

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

INTERDIGITAL COMMUNICATIONS,)
INC., a Delaware corporation,)
INTERDIGITAL TECHNOLOGY)
CORPORATION, a Delaware corporation,)
IPR LICENSING, INC., a Delaware)
corporation, and INTERDIGITAL)
HOLDINGS, INC., a Delaware corporation,)

Plaintiffs/Counterclaim-Defendants,)

v.)

C.A. No. 13-008-RGA

HUAWEI TECHNOLOGIES CO., LTD., a)
Chinese corporation, FUTUREWEI)
TECHNOLOGIES, INC. D/B/A/ HUAWEI)
TECHNOLOGIES (USA), a Texas)
corporation, and HUAWEI DEVICE USA,)
INC., a Texas corporation,)

Defendants/Counterclaim-Plaintiffs.)

JURY TRIAL DEMANDED

ANSWER AND COUNTERCLAIMS

Defendants Huawei Technologies Co., Ltd., Futurewei Technologies, Inc. and Huawei Device USA, Inc. (collectively “Huawei”) submit this Answer to the Complaint filed by Plaintiffs InterDigital Communications, LLC, InterDigital Technology Corporation, IPR Licensing, Inc., and InterDigital Holdings, Inc. (collectively, “IDC”) on January 2, 2013 (D.I. 1, the “Complaint”). To the extent not specifically admitted in the following paragraphs, the allegations in the Complaint are denied.

THE PARTIES

1. Huawei admits on information and belief the allegations contained in paragraph 1.
2. Huawei admits on information and belief the allegations contained in paragraph 2.
3. Huawei admits on information and belief the allegations contained in paragraph 3.

4. Huawei admits on information and belief the allegations contained in paragraph 4, except denies knowledge and information sufficient to form a belief concerning the allegations in footnote 1 and therefore denies the same.

5. Huawei admits that Huawei Technologies Co., Ltd. is a corporation organized and existing under the laws of the People's Republic of China and that its principal place of business is Bantian, Longgang District, Shenzhen, 518129.

6. Huawei admits that Futurewei Technologies, Inc. ("Futurewei") is a Texas corporation with a principal place of business at 5700 Tennyson Parkway, Suite #500, Plano, Texas 75024. Huawei further admits that Futurewei is an indirect subsidiary of Huawei Technologies Co., Ltd. Huawei denies the remaining allegations in paragraph 6.

7. Huawei admits that Huawei Device USA, Inc., is a Texas corporation with a principal place of business at 5700 Tennyson Parkway, Suite #600, Plano, Texas 75024.

JURISDICTION AND VENUE

8. Huawei admits that the Complaint purports to arise under 35 U.S.C. § 271 *et seq.* To the extent that paragraph 8 states a legal conclusion, no response is required. To the extent a response is required, Huawei admits that this Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1331 and 1338(a).

9. Huawei admits that the Complaint purports to assert venue under 35 U.S.C. § 1400(b). To the extent that paragraph 9 states a legal conclusion, no response is required. To the extent a response is required, Huawei will not contest venue in this Court.

10. Huawei admits that the Complaint purports to assert venue under 35 U.S.C. 1391(b), (c), (d) and 1400(b). To the extent paragraph 10 states a legal conclusion, no response is required. To the extent a response is required, Huawei will not contest venue or personal jurisdiction in this Court.

THE PATENTS-IN-SUIT

11. Huawei admits that IDC asserts the three patents listed in this paragraph.

12. Huawei admits that the '966 patent is entitled "Method and Apparatus for Performing an Access Procedure," and states that it was issued on March 13, 2007, to Fatih Ozluturk and Gary R. Lomp. Huawei admits that Exhibit A is attached to the Complaint. Huawei further admits that Exhibit A contains what IDC claims is a true and correct copy of the '966 patent. Huawei is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 12, and therefore denies the same.

13. Huawei admits that the '847 patent is entitled "Method and Apparatus for Performing an Access Procedure," and states that it was issued on October 23, 2007, to Fatih Ozluturk and Gary R. Lomp. Huawei further admits that Exhibit B contains what IDC claims is a true and correct copy of the '847 patent. Huawei is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 13, and therefore denies the same.

