

No. 2021-1555

**United States Court of Appeals
for the Federal Circuit**

UNILOC USA, INC., UNILOC LUXEMBOURG, S.A.,

Plaintiffs-Appellants,

v.

MOTOROLA MOBILITY LLC,

Defendant-Appellee.

*Appeal from the United States District Court
for the District of Delaware in Case No. 17-cv-1658,
Judge Colm F. Connolly*

CORRECTED RESPONSE BRIEF OF MOTOROLA MOBILITY LLC

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DECEMBER 22, 2021

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 2021-1555

Short Case Caption Uniloc USA, Inc. v. Motorola Mobility LLC

Filing Party/Entity Motorola Mobility LLC

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Uniloc USA, Inc. v. Apple, Inc. 21-1572	Uniloc 2017 v. Motorola, 1:18-cv-1841 (D. Del.)	
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STATEMENT OF RELATED CASES

The Court identified the following appeals as companion cases to be assigned to the same merits panel:

- *Uniloc 2017 LLC v. Google LLC*, Nos. 21-1498, -1500, -1501, -1502, -1503 -1504, -1505, -1506, -1507, -1508, -1509 (Fed. Cir.) (consolidated);
- *Uniloc USA, Inc. v. Apple, Inc.*, No. 21-1572 (Fed. Cir.) (dismissed upon joint motion for voluntary dismissal); and
- *Uniloc 2017 LLC v. Blackboard, Inc.*, No. 21-1795 (Fed. Cir.).

At least the following district court cases have been stayed pending the outcome of this appeal and/or the companion cases:

- *Nexon America Inc. v. Uniloc 2017 LLC*, No. 1:19-cv-1096 (D. Del.) (stayed February 22, 2021 pending resolution of this and the *Google* appeals);
- *Uniloc 2017 LLC v. Motorola Mobility LLC*, 1:18-cv-1841 (D. Del.) (stayed January 8, 2021 pending resolution of this and the *Google* appeals);
- *Uniloc 2017 LLC v. Athenahealth, Inc.*, No. 19-cv-11278 (D. Mass.) (stayed July 1, 2021 pending resolution of the *Google* appeals);

- *Uniloc 2017 LLC v. Infor, Inc.*, No. 19-cv-1150 (C.D. Cal.) (stayed July 6, 2021 pending resolution of the *Google* appeals); and
- *Uniloc 2017 LLC v. Netflix, Inc.*, No. 18-cv-2055 (C.D. Cal.) (stayed February 11, 2021 pending resolution of the *Google* appeals).

JURISDICTIONAL STATEMENT

Motorola Mobility LLC (“Motorola”) generally agrees with the jurisdictional statement posed by Uniloc USA, Inc. and Uniloc Luxembourg, S.A. (“Uniloc Lux”) (collectively, “the Unilocs”),¹ with the exception that Motorola disputes that the district court ever had jurisdiction. As the district court correctly found, it did not have jurisdiction because the Unilocs lacked Article III standing at the time they filed suit against Motorola.

STATEMENT OF ISSUES ON APPEAL

1. Whether the Unilocs are collaterally estopped from pursuing this appeal against Motorola, based on a final, non-appealable decision arising from a case against Apple, Inc. (“Apple”) that resolved the very standing inquiry at-issue here against the Unilocs.

2. Whether the district court properly dismissed the underlying case for lack of jurisdiction based on the conclusion that the Unilocs deprived themselves of the requisite exclusionary rights needed for Article III standing by granting their lender an unrestricted right to sublicense the patent-at-issue in the event of default, subsequently defaulting, and then failing to absolve the default prior to asserting the patent against Motorola.

¹ The district court used this nomenclature in its decision (*e.g.*, Appx3), and so do Appellants on appeal (*e.g.*, Br. 2 n.1).

3. Whether the district court properly concluded that it could not correct the Uniloc's jurisdictional defect by substituting one plaintiff for another or joining another.

4. Should the Court determine that the district court erred in granting Motorola's Motion to Dismiss and Denying the Uniloc's Motion to Substitute as moot, whether the case should be remanded for discovery on and resolution of the Uniloc's request to substitute.

INTRODUCTION

Prior to filing the underlying action against Motorola, the Unilocs—sophisticated patent-assertion entities in the business of enforcing and licensing patents—voluntarily entered a financing scheme with their similarly sophisticated lender, Fortress Credit Co. (“Fortress”). As partial collateral for the sizable investment Fortress was making in the Uniloc's patent enforcement program, the Unilocs granted Fortress a license to the Uniloc's patent portfolio, including unrestricted sublicensing rights, to be used in the event that the Unilocs defaulted on the terms of their agreement. (Appx174).

The Unilocs undisputedly defaulted in more than one way, including by missing revenue minimums and making false representations about challenges to the validity of their patent portfolio. As the district court found, the Uniloc's defaults automatically allowed Fortress to make use of its unrestricted right to sublicense any

patents in the Uniloc's portfolio. (Appx19). The result, even if unintentional, was that Fortress's sublicense right—in effect at the time the Unilocs filed the underlying suit—destroyed the Unilocs' exclusionary rights in the patent-in-suit, and as such eliminated the Unilocs' Article III standing. *See Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1341 n.8 (Fed. Cir. 2007) (“While parties are free to assign some or all patent rights as they see fit based on their interests and objectives, this does not mean that the chosen method of division will satisfy standing requirements.”).

The district court here, like the courts in the Unilocs' suits against Apple and Google, properly dismissed the Unilocs' case for lack of Article III standing. (Appx23-24). While the Unilocs originally appealed each of the dismissals finding that they lacked standing as a result of their dealings with Fortress, the Unilocs apparently reached a global settlement with Apple and voluntarily dismissed their appeal of the dismissal decision. Thus, the *Apple* judgment remains in force and effect, and is not only final, but non-appealable. This Court can, and should, affirm the district court's decision dismissing the case for lack of jurisdiction on grounds of collateral estoppel.

Yet, the Unilocs continue to urge this Court to both ignore the impact of their voluntary dismissal of the *Apple* appeal and abandon the Court's precedent on Article III standing to give them a reprieve. The Unilocs' merits arguments, however, are premised on fundamental misunderstandings of law. They conflate

statutory standing with constitutional standing and advance the mistaken concept that patent ownership alone is enough to confer the latter. To the contrary, if a plaintiff has contracted away its right to exclude the defendant, by definition, the plaintiff does not possess the requisite exclusionary rights to sustain the essential injury-in-fact for constitutional standing. *See WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1266-67 (Fed. Cir. 2010).

Whether on estoppel grounds, or on the merits, the Unilocs must face the consequences of their actions, and the district court's decision dismissing the case should be affirmed.

STATEMENT OF THE CASE

In 2017, the Unilocs filed a series of patent infringement suits against Apple and Motorola, among others. The cases proceeded in parallel—those against Apple in the Northern District of California (after transfer) and those against Motorola in the District of Delaware. As the cases progressed, discovery revealed that the Unilocs had entered into a financing scheme with their lender, Fortress, that resulted in Fortress having an unencumbered right to sublicense Uniloc Lux's entire patent portfolio (*see infra* p. 10; Appx152, § 2.8)—including the patents asserted against Apple and Motorola—at the time the cases were filed.

Based on these facts, Apple and Motorola moved their respective district courts to dismiss the cases against them for lack of standing. (*See infra* p. 11-15). In

two separate dismissal orders issued in short succession, the Northern District of California (Appx1079-1092) and the District of Delaware (Appx1-24) independently found that the Unilocs did not have standing at the time they filed suit. Both courts relied on the same set of facts to reach their conclusions, finding the Unilocs had granted Fortress an unencumbered right to sublicense the asserted patents that Fortress was automatically allowed to utilize when the Unilocs defaulted on their agreement with Fortress, which divested the Unilocs of the requisite exclusionary rights to sue on the patents.

The Unilocs appealed each of these decisions to this Court and the resulting appeals were designated companion cases, together with other similarly situated cases. (Dkt. 10). The Unilocs filed their opening briefs; then, the Unilocs moved to voluntarily dismiss their appeal from the case against Apple. (Dkt. 18; Appx1281; Appx1398). The Court granted that motion, and the appeal was subsequently dismissed (Appx1400-1401), leaving the Northern District of California's decision in place, and non-appealable.

Motorola moved the Court to summarily affirm the District of Delaware's decision on collateral estoppel grounds. (Dkt. 33). The Court denied the motion without prejudice, requesting that Motorola raise the issue of estoppel in its response brief. (Dkt. 39).

I. The Fortress Licensing Scheme and the Unilocs' Default.

The patents the Unilocs asserted against Apple and Motorola in these cases—U.S. Patent No. 6,661,203 (“the ‘203 patent”) and U.S. Patent No. 6,161,134 (“the ‘134 patent”), respectively—are part of the same patent portfolio that Uniloc Lux acquired from Hewlett Packard on May 16, 2017. (Appx1079; Appx4; Appx412; Appx423). Uniloc Lux granted Uniloc USA an exclusive license on the patent portfolio, including the right to sue for infringement. (Appx4-5; Appx428-429, §§ 1, 5).

In December 2014—years prior to commencing these cases against Apple or Motorola—the Unilocs entered into two agreements with Fortress: a Revenue Sharing and Note and Warrant Purchase Agreement (“RSA”; Appx147-171); and a Patent License Agreement (“License Agreement”; Appx173-180). These two agreements applied to the patents the Unilocs acquired from Hewlett Packard; and the Unilocs have not argued otherwise. (Appx4; *see also* Appx1096-1097 (Motorola explaining how the License Agreement included the ‘134 patent); Appx1093-1094 (the Unilocs failing to contest the License Agreement included the patent)).

The RSA provided the Unilocs with \$26 million in exchange for stock options and a share of the revenues generated by the enforcement of Uniloc Lux’s patent portfolio. (Appx2; Appx151-153). In return, the RSA set minimum monetization requirements for the Unilocs to hit by specified deadlines (Appx3; Appx156,

§ 6.2.2). For example, the Unilocs were obligated to reach at least \$20 million in Actual Monetization Revenues for the four fiscal quarters ending on March 31, 2017. (*Id.*).

The RSA was secured by the License Agreement, which gave Fortress a fully paid-up license to all of the Unilocs' patent portfolio, with the ability to sublicense, to be used in an "Event of Default," defined to include the failure to perform any of the Unilocs' obligations in the RSA (Appx174, § 2.1; Appx162, §§ 7.1.2, 7.1.3;), including the monetization requirements (Appx156). The License Agreement provides that, in the Event of Default, Fortress was permitted to exercise its right to sublicense the patents at its "sole and absolute discretion solely for the benefit of [Fortress]." (Appx174, § 2.1).

