

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

APPLE INC.,

Plaintiff,

v.

HTC CORPORATION,
HTC AMERICA, INC.,
ONE & COMPANY DESIGN, INC., and
HTC AMERICA INNOVATION INC.

Defendants.

C.A. No. 12-1004 (GMS)

JURY TRIAL DEMANDED

**APPLE INC.'S ANSWER, AFFIRMATIVE DEFENSES, AND COUNTERCLAIMS
TO HTC DEFENDANTS' COUNTERCLAIMS**

Apple Inc. ("Apple") by and through its undersigned counsel, hereby responds to the counterclaims asserted by HTC Corporation, HTC America, Inc., One & Company Design, Inc., and HTC America Innovation Inc. (collectively "the HTC Defendants") in their First Amended Answer, Affirmative Defenses, and Counterclaims to Defendant and Counterclaim Plaintiff Apple Inc.'s Counterclaims to First Amended Complaint ("HTC's Counterclaims") as follows. Apple respectfully states that this document was originally filed on August 3, 2012, but was not transferred to the Delaware docket upon transfer of the case to this Court. Accordingly, with the agreement of counsel for HTC, Apple respectfully re-submits this document to provide a complete record and to permit HTC to respond.

I. ANSWER TO HTC'S COUNTERCLAIMS

GENERAL DENIAL

Unless expressly admitted below, Apple denies each and every allegation set forth in HTC's Counterclaims. Apple further specifically denies the allegations asserted by the HTC

Defendants in the paragraphs (which correspond to the numbering of the HTC's Counterclaims) below:

PARTIES

366. Apple admits that, upon information and belief, HTC Corporation ("HTC") is a corporation organized under the laws of Taiwan and having a principal place of business at No. 23, Xinghua Road, Taoyuan City, Taoyan County 330, Taiwan, R.O.C.

367. Apple admits that it is a corporation organized and existing under the laws of the State of California, having a principal place of business at 1 Infinite Loop, Cupertino, California 95014.

JURISDICTION AND VENUE

368. As explained in Apple's oppositions to the pending Motion to Sever and Motion to Transfer Venue, Apple disagrees that its claims against the HTC Defendants should be severed or transferred to another forum. Apple further denies that, by filing counterclaims in this action, the HTC Defendants have not implicitly consented to proceeding in this venue.

369. Apple admits that the HTC Defendants' counterclaims purport to arise under the patent laws of the United States, 35 U.S.C. § 1 et seq., but denies any wrongdoing or liability on its own behalf for the reasons stated herein. Apple admits that this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). Except as so expressly admitted herein, Apple denies the remaining allegations in Paragraph 369.

370. Apple admits that this Court has personal jurisdiction over Apple. Apple also admits that venue is proper as to Apple in this District pursuant to 28 U.S.C. §§ 1391(b) and 1400(b).

NATURE OF THE ACTION

371. Apple admits that HTC seeks remedies for Apple's alleged infringement of U.S. Patent Nos. 7,571,221 ("the '221 patent") and 7,120,684 ("the '684 patent"). Apple denies infringing either patent and specifically denies any wrongdoing, infringement, inducement of

infringement, or contribution to infringement. Except as so expressly admitted herein, Apple denies the allegations in Paragraph 371.

FIRST COUNTERCLAIM—INFRINGEMENT OF THE '221 PATENT

372. Apple refers to and incorporates herein its answers as provided in Paragraphs 366-371 above.

373. Apple admits that the '221 patent states on its face that it is entitled "Installation of Network Services in an Embedded Network Server." Apple further admits that the '221 patent states on its face that it issued on August 4, 2009. Apple denies that the '221 patent was lawfully issued. Except as so expressly admitted herein, Apple denies the allegations in Paragraph 373.

374. Apple is without knowledge or information sufficient to form a belief as to the truth of the allegations concerning HTC's purported ownership of all rights, title and interest in the '221 patent and, therefore, denies those allegations. The '221 patent states on its face that the assignee is Hewlett-Packard Development Company, L.P.

375. Apple denies the allegations in Paragraph 375.

376. Apple denies the allegations in Paragraph 376.

377. Apple denies the allegations in Paragraph 377.

378. Apple denies the allegations in Paragraph 378.

379. Apple denies the allegations in Paragraph 379.

SECOND COUNTERCLAIM—INFRINGEMENT OF THE '684 PATENT

380. Apple refers to and incorporates herein its answers as provided in Paragraphs 366-379 above.

381. Apple admits that the '684 patent states on its face that it is entitled "Method and System for Central Management of a Computer Network." Apple further admits that the '684 patent states on its face that it issued on October 10, 2006. Apple denies that the '684 patent was lawfully issued. Except as so expressly admitted herein, Apple denies the allegations in Paragraph 381.