14. Huawei admits that the '151 patent is entitled "Method and System for Providing Channel Assignment Information Used to Support Uplink and Downlink Channels," and states that it was issued on May 10, 2011, to Marian Rudolf, Stephen G. Dick, and Phillip J. Pietraski. Huawei further admits that Exhibit C contains what IDC claims is a true and correct copy of the '151 patent. Huawei is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations in paragraph 14, and therefore denies the same.

COUNT I
INFRINGEMENT OF THE '966 PATENT

15. Huawei incorporates by reference its responses to paragraphs 1-14 of the Complaint as if fully set forth herein.

16. Huawei denies the allegations of paragraph 16.

17. Huawei admits that IDC asserted related patents against Huawei in Investigation Number 337-TA-800 before the U.S. International Trade Commission. Huawei further admits that it has received the Complaint. Huawei denies the remaining allegations of paragraph 17.

18. Huawei admits that certain of its products interoperate with 3G WCDMA-based telecommunication systems that implement Release 99, Release 4, HSDPA, HSUPA, and/or HSPA+ features. Huawei denies the remaining allegations of paragraph 18.

19. Huawei admits that it has received a copy of a complaint that IDC filed in the International Trade Commission on January 2, 2013. Huawei denies the remaining allegations of paragraph 19.

20. Huawei denies the allegations of paragraph 20.

21. Huawei denies the allegations of paragraph 21.

COUNT II
INFRINGEMENT OF THE '847 PATENT

22. Huawei incorporates by reference its responses to paragraphs 1-21 of the Complaint as if fully set forth herein.

23. Huawei denies the allegations of paragraph 23.

24. Huawei admits that IDC asserted related patents against Huawei in Investigation Number 337-TA-800 before the U.S. International Trade Commission. Huawei further admits that it has received the Complaint. Huawei denies the remaining allegations of paragraph 24.

25. Huawei admits that certain of its products interoperate with 3G WCDMA-based telecommunication systems that implement Release 99, Release 4, HSDPA, HSUPA, and/or HSPA+ features. Huawei denies the remaining allegations of paragraph 25.

26. Huawei admits that it has received a copy of a complaint that IDC filed in the International Trade Commission on January 2, 2013. Huawei denies the remaining allegations of paragraph 26.

27. Huawei denies the allegations of paragraph 27.

28. Huawei denies the allegations of paragraph 28.

COUNT III
INFRINGEMENT OF THE '151 PATENT

29. Huawei incorporates by reference its responses to paragraphs 1-28 of the Complaint as if fully set forth herein.

30. Huawei denies the allegations of paragraph 30.

31. Huawei admits that it has received the Complaint. Huawei denies the remaining allegations of paragraph 31.

32. Huawei admits that certain of its products interoperate with 4G-based telecommunications systems that implement LTE (Long Term Evolution) features. Huawei denies the remaining allegations of paragraph 32.

33. Huawei admits that it has received a copy of a complaint that IDC filed in the International Trade Commission on January 2, 2013. Huawei denies the remaining allegations of paragraph 33.

34. Huawei denies the allegations of paragraph 34.

35. Huawei denies the allegations of paragraph 35.

JURY DEMAND

36. The allegations of paragraph 36 do not require a response. Huawei demands a trial by jury on all issues so triable.

PRAYER FOR RELIEF

37. Huawei denies that IDC is entitled to the relief it requests or to any other relief. Huawei asks this Court to enter judgment in favor of Huawei and against IDC, together with an award of costs and attorneys' fees against IDC.

AFFIRMATIVE AND OTHER DEFENSES

Without assuming any burden Huawei would otherwise not have, Huawei asserts the following defenses:

FIRST DEFENSE

The claims of the '966, '847 and '151 Patents ("the Asserted Patents") are invalid under Section 101 of Title 35 of the United States Code as directed to non-statutory subject matter.

The claims of the Asserted Patents are invalid under Sections 102 and/or 103 of Title 35 of the United States Code as anticipated or obvious in light of the prior art.