The Unilocs did not meet their March 31, 2017 monetization target. In fact, the Unilocs fell \$6 million dollars short, gathering only \$14 million by the stated deadline. (Appx3-4; *see also* Appx540 (arguing in opposition to Motorola's Motion to Dismiss that "[t]he facts on which Motorola bases its Motion did not constitute an event of default," but failing to contest the fact of the shortfall). The Unilocs never contested these facts or offered any evidence to the alternative. (*Id.*). Accordingly, at least one Event of Default occurred on March 31, 2017, following which Fortress could exercise its sublicense right.

At the time the Unilocs filed the underlying suit against Motorola, the Event of Default was continuing and Fortress was under no obligation not to exercise its right to sublicense any of the Unilocs' patents, including the asserted patent, to Motorola. The RSA provides that an "Event of Default shall be deemed to exist and be continuing for all purposes of this Agreement" until one of three specific conditions occur: (x) Fortress shall have waived such Event of Default in writing; (y) the Unilocs shall have cured such Event of Default to Fortress's reasonable satisfaction or such Event of Default otherwise ceases to exist; or (z) the parties enter into an amendment which expressly cures such Event of Default. (Appx165-166, § 7.3).

Fortress never provided a written waiver of any Event of Default. (*See* Appx22, Appx556-557 (claiming that Fortress was "reasonably satisfied," but not attesting to any written waiver)). Nor did the parties ever expressly amend the RSA to state that the Event of Default was cured under subsection (z). (Appx22; *see also* Appx190, § 4). The Unilocs never undertook any affirmative action to cure the Event of Default under subsection (y) either. (Appx22). In fact, the Unilocs' counsel conceded that there was nothing the Unilocs could have done to cure the Event of Default because the monetization target was missed and could not be retroactively fixed. (*Id.* (citing Appx769 ("If the money doesn't come in by a certain date, there's no way that that fact can be changed."))).

Thus, the Event of Default that commenced on March 31, 2017 persisted at least until the date that the Unilocs and Fortress purportedly terminated the RSA,² which was not until May 2018 (Appx1048-1051, § 1(d)(i))—months after the Unilocs filed these cases against Apple and Motorola (*see infra* p. 9-13)—meaning Fortress had an unfettered right to sublicense the patents when the cases were filed.

II. The *Apple* Case.³

On May 26, 2017, the Unilocs filed a complaint against Apple alleging infringement of the ‘203 patent. (Appx1178-1183). The case was transferred to the Northern District of California and assigned related status to other cases between the parties. (Appx1184). Apple moved for judgment on the pleadings, arguing patent-ineligible subject matter, and the district court granted the motion (Appx1185-1197), which the Unilocs appealed. (Appx1198-1199).

A. This Court remanded the *Apple* case for discovery on standing.

While the case involving the ‘203 patent was on appeal, Apple continued discovery in a related case and “uncovered material suggesting multiple jurisdictional defects.” (Appx1201). In particular, Apple discovered that the patent portfolio including the ‘203 patent had been transferred to a different entity—Uniloc

² Google has articulated a basis why Fortress’s sublicense right persisted after the parties attempted to terminate the RSA. (Case 21-1498, Dkt. 25, at 30-34).

³ Case No. 3:18-cv-00358 (N.D. Cal.).

2017 LLC (“Uniloc 2017”)—on May 2, 2018 and, prior to that, had been collateralized in exchange for a loan from Fortress. (Appx1201-1203).

Apple raised these concerns on appeal, arguing jurisdictional defects with the Unilocs’ standing. (Appx1205-1206). The Court ultimately remanded the case for discovery, particularly “on the issue relating to the Fortress loan agreement.” (Appx1207).

On remand, the Unilocs moved to add Uniloc 2017 and for a declaration that the district court had subject matter jurisdiction to hear the case. (Appx1208). After briefing (Appx1215), the district court held the motion in abeyance, finding it premature in light of this Court’s “instruction to ‘supplement[] the record with the documents pertaining to jurisdiction and resolv[e] the presented jurisdictional issues in the first instance.’” (Appx1232 (quoting appellate order)). The district court ordered that the Unilocs certify that they had turned over all discovery on the jurisdictional issue. (Appx1233).

The district court also granted additional written discovery (Appx1234-1236) and appointed a magistrate for discovery disputes (Appx1237-1238). The magistrate found that the Unilocs had not produced a complete version of the RSA and ordered it produced. (Appx1170 (Dkt. 144)). The magistrate presided over multiple disputes (Appx1239-1242) and was forced to compel the Unilocs to produce additional information (*Id.*).

After discovery was completed, the parties submitted additional briefing regarding the Uniloc's motion. (Appx1243; Appx1301). In support of its briefing, Apple submitted the transcript from the hearing held in the *Motorola* case, discussed *infra*. (Appx743).

B. The Northern District of California found that the Unilocs lacked standing.

The Northern District of California held a hearing on December 3, 2020 (Appx1262) and issued its opinion and order dismissing the case for lack of standing the next day (Appx1079-1092). The opinion included the following findings:⁴

- The Unilocs received a loan from Fortress to fund their patent infringement suits pursuant to the RSA. (Appx1080).
- Under the terms of the RSA, Fortress was granted “a non-exclusive, royalty free, license (including the right to grant sublicenses) with respect to the Patents,” including the ‘203 patent, on the condition that Fortress “shall only use such license following an Event of Default.” (*Id.*).
- The RSA defined “Event of Default” as a “fail[ure] to perform or observe any of the covenants or agreements contained in Article VI,” which included certain monetization requirements. (*Id.*).

⁴ The district court acknowledged it had previously decided that the Unilocs did have standing in a related case, but noted that it did not have a complete record at the time and “the prior order lacked some crucial facts which contributed to a correctable error of law.” (Appx1087).

- The Unilocs defaulted when they did not meet a monetization requirement. (Appx1085).
- The Unilocs did not amend or cure their default because they did not satisfy any of the mechanisms specified by the RSA, nor did Fortress waive the default under the terms of the RSA. (Appx1085-1087).
- The Unilocs' default triggered Fortress's broad license to the '203 patent, including an unencumbered right to sublicense both prospectively and retrospectively. (Appx1089-1091).
- Due to Fortress's unencumbered right to sublicense, the Unilocs did not possess the requisite exclusionary rights to sue Apple on the '203 patent at the time of filing the complaint. (Appx1089).

In sum, the Northern District of California concluded “Uniloc Luxembourg and Uniloc USA’s licensing scheme deprived them of exclusionary rights in the ’203 patent. This, in turn, deprived them of Article III standing. Such a defect cannot be cured, even via joinder.” (Appx1091). The district court thus dismissed the case. (*Id.*).

The Unilocs appealed this decision on January 3, 2021 (Appx1279-1280), but on June 22, 2021, moved to voluntarily dismiss that appeal (Appx1398-1399).

III. The *Motorola* Case.⁵

On November 15, 2017, the Unilocs filed a complaint against Motorola in the District of Delaware, alleging infringement of the ‘134 patent. (Appx92-104).

A. Motorola moved to dismiss the case for lack of standing.

On December 11, 2018—over seven months after Uniloc 2017 purportedly acquired the ‘134 patent—the Unilocs moved to substitute Uniloc 2017 as plaintiff. (Appx105-107). In conjunction with responding to the Unilocs’ motion, Motorola moved to dismiss the case for lack of standing. (Appx108). After staying the case pending the outcome of the parties’ motions (Appx663-666), the district court held a hearing on October 1, 2020, and requested additional briefing (Appx743; Appx788).

B. The District of Delaware found that the Unilocs lacked standing.

On December 30, 2020—just a few weeks after the Northern District of California dismissed the *Apple* case for lack of standing—the District of Delaware issued its own opinion and order dismissing the *Motorola* case based on the same factual and legal analysis. (Appx1-24). The District of Delaware decision included the following findings, which were substantively identical to those from the *Apple* case:

⁵ Case No. 1:17-cv-01658 (D. Del.).

- The Unilocs received a loan from Fortress to fund their patent infringement suits pursuant to the RSA. (Appx2).
- Under the terms of the RSA, Fortress obtained “a non-exclusive, royalty free, license (including the right to grant sublicenses) with respect to the Patents,” which included the ‘134 patent, but Fortress agreed not to “use” the license unless and until an “Event of Default” occurred. (Appx3).
- The RSA defined an “Event of Default” as a “fail[ure of the Unilocs] to perform or observe any of the covenants or agreements contained in Article VI,” which included certain monetization requirements. (*Id.*).
- The Unilocs defaulted at least because they did not meet the RSA’s monetization requirements. (Appx19-20).
- The Unilocs did not properly annul or cure their default and Fortress did not waive the default under the terms of the RSA. (Appx21-23).
- The Unilocs’ default removed Fortress’s restriction on issuing sublicenses, both prospectively and retrospectively. (Appx23-24).
- Due to Fortress’s unencumbered right to sublicense, the Unilocs did not possess the requisite exclusionary rights to sue Motorola on the ‘134 patent at the time the Unilocs filed their complaint. (Appx24).

In sum, the district court concluded “neither Uniloc Luxembourg nor Uniloc USA held exclusionary rights to the asserted patent on the date they filed this suit.

Accordingly, they lacked standing and this court lacks subject matter jurisdiction under Article III. The Unilocs' standing deficiency cannot be cured, even by adding another party." (*Id.*). The district court thus dismissed the case. (*Id.*).

IV. The *Apple* Appeal and Dismissal.⁶

The Unilocs filed their opening brief in the *Apple* appeal on May 25, 2021, which posed, *inter alia*, the following statement of issues:

1. Whether the Unilocs, purported owner(s) of the patent-in-suit when the Complaint was filed, had standing under Article III of the Constitution to sue for infringement.
2. Whether the district court erred in concluding that Uniloc lacked Article III standing based on the theoretical possibility that Fortress, Uniloc's secured lender, could sublicense the patent-in-suit.
3. Whether the district court erred in concluding that Fortress could sublicense the patent, including for past infringement, when this suit was filed.

(Appx1298).

Apple's response brief was due September 3, 2021. (Appx1421 (Dkt. 19)). Before that brief was filed, the Unilocs and Apple moved jointly to voluntarily dismiss the appeal on June 22, 2021, without requesting vacatur of the district court's

⁶ Case No. 2021-1572 (Fed. Cir.).

decision. (Appx1398-1399). The Court granted the motion, ordering the appeal dismissed, all pending motions denied as moot, and the parties to bear their own costs. (Appx1400-1401). Consistent with the motion, the Court did not vacate the district court's decision. (*Id.*). The district court recorded that order on July 1, 2021. (Appx1177 (Dkt. 200)).