382. Apple is without knowledge or information sufficient to form a belief as to the truth of the allegations concerning HTC's purported ownership of all rights, title and interest in the '684 patent and, therefore, denies those allegations. The '684 patent states on its face that the assignee is Electronic Data Systems Corporation.

383. Apple denies the allegations in Paragraph 383.

384. Apple denies the allegations in Paragraph 384.

385. Apple denies the allegations in Paragraph 385.

386. Apple denies the allegations in Paragraph 386.

387. Apple denies the allegations in Paragraph 387.

DEMAND FOR JURY TRIAL

Apple does not object to a trial by jury on all issues so triable.

PRAYER FOR RELIEF

Apple denies that HTC is entitled to any of the relief sought in its prayer for relief, including that requested in Paragraphs 1 through 7. Apple has not directly or indirectly infringed the '221 patent or the '684 patent, either literally or by the doctrine of equivalents, willfully or otherwise. HTC is not entitled to recover statutory damages, compensatory damages, enhanced damages, an accounting, injunctive relief, costs, fees, interest or any other type of recovery from Apple. HTC's prayer should, therefore, be denied in its entirety and with prejudice, and HTC should take nothing.

II. AFFIRMATIVE DEFENSES

In addition to the defenses described below, Apple expressly reserves the right to allege additional defenses as they become known through the course of discovery.

FIRST DEFENSE—FAILURE TO STATE A CLAIM

388. HTC fails to state a claim upon which relief can be granted because Apple has not performed any act or thing and is not proposing to perform any act or thing in violation of any rights validly belonging to HTC.

SECOND DEFENSE—NONINFRINGEMENT

389. Apple does not infringe and has not infringed, either directly, indirectly, contributorily or by inducement, any claims of the '221 patent or the '684 patent, either literally or under the doctrine of equivalents, willfully or otherwise.

THIRD DEFENSE—PATENT INVALIDITY

390. HTC's alleged claims for infringement of the '221 patent or the '684 patent are barred because each and every claim of the '221 patent and the '684 patent is invalid for failure to comply with the requirements of Title 35 of the United States Code, including but not limited to Sections 102, 103 and/or 112.

FOURTH DEFENSE—LACHES

391. HTC's claims for relief are barred in whole or in part by the equitable doctrine of laches to the extent HTC unreasonably delayed in asserting the '221 patent or the '684 patent against Apple, notwithstanding its assertion of numerous other patents against Apple in other currently pending litigations.

FIFTH DEFENSE—NOTICE

392. To the extent HTC seeks damages for alleged infringement prior to its giving actual or constructive notice of the '221 patent or the '684 patent, the relief sought by HTC is barred, in whole or in part, by 35 U.S.C. § 287.

SIXTH DEFENSE—PROSECUTION HISTORY ESTOPPEL

393. HTC is estopped from construing the claims of the '221 patent and the '684 patent in such a way as may cover any of Apple's products or processes by reasons of statements made to the U.S. Patent and Trademark Office ("Patent Office") during the prosecution of the applications that led to the issuance of the '221 patent and the '684 patent.

SEVENTH DEFENSE—NO INJUNCTIVE RELIEF

394. To the extent HTC seeks injunctive relief for alleged infringement, the relief sought by HTC is unavailable because any alleged injury to HTC is not immediate or irreparable and because HTC has an adequate remedy at law for any alleged injury.

III. COMPUSLORY COUNTERCLAIMS

For its compulsory counterclaims against HTC Corporation, HTC America Inc., One & Company Design, Inc., and HTC America Innovation Inc. (collectively “the HTC Defendants”), Apple Inc. (“Apple”) repeats and re-alleges as follows:

PARTIES

1. Apple is a corporation organized under the laws of the State of California and having a principal place of business at 1 Infinite Loop, Cupertino, CA 95014.
2. Upon information and belief, HTC Corporation is a corporation organized under the laws of Taiwan and having a principal place of business at No. 23, Xinghua Road, Taoyuan City, Taoyuan County 330, Taiwan, R.O.C.
3. Upon information and belief, HTC America, Inc. is a corporation currently organized under the laws of the State of Washington and having a principal place of business at 13920 SE Eastgate Way, Suite 200, Bellevue, WA 98005. Upon information and belief, HTC America, Inc. is a wholly-owned subsidiary of HTC America Holding, Inc., which is itself a wholly-owned subsidiary of an entity called HTC EUROPE CO., LTD., which is itself a wholly-owned subsidiary of an entity called HTC Netherlands B.V., which is itself a wholly-owned subsidiary of an entity called HTC Holding Cooperatief U.A., which is itself 99% controlled by an entity called High Tech Computer Asia Pacific Pte. Ltd, which is itself a wholly-owned subsidiary of HTC Corporation.
4. Upon information and belief, One & Company Design, Inc. (“One & Company”) is a corporation organized under the laws of the State of California and having a principal place of business at 2700 18th Street, San Francisco, CA 94110. Upon information and belief, One & Company is a wholly-owned subsidiary of HTC America Holding, Inc.
5. Upon information and belief, HTC America Innovation, Inc., is a corporation organized under the laws of the State of Washington and having a principal place of business at