The claims of the Asserted Patents are also invalid under the requirements of paragraph 1 of Section 112 of Title 35 of the United States Code due to a lack of written description, failure to particularly point out and distinctly claim the subject matters which are regarded as the alleged inventions, and/or failure to set forth written descriptions sufficient to enable any person skilled in the art to make and use the alleged inventions. In addition, the claims of the Asserted Patents are invalid under paragraph 2 of Section 112 of Title 35 of the United States Code because those claims are indefinite in that they contain ambiguous language and/or functional limitations that prevent a person skilled in the art from determining their full scope or meaning.

SECOND DEFENSE

Huawei has not imported, sold for importation, or sold within the United States after importation, any product that is covered by any valid and enforceable claims of the Asserted Patents. Huawei does not infringe any valid and/or enforceable claims of the Asserted Patents under one or more provisions of Title 35 U.S.C. § 1, *et seq.*

THIRD DEFENSE

IDC is precluded from obtaining a finding of violation and issuance of any relief on its Complaint because the Complaint fails to state a claim upon which relief can be granted.

FOURTH DEFENSE

IDC's claims against Huawei are barred, in whole or in part, by prosecution history estoppel.

FIFTH DEFENSE

IDC's claims are barred in whole or in part by delay in prosecuting the patent applications that matured into the Asserted Patents.

One or more of the Asserted Patents have a purported effective filing date of more than 10 years before the date IDC filed this Complaint.

IDC, based on its representations that one or more of the Asserted Patents claim benefit under 35 U.S.C. § 120 to a series of continuation applications, could have claimed the subject matter now recited in the asserted claims of one or more of the Asserted Patents at any time from the purported effective filing dates of one or more of the Asserted Patents. IDC so unreasonably delayed filing the asserted claims that they are estopped from asserting them against Huawei.

SIXTH DEFENSE

On information and belief, IDC is barred from asserting the Asserted Patents by the equitable doctrine of patent misuse. IDC and Huawei are members of relevant standard-setting organizations (“SSOs”), including the European Telecommunications Standardization Institute (“ETSI”) and the 3rd Generation Partnership Project (“3GPP”). Like other SSOs, the Intellectual Property Rights Policies (“IPR Policies”) of these SSOs require each member to identify all intellectual property rights the member holds and knows may be essential to compliance with a proposed technology standard, and to state whether it will license such intellectual property rights on fair, reasonable and non-discriminatory (“FRAND”) terms and conditions. Although IDC declared to the relevant SSOs that the Asserted Patents are essential to relevant standards, and committed to license the asserted patents on FRAND terms and conditions, IDC violated its commitments by seeking to enjoin or exclude Huawei, a willing licensee, from practicing the Asserted Patents and by failing to offer and grant FRAND terms and conditions for licensing the Asserted Patents.

SEVENTH DEFENSE

IDC’s claims are barred in whole or in part pursuant to actual licenses or under the doctrine of implied license. These licenses include, but are not limited to, express or implied licenses arising from IDC’s participation in ETSI and 3GPP, its commitments to license the Asserted Patents on FRAND terms and conditions, its failure to offer and grant a license on FRAND terms and conditions, and Huawei’s willingness to enter into a license on FRAND terms and conditions.

EIGHTH DEFENSE

The Asserted Patents are void and unenforceable by reason of the equitable doctrine of unclean hands based on (among other things) IDC’s participation in ETSI and 3GPP,

its commitments to license the Asserted Patents on FRAND terms and conditions, its efforts to or exclude Huawei, a willing licensee, from importing and selling products that allegedly practice the Asserted Patents, and its failure to offer FRAND terms and conditions for licensing the Asserted Patents.

NINTH DEFENSE

IDC breached its undertakings and obligations to ETSI and 3GPP, as well as to Huawei as a beneficiary of such undertakings or commitments, by seeking to enjoin or exclude Huawei, a willing licensee, from importing and selling products that allegedly practice the Asserted Patents, and by failing to offer and grant FRAND terms and conditions for licensing the Asserted Patents.