V. The *Motorola* Appeal.⁷

The Unilocs filed their opening brief in the *Motorola* appeal on May 18, 2021. (Uniloc's Opening Brief, Dkt. 18 ("Br.")). Except for a few additions (underlined) and deletions (struck), the opening brief in the *Motorola* appeal posed, *inter alia*, identical issues to those posed in the *Apple* appeal:

1. Whether Uniloc, the undisputed owner of the patent-in-suit at the time~~when~~ the complaint was filed, had standing under Article III of the Constitution to sue for infringement of the patent.
2. Whether the district court erred in concluding that Uniloc lacked Article III standing based on the theoretical possibility that Fortress, Uniloc's secured lender, could sublicense the patent-in-suit.
3. Whether the district court erred in concluding that Fortress had the ability to~~could~~ sublicense the patent, including for past infringement, at the time the complaint~~when this suit~~ was filed.

⁷ Case No. 2021-1555 (Fed. Cir.).

(Br. 1).

After the Court dismissed the *Apple* appeal, Motorola moved the Court to dismiss this appeal based on collateral estoppel. (Dkt. 33). The Court declined to do so before full briefing and reset the briefing schedule. (Dkt. 39).

SUMMARY OF THE ARGUMENT

I. The Unilocs are collaterally estopped from pursuing this appeal. In the *Apple* case, the Northern District of California has already decided the same standing issue that the Unilocs raise here. The Unilocs' decision to voluntarily dismiss their appeal of the *Apple* decision makes the judgment there not only valid and final, but also non-appealable. The Unilocs were represented and had a full and fair opportunity to litigate the standing issue—both in the district court and in this Court before dismissal. The Northern District of California allowed extensive discovery, entertained multiple rounds of briefing, and held oral argument. The Unilocs plainly understood the gravity of the standing issue and intensely litigated it. With the issue now decided against them in a judgment they decided to forego appealing, the Unilocs should be estopped from re-litigating the issue against others.

II. Alternatively, the Court should affirm the district court's dismissal of the case based on lack of Article III standing. The district court carefully parsed the record in this case and determined that: (A) the Unilocs had entered into a licensing scheme with their lender that granted the lender an unfettered right to sublicense, to

use in the event that the Unilocs defaulted; (B) the Unilocs subsequently defaulted by failing to meet a monetization target by millions of dollars; and (C) the sublicense destroyed the Unilocs' exclusionary rights, meaning they could not sustain the injury-in-fact required for Article III standing. The factual findings underpinning this ultimate determination are largely undisputed, and the legal framework the district court relied upon follows this Court's jurisprudence. The district court committed no error of fact or law and its decision should be affirmed.

III. It is axiomatic that a jurisdictional defect like the one the Unilocs created for themselves cannot be cured by substituting or adding another plaintiff. Accordingly, the district court's decision on this point was not erroneous and its decision should be affirmed for this additional reason.

IV. Should the Court disagree with all three of the points above, it should remand this case so that the district court may allow additional discovery and resolve the Unilocs' motion to substitute. The de minimus factual basis the Unilocs provided in support of the original motion is over three years old and cannot be relied upon for purposes of assessing the current rights in the (also long-expired) asserted patent.

ARGUMENT

I. Standard of Review.

A. Collateral Estoppel.

In the Federal Circuit, preclusion may be raised at any time, including for the first time on appeal. *Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573, 1578-1580

(Fed. Cir. 1994), *as corrected on reh'g* (Sept. 14, 1994). The law of the regional circuit, here, the Third Circuit, governs the application of preclusion generally, and Federal Circuit law governs those aspects that may have special or unique application to patent cases. *Voter Verified, Inc. v. Election Sys. & Software LLC*, 887 F.3d 1376, 1382 (Fed. Cir. 2018); *Pharmacia & Upjohn Co. v. Mylan Pharms.*, 170 F.3d 1373, 1381 n.4 (Fed. Cir. 1999). The party seeking to apply issue preclusion bears the “burden of demonstrating the propriety of its application.” *Suppan v. Dadonna*, 203 F.3d 228, 233 (3d Cir. 2000).

B. Article III Standing.

The Court reviews *de novo* a district court’s order dismissing claims for lack of subject matter jurisdiction. *First Data Corp. v. Inselberg*, 870 F.3d 1367, 1372 (Fed. Cir. 2017). “[F]indings of fact relating to jurisdictional issues” are reviewed “for clear error.” *Jones v. United States*, 7 F.4th 1376, 1379 (Fed. Cir. 2021). Clear error review applies to both subsidiary and ultimate findings of fact. *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 326 (2015). This level of deference during appellate review is appropriate, as the trial judge is best equipped to engage in fact finding. *Id.* at 327-328.

II. The Unilocs Are Collaterally Estopped From Pursuing This Appeal.

The issue on appeal—whether the Unilocs divested themselves of the requisite exclusionary rights to have standing at the time of filing suit—was finally

decided against the Unilocs in a similarly situated case against Apple. The decision from that case is valid, final, and now, non-appealable because the Unilocs voluntarily dismissed their appeal in that case. The Unilocs' voluntary dismissal carries with it consequences, one of which is collateral estoppel. Because all the elements of estoppel are met here, the Unilocs are precluded from re-litigating the same standing issues, and the Court should summarily affirm the district court's order dismissing the *Motorola* case.

A. The elements of estoppel are met.

Collateral estoppel/issue preclusion bars “successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment,’ even if the issue recurs in the context of a different claim.” *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008) (quoting *New Hampshire v. Maine*, 532 U.S. 742, 748–49 (2001)). The rationale for the doctrine “is central to the purpose for which civil courts have been established, the conclusive resolution of disputes within their jurisdictions.” *Montana v. United States*, 440 U.S. 147, 153 (1979).

Precluding parties from litigating matters they had a full and fair opportunity to litigate in an earlier case “protects their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Id.* at 153–54. Moreover, issue preclusion may be non-mutual and thus may be used by a party

who was not a party to, or in privity with a party to, the previous action. *Blonder–Tongue Labs., Inc. v. University of Illinois Found.*, 402 U.S. 313, 323-25 (1971); *Hartley v. Mentor Corp.*, 869 F.2d 1469, 1470–71 (Fed. Cir. 1989).

The Third Circuit has identified the following requirements for the application of issue preclusion:

1. the identical issue was previously adjudicated;
2. the issue was actually litigated to a final and valid judgment;
3. the previous determination was necessary to the judgment; and
4. the party being precluded from re-litigating the issue was represented and received a full and fair opportunity to litigate the issue in the prior action.

Jean Alexander Cosmetics, Inc. v. L’Oreal USA, 458 F.3d 244, 249 (3d Cir. 2006), *cert. denied*, 549 U.S. 1305 (2007); *see also In re Docteroff*, 133 F.3d 210, 214 (3d Cir. 1997) (reciting “federal principles of collateral estoppel”).⁸

These principles of estoppel/preclusion apply to questions of standing or jurisdiction. *Atl. City Mun. Utilities v. Reg’l Adm’r*, 803 F.2d 96, 103 (3d Cir. 1986) (quoting *American Surety Co. v. Baldwin*, 287 U.S. 156, 166 (1932)). Thus, dismissals for lack of standing or subject matter jurisdiction are “conclusive as to matters actually adjudged.” *Id.*

⁸ *Jean Alexander* sets forth four elements with two additional considerations. The elements set forth in this brief fold in those two considerations.

1. The Unilocs faced the same standing issues in both the Apple and Motorola cases.

The standing issues decided by the *Apple* case are the same as those raised in the *Motorola* case and this appeal. Under Third Circuit law, “[i]dentity of the issue[s] for estoppel purposes] is established by showing that the same general legal rules govern both cases and that the facts of both cases are indistinguishable as measured by those rules.” *Suppan*, 203 F.3d at 233 (internal quotation marks and citation omitted).

Here, the legal questions regarding standing in the *Apple* case and the *Motorola* case were identical. The two district courts looked to the same legal principles to resolve the standing issue, citing to the same main line of cases—*Lujan*, *Lone Star*, *Alfred E. Mann*, *Azure Networks*, *Morrow*, *WiAV*, and *ADP*. (Appx1082-1084; Appx5-20). And they applied these legal principles to the same applicable set of facts. They each found that the applicable patent-at-issue was part of the portfolio that was transferred to Uniloc Lux from Hewlett Packard and was subject to the same RSA with Fortress. (Appx1079-1080, Appx4). They each found that the Unilocs had defaulted under the terms of that RSA by failing to meet a revenue minimum, triggering an unencumbered right to sublicense the patents. (Appx1085-1087; Appx20-24). They each found that the default was not annulled, cured, or waived. (Appx1086-1087; Appx21-23). And thus, both district courts concluded that the

Uniloc did not have standing at the time they filed their respective complaints. (Appx1089-1091; Appx24).

Intentionally or not, the Unilocs emphasized the similarity of the two cases in their opening appellate brief.⁹ They posed near-identical issues to be decided in the appeals and the briefs advanced near-identical arguments. (*See supra* p. 15-16). One of two apparent factual differences between the cases—the slight difference in timing of when the complaints were filed—has not served as a distinguishing feature, as the Event of Default that eliminated any restriction on Fortress’s right to issue sublicenses occurred prior to the filing of the complaint against Apple and was not annulled, cured, or waived prior to the filing of the complaint against Motorola.¹⁰ Both district courts based their ultimate findings on that same Event of Default based on the March 31, 2017 monetization target.¹¹ (Appx1080; Appx1085; Appx3-4; Appx20-21; Appx23). The other facial factual distinction between the cases—that different patents were asserted—likewise is irrelevant here because the RSA applied

⁹ Per the Unilocs, the companion appeals “all rais[e] similar questions of Article III standing.” (Br. at 10). This echoes statements the Unilocs made in the district court litigation. (Appx613 (arguing that Motorola’s motion to dismiss for lack of standing “is largely based on a similar motion filed by Apple Inc. in the Northern District of California”)).

¹⁰ Motorola also pointed out additional, subsequent, Events of Default, but the district court did not deem it necessary to rule on them in light of the continuing nature of the Unilocs’ original failure to meet its monetization requirement. (Appx19; Appx23).

¹¹ In fact, the Unilocs highlighted in their blue brief that this was the Event of Default that the District of Delaware relied upon in its opinion. (Br. at 40, n.12).

to *all* of the Uniloc's patent holdings, at the time it was signed and going forward, and the same analysis applies to both patents. (See Appx1079-1080; Appx4).

Accordingly, the first element of collateral estoppel is met.

2. *The standing issues in Apple were litigated to a final and valid judgment that is now non-appealable.*

The standing issues raised in the *Apple* case were litigated to a final and valid judgment. There is no requirement that the judgment having preclusive effect come from a court of appeals—judgments from district courts can have their own preclusive effect. *Pharmacia*, 170 F.3d at 1382; *see also United States v. Munsingwear, Inc.*, 340 U.S. 36, 39 (1950) (“the judgment in the first suit would be binding in the subsequent ones if an appeal, though available, had not been taken or perfected”). Moreover, a judgment can have preclusive effect in situations where, as here, the subsequent case is already on appeal. *Soverain Software LLC v. Victoria’s Secret Direct Brand Mgmt.*, 778 F.3d 1311, 1315 (Fed. Cir. 2015).

Here, the Northern District of California issued its decision finding the Unilocs lacked standing on December 4, 2020. (Appx1091-1092). The Unilocs appealed that decision, but then requested dismissal of that appeal. (Appx1279-1280; Appx1398-1399). When the Unilocs succeeded in dismissing the appeal, the Northern District of California decision became not only final and valid, but also non-appealable. (See Appx1400-1401). Thus, the decision is permanent for preclusive purposes. *See Munsingwear*, 340 U.S. at 39.

Accordingly, the second element of collateral estoppel is met.

3. *The standing issues decided in Apple were necessary to the judgment.*

The standing issues decided by the Northern District of California were necessary to the final judgment entered against the Unilocs. Under Third Circuit law, “it is fair to give ... a determination preclusive effect” when an issue is necessary to the judgment “[b]ecause litigants are likely to view an issue that is necessary to the resolution of a case as important and to litigate it vigorously.” *See Jean Alexander*, 458 F.3d at 249-250.

Here, the Unilocs’ lack of standing was the reason the district court entered final judgment in *Apple*: “[The Unilocs’] licensing scheme deprived them of exclusionary rights in the ’203 patent. This, in turn, deprived them of Article III standing. Such a defect cannot be cured, even via joinder.” (Appx1091). Indeed, in conjunction with finding that the Unilocs lacked standing, the district court vacated its previous order based on patent ineligibility, to the extent it did not have subject matter jurisdiction to render that decision. (*Id.*).

As outlined next, the Unilocs plainly understood the importance of the standing issues to the outcome of the *Apple* case. The Unilocs’ standing was intensely litigated at the district court and, based on the opening brief in the appeal, was to be intensely litigated here. That the Unilocs decided to voluntarily settle the

Apple appeal for terms they presumably found favorable does not change whether the issue was necessary to the judgment against the Unilocs in the first instance.

Accordingly, the third element of collateral estoppel is met.

4. *The Unilocs had a full and fair opportunity to litigate the standing issues.*

The Unilocs were represented by the same counsel in district court in both the *Apple* and *Motorola* cases, and had a full and fair opportunity to litigate the standing issues in both. This factor is not concerned with whether the Northern District of California’s decision of lack of standing was correct, but merely whether the Unilocs had a full and fair opportunity to litigate the issue “procedurally, substantively and evidentially.” See *Blonder-Tongue*, 402 U.S. at 333; see also *Stevenson v. Sears, Roebuck*, 713 F.2d 705, 709 (Fed. Cir. 1983) (“[A]n inappropriate inquiry is whether the prior finding ... was correct; instead, the court is only to decide whether the patentee had a full and fair opportunity to litigate the [issue] in the prior unsuccessful suit.”).

Here, the issue of the Unilocs’ standing was intensely litigated on both sides. The Unilocs initially raised the issue by requesting to add Uniloc 2017 to the first appeal, which lead to Apple’s argument against standing and the Court’s remand for additional discovery. (Appx1207). On remand, Apple and the Unilocs engaged in extensive discovery into Fortress’s relationship to the Unilocs, the scope of the RSA and related agreements, and the Unilocs’ performance (or lack thereof) under the

RSA. (*See supra* p. 10-11). The discovery lasted for over eight months, with Judge Alsup appointing a magistrate to supervise and adjudicate disputes between the parties.¹² (*See id.*).

After discovery concluded, the district court solicited additional briefing on the standing issue and held a hearing. (*See id.*). The court then issued a 14-page opinion and order that summarized the facts, applied the law, and concluded that the Unilocs did not have standing. (Appx1079-1092). The Unilocs appealed that opinion and order and submitted an opening brief on the merits. (*See supra* p. 15-16).

The Unilocs may argue that the *Apple* appeal was not “pursued to the finish” because it was settled. But foregoing an appeal, including by settlement, generally does *not* justify vacating the underlying judgment. *U.S. Bancorp. Mortg. Co. v. Banner Mall P’ship*, 513 U.S. 18, 23-25 (1994). Adopting a different rule would perversely allow “any litigant dissatisfied with a trial court’s findings [to] be able to have them wiped from the books.” *Bates v. Union Oil Co. of Cal.*, 944 F.2d 647, 649–50 (9th Cir. 1991) (quotation omitted). Moreover, the Unilocs’ briefing in the *Apple* appeal shows standing was intensely litigated both at the district court and here. (*See Appx1304-1312*).

¹² This discovery was on top of discovery that had already been taken in one of the related cases between the Unilocs and Apple. (*See Appx1233*).

That the Unilocs chose to dismiss the appeal based on a settlement with Apple does not change the fact that the Unilocs were ably represented at both the trial and appellate levels and, not only had the opportunity to fully and fairly litigate standing, but did so.

Accordingly, the final element of collateral estoppel is met.

B. Motorola did not waive or forfeit its estoppel argument.

In opposing Motorola's motion for summary affirmance based on collateral estoppel (Dkt. 37, hereinafter "Opp."), the Unilocs did not contest that the elements of estoppel are met (*see id.* at 17-20). Rather, the Unilocs argued that Motorola somehow waived or forfeited estoppel based on a specious argument concerning a submission of subsequent authority that did not contain any statement concerning preclusion, let alone an affirmative disclaimer of the *Apple* decision's preclusive effect. Motorola raised its estoppel argument at the first reasonable opportunity and the Court may properly decide it now.

1. Motorola did not waive estoppel.

When the *Apple* decision issued, Motorola's motion to dismiss for lack of standing had been fully briefed for almost two years, and the district court had already held oral argument and taken the motion under advisement two months earlier. (*Compare* Appx1092 with Appx573, Appx743). The case was otherwise stayed. (Appx663-666). Under the district's rules, neither party could file any

additional motion papers, except “the citation of subsequent authority.”¹³ Thus, the case posture did not allow Motorola to submit additional argument.

Motorola completed the one action allowed: it promptly filed a simple notice of subsequent authority regarding the *Apple* decision accurately characterizing its precedential value. (Appx1076). Motorola noted that, while the other district court’s decision was not legally binding—i.e., not legal precedent—the decision was “relevant” to Motorola’s motion. (*Id.*). Motorola did not address whether the decision gave rise to estoppel—nor would such argument have been proper in a notice of subsequent authority under the rules. Just weeks later, the court issued its decision granting Motorola’s motion.

It is unclear what more the Unilocs believe Motorola should have done to preserve the issue for appeal. Unlike the appellee in the Unilocs’ cited authority (Opp. 8),¹⁴ Motorola could not have raised estoppel in its motion papers or at oral argument because the basis for the preclusion—the *Apple* decision—had not yet issued. (*Compare* Appx137, Appx587, Appx743 with Appx1092). Given the case

¹³ D. Del. L.R. 7.1.2(b) states that once a motion is fully briefed, “[e]xcept for the citation of subsequent authorities, no additional papers shall be filed absent [c]ourt approval.” Available at <https://www.ded.uscourts.gov/sites/ded/files/local-rules/District%20of%20Delaware%20LOCAL%20RULES%202016.pdf>.

¹⁴ In *SimpleAir, Inc. v. Google LLC*, the Court vacated a decision applying claim preclusion. 884 F.3d 1160, 1171 (Fed. Cir. 2018). The claim preclusion rested on certain terminal disclaimers that the appellee could have argued for issue preclusion, but did not, and the Court found the argument waived. *Id.* at 1163-1164, 1170-1171.

posture, estoppel was never a live issue in the district court.¹⁵

In such circumstances, the Court may properly affirm based on estoppel, even if first raised on appeal. (*See supra* p. 18). The Unilocs' own authority says no different. *Ethicon Endo-Surgery, Inc. v. U.S. Surgical Corp.* (cited at Opp. 8) holds that the Court may affirm a judgment on alternative grounds properly supported by the record. 93 F.3d 1572, 1582 (Fed. Cir. 1996). There, the Court affirmed "on an additional ground not relied on by the district court" when facts were conceded at oral argument. *Id.* As explained below, the Unilocs have effectively conceded the elements of estoppel here.

Contradicting their argument that Motorola never addressed estoppel below, the Unilocs simultaneously argue that Motorola "disclaimed" estoppel. (Opp. 9). The Unilocs' sole basis for this argument, again, is the one-page notice of subsequent authority discussed above, which was hardly an "intentional relinquishment or abandonment of a known right." (Opp. 9 (quoting *In re Google Tech. Holdings LLC*, 980 F.3d 858, 862 (Fed. Cir. 2020)). In contrast to the facts in the Unilocs' cited authority,¹⁶ Motorola did not expressly outline the preclusion issue and advise

¹⁵ The judge did not *sua sponte* raise estoppel in Motorola's case, nor did the Unilocs actively argue *for* estoppel. (*Cf.* Appx1410; Appx1413). Instead, the district court decided standing on the merits and the Unilocs appealed that decision. (Appx36 (Dkt. 116)).

¹⁶ In *Wood v. Milyard* (cited at Opp. 10), the Court held that the State of Colorado waived a statute of limitations defense by outlining the defense in a pre-answer filing

the court that it would not raise it. Rather, Motorola's one-page notice merely identified the *Apple* decision as subsequent persuasive authority. (Appx1076). The Unilocs' assertion that Motorola "could have urged the court to give the *Apple* judgment preclusive effect" ignores the district's rules and offers no contrary authority. (*See Opp.* 9).

The Unilocs repeatedly quote "not binding" from the notice, taking an overly broad view of this term. They attempt to equate a decision's precedential effect with its preclusive effect (*see Opp.* 11), but they are not one and the same. A decision is legally binding on a court only if it is legal precedent, but the decision may still operate to prevent a *litigant* from re-litigating an already-decided issue. *See, e.g., Jean Alexander Cosms. v. L'Oreal USA*, 458 F.3d 244, 257 (3d Cir. 2006); *Mendenhall v. Barber-Greene Co.*, 26 F.3d 1573, 1584 (Fed. Cir. 1994), *as corrected on reh'g* (Sept. 14, 1994); *see also Free Speech Coalition, Inc. v. Attorney General of U.S.*, 677 F.3d 519, 541 (3d Cir. 2012). The Court should decline to find waiver based on such an impermissibly broad reading of "binding." *See Carrum Techs., LLC v. Unified Pats., LLC*, No. 2020-2204, 2021 WL 3574209, at *5 (Fed. Cir. Aug. 13, 2021) (no waiver where party was reading opponent's statements "too broadly").

and then informing the district court that it would "not challenge" the defendant's timeliness. 566 U.S. 463, 469-470, 474 (2012).

The Unilocs argue the *Apple* decision had preclusive power when it first issued (Opp. 9, 11), but fail to acknowledge that the same judge deciding Motorola’s motion had recently called the general rule into question, having adopted a recommendation finding a decision still subject to appeal did *not* have sufficient finality for estoppel. *Sound View Innovs. LLC v. Walmart, Inc.*, No. 19-660-CFC-CJB, 2019 WL 7067056 (D. Del. Dec. 23, 2019), *adopted*, 2020 WL 136864 (Jan. 13, 2020) (“But at a minimum, *Free Speech* suggests that if the relevant decision in another court may be appealable in the future or has not yet been resolved on appeal, and if (as here) there is no indication that the plaintiff is bringing the additional case in bad faith, then the equities could ultimately weigh in favor of non-dismissal of the similar claim in a later case.”). Even had Motorola been able to raise estoppel in the district court, the landscape was not as clear-cut as the Unilocs portray.

2. *Motorola did not forfeit estoppel.*

The Unilocs contend that Motorola waited “eight months” to raise estoppel (Opp. 12, 15), but this is a fallacy. There was a mere twenty-six days with intervening federal holidays between the *Apple* decision and the *Motorola* decision (*compare* Appx1092 *with* Appx24), hardly “every opportunity” to investigate, vet, and raise a new estoppel issue. *Cf.* (Opp. 13 (quoting *Arizona v. California*, 530 U.S. 392, 409-410 (2000))). The investigation here was further complicated by the district court recently finding decisions still subject to appeal did not necessarily justify

applying estoppel. *See Sound View*, 2019 WL 7067056, at *3. The Unilocs do not address this timeframe, and their forfeiture cases are inapt as involving circumstances where the predicate for estoppel was present from the beginning,¹⁷ and/or where there were much longer timeframes between the predicate and the request for estoppel.¹⁸ (*See Opp.* 12-13).

The Unilocs suggest that Motorola should have somehow raised preclusion with the district court *after* it ruled (*Opp.* 13) but offer no explanation for how or why that would have been reasonable. Once the court ruled in Motorola's favor and dismissed the case (*Appx24*), there was no reason for Motorola to raise preclusion, including because the Unilocs had not yet filed an appeal.

The Unilocs complain that Motorola raised estoppel after the Unilocs filed their opening brief and settled with Apple (*Opp.* 16), but both events contributed to the reasonableness of Motorola's timing. The Unilocs made the same arguments in their opening briefs in both cases, providing Motorola an additional basis to show

¹⁷ *Simple Air*, 884 F.3d at 1164; *Stearn v. Dep't of Navy*, 280 F.3d 1376, 1380 (Fed. Cir. 2002). *In re Google Tech. Holdings LLC* is not an estoppel case; regardless, there, the forfeited claim construction argument was one that could have been argued to the lower tribunal after its ruling. 980 F.3d 858, 863 (Fed. Cir. 2020).

¹⁸ In *Arizona v. California*, the Supreme Court expressed disapproval of invoking a defense "years after the first opportunity to raise [it]." 530 U.S. 392, 410 (2000). In *Georgia Pacific Consumer Products v. Von Drehle Corp.*, the Fourth Circuit found a 16-month delay not reasonable; the delay included a period where it had previous appellate jurisdiction and the litigant could have sought summary affirmance based on estoppel (as Motorola requests here). 710 F.3d 527, 534 (4th Cir. 2013).

overlap of the issues. (*Compare* Br. 16-48 (Dkt. 18 (brief in appeal against Motorola)) *with* Appx1317-1345 (Case 21-1572, Dkt. 14 (brief in appeal against Apple))). With respect to the settlement, up until that point, the *Apple* decision was reversible. Even had Motorola won estoppel below, reversal of the *Apple* decision may have necessitated revisiting the merits of Motorola's original standing motion. *See Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 719 F.3d 1367, 1372 (Fed. Cir. 2013) ("Dating back at least to *Butler v. Eaton*, 141 U.S. 240, 242–44 (1891), a bedrock principle of preclusion law has been that a reversed judgment cannot support preclusion"). Meanwhile, Motorola would have been sidelined from any merits-based appeal.

This changed when the Unilocs voluntarily dismissed the *Apple* appeal. At that point, the *Apple* decision was not only final for preclusive purposes, it was non-appealable, and Motorola could pursue collateral estoppel for the first time without inviting the "[s]ubstantial difficulties [that] result from the rule that a final trial-court judgment operates as *res judicata* while an appeal is pending." Wright & Miller, § 4433 & n.21 (3d ed.) (citing *Butler*, 141 U.S. at 244 & others).

Finally, the Unilocs accuse Motorola of "sandbagging" and claim "unfair[] prejudice" (Opp. 16), but their arguments ring hollow. As discussed *supra*, Motorola never had a realistic opportunity to raise preclusion with the district court and raised it with this Court at the first reasonable juncture. There is no unfair prejudice to the

Unilocs, including because they did not undertake any substantial extra effort briefing this appeal—their arguments were substantially the same in the *Apple* appeal. (*Compare* Appx1317-1345 *with* Br. at 16-48).

The Unilocs suggest that they “could have pursued different options” with the *Apple* settlement had Motorola somehow raised preclusion with the district court (Opp. 16) but fail to explain how these “options” have any bearing on the questions at hand. Moreover, each appears more implausible than the next—ranging from an unsupported suggestion that the Unilocs would have called off a presumably favorable resolution to numerous cases opposite *Apple* (Appx1423-1545), to the impractical idea of continuing just one of those cases despite the apparent global settlement, to the hypothetical proposition that the *Apple* judgment could have been vacated after settlement.

The last point amounts to rank speculation as the Unilocs did not even attempt to show how their settlement constitutes “exceptional circumstances” or otherwise warrants relief from an adverse judgment. *Bancorp*, 513 U.S. at 29; *see also BrightEdge Techs., Inc. v. Searchmetrics, GmbH*, No. 14-CV-01009-HSG, 2019 WL 1369915, at *1 (N.D. Cal. Mar. 26, 2019) (declining to vacate patent invalidity judgment settled on appeal); *Protegrity USA, Inc. v. Netskope, Inc.*, No. 15-CV-02515-YGR, 2016 WL 4761093, at *2 (N.D. Cal. Sept. 13, 2016) (same).

C. The Unilocs have acknowledged estoppel’s applicability.

In addition to the *Apple* and *Motorola* cases, the Uniloc entities face related standing disputes in a host of other cases, including in the companion appeals pending in front of this Court—*Google*¹⁹ and *Blackboard*.²⁰ As noted above, numerous district court cases have been stayed pending the outcome of these various related appeals.

The Uniloc entities have asserted on multiple occasions that affirmances in one or more of these companion appeals will control their ability to proceed in other district court cases, including where they have asserted different patents against different entities. For example, in affirmatively requesting a stay of its case against Netflix, Uniloc 2017 argued:

While Uniloc believes that the Google Order is erroneous, if the order is upheld on appeal, it will require dismissal of these cases. That would waste any judicial and party resources expended on litigating the merits in the meantime. In light of that obvious inefficiency, three other district courts have now stayed other Uniloc infringement actions pending the Federal Circuit’s final resolution of the standing issue.

¹⁹ The cases against Google were filed by Uniloc 2017, which purports to be the successor-in-interest to the Unilocs. *See, e.g.*, Case No. 20-cv-04355 (N.D. Cal.).

²⁰ The case against Blackboard was originally filed by the Unilocs, and Uniloc 2017 was substituted as a party in January 2020. Case No. 20-cv-00665 (D. Del.), Dkt. 68.

(Appx1403; *see also* Appx1404 (“But if the Federal Circuit upholds the Google Order, Uniloc will have to concede that it lacked standing to maintain its claims in these cases when they were filed.”)).

Likewise, in the proceeding below in the companion appeal in the *Blackboard* case, Judge Connolly affirmatively raised the question of standing following his decision in the *Motorola* case. (Appx1409-1411). In response, Uniloc 2017 observed that the district court decision in *Motorola* “appears to create issue preclusion [that] may cause [the district court] to find it lacks subject matter jurisdiction over this action.” (Appx1413).

Based on the foregoing, the Court should hold that the Unilocs are collaterally estopped from pursuing this appeal against Motorola and affirm the district court’s decision based on that ground.

III. The District Court Correctly Found That The Unilocs Lacked Article III Standing When They Filed Suit Against Motorola.

The district court correctly concluded that the Unilocs lacked standing to file suit against Motorola when they did. The district court reviewed the record and found that the Unilocs granted their lender an unrestricted right to sublicense the patent-in-suit that could be exercised when the Unilocs defaulted on the terms of their loan and failed to annul the default. There is no clear error in these factual findings, and, in fact, the Unilocs take little issue with the factual predict on which they are based. The district court then recited this Court’s jurisprudence and applied

the law to the facts, ultimately concluding that the Unilocs lacked the requisite exclusionary rights for standing. There is no legal error in this conclusion. Accordingly, the district court's dismissal of this case should be affirmed.

A. Patent ownership alone is not enough; the patentee must hold exclusionary rights.

The Unilocs posit that patent ownership is standing-determinative (Br. 16-17), but this mis-frames the issue.²¹ Ownership in and of itself does not confer constitutional standing; that condition is met only when the owner holds the fundamental patent right to exclude the defendant from practicing the claimed invention.

1. Article III standing requires exclusionary rights.

Article III standing is “an essential and unchanging part of the case-or-controversy requirement.” *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992). To meet this constitutional standing requirement, a plaintiff must establish, *inter alia*, that it has sustained an injury-in-fact due to the defendant's conduct that the Court can redress. *Spokeo, Inc. v. Robbins*, 136 S. Ct. 1540, 1547 (2016). Injury-in-fact means a plaintiff has suffered “an invasion of a legally protected interest” that is “concrete and particularized” and “actual or imminent, not conjectural or

²¹ Whether the Unilocs, alone or in combination, had sufficient ownership rights to meet the requirements of statutory standing is not at-issue in this appeal; statutory standing is an unnecessary inquiry until the issue of Article III standing is resolved.

hypothetical.” *Id.* at 1548 (internal quotations and citation omitted). In some cases, such as patent cases, the injury in question is linked to a statutorily created right. *Warth v. Seldin*, 422 U.S. 490, 500 (1975); *WiAV Sols. LLC v. Motorola, Inc.*, 631 F.3d 1257, 1264 (Fed. Cir. 2010).

Patents provide a bundle of rights, and primary among them is the right to exclude. 35 U.S.C. §§ 154, 271(a). “The right to use, sell, or import an item exists independently of the Patent Act. What a patent adds ... is a limited right to prevent others from engaging in those practices.” *Impression Prods., Inc. v. Lexmark Int’l, Inc.*, 137 S. Ct. 1523, 1534 (2017). “[T]he essence of a patent grant is the right to exclude others from profiting by the patented invention.” *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 215 (1980); see *Special Equip. Co. v. Coe*, 324 U.S. 370, 378 (1945) (“The patent grant ... is a grant of the right to exclude others from using [the invention].”).

Thus, it necessarily follows that, to possess Article III standing for a patent infringement suit, the plaintiff must possess the legal right to exclude the defendant from practicing the claimed invention. “A party ... that has the right to exclude others from making, using, and selling an invention described in the claims of a patent is constitutionally injured by another entity that makes, uses, or sells the invention.” *Intellectual Prop. Dev., Inc. v. TCI Cablevision of Cal., Inc.*, 248 F.3d 1333, 1346 (Fed. Cir. 2001).

And the converse it also true: if the plaintiff does *not* possess the legal right to exclude the defendant from practicing the claimed invention, the plaintiff does *not* possess Article III standing. A plaintiff that “lack[s] exclusionary rights” is “not injured by a party that makes, uses, or sells the patented invention.” *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1340-41 (Fed. Cir. 2007); *see also Azure Networks, LLC v. CSR PLC*, 771 F.3d 1336, 1347 (Fed. Cir. 2014) (“To bring or join suit,” a plaintiff “must have exclusionary rights and interests created by the patent statutes.”) (emphasis, quotations and citation omitted), *vacated on other grounds*, 575 U.S. 959 (2015).²²

In short, “the touchstone of constitutional standing in a patent infringement suit is whether a party can establish that it has an exclusionary right in a patent that, if violated by another, would cause the party holding the exclusionary right to suffer

²² The Unilocs criticize *Azure* as vacated by the Supreme Court. (Br. 36-37). But the *Azure* opinion comprised several rulings, only one of which was the subject of a petition for writ of certiorari. In Part I of *Azure*, the Court affirmed the district court’s dismissal of one of the plaintiffs for lack of standing. 771 F.3d 1336, 1347. Neither plaintiff acted on this ruling, either by filing a petition for writ of certiorari or otherwise. In Part II, the Court vacated the district court’s judgment of noninfringement based on improper claim construction. The defendants acted on this ruling by filing a petition for writ of certiorari on the single issue of the proper standard for reviewing factual findings related to claim construction. *See CSR PLC v. Azure Networks, LLC*, No. 14-976 (U.S.), Petition for Writ of Certiorari, 2015 WL 576588. The Supreme Court granted the petition and vacated *Azure* for further consideration in light of *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318 (2015), which answered the standard of review issue raised in the petition. *See CSR plc v. Azure Networks, LLC*, 575 U.S. 959 (2015). Thus, the Court’s opinion in Part I of *Azure*, as it relates to standing, was not substantively addressed.

a legal injury.” *WiAV*, 631 F.3d at 1265. “[O]nly parties with exclusionary rights to a patent may bring suit for patent infringement.” *Luminara Worldwide, LLC v. Liown Elecs. Co.*, 814 F.3d 1343, 1347 (Fed. Cir. 2016); see *Omni MedSci, Inc. v. Apple Inc.*, 7 F.4th 1148, 1151 (Fed. Cir. 2021) (“Omni’s standing to assert the patents at issue turns on whether it has an exclusionary right in the asserted patents.”).

This is the very jurisprudence that the district court relied upon in its opinion and order finding the Unilocs lacked constitutional standing when they filed suit against Motorola. (Appx5-18). The Unilocs criticize the district court’s recitation of the law relying on cases involving licensees, not patentees (Br. 24-26), but the Court’s jurisprudence on standing applies equally to all types of patent infringement plaintiffs. *Azure*, 771 F.3d at 1344 (“That same logic applies even if it is the patent owner” that lacks exclusionary rights.). The Unilocs urge the Court to abandon this principle and treat patentees and licensees disparately when it comes to judging constitutional standing, but neither of their arguments are availing.

The Unilocs assert that a patentee’s rights stem from the Patent Act, while a licensee’s rights stem from a contract (Br. 12, 33), but that is mistaken. *All* of a patent’s exclusionary rights stem from the Patent Act, 35 U.S.C. §§ 154, 271(a), and are merely allocated by contract. *Intellectual Prop. Dev.*, 248 F.3d at 1346. Indeed,

that is the way Uniloc USA came into its putative rights; just like Fortress came into its.

The Unilocs next assert that the justifications for denying non-exclusive licensees standing are absent when it comes to patentees (Br. 34), but this argument again conflates *statutory* standing with *constitutional* standing. *See, e.g., Ortho*, 52 F.3d at 1031 (“Courts look to the substance of an agreement to determine whether it has the effect of an assignment and, thus, satisfies the statutory requirement that the ‘patentee’ must sue.”); concluding that the bare licensee did not have statutory standing to bring or join suit). The justification for denying either a patentee or a licensee *constitutional* standing is one and the same: with no exclusionary rights, there can be no injury-in-fact, and thus no constitutional standing.

2. Reliance on patent ownership alone is a mistake.

The exclusionary rights “touchstone” of constitutional standing holds true even when the plaintiff is the putative owner of the patent-in-suit. However much the Unilocs may wish it to be true (Br. 16-19), the simple designation of “patentee” under the Patent Act does not confer Article III standing.

The bundle of rights conferred by a patent grant may be severed and dispersed. A patentee may indeed possess the right to exclude when the patent is originally granted, but the patentee is free to remove that right from its bundle through various legal vehicles—e.g., transfers, assignments, or licenses. *Alfred E. Mann Found. for*

Sci. Research v. Cochlear Corp., 604 F.3d 1354, 1360 (Fed. Cir. 2010). In those circumstances, where the patentee has contracted away its right to exclude, the patentee does *not* possess the legal right to exclude *any* defendant from practicing the claimed invention, and thus the plaintiff does *not* possess Article III standing. *Morrow*, 499 F.3d at 1341 n.8 (“[w]hile parties are free to assign some or all patent rights as they see fit ..., this does not mean that the chosen method of division will satisfy standing requirements”). Put simply, where the patentee has granted a third party an unfettered right to issue a sublicense to anyone, including the accused infringer, to “make, have made, market, use, sell, offer for sale, import, export and distribute the inventions,” the patentee cannot also claim injury by the alleged infringement.

With these precepts in mind, it makes logical sense that statutory status under § 281 “does not implicate standing or subject-matter jurisdiction.” *Lone Star*, 925 F.3d at 1235-36. Whether a plaintiff has a cause of action under the Patent Act and whether the plaintiff has Article III standing to pursue that cause of action are separate questions. *See Morrow*, 499 F.3d at 1343; *see also Spokeo*, 136 S. Ct. at 1549 (“Article III standing requires a concrete injury even in the context of a statutory violation.”).

This Court’s case law is full of instructive examples. In particular, *Azure*, *Luminara*, and *WiAV* provide guideposts for the Court’s analysis. In *Azure*, the

plaintiff donated the patent-in-suit to Tri-County and Tri-County then licensed the patent back to Azure, including the “full right to enforce and/or sublicense” the patent. 771 F.3d at 1341. Azure and Tri-County sued several defendants, who then moved to dismiss Tri-County on the basis that it lacked standing because it had assigned its exclusionary rights to Azure. *Id.* The district court granted the motion and this Court affirmed. *Id.* at 1341, 1347. The Court first engaged in a multi-factor analysis to determine whether Tri-County had conveyed substantial rights in the patent. *Id.* at 1343. Critical to its decision was that Tri-County “reserved no right to control over, to veto, or to be notified of any of Azure’s licensing or litigation activities.” *Id.* The Court then considered whether Tri-County could, at minimum, be joined as a plaintiff and concluded that it could not because it lacked exclusionary rights, having granted Azure the right to sublicense and sue. *Id.* at 1347. Here, the Unilocs are like Tri-County—they granted unfettered sublicensing rights to Fortress, depriving themselves of Article III standing. (*See Appx174*).

In *Lumniara*, Disney owned a set of patents and licensed them to Luminara/Candella, but retained certain rights, including the right to withhold consent to assign, sublicense, or enforce the patents. 814 F.3d at 1346. Candella asserted the patents against Liown, which they moved to dismiss for lack of standing. *Id.* Liown argued that Candella did not have exclusionary rights because Disney retained the right to sublicense others. *Id.* The Court confirmed the validity of the

argument, reasoning that if Disney “could indeed license any entity to manufacture and sell [the invention], Candella would not have had exclusionary rights to the asserted patents.” *Id.* at 1348. The Court found, however, that under the terms of the agreement, Disney did not have the right to license Liown in particular and thus Candella did have exclusionary rights with respect to the particular suit against Liown. *Id.* at 1349. Here, unlike Disney, it is irrefutable that the sublicensing right to Fortress did not exclude sublicensing Motorola; thus, the Unilocs lacked exclusionary rights. (Appx174).

Likewise, in *WiAV*, the plaintiff was the exclusive licensee and thus a “patentee” of seven patents that it asserted against several defendants, including Motorola. 631 F.3d at 1260. The defendants moved to dismiss based on lack of subject matter jurisdiction, arguing that the plaintiff lacked standing because six third parties had the ability to license the patents (albeit not to the defendants). *Id.* at 1262-63. Consistent with *Luminara*, the Court reasoned that a plaintiff “lacks standing to sue a party who has the ability to obtain ... a license [] from another party with the right to grant it” because the plaintiff “is not injured by that alleged infringer,” as it “does not have an exclusionary right with respect to the alleged infringer.” *Id.* at 1266-67. The Court ultimately held that *WiAV* did have standing, however, because the third parties did not have the right to sublicense the particular defendants. *Id.* at 1267. Here, it is irrefutable that the sublicensing right to Fortress

did not exclude sublicensing Motorola and thus the Unilocs had given up their exclusionary rights. (Appx174).

The Unilocs cite to *Schwendimann v. Arkwright Advanced Coating, Inc.* to support the notion that a patent owner always has standing to sue (Br. 16, 19), but the case does not stand for any such sweeping proposition. *Schwendimann* focused on the writing requirement of 35 U.S.C. § 261 and whether a court could reform an agreement after the fact. 959 F.3d 1065, 1073-75 (Fed. Cir. 2020). It did not consider whether a party that lacks the right to exclude a defendant from practicing the patent can show injury-in-fact—*i.e.*, whether the prerequisites of constitutional standing were met. In fact, in response to the dissent, the *Schwendimann* majority took pains to note the distinction between the two and noted that case or controversy was indeed a prerequisite to filing suit. *See id.* at 1071 & n.6. The dissent's stated concerns have since been further ameliorated by subsequent decisions confirming the limits of *Schwendimann*. *In re Cirba Inc.*, No. 2021-154, 2021 WL 4302979, at *3 (Fed. Cir. Sept. 22, 2021).

The Unilocs also cite to *Chou v. University of Chicago* (Br. 16), but that case does not deal with Article III standing in an infringement action, like here. 254 F.3d 1347 (Fed. Cir. 2001). Rather, *Chou* involved an inventorship dispute. *Id.* at 1358. The Court held that an alleged co-inventor had constitutional standing to sue for correction of inventorship, but in doing so further delineated between patent

ownership and Article III standing. *Id.* (“[A]n expectation of ownership of a patent is not a prerequisite for a putative inventor to possess standing to sue to correct inventorship under [35 U.S.C.] § 256.”). Thus, *Chou* does not support the Unilocs’ suggestion that “economic harm” provides a constitutionally sufficient injury-in-fact for a patent-infringement suit. Indeed, in infringement suits, “economic injury alone does not provide standing to sue under the patent statute.” *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1031 (Fed. Cir. 1995); *see Azure*, 771 F.3d at 1344 (“pecuniary loss” insufficient).

For these reasons, the Unilocs’ main arguments remain flawed: They focus on whether they established their statutory cause of action (not at issue here), and whether they sustained some undefined pecuniary injury (also irrelevant here), when the real issue is whether they possessed the requisite rights to exclude Motorola from practicing the claimed invention (they did not).

B. The Unilocs deprived themselves of exclusionary rights.

With the standing issue correctly framed, the record shows that the Unilocs deprived themselves of the exclusionary rights needed for standing to sue on the patent-at-issue by granting Fortress an unencumbered sublicense to the patent, defaulting on the RSA, and failing to annual the default. Following the Event of Default, Fortress automatically could exercise its vested right to sublicense any defendant to make, use or sell the invention, both prospectively and retrospectively.

1. The Unilocs indisputably defaulted, and Motorola did not need to be a party for that default to have effect.

Motorola established that the Unilocs defaulted on the terms of the RSA in at least three ways. First, Motorola showed, and the Unilocs never disputed, that the Unilocs failed to reach their \$20,000,000 monetization target for the four quarters ending in March 2017, as required by RSA § 6.2.2. (Appx3-4; Appx119 (citing Appx169-171; Appx298-299)). Second, Motorola showed, and the Unilocs never disputed, that the Unilocs likewise failed to reach their \$20,000,000 monetization target for the four quarters ending in June 2017, as required by RSA § 6.2.2. (Appx119-120 (citing Appx396; Appx305)). Third, Motorola showed that the Unilocs falsely represented and warranted, first in December 2014 and again in May 2017, that their patents' validity and unenforceability had not been challenged, when they had been challenged on multiple fronts, in violation of RSA § 4.5. (Appx120 (citing Appx173-180; Appx153-154)).

The district court focused on the failure to reach the March 2017 monetization target, concluding that this failure constituted an Event of Default that removed Fortress's restriction on sublicensing. (Appx19). One Event of Default was all that was required for Fortress to have permission to start issuing sublicenses; any one of the three identified to the district court may have served.

The Unilocs contend that the Event of Default, and the consequential ability to use the sublicensing right, may be ignored because Fortress never asserted breach

of the RSA (Br. 20-24), but this is irrelevant. As the district court correctly noted, under the terms of RSA § 7.1, Events of Default—and the impacts of same—were automatic, and enduring, with no requirement that Fortress assert them, acknowledge them, or even realize they occurred. (Appx19); *see AntennaSys, Inc. v. AQYR Techs., Inc.*, 976 F.3d 1374, 1376 (Fed. Cir. 2020) (“The parties do not dispute that Windmill did, in fact, fail to meet the sales requirements of the agreement, such that its license to AntennaSys’s one-half interest in the patent should now be non-exclusive.”).

The Unilocs rely on *Uniloc USA, Inc. v. ADP, LLC* (Br. 20), but the case is inapposite. There, defendants-appellees argued on appeal that the plaintiff-appellant lost standing when it failed to indemnify an entity pursuant to an agreement with IBM, which the defendants-appellees argued triggered a sublicensing clause to IBM. 772 F. App’x 890, 895 (Fed. Cir. 2019). The Court dismissed the argument, reasoning that IBM’s interest was a “reversionary interest” that could not be automatically triggered. *Id.*

Here, in contrast, Fortress’s sublicense interest was vested with its financial support (Appx2-3; Appx151) and Fortress merely agreed not to use it unless and until an Event of Default (Appx19-20 n.4; Appx174 (the Unilocs “hereby grant[] to [Fortress]” a sub-licensable license, which Fortress “shall only use ... following an Event of Default”). When the Event of Default undisputedly occurred, Fortress was

free to sublicense any and all third parties, including Motorola. (Appx18-20). The Unilocs glossed over facts undisputedly showing there were multiple Events of Default, choosing to focus their energies on saying any default was cured. (Appx18-19). Thus, the district court properly found that the Unilocs defaulted and that Fortress was free to sublicense the patent-in-suit effective as of March 2017. (Appx19-20). The Court should not disturb that finding under the clear error standard.

2. *The Unilocs never annulled their default, and thus Fortress was free to issue sublicenses when the Unilocs filed suit.*

The RSA allowed for only three specific means for annulling an Event of Default. (Appx165-166). There is no dispute that two of the three are not at-issue. The Unilocs have focused all of their attention on a “cure” theory—that they cured their undisputed \$5 million+ shortfall to Fortress’s reasonable satisfaction, despite taking no affirmative action to do so.

The district court correctly rejected this argument. As the district court explained, “cure” has a specific legal meaning—it requires some affirmative action. (Appx22). The Unilocs undisputedly took no action to remedy their shortfall, and their counsel conceded that there was nothing they could have done to do so. (*Id.* (Appx769)). The Unilocs protest that this renders the cure clause superfluous (Br. 41), but the clause is available for *all* Events of Default, not just failure to meet

monetization requirements. And if cure is not available for certain Events of Default, the RSA provided for two other means for annulment. (Appx165-166).

The Unilocs point to *post hoc* testimony offered by a Fortress representative professing that Fortress was apparently happy with the Unilocs' performance under the RSA, despite the failure to meet its monetization requirements. (Br. 39). But the RSA was unambiguous, explicitly defining how an Event of Default was to be annulled (Appx165-166), making any testimony as to other means of annulment inadmissible on this point. *MHR Capital Partners LP v. Presstek Inc.*, 912 N.E.2d 43, 47 (N.Y. 2009).²³ Even if the testimony were admissible, subjective beliefs as to performance under a contract are irrelevant to judging objective breach of the unambiguous terms of the RSA. *Id.*

3. Granting sublicensing rights destroys the requisite exclusionary rights.

Under the legal framework discussed above, the Unilocs' grant of sublicensing rights to Fortress destroyed the exclusionary rights necessary to have constitutional standing to sue Motorola when they did. *WiAV*, 631 F.3d at 1266 (A plaintiff "lacks standing to sue a party who has the ability to obtain [a] license from another party with the right to grant it," because the would-be plaintiff "does not have an exclusionary right with respect to the alleged infringer and thus is not injured

²³ The RSA selects New York law as the governing law. (Appx177).

by that alleged infringer.”); *see also id.* at 1267 (confirming that this discussion concerned “constitutional standing,” not statutory); *Azure*, 771 F.3d at 1344 (“That same logic applies even if it is the patent owner holding the nonexclusive right and the licensee holds the exclusionary rights.”).

The Unilocs cite *Aspex Eyewear, Inc. v. Miracle Optics, Inc.* (Br. 24-26) to support the contrary conclusion, but that case does not address constitutional standing, rather it speaks to the statutory authority to sue under § 281. 434 F.3d 1336 (Fed. Cir. 2006). As the Court explained, “[t]he primary issue” in *Aspex* was whether the plaintiff “transferred all substantial ownership rights” in the patents-in-suit, thereby depriving itself of “standing to sue.” *Aspex*, 434 F.3d at 1338. This “all substantial rights” inquiry relates to so-called statutory standing—whether the plaintiff has a cause of action under the Patent Act. *Id.* It does not relate to constitutional standing. *Lone Star Silicon Innovations LLC v. Nanya Tech. Corp.*, 925 F.3d 1225, 1235-1236 (Fed. Cir. 2019) (noting statutory standing does not implicate subject matter jurisdiction). In effect, the Unilocs “confuse[] the requirements of Article III—which establish when a plaintiff may invoke the judicial power—and the requirements of [35 U.S.C.] § 281—which establish when a party may obtain relief under the patent laws.” *Id.*

The Unilocs attempt to analogize to authority on co-owners, arguing that a co-owner’s ability to license does not defeat another co-owner’s constitutional standing

(Br. 26-27), but the attempt is inapposite and their cited authority does not support this proposition anyway. *Schering Corp. v. Roussel-UCLAF SA* merely holds that one co-owner cannot bar another from licensing a third party, 104 F.3d 341 (Fed. Cir. 1997), a holding that supports Motorola’s view, if anything. *AntennaSys, Inc. v. AQYR Techs., Inc.* queried whether the plaintiff had met the statutory requirements under § 281 and ultimately remanded for further factual development. 976 F.3d 1374, 1378 (Fed. Cir. 2020). In doing so, the Court admonished that “it is improper to discuss requirements for establishing a statutory cause of action in terms of ‘standing’” *Id.*, another holding supporting Motorola’s view. Motorola is unaware of any opinion of this Court analyzing the effect of one co-owner’s licensing authority on another co-owner’s constitutional standing, likely because the Court has had no occasion to consider that circumstance given the “rule that a patent co-owner seeking to maintain an infringement suit must join all other co-owners,” *STC.UNM v. Intel Corp.*, 754 F.3d 940, 944 (Fed. Cir. 2014).

Finally, the Unilocs make a throw-away argument, contending that a license is an affirmative defense to infringement, not a consideration for standing (Br. 28), but this misses the mark. Whether Motorola was actually licensed is irrelevant to whether the Unilocs possess exclusionary rights to sue on the patent. Indeed, the Court did not ask whether the defendants in *Azure*, *Luminara*, or *WiAV* were actually licensed; rather, the Court merely asked whether the plaintiffs had disposed

themselves of exclusionary rights by granting third parties the right to sublicense the defendants. So too here: the operative question is not whether Motorola was actually licensed, but whether Fortress had the right to grant Motorola a sublicense. Fortress did have such a right and thus the Unilocs were disposed to the requisite exclusionary rights.

C. Fortress’s right to issue sublicenses was broad and covered both past and future infringement.

The district court correctly found that the sublicensing rights granted to Fortress did not contain any temporal limitations. (Appx 23-24; Appx174). Thus, Fortress possessed the right to sublicense third parties both prospectively and retrospectively. *See Canon Inc. v. Tesseron Ltd.*, 146 F. Supp. 3d 568, 578 (S.D.N.Y. 2015) (holding that license agreement permitted licensee to grant retroactive sublicenses because it “d[id] not restrict the right to sublicense to a grant of prospective licenses”); *High Point SARL v. T-Mobile USA, Inc.*, 53 F. Supp. 3d 797, 805, 808-809 (D.N.J. 2014) (sales of network equipment that sublicensee made to buyer were authorized under sublicense for patent-exhaustion purposes because license agreement placed no limits on retroactive sublicenses), *aff’d on other grounds*, 640 F. App’x 917 (Fed. Cir. 2016).

The Unilocs argue the contrary (Br. 14, 29-30, 43-44), but their authority does not support their position. While unclear to what “settled precedent” the Unilocs refer (Br. 14), the cases they cite for the notion that licenses to third parties may

“only operate prospectively” (*id.* at 43) are inapposite. *Schering Corp. v. Roussel-UCLAF SA* and *Ethicon, Inc. v. U.S. Surgical Corp.* support only that co-owners cannot impair the other’s right to sue for past infringement by granting a retroactive license. 104 F.3d 341, 345 (Fed. Cir. 1997); 135 F.3d 1456, 1467 (Fed. Cir. 1998). But, as discussed *supra*, this case does not involve co-ownership. Thus, the constraints present with co-owner situations are absent here. Moreover, *Ethicon* recognizes that retroactive licenses are permissible, and courts may enforce them when they exist. *Id.* at n.8 *see also Studiengesellschaft Kohle, M.B.H. v. Hercules, Inc.*, 105 F.3d 629, 634 (Fed. Cir. 1997) (interpreting terms of agreement to grant retroactive license).

Of course, parties may choose to specify that a license is retroactive, *Intel Corp. v. ULSI Sys. Tech., Inc.*, 995 F.2d 1566, 1567 (Fed. Cir. 1993), but that does not mean that an agreement that is silent on the matter is prospective only. Here, the Unilocs granted Fortress an unrestricted right to sublicense. (Appx174). The broad nature of the license—i.e., that Fortress “*may otherwise exploit the Licensed Patents in any lawful manner* in [Fortress’] sole and absolute discretion solely to the benefit of Fortress” (*Id.* (emphasis added))—further confirms that there were no limits imposed, including no temporal limits on sublicensing. Indeed, retroactive licensing is a “lawful” exploitation. *See Oyster Optics, LLC v. Infinera Corp.*, 843 F. App’x

298, 302 (Fed. Cir. 2021) (rejecting suggestion that licenses can never be retroactive; interpreting broad language of agreement to allow for retroactive licensing).

Moreover, as the district court correctly noted, there is no need to prospectively license an expired patent (like the patent at-issue is now); in those circumstances, the only license that makes sense is a retroactive license that allows the licensor to forgive past infringement for the statutory six-year look-back. (Appx24 (citing 35 U.S.C. § 286)). Here, Fortress’s license extended until “*after the later of (x) the expiration of the last Licensed Patent to expire, (y) the date on which all statutes of limitation have fully run for bringing infringement claims under the Licensed Patents and (z) the termination of any sublicensing agreement by Licensee with regards to the Licensed Patents.*” (Appx175 (emphasis added)). If Fortress only had prospective licensing rights, there would be no reason for the Agreement to extend past the expiration of the patent(s). The fact that the Agreement continues beyond the expiration of the patent(s)—for the whole length of the statutory damages period—demonstrates that the sublicense right specifically accounted for both prospective and retroactive sublicenses.

For all of the reasons above, the Court should affirm the district court’s decision to dismiss the case for lack of standing. The district court committed no clear error with respect to its factual findings and did not commit any legal error in applying the law to the facts.

D. Statutory prerequisites are not at-issue here and should not be conflated with the requirement of exclusionary rights.

On July 16, 2021, Cirba, Inc. (d/b/a “Densify”) filed a corrected brief as *amicus curiae* in support of the Unilocs. (Dkt. 30). Like the Unilocs, Densify advances a flawed understanding of Article III standing. In particular, Densify (incorrectly) asserts that *Lone Star* and *Schwendimann* overturned this Court’s jurisprudence on Article III standing and held that exclusionary rights are not necessary for such standing. For the reasons above, this understanding is wrong.

Moreover, this Court has already considered and dismissed Densify’s position in resolving a petition for a writ of mandamus that Densify filed in connection with a district court proceeding it initiated in the District of Delaware. *In re Cirba Inc.*, No. 2021-154, 2021 WL 4302979 (Fed. Cir. Sept. 22, 2021). There, the defendant moved to dismiss Densify from the proceeding, arguing Densify was only a bare licensee to the patents-in-suit. *Id.* at *1. The district court agreed, finding that Densify did not have exclusionary rights, and thus dismissed Densify from the proceeding, leaving the patent owner as the sole plaintiff and ordering a new trial. *Id.*

Densify filed a writ of mandamus, seeking vacation of the district court’s order. This Court denied the writ, holding that, because Densify was a mere bare licensee and thus “lacks any statutory right under 35. U.S.C. § 281 to be a patent plaintiff in this case.” *Id.* at *4. In so-holding, the Court cautioned against conflating

statutory rights to sue with constitutional prerequisite to sue and confirmed

Motorola's position:

Lexmark and *Lone Star* warn against conflating statutory requirements with jurisdictional/standing requirements. These cases do not answer the question of whether an injury must be both “legally cognizable” and “concrete” or simply “concrete” for Article III standing. The same is true of *Schwendimann v. Arkwright Advanced Coating, Inc.*, 959 F.3d 1065 (Fed. Cir. 2020)....

Id. at *3.

In short, Densify's brief as *amicus curiae* rests on arguments that have since been addressed and rejected by this Court and presents the Court with no legitimate reason to abandon its jurisprudence on Article III standing.

IV. Lack Of Standing Cannot Be Corrected By Adding Uniloc 2017.

The district court correctly concluded that a jurisdictional defect “cannot be cured, even by adding another party.” (Appx0024 (citing *Azure*, 771 F.3d 1347)); *Morrow*, 499 F.3d at 1341; *see also Sicom Sys., Ltd. v. Agilent Techs., Inc.*, 427 F.3d 971, 975–76 (Fed. Cir. 2005); Fed. R. Civ. P. 12(h)(3) (“If the court determines at any time that it lacks subject-matter jurisdiction, the court must dismiss the action.”). Accordingly, should the Court affirm the district court's dismissal of the case for lack of standing, it should confirm that defect could not be cured by bringing Uniloc 2017 into the case.

V. Even If Standing Is Found, The Case Should Be Remanded To Consider Substitution.

The Unilocs request that the Court allow Uniloc 2017 to be substituted as plaintiff in this case. But the issue of substitution is one that should be decided by the district court after proper discovery and fact findings.

Motorola opposed the Unilocs' attempt to substitute Uniloc 2017, not only on jurisdictional grounds, but also on the basis that the Unilocs had failed to show good cause and for the substitution and had engaged in bad faith behavior. The Unilocs had supposedly executed an Asset Purchase Agreement with Uniloc 2017 in March 2018, but failed to disclose that Agreement and the purported new ownership of the patent-in-suit when they served their Rule 26 initial disclosures in July 2018 (Appx509 (citing Appx441-445; Appx447-450)) and again in response to discovery requests in August 2018. (Appx509-510 (citing Appx452-475)).

Based on these misrepresentations, the Unilocs induced Motorola to seek discovery from the wrong entities for months. (Appx510). Moreover, the Unilocs continued to resist discovery into the Fortress licensing scheme in the *Motorola* case, even when they were ordered to produce the same discovery in the *Apple* case. (*Id.*). The Unilocs offered no legitimate excuse or explanation for their conduct. Even if the Unilocs did not understand the legal significance of their licensing machinations, their ignorance of the law cannot meet the "good cause" requirement. *See Edgewell Pers. Care Brands, LLC v. Albaad Massuot Yitzhak, Ltd.*, No. CV 15-1188-RGA-

MPT, 2017 WL 2463952, at *2 (D. Del. June 7, 2017) (“a strategic mistake does not equate to a showing of good cause under Rule 16”) (internal quotations omitted).

Moreover, in filing their Motion to Substitute, the Unilocs made no attempt to substantiate that Uniloc 2017 had sufficient rights to be substituted as the plaintiff. (Appx107 (relying on attorney declaration with no exhibits)). Further, regardless of what rights Uniloc 2017 may have had in the asserted patent at the time of the Motion to Substitute three years ago, discovery would be needed to determine what entity, if any, currently has Article III standing to sue on the (now long-expired) asserted patent.

In any event, the district court did not reach these merits, properly denying the Unilocs’ request to substitute as moot upon finding that it lacked subject matter jurisdiction over the case. (Appx36). Should the Court disagree with this predicate finding, it should remand the case the district court to collect discovery on the identity of the proper plaintiff in this case—to the extent there is one—and reconsider the issue of substitution, as the district court is in the best position to decide whether the Unilocs showed the requisite good cause.

CONCLUSION

The issues raised here have already been decided against the Unilocs in a valid and final decision that the Unilocs have accepted. Accordingly, this Court can and should affirm the district court’s dismissal on grounds of collateral estoppel.

Alternatively, the Court should affirm the district court's finding that the Uniloc did not have standing when they sued Motorola because the district court committed no clear error in its factual findings and correctly applied the law to the facts. The Court further correctly concluded that the jurisdictional defect cannot be cured by substituting or adding another plaintiff. Finally, should the Court disagree on all of these points, it should remand the case so that the district court can resolve the Unilocs' motion to substitute in the first instance.

Dated: December 22, 2021.

Respectfully submitted,

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**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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Case Number: 2021-1555

Short Case Caption: Uniloc USA, Inc. v. Motorola Mobility LLC

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