13920 Eastgate Way, Suite 400, Bellevue, WA 98005. Upon information and belief, HTC America Innovation, Inc. is a wholly-owned subsidiary of HTC America Holding, Inc.

JURISDICTION AND VENUE

6. These are compulsory counterclaims for declaratory relief that arise under Title 35 of the United States Code. The Court has subject matter jurisdiction over these counterclaims pursuant to 28 U.S.C. §§ 1331, 1338(a), 2201 and 2202.

7. The HTC Defendants are subject to personal jurisdiction in this district arising out of their systematic and continuous contacts with this district and their purposeful acts and/or transactions directed toward this district. Such contacts include without limitation their past and ongoing infringing conduct in this district, such as the development and sale of infringing mobile communications devices with the intent and purpose that such devices be sold or used within this district, and, on information and belief, their presence and conduct of business in this district.

8. Venue is proper in this judicial district under 28 U.S.C. § 1391.

FIRST COUNTERCLAIM—DECLARATORY JUDGMENT

U.S. PATENT NO. 7,571,221

9. Apple counterclaims against HTC pursuant to the patent laws of the United States, Title 35 of the United States Code and the Declaratory Judgments Act, 28 U.S.C. §§ 2201 and 2202.

10. HTC claims to be the owner via assignment of the '221 patent, entitled "Installation of Network Services in an Embedded Network Server," filed on April 3, 2002 and issued on August 4, 2009. The '221 patent on its face identifies as inventors Raghav Rao, Marc Nijdam, and Ravikumar Pisupati. The '221 patent on its face identifies as assignee Hewlett-Packard Development Company, L.P. *See* HTC's Counterclaims, Exhibit A.

A. Declaration of Noninfringement

11. Apple incorporates herein by reference the answers and allegations set forth in Paragraphs 366-394 and 1-10 above as if fully set forth herein.

12. An actual and justiciable controversy exists between Apple and HTC with respect to the '221 patent because HTC has brought an action against Apple alleging that Apple infringes the '221 patent by making, using, offering for sale, selling and/or importing consumer products using the iOS and/or OS X operating systems containing embedded network servers and software and services utilizing the same (such as Newsstand), including but not limited to personal computers (such as the Mac Pro, MacBook Pro, MacBook Air, iMac, Mac Mini), mobile communications devices (such as the iPhone, iPhone 3G, iPhone 3GS, iPhone 4, iPhone 4S), and mobile computing devices (such as the iPod Touch, iPad, iPad 2, the new iPad), which allegation Apple denies. Absent a declaration of noninfringement, HTC will continue to wrongfully assert the '221 patent against Apple, and thereby cause Apple irreparable injury and damage.

13. Apple has not infringed the '221 patent, either directly or indirectly, literally or under the doctrine of equivalents, willfully or otherwise, and is entitled to a declaration to that effect.

14. This is an exceptional case entitling Apple to an award of its attorneys' fees incurred in connection with this action pursuant to 35 U.S.C. § 285.

B. Declaration of Invalidity

15. Apple realleges and incorporates by reference the answers and allegations set forth in Paragraphs 366-394 and 1-14 above as if fully set forth herein.

16. An actual and justiciable controversy exists between Apple and HTC with respect to the '221 patent because HTC has brought an action against Apple alleging that Apple infringes the '221 patent by making, using, offering for sale, selling and/or importing consumer products using the iOS and/or OS X operating systems containing embedded network servers and software and services utilizing the same (such as Newsstand), including but not limited to personal computers (such as the Mac Pro, MacBook Pro, MacBook Air, iMac, Mac Mini), mobile communications devices (such as the iPhone, iPhone 3G, iPhone 3GS, iPhone 4, iPhone 4S), and mobile computing devices (such as the iPod Touch, iPad, iPad 2, the new iPad), which

allegation Apple denies. Absent a declaration of noninfringement, HTC will continue to wrongfully assert the '221 patent against Apple, and thereby cause Apple irreparable injury and damage.

17. The '221 patent is invalid under the provisions of Title 35 of the United States Code, including but not limited to Sections 102, 103 and/or 112, and Apple is entitled to a declaration to that effect.

18. This is an exceptional case entitling Apple to an award of its attorneys' fees incurred in connection with this action pursuant to 35 U.S.C. § 285.

SECOND COUNTERCLAIM—DECLARATORY JUDGMENT

U.S. PATENT NO. 7,120,684

19. Apple counterclaims against HTC pursuant to the patent laws of the United States, Title 35 of the United States Code and the Declaratory Judgments Act, 28 U.S.C. §§ 2201 and 2202.

20. HTC claims to be the owner via assignment of the '684 patent, entitled "Method and System for Central Management of a Computer Network," filed on February 15, 2002 and issued on October 10, 2006. The '684 patent on its face identifies as inventors Rod D. Lawing and Joan E. McKinley. The '684 patent on its face identifies as assignee Electronic Data Systems Corporation. *See* HTC's Counterclaims, Exhibit B.

A. Declaration of Noninfringement

21. Apple incorporates herein by reference the answers and allegations set forth in Paragraphs 366-394 and 1-20 above as if fully set forth herein.

22. An actual and justiciable controversy exists between Apple and HTC with respect to the '684 patent because HTC has brought an action against Apple alleging that Apple infringes the '684 patent by making, using, offering for sale, selling and/or importing Remote Desktop, Apple Profile Manager and/or products and services that use Remote Desktop and Apple Profile Manager, which allegation Apple denies. Absent a declaration of

noninfringement, HTC will continue to wrongfully assert the '684 patent against Apple, and thereby cause Apple irreparable injury and damage.

23. Apple has not infringed the '684 patent, either directly or indirectly, literally or under the doctrine of equivalents, willfully or otherwise, and is entitled to a declaration to that effect.

24. This is an exceptional case entitling Apple to an award of its attorneys' fees incurred in connection with this action pursuant to 35 U.S.C. § 285.

B. Declaration of Invalidity

25. Apple realleges and incorporates by reference the answers and allegations set forth in Paragraphs 366-394 and 1-24 above as if fully set forth herein.

26. An actual and justiciable controversy exists between Apple and HTC with respect to the '684 patent because HTC has brought an action against Apple alleging that Apple infringes the '684 patent by making, using, offering for sale, selling and/or importing Remote Desktop, Apple Profile Manager and/or products and services that use Remote Desktop and Apple Profile Manager, which allegation Apple denies. Absent a declaration of noninfringement, HTC will continue to wrongfully assert the '684 patent against Apple, and thereby cause Apple irreparable injury and damage.

27. The '684 patent is invalid under the provisions of Title 35 of the United States Code, including but not limited to Sections 102, 103 and/or 112, and Apple is entitled to a declaration to that effect.

28. This is an exceptional case entitling Apple to an award of its attorneys' fees incurred in connection with this action pursuant to 35 U.S.C. § 285.

DEMAND FOR JURY TRIAL

29. Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Apple demands a jury trial for all issues so triable.

REQUEST FOR RELIEF

WHEREFORE, Apple prays for judgment as follows on HTC's Counterclaims and on Apple's Answer, Affirmative Defenses and Counterclaims thereto:

- A. That each and every claim of the '221 patent or the '684 patent be declared not infringed and invalid;
- B. That HTC take nothing and that HTC's counterclaims for patent infringement be dismissed with prejudice;
- C. That judgment be entered in favor of Apple against HTC on HTC's counterclaims for patent infringement;
- D. That pursuant to 35 U.S.C. § 285 and/or other applicable laws, HTC's conduct be found to render this an exceptional case and that Apple be awarded its attorneys' fees incurred in connection with this action;
- E. That Apple be awarded its cost of suit incurred herein;
- F. That Apple be awarded such other and further relief as the court may deem just and proper.

Dated: September 7, 2012

/s/ Richard K. Hermann

Richard K. Hermann (I.D. #405)
Mary B. Matterer (I.D. #2696)
MORRIS JAMES LLP
500 Delaware Avenue, Suite 1500
Wilmington, DE 19801-1494
(302) 888-6800
rhermann@morrisjames.com

Kenneth H. Bridges (*Of Counsel*)
Michael T. Pieja (*Of Counsel*)
BRIDGES & MAVRAKAKIS LLP
3000 El Camino Real
One Palo Alto Square, 2nd Floor
Palo Alto, CA 944306
(650) 804-7800

Attorneys for Apple Inc.