TENTH DEFENSE

IDC's claims are barred in whole or in part based on equitable and/or promissory estoppel based on IDC's commitments to license the Asserted Patents on FRAND terms and conditions, its efforts to enjoin or exclude Huawei, a willing licensee, from importing and selling products that allegedly practice the Asserted Patents, its failure to offer and grant FRAND terms and conditions for licensing the Asserted Patents, Huawei's reliance on IDC's obligations to adhere to its commitments, and Huawei's detriment because of IDC's failure to honor its obligations.

ELEVENTH DEFENSE

IDC has waived any right to enforce the Asserted Patents by its commitments to license the Asserted Patents on FRAND terms and conditions, its efforts to enjoin or exclude Huawei, a willing licensee, from importing and selling products that allegedly practice the Asserted Patents, and its failure to offer and grant FRAND terms and conditions for licensing the Asserted Patents.

RESERVATION OF RIGHTS TO ASSERT ADDITIONAL DEFENSES

Huawei has not knowingly or intentionally waived any applicable defenses, and it reserves the right to assert and rely upon other applicable defenses that may become available or apparent throughout the course of this action. Huawei reserves the right to amend, or seek to amend, its answer or affirmative defenses.

PRAYER FOR RELIEF

Huawei respectfully prays for judgment and relief as follows:

- a. That IDC take nothing by reason of its Complaint, that the Complaint be dismissed with prejudice, and that judgment be rendered in favor of Huawei and against IDC;
- b. That Huawei be awarded its costs and expenses incurred in this action;
- c. That Huawei be awarded its attorneys' fees in this action pursuant to 35 U.S.C. § 285; and
- d. For such other and further relief as the Court deems proper.

COUNTERCLAIMS

Pursuant to Federal Rule of Civil Procedure 13, Defendant/Counterclaim Plaintiff Huawei Technologies Co., Ltd., Futurewei Technologies, Inc. and Huawei Device USA, Inc. (collectively "Huawei") counterclaims against Plaintiff/Counterclaim Defendants InterDigital Communications, Inc., InterDigital Technology Corporation, IPR Licensing, Inc., and InterDigital Holdings, Inc. (collectively, "IDC") and, in support thereof, alleges as follows:

NATURE OF THE ACTION

1. Huawei brings this action to enforce contractual commitments made by IDC to license on Fair, Reasonable and Non-Discriminatory ("FRAND") terms patents that IDC has declared to be essential to various 3G and LTE 4G wireless standards. In breach of those

commitments, IDC has sought to enjoin or exclude Huawei, a willing licensee, from practicing (a) one or more patents related to the LTE 4G standard, including patents asserted in this action, and (b) one or more patents related to the UMTS 3G standard, including patents asserted in this action and in an earlier filed action pending in this Court. In further breach of those commitments, IDC has failed to offer and grant a license on FRAND terms and conditions for both of these sets of asserted patents.

2. In further breach, IDC has filed two complaints which initiated investigations before the United States International Trade Commission: Inv. No. 337-TA-800 filed July 26, 2011 and Inv. No. 337-TA-2929 filed January 2, 2013 (the “ITC Proceedings”). By these ITC Proceedings, IDC threatens to harm irreparably Huawei’s substantial business by excluding and enjoining importation and sale of its products, and by extracting unfair, unreasonable and discriminatory license terms. Yet, by virtue of its FRAND commitments, IDC effectively agreed to forego exclusionary and injunctive relief against parties willing to agree to FRAND license terms with respect to valid and essential patents they use, as Huawei is willing to do.

3. Huawei seeks enforcement of IDC’s commitments to license its standards-essential patents on FRAND terms and conditions, and relatedly seeks a determination of an appropriate FRAND royalty for IDC’s 3G and 4G US patent portfolios. (Huawei Technologies Co., Ltd. is seeking similar relief with respect to IDC’s Chinese patents in litigation currently pending in China.) Huawei also seeks a declaration that the patent claims asserted in this action are not infringed, invalid, and unenforceable.

THE PARTIES

4. Counterclaim-Plaintiff Huawei Technologies Co., Ltd. is a Chinese corporation with its principal place of business in China. Huawei designs, manufactures, markets, and sells a range of electronic devices including certain 3G and 4G products accused in the earlier action

and in this action. Huawei manufactures these accused products in China, but it does not manufacture or sell these accused products in the United States.

5. Counterclaim-Plaintiff Futurewei Technologies, Inc. is a Texas corporation with its principal place of business in Texas, and is an indirect subsidiary of Huawei. Prior to January 1, 2012, Futurewei imported and sold a range of electronic devices including mobile communication and media devices including certain of the products manufactured by Huawei Technologies Co., Ltd. that are accused in the earlier-filed case and in this action. Futurewei also engages in research and development and has its own patent portfolio.

6. Counterclaim-Plaintiff Huawei Device USA, Inc. is a Texas corporation with its principal place of business in Texas, and is a subsidiary of Huawei. Huawei Device USA, Inc. imports and sells a range of electronic devices including mobile communication and media devices, including certain of the products manufactured by Huawei Technologies Co., Ltd. that are accused in the earlier-filed case and in this action.

7. On information and belief, Counterclaim-Defendant InterDigital Communications, Inc. is a Delaware corporation with its principal place of business at 781 Third Avenue, King of Prussia, Pennsylvania 19406.

8. On information and belief, Counterclaim-Defendant InterDigital Technology Corporation is a Delaware corporation with its principal place of business at 200 Bellevue Parkway, Suite 300, Wilmington Delaware 19809, and is a complainant in the ITC Proceedings.

9. On information and belief, Counterclaim-Defendant IPR Licensing, Inc. is a Delaware corporation with its principal place of business at 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809, and is a complainant in the ITC Proceedings.

10. On information and belief, Counterclaim-Defendant InterDigital Holdings, Inc. is a Delaware corporation with its principal place of business at 200 Bellevue Parkway, Suite 300, Wilmington, Delaware 19809, and is a complainant in the ITC Proceedings.

GENERAL ALLEGATIONS

11. In the ITC Proceedings, in the earlier filed action in this Court, and in this action, IDC alleges that various claims of ten US patents are being by infringed by Huawei — namely, United States Patents Nos. 7,190,966, 7,286,847, 7,941,151, 8,009,636, 7,706,830, 7,616,970, 7,502,406, 7,348,540, 7,536,013, 7,706,332, and 7,970,127. All the foregoing patents are referred to herein as the “Combined Asserted Patents.”

12. By the ITC Proceedings, IDC seeks exclusion and “cease and desist” orders barring Huawei and other respondents from, among other things, importing and selling various accused products in the United States with 3G and 4G capabilities.

13. By the earlier filed action and this action, IDC seeks injunctions barring Huawei from using, making, importing, offering for sale and / or selling various accused products in the United States with 3G and 4G capabilities.

14. However, prior to the institution of the ITC Proceedings, the earlier-filed action in this Court and this action, IDC participated in developing standards with various Standard Setting Organizations (“SSOs”), including the European Telecommunications Standards Institute (“ETSI”), the 3rd Generation Partnership Project (“3GPP”) and the International Telecommunications Union (“ITU”).

15. As relevant here, IDC declared to relevant SSOs each of the Combined Asserted Patents to be “essential” Intellectual Property Rights (“IPR”) to 3G and/or 4G standards, and committed to provide licenses to each of the Combined Asserted Patents on FRAND terms.

16. The SSOs and their members, for the benefit of members and non-members, including Huawei, relied on IDC's FRAND commitments when they adopted technologies including proposals from IDC into 3G and 4G standards, and also later when they did not alter existing standards after InterDigital disclosed patents that InterDigital contended may be infringed by manufacturers practicing then existing standards. SSOs seek FRAND commitments to ensure that patent owners will not attempt to block manufacture and sale of products practicing the standards, and to ensure that patent owners will not seek to impose onerous royalties or licensing terms and conditions on such products, given that the adoption of the standard eliminates alternative technologies competing to become incorporated into the standard.

17. Moreover, market participants like Huawei have made very substantial investments to develop and market products designed to be compatible with these standards in reliance upon IDC's explicit and implicit commitments to license its purportedly essential IPR, including each of the Combined Asserted Patents, on FRAND terms and conditions.

18. IDC, however, in breach of its commitments, has failed and refused entirely to offer and grant a separate license, on FRAND or other terms and conditions, to Futurewei and Huawei Device USA as requested by them.

19. In further breach of its commitments, IDC has failed to offer and grant a license to Huawei with FRAND terms and conditions, despite repeated requests. In particular, the terms and conditions offered to Huawei are significantly less favorable than the terms and conditions of licenses that IDC has entered into with prior licensees, including licensees that are competitors of Huawei. At the same time, IDC has refused to accept FRAND license terms and conditions counteroffered by Huawei.

20. Further, IDC seeks by the injunctions sought in the earlier filed action and in this action, and by the exclusion orders sought in the ITC Proceedings, to exclude from the United States Huawei's products that allegedly practice the very technologies to which IDC has committed but failed to license on FRAND terms and conditions.

21. At all relevant times, Huawei has been and is willing to license each of the Combined Asserted Patents on FRAND terms and conditions. Indeed, through the earlier filed case and this action, Huawei affirmatively has sought to establish a FRAND royalty rate for the Combined Asserted Patents for sales in the US so the royalty could be paid. Huawei similarly commenced litigation now pending in China to establish a royalty rate for IDC's Chinese patents for sales in China so that royalty could be paid.

22. Huawei brings these counterclaims to remedy IDC's violation of its FRAND commitments, for specific performance of these commitments, and for related declaratory relief.

The Importance Of SSOs And FRAND Commitments To The Wireless Industry

23. Mobile wireless carriers, handset manufacturers, and chipset manufacturers, among others, participate in SSOs to develop standards facilitating interoperability among cellular networks and various mobile devices. Once standards are adopted, competing manufacturers, carriers, and sellers can offer products and services that interoperate with each other according to the standard.

24. Standards play an important role in the development of wireless data and telecommunications technologies by facilitating product development and network creation. Market participants are generally willing to invest in the industry because, so long as their products interoperate according to published standards, those products will operate effectively within the networks and be compatible with other third-party products.

25. Agreed standards reduce costs for component suppliers, product manufacturers and consumers. For suppliers, standardization can reduce the need to develop products to a particular manufacturer's specifications. Because components may be sold to multiple manufacturers, manufacturing volumes can increase and per unit costs decrease. Product manufacturers also benefit from increased price competition among suppliers. When components are made to interoperate according to a standard, switching suppliers typically does not require a substantial redesign of the manufacturer's products. Lower switching costs increase competition among suppliers, leading to lower consumer prices.

26. The standard-setting process moves the industry towards a common standard by eliminating alternatives in favor of an agreed protocol for communication among devices. The process can confer significant market power to an entity claiming ownership of a technology included in a standard. That is particularly true in the telecommunications markets.

27. Before standardization, the royalty a patentee could earn from a patent license for its technology was constrained by the availability of alternative technologies to perform similar functions. However, once a standard incorporates a patented technology, alternative technologies are no longer economically practical. Left unconstrained, owners of essential IPR covering functions within the standard could demand exorbitant royalties from participants who effectively must use the IPR.

28. To address this problem, most SSOs — including those relevant to this action — have adopted IPR policies. These IPR policies generally contain requirements concerning:

- (a) the disclosure of IPR that may claim any portion of the specifications of the standard; and
- (b) whether and to what extent patentees declaring purported essential IPR must commit to licensing that IPR on FRAND terms and conditions.

29. As set forth in greater detail below, the IPR policies at issue in this case require participants declaring essential IPR to commit to license that IPR on FRAND terms. Market participants rely on these commitments to ensure, among other things, that they will not be held up by patentees seeking unreasonable royalties after the industry is locked into the standard.

The SSOs Have IPR Policies Designed To Prevent Anticompetitive Hold-Up

30. IDC is, and was at the relevant times, a member of and has participated in development of standards by multiple SSOs, including ETSI, 3GPP and ITU.

31. ETSI is an SSO governed by French law and is responsible for the standardization of information and communication technologies for the benefit of its members and third parties. 3GPP is a collaborative activity through a group of recognized SSOs (its “Organizational Partners”), including ETSI. 3GPP develops technical specifications subsequently presented to and adopted as standards by its Organizational Partners, such as ETSI. ITU is the United Nations specialized agency for information and communication technologies.

32. Like other SSOs, ETSI, 3GPP and ITU have developed IPR Policies designed to mitigate the risk of the anticompetitive hold-up by IPR owners inherent in any standard-setting process.

ETSI’s IPR Policy

33. ETSI’s IPR Policy is set forth in Annex 6 of its Rules of Procedure. Clause 4.1 of the ETSI IPR Policy governs disclosure of essential IPR, requiring ETSI members to declare all known essential IPR in a timely manner:

[E]ach MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely fashion. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER’s IPR which might be ESSENTIAL if that proposal is adopted.

34. Clause 15 of ETSI's IPR Policy defines IPR to mean "any intellectual property right conferred by statute law including applications therefor other than trademarks." Therefore, market participants have a reasonable expectation that all potentially essential patents or patent applications will be disclosed to ETSI.

35. Clause 6 of ETSI's IPR Policy governs the availability of licenses to essential IPR, requesting ETSI members to grant licenses to essential IPR on FRAND terms. In relevant part, Clause 6.1 states:

When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an undertaking in writing that it is prepared to grant irrevocable licenses on fair, reasonable and non-discriminatory terms and conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

36. Clause 8 of ETSI's IPR Policy governs situations where an owner of essential IPR refuses to undertake a FRAND commitment. In relevant part, Clause 8.1 states:

8 .1.1 Where prior to the publication of a STANDARD or a TECHNICAL SPECIFICATION an IPR owner informs ETSI that it is not prepared to license an IPR in respect of a STANDARD or TECHNICAL SPECIFICATION in accordance with Clause 6.1 above, the General Assembly shall review the requirement for that STANDARD or TECHNICAL SPECIFICATION and satisfy itself that a viable alternative technology is available for the STANDARD or TECHNICAL SPECIFICATION which:

- is not blocked by that IPR; and

- satisfies ETSI's requirements.

8.1.2. Where, in the opinion of the General Assembly, no such viable alternative technology exists, work on the STANDARD or TECHNICAL SPECIFICATION shall cease, and the Director-General of ETSI shall observe the following procedure:

- a) If the IPR owner is a MEMBER,
 - i) the Director-General of ETSI shall request that MEMBER to reconsider its position.
 - ii) If that MEMBER however decides not to withdraw its refusal to license the IPR, it shall then inform the Director-General of ETSI of its decision and provide a written explanation of its reasons for refusing to license that IPR, within three months of its receipt of the Director-General's request.
 - iii) The Director-General of ETSI shall then send the MEMBER's explanation together with relevant extracts from the minutes of the General Assembly to the ETSI Counsellors for their consideration.

37. Thus, if an ETSI member refuses to agree to FRAND licensing of essential IPR, ETSI will select an alternative technology to incorporate into the standard, or will stop work entirely on the standard if no alternative is available.

38. ETSI's IPR Policy was designed to benefit all ETSI members as well as nonparties complying with ETSI standards. The explicit objective of the policy, described in Clause 3.1, is to "reduce the risk" to those complying with the standards and technical specifications "that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL IPR for a STANDARD or TECHNICAL SPECIFICATION being unavailable."

3GPP's IPR Policy

39. As a collaborative activity among its Organizational Partners (including ETSI), 3GPP requires its members to declare and offer licenses to essential IPR on FRAND terms, as

well as to abide by the IPR policies of their respective Organizational Partner. Article 55 of the 3GPP Working Procedures states, in relevant part:

Individual Members shall be bound by the IPR Policy of their respective Organizational Partner.

Individual Members should declare at the earliest opportunity, any IPRs which they believe to be essential, or potentially essential, to any work ongoing within 3GPP. Declarations should be made by Individual Members to their respective Organizational Partners.

Organizational Partners should encourage their respective members to grant licenses on fair, reasonable terms and conditions and on a non-discriminatory basis.

As a 3GPP “Individual Member,” IDC was thus “bound by the IPR Policy” of ETSI, the “Organization Partner” through which IDC participated in 3GPP. That policy requires IDC to grant a FRAND license as described in paragraphs 30-34 of these counterclaims.

ITU’s IPR Policy

40. Under ITU’s Common Patent Policy, if a technical recommendation is developed and essential IPR has been disclosed, then either the patent holder must declare that it is willing to negotiate licenses “free of charge” or “on a non-discriminatory basis on reasonable terms and conditions.” If the patent holder is not willing to declare under either of those provisions, and indicates an unwillingness to license under those constraints, then “the Recommendation | Deliverable shall not include provisions depending on the patent.”

IDC Has Binding FRAND Obligations With Respect To The Combined Asserted Patents

41. During all relevant times, IDC was a member of ETSI, 3GPP and ITU. IDC participated in ETSI’s, 3GPP’s and ITU’s development of mobile communications standards for, among others, Global System for Mobile Communications (“GSM”), Universal Mobile Telecommunications System (“UMTS”), CDMA2000 and 3GPP.

42. IDC explicitly has declared to ETSI and/or ITU that each of the Combined Asserted Patents is essential to one or more 3G and/or 4G standards, and explicitly has undertaken to grant irrevocable licenses to each of the Combined Asserted Patents on FRAND terms and conditions.

43. As a result of its membership and participation in the SSOs, and its declarations and concomitant commitments, IDC was and is bound by their policies and procedures, including IPR Policies, and is obligated to license the Combined Asserted Patents on FRAND terms and conditions. IDC, however, has engaged in a course of conduct that has violated the very policies put in place by these SSOs to prevent the anticompetitive patent hold-up by which IDC now seeks to profit.

IDC Has Breached Its FRAND Obligations

44. Notwithstanding IDC's declarations of essentiality, and implicit and explicit FRAND commitments, IDC has failed and refused entirely to offer and grant a separate license, on FRAND or other terms and conditions, to Futurewei and Huawei Device USA as repeatedly requested by them.

45. IDC also has failed to offer and grant a license to Huawei with FRAND terms and conditions, despite repeated requests. In particular, the terms and conditions offered to Huawei are significantly less favorable than the terms and conditions of licenses that IDC has entered into with prior licensees, including licensees that are competitors of Huawei. At the same time, IDC has refused to accept FRAND license terms and conditions counteroffered by Huawei.

46. Further, IDC seeks by the injunctions sought in the earlier filed action and in this action, and by the exclusion orders sought in the ITC Proceedings, to exclude from the United States Huawei's products that allegedly practice the very technologies to which IDC has committed but failed to license on FRAND terms and conditions.

COUNT I
BREACH OF CONTRACT

47. Huawei incorporates the allegations set forth in paragraphs 1-46, above.

48. The conduct of IDC as alleged above constitutes breach of contract.

49. As set forth above, IDC entered into express or implied contracts with ETSI, 3GPP, ITU, their members, and manufactures and sellers of products designed to interoperate according to standards adopted by these SSOs, including Huawei, to grant licenses to its purportedly essential IPR on FRAND terms and conditions.

50. IDC has breached and continues to breach these contracts by failing to license Futurewei and Huawei Device USA on any terms, by failing to grant a license on FRAND terms and conditions to Huawei, by refusing FRAND counteroffers, and by seeking injunctive and exclusionary relief.

51. As a result of these multiple contractual breaches, Huawei has been injured, including in its business and property. Huawei has been forced to expend resources resolving this licensing dispute, and is threatened, in particular, with irreparable loss of profits, loss of customers and potential customers, loss of goodwill and product image, and uncertainty among customers and potential customers.

COUNT II
BREACH OF CONTRACT- THIRD PARTY BENEFICIARY

52. Huawei incorporates the allegations set forth in paragraphