE JUDGE: Do you also acknowledge
25 that you did not file a motion to extend the deadline for

1 serving your answers to these discovery requests until a
2 more meaningful meet and confer session could take place?

3 MR. SCHNAYER: Your Honor, I didn't -- the rule is
4 specific. It says you have to have one beforehand.

5 You know, I feel like I'm getting set up here.
6 You know, they complain my answers aren't sufficient. Your
7 Honor, they gave me nothing in their answers. They gave me
8 nothing. They objected to everything. I provided them with
9 substantive responses. You know, we walk into this case --

10 THE MAGISTRATE JUDGE: Is there a motion pending
11 regarding your client's concerns about the sufficiency of
12 the responses served by Casio?

13 MR. SCHNAYER: I haven't had a chance to meet and
14 confer with them. We were preparing for this motion, and
15 we'll deal with it. We have to meet and confer. I was only
16 -- he comes in and he says my responses aren't good. I was
17 responding to that. And I was pointing out to you and I was
18 going to show you, here's a several-page response showing
19 how the claims read on their device.

20 We gave them substantive responses. They didn't
21 give us substantive responses. They wouldn't provide us
22 with the information we needed for the 26(f) conference.
23 It's my view that it never occurred until the day we
24 finalized, signed off on the agreement, and sent it to the
25 Court, and the answers aren't due until -- they're not even

1 due today. We served them early. By serving him yesterday;
2 we served him early.

3 THE MAGISTRATE JUDGE: What is your contention
4 regarding when the answers to discovery requests served on
5 March 2nd, 2007, are due?

6 MR. SCHNAYER: They won't be due until a couple
7 of days from now. They're not due, because we never had a
8 26(f) conference.

9 THE MAGISTRATE JUDGE: What is the basis of your
10 determination that they're not due until two days from
11 today?

12 MR. SCHNAYER: Because we took the exact date when
13 the parties did have a completed 26(f) conference, after
14 several substantive meetings, and the parties came to a
15 proposal to submit to the Court and we submitted the
16 scheduling proposal. That's the day that we had our 26(f)
17 conference and finalized it. And it's my position that's --
18 according to the rules, that's the only date that makes
19 sense.

20 If I'm wrong, I apologize. We did this in good
21 faith. We did not do this to delay anything. This is a
22 complicated case. There's complicated issues. We have been
23 looking into getting documents, we've got a client from
24 Germany, we've got a -- the patentee doesn't work for our
25 company, so it's not such an easy issue, but we have been

1 gathering documents. And we put together a very substantive
2 charge of infringement here. Your Honor, they don't have
3 anything like this in their discovery responses. So this
4 took time to put together.

5 But they complain that I delayed everything. It's
6 not true. We tried to get the 26(f) conference done sooner.
7 We couldn't get any responses from them. They didn't give
8 us the information. I'll point out the letters to you,
9 because I think those are important.

10 If you look at our brief --

11 THE MAGISTRATE JUDGE: I have it here.

12 MR. SCHNAYER: And if you look at Exhibit A.
13 This is an interesting one. Exhibit A, in the back two
14 pages, is a letter from opposing counsel. It starts out
15 as a -- the bottom part is an e-mail from J. Gold, who is
16 Plaintiff's counsel, and Mr. Swick, Joseph Swick, who is the
17 top part, this is a response to a e-mail, is on the part --
18 is the top part.

19 But if you look at the second page -- and this is
20 the letter that Mr. Gold sent after that supposed
21 conference. It says, "With regard --" on the last page of
22 this. Second to last page, I'm sorry. Second to last page,
23 point 4 of Exhibit A, it says -- Point 4 on there? Second
24 line?

25 THE MAGISTRATE JUDGE: I have it.

1 MR. SCHNAYER: Okay. "Regarding your request to
2 identify the specific details of Casio Inc., Casio Japan,
3 and any related entities' computer systems, such a request
4 is beyond the scope of the 26(f) conference." Then he goes
5 on and gives us a little bit of information about it, but
6 he says -- and this is the important part -- bottom line,
7 last line, "If you believe you are entitled to any more
8 information about Casio Inc.'s system or any specific
9 discovery, please serve a discovery request and we'll
10 consider it." That was their attitude. We're not going to
11 give you free discovery. As the rules contemplate, parties
12 should cooperate.

13 Then if you look at my letter, if you look at
14 Exhibit -- look at Exhibit, if you would, please, Your
15 Honor, E. First page.

16 THE MAGISTRATE JUDGE: I have it.

17 MR. SCHNAYER: This discusses a conference that
18 Mr. Swick in my office had with Mr. Gold, and Mr. Gold
19 represents the Plaintiff. And you can see the second
20 paragraph. It says, "At the conference we asked you several
21 questions relevant to developing a carefully considered
22 litigation schedule. At the time, you weren't able to
23 provide any answers to several of our questions. We ask
24 that you please provide us with answers to these questions
25 before our next meeting on April 16th." So these were part

1 of the continuing meetings.

2 And you can see we're asking questions about the
3 name of the companies that were involved in the design and
4 development, so we can decide if we have the right parties
5 and know how long discovery is going to take -- reasonable
6 questions. "What are the names of the companies that were
7 involved in the manufacture of the cameras. What are the
8 names --" 3, "What are the names of all Casio companies that
9 were involved in the sale of the cameras." That's also
10 relevant. "Are both Casio Japan and Casio USA willing to
11 voluntarily produce relevant information and witnesses from
12 all their parent companies?" So we're trying to find out
13 how much foreign discovery we have to do. That's a
14 reasonable request.

15 Five, "Is Casio Japan and Casio US potentially
16 relevant electronic information reasonably accessible?"
17 The rules require you to talk about reasonable accessibility
18 in the 26(f) conference. That is something you must
19 discuss. Or you should discuss. And that is, is the
20 information reasonably accessible because electronic
21 discovery is very complicated and if it's not reasonably
22 accessible, then you have to talk about shifting costs and
23 who should pay for it. And that's important, according to
24 the new rules, to deal with electronic discovery. We asked
25 them questions about that and we got no answers.

1 And then we asked, "Who are the names of the --
2 names, titles and employers of those individuals at Casio
3 Japan and Casio US who have special knowledge about each
4 respective party's computer system." If you read the
5 section of the rule, the notes on it, it says that that's
6 the kind of information you're supposed to talk about.
7 In fact, they discuss and some Courts have said you've got
8 to bring somebody knowledgeable about it from the company
9 and have a real significant exchange. So we tried to do
10 that with them.

11 And now look, if you would, at Exhibit F.
12 Exhibit F is April 18th, a further letter from Mr. Swick to
13 Mr. Gold. "We are disappointed that you called this morning
14 to state you were unilaterally canceling our previously
15 agreed to upon continuation of the Rule 26(f) conference
16 scheduled to occur today. As we understand it, you are
17 unwilling to participate because you have not received
18 _____ proposal. However, at this time you also
19 indicated you were unwilling to discuss many of the
20 Rule 26(f) issues that will help parties develop a carefully
21 developed scheduling plan. Specifically, you told me, for
22 the first time, you're unwilling to discuss the following
23 questions," and those are the same questions that we had
24 listed in our other letter to them. And there's no letter
25 that says, "Yes, we were willing to discuss these with you."

1 So a lot of the delay here was caused in having
2 the final Rule 26(f) conference by counsel for Plaintiff not
3 giving us, quote, "free discovery," which is the kind of
4 cooperation you need in a case to formulate a reasonable
5 discovery plan.

6 THE MAGISTRATE JUDGE: Am I correct, Mr. Schnayer,
7 that the sole basis of your client's determination to serve
8 no answers until last night has to do with the manner in
9 which the conference was conducted?

10 MR. SCHNAYER: The fact that there was no
11 conference. There was no conference. And --

12 THE MAGISTRATE JUDGE: Very well.

13 MR. SCHNAYER: There was none. That's not a
14 conference. And it didn't occur until we signed the papers
15 after many discussions, and trying to do it in a quick
16 fashion.

17 I also have one other point I'd like to make.

18 THE MAGISTRATE JUDGE: Yes.

19 MR. SCHNAYER: Counsel has raised an issue, and
20 this is sort of a side point, but I want to make this clear
21 because I think it's important.

22 He said one of the sanctions we want is that you
23 should segregate out the damages issue and willfulness
24 issue. And I'd like to point out that at the hearing that
25 occurred with the Judge, the scheduling hearing that we had,

1 the one hearing, the Judge -- that issue was before the
2 Court because both parties addressed it in the papers they
3 filed, this big paper we put together finally which listed
4 the parties' positions. And they asked the Judge for
5 bifurcation. They asked the Judge for bifurcation.

6 And the Judge, at the end of the hearing, issued
7 an order and that's -- of the record, and she ordered the
8 schedule. And there's nothing in the order that talks about
9 bifurcation. And after she read the order -- she read it
10 out loud, and then she issued it in writing after the
11 hearing, she said, "Are there any more questions?" She
12 turned to Plaintiff first. Counsel didn't raise any
13 questions. He didn't raise this issue with the Judge.

14 Bifurcation was already considered by the Court --
15 by the District Court Judge -- and denied. It was denied.
16 And now they're saying, we want the sanction of bifurcation.
17 Well, they have it -- it's already been ruled on. And
18 second, it's not a proper -- there's no authority to say
19 that this is a proper sanction under the rules. There's no
20 authority for it. it's just like, we want it because we
21 want it. It's not proper. So it's already been ruled on.

22 So, Your Honor, we did believe that the Judge's
23 order -- they have the ability to ask the Judge -- and they
24 never did in the papers they filed -- to address the issue
25 of the Rule 26(f) conference. They never said to the Judge,

1 "You know, we want a specific ruling that discovery should
2 be considered served as of that day." They never asked for
3 it in their pleading. And the Judge never ruled on it. If
4 you look at the paper they filed, it doesn't ask for that.
5 So they never asked for it, the Judge never ruled on it, and
6 we proceeded with that understanding.

7 If I'm wrong, I apologize. We served our
8 discovery requests. But it's not sanctionable, Your Honor.

9 THE MAGISTRATE JUDGE: Very well, thank you,
10 Mr. Schnayer.

11 MR. SCHNAYER: Thank you, Your Honor.

12 THE MAGISTRATE JUDGE: Mr. Stimpson, if you wish
13 a brief reply I will hear you.

14 MR. STIMPSON: Your Honor, I don't (inaudible)
15 have 30 seconds.

16 THE MAGISTRATE JUDGE: My expectation was that one
17 of you would address the issue -- do you need a moment to
18 confer with Mr. Schnayer? If so, you certainly may do so
19 and I'm happy to take a brief recess if you need more than a
20 moment or two to huddle.

21 MR. STIMPSON: Not a problem.

22 MR. SCHNAYER: Your Honor?

23 THE MAGISTRATE JUDGE: Mr. Schnayer, yes.

24 MR. SCHNAYER: If I may, please. Thank you.

25 Counsel points out to me, co-counsel, that the committee

1 notes _____ -- Subsection (f) of the committee notes
2 points out and it talks about Rule 26(f) as amended to
3 direct the parties to discuss discovery electronically
4 stored information during their discovery planning
5 conference. And the rule focuses on the issues relating to
6 disclosure or discovery of electronically stored
7 information. Discussion is not required in cases which
8 involve -- don't involve electronic discovery. In this
9 case, of course, it does.

10 And it goes on in the committee notes, it says,
11 it talks extensively about how this is important to focus
12 the issues, to focus the issues so that you can have a good
13 proposal to the Judge and focus the discovery in the case.

14 To have a 15-minute discussion where the parties
15 haven't done anything is not a local rule conference. It's
16 not consistent with these guidelines that are set out in the
17 committee notes. It really contemplates that you -- and it
18 goes through, and if Your Honor would care to read it after
19 the hearing, it goes through and it says you're supposed to
20 discuss these issues and narrow the issues.

21 THE MAGISTRATE JUDGE: The Court is eminently
22 familiar with the committee notes.

23 MR. SCHNAYER: Thank you, Your Honor.

24 THE MAGISTRATE JUDGE: Very well. Thank you.
25 You may have a seat.

1 MR. SCHNAYER: Appreciate it. Thank you.

2 MR. STIMPSON: Your Honor, 30 seconds. Just on
3 the last point that Mr. Schnayer raised, about this being
4 already -- bifurcation already being decided by Judge
5 Kessler. And that meet and confer statement, I believe --
6 I don't have it in front of me, but I believe the very first
7 thing we said was we're asking for this as a sanction, and
8 Judge Kessler said she's passing this motion on to Your
9 Honor. She certainly did not rule on bifurcation.

10 The rest of Mr. Schnayer's argument was all about
11 26(f), and I don't believe this is about 26(f). This is
12 about noncompliance with Judge Kessler's order.

13 If you don't have any further questions, I'll sit
14 down.

15 THE MAGISTRATE JUDGE: Very well. Thank you.
16 You may have a seat.

17 MR. STIMPSON: Thank you.

18 THE MAGISTRATE JUDGE: As the Court indicated at
19 the outset, the Court reviewed the motion, the opposition
20 and the reply in advance of the hearing, and the Court has
21 now considered the proffers and arguments of counsel during
22 the course of the hearing. Having done so, the Court will
23 grant the motion, largely for the reasons offered by the
24 Movant, both orally and in writing.

25 More specifically, the Court finds that what Papst

1 urges upon the Court is a novel way of counting the number
2 of days in which a party must serve responses to written
3 discovery requests. The Court uses the term, quote,
4 "novel," close quote, because there is simply no authority
5 which supports this method of calculating the deadline.

6 The rules make plain when it is that a party is to
7 serve responses to written discovery requests. There was no
8 motion for enlargement of time filed by Papst. Papst did
9 not seek any clarification of the due date in the meet and
10 confer report that counsel, along with opposing counsel,
11 filed in this matter, and appears to have unilaterally taken
12 the position that because Papst was displeased with the
13 manner in which the Rule 26(f) meeting or conference was
14 conducted that the responses to the written discovery
15 requests would be withheld.

16 However, there is no authority that suggests
17 that a party may unilaterally alter the rule which would
18 otherwise apply, particularly in an instance such as this
19 where the Court ordered that discovery proceed, simply
20 because of a concern regarding the sufficiency of the 26(f)
21 conference.

22 For these reasons, the Court finds that the
23 opposition to the motion to compel and for sanctions was not
24 substantially justified and that there are no circumstances
25 which would make the imposition of sanctions unjust.

1 The Court therefore orders the following.

2 First, the Court orders that complete responses --
3 that is, without objections, which have been waived by the
4 failure to respond in a timely fashion -- be served within
5 10 calendar days of today's date.

6 Second, the Court imposes as a sanction the costs
7 to Casio, including reasonable attorney's fees, of moving to
8 compel and for sanctions. The Court will order that such
9 costs be paid within 30 days of today's date and that
10 counsel work cooperatively to share and comment upon the
11 reasonableness of those costs. This is not a matter that
12 should entail the filing of a motion, because the Court
13 expects that you will work cooperatively to determine what
14 the reasonable costs are.

15 To the extent that there is an additional sanction
16 that Casio requests, the motion for any additional sanction
17 other than the fees and costs, is denied.

18 The Clerk will prepare a minute entry which will
19 indicate that the motion to compel and for sanctions was
20 granted for the reasons set forth on the record at the
21 hearing. There is no order, no written order, that will
22 follow. The minute entry will also indicate that complete
23 responses without objection are to be served within ten days
24 of today's date, and that Papst is to pay Casio's costs
25 within 30 calendar days of today's date.

1 Now, is there anything further in this matter
2 this afternoon? Mr. Stimpson or Mr. Fe?

3 MR. STIMPSON: Not that's pending before Your
4 Honor right now, nothing (inaudible).

5 THE MAGISTRATE JUDGE: Very well, thank you.
6 Mr. Schnayer, Mr. Wright?

7 MR. SCHNAYER: Nothing further, Your Honor.
8 Thank you.

9 THE MAGISTRATE JUDGE: Very well. Thank you
10 very much.

11 There is nothing scheduled for the courtroom for
12 the rest of the day, so if you wish to stay and continue
13 your efforts to confer before you return to your respective
14 destinations, you are welcome to do so.

15 COUNSEL: Thank you.

16 THE MAGISTRATE JUDGE: Very well. Thank you
17 very much.

18 (Whereupon, proceedings were concluded.)
19
20
21
22

UNITED STATES OF AMERICA)
) Civil Action No. 06-1751
DISTRICT OF COLUMBIA)

I, PAUL R. CUTLER, do hereby certify that a recording of the foregoing proceedings in the above matter was duplicated from an original recording by the Office of the Clerk, United States District Court for the District of Columbia, and that said duplicate recording of the proceedings was transcribed under my direction to typewritten form.

PAUL R. CUTLER

I do hereby certify that the foregoing transcript was typed by me and that said transcript is a true record of the recorded proceedings to the best of my ability.

BONNIE FURLONG

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FUJIFILM CORPORATION,
Midtown West, 7-3, Akasaka 9-chome
Minato-ku, Tokyo 107-0052
Japan,

FUJIFILM U.S.A., INC.
200 Summit Lake Drive, Floor 2
Valhalla, NY 10595,

Plaintiffs,

v.

PAPST LICENSING GmbH & Co., KG
Bahnhofstrasse 33
78112 St. Georgen, Germany,

Defendant.

C Case: 1:07-cv-01118
Assigned To : Kessler, Gladys
Assign. Date : 6/21/2007
Description: General Civil

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

Plaintiffs Fujifilm Corporation (“Fujifilm Japan”) and Fujifilm U.S.A., Inc. (“Fujifilm U.S.A.”) (collectively, “Fujifilm”) bring this action against Papst Licensing GmbH & Co, KG (“Papst Licensing”) for a declaration of non-infringement by Fujifilm digital camera products and invalidity with respect to two patents purportedly owned by Papst Licensing.

Parties

1. Plaintiff Fujifilm U.S.A. is a New York corporation with its principal place of business at 200 Summit Lake Drive, Floor 2, Valhalla, New York 10595.
2. Plaintiff Fujifilm Japan is a Japanese corporation with its principal place of business at Midtown West, 7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan.

3. Fujifilm U.S.A. and Fujifilm Japan are in the business of manufacturing and selling a wide range of consumer electronics products, including digital cameras.

4. Upon information and belief, Papst Licensing is a company existing under the laws of The Federal Republic of Germany with its principal place of business at Bahnhofstrasse 33, 78112 St. Georgen, Germany.

5. Upon information and belief, Papst Licensing does not manufacture or sell any consumer products. Its sole business is to acquire and enforce intellectual property rights.

Patents in Suit

6. Papst Licensing has held itself out as the owner of United States Patent No. 6,470,399 B1 (“the ‘399 patent”) entitled “Flexible Interface for Communication Between a Host and an Analog I/O Device Connected to the Interface Regardless of the Type of the I/O Device,” which issued on October 22, 2002.

7. Papst Licensing has also held itself out as the owner of United States Patent No. 6,895,449 B2 (“the ‘449 patent”) entitled “Flexible Interface for Communication Between a Host and an Analog I/O Device Connected to the Interface Regardless the Type of the I/O Device,” which issued on May 17, 2005.

8. Papst Licensing has been active in prosecuting continuations and divisional applications of the patents in suit, including pending application No. 11/078,778.

9. Papst Licensing has represented that Fujifilm, along with dozens of other companies, must either license the patents in suit or be faced with costly litigation and massive injury to business and reputation. Papst Licensing has made these threats without conducting an appropriate analysis of the Fujifilm digital camera products it accuses of infringement and with knowledge that those products clearly and objectively do not infringe the patents in suit.

10. Papst Licensing has specifically accused Fujifilm products of infringing the '399 patent and the '449 patent. For example, in a letter dated March 31, 2006 Papst Licensing accused the Fujifilm FinePix E550 and other unnamed digital cameras of infringing both of the patents-in-suit. Papst Licensing has repeated its accusations of infringement on numerous occasions since that time.

11. Fujifilm has presented Papst Licensing with a detailed analysis of why Fujifilm products do not infringe the '399 patent or the '449 patent. Fujifilm has explained why its products do not infringe the patents-in-suit to Papst Licensing on multiple occasions, including in meetings in July and November 2006, and by letter in September 2006.

12. Notwithstanding the clear evidence that Fujifilm products do not infringe the patents-in-suit, Papst Licensing has continued to demand that Fujifilm pay Papst Licensing royalties for use of the '399 and '449 patents.

13. Fujifilm has refused to take a license to these patents on the ground that no such license is needed because Fujifilm's digital camera products clearly and objectively do not infringe the '399 and '449 patents.

Jurisdiction and Venue

14. This action arises under the Declaratory Judgment Act and the patent laws of the United States. See 28 U.S.C. §§ 2201 and 2202; Title 35 U.S.C. §§ 100 *et seq.*

15. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338.

16. This Court has personal jurisdiction over Papst Licensing pursuant to 35 U.S.C. § 293.

17. Venue in this judicial district is proper under at least 28 U.S.C. § 1391(c) and (d) and 35 U.S.C. § 293.

18. The patents in suit are already being litigated in this forum. Specifically, Casio, Inc. filed an action against Papst Licensing seeking a declaratory judgment that the '399 and '449 patents are not infringed by Casio products and are invalid. That action is styled *Casio v. Papst Licensing*, Case No. 1:06-cv-01751-GK.

19. An actual and justiciable controversy exists between Fujifilm, on the one hand, and Papst Licensing on the other, as to the infringement and validity of the patents in suit.

Count I
(Declaratory Judgment of non-infringement and invalidity of the '399 patent)

20. Fujifilm re-alleges and incorporates by reference its allegations in paragraphs 1 through 19 above as if fully set forth herein.

21. Fujifilm has not directly infringed, contributed to infringement of, or induced infringement of any valid claim of the '399 patent, nor is Fujifilm, either literally or under the doctrine of equivalents, directly infringing, contributing to direct infringement of, or inducing infringement of any valid claim of the '399 patent.

22. The '399 patent is invalid for failing to comply with one or more of the requirements for patentability set forth in Title 35 U.S.C. § 101, *et seq.*, including but not limited to 35 U.S.C. §§ 101, 102, 103 and/or 112.

23. An actual and justiciable controversy exists between Fujifilm and Papst Licensing regarding the alleged infringement and validity of the '399 patent by virtue of the allegations made by Papst Licensing that Fujifilm and/or its customers are or have been infringing the '399 patent.

24. This case is an exceptional case pursuant to 35 U.S.C. § 285 entitling Fujifilm to an award of its attorneys' fees.

Count II

(Declaratory Judgment of non-infringement and invalidity of the ‘449 patent)

25. Fujifilm re-alleges and incorporates by reference its allegations in paragraphs 1 through 24 above as if fully set forth herein.

26. Fujifilm has not directly infringed, contributed to infringement of, or induced infringement of any valid claim of the ‘449 patent, nor is Fujifilm, either literally or under the doctrine of equivalents, directly infringing, contributing to direct infringement of, or inducing infringement of any valid claim of the ‘449 patent.

27. The ‘449 patent is invalid for failing to comply with one or more of the requirements for patentability set forth in Title 35 U.S.C. § 101, *et seq.*, including but not limited to 35 U.S.C. §§ 101, 102, 103 and/or 112.

28. An actual and justiciable controversy exists between Fujifilm and Papst Licensing regarding the alleged infringement and validity of the ‘449 patent by virtue of the allegations made by Papst Licensing that Fujifilm and/or its customers are or have been infringing the ‘399 patent.

29. This case is an exceptional case pursuant to 35 U.S.C. § 285 entitling Fujifilm to an award of its attorneys’ fees.

30. Fujifilm expressly reserves the right to amend this Complaint to add declaratory judgment counts with respect to any continuation or divisional applications relating to the patents in suit that may issue after the date this complaint is filed.

Prayer for relief

WHEREFORE, plaintiffs Fujifilm U.S.A. and Fujifilm Japan pray this Court for the following relief:

1. A declaration that Fujifilm has not infringed, and is not infringing, the '399 or '449 patents;
2. A declaration that Fujifilm has not infringed, and is not infringing, any of the claims of any continuation or divisional application relating to the patents in suit that may hereafter issue;
3. A declaration that each of the claims of the '399 and '449 patents are invalid;
4. An injunction prohibiting Papst Licensing from alleging infringement of the '399 and '449 patents by Fujifilm;
5. An award of damages that Fujifilm has sustained;
6. A declaration that this case is exceptional under 35 U.S.C. § 285, and that plaintiffs be awarded their reasonable attorney fees and costs incurred in connection with this action; and
7. Such other further relief as the Court deems just and proper.

Jury Demand

Plaintiffs Fujifilm U.S.A. and Fujifilm Japan demand a jury trial on all issues so triable.

Dated: June 21, 2007

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ATTORNEYS FOR PLAINTIFFS
FUJIFILM CORPORATION AND
FUJIFILM U.S.A., INC.

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

PAPST LICENSING GmbH & Co. KG	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 07cv3401
	)	
FUJIFILM Corporation, and	)	
FUJIFILM U.S.A., Inc.	)	
	)	
Defendants.	)	
	)	

DECLARATION OF JONATHAN E. FILE

I, Jonathan E. File, hereby declare and state as follows:

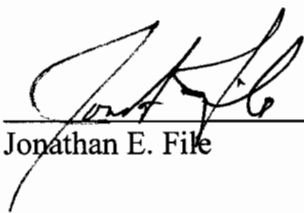
1. I am over the age of eighteen and am competent to testify to and have personal knowledge regarding the facts set forth herein.
2. I am the Vice President and General Counsel of FUJIFILM Holdings America Corporation. In that position, I have responsibility for overseeing legal and business matters relating to FUJIFILM U.S.A., Inc. ("FUJIFILM U.S.A."), which is a New York Corporation with its principal place of business in Valhalla, New York.
3. FUJIFILM Corporation ("FUJIFILM Japan") is a Japanese corporation with its principal place of business in Tokyo, Japan. FUJIFILM U.S.A. and FUJIFILM Japan are separate companies. They are each subsidiaries of FUJIFILM Holdings Company.
4. FUJIFILM U.S.A. is also an indirect subsidiary of FUJIFILM Japan. FUJIFILM Japan directly owns FUJIFILM Holdings America Corporation, which in turn directly owns all of the shares of FUJIFILM U.S.A.

5. FUJIFILM U.S.A. has a sales and distribution office in Hanover Park, Illinois.

6. The sales and distribution center in Hanover Park, Illinois is a FUJIFILM U.S.A. office, not a FUJIFILM Japan office.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: June 21, 2007


Jonathan E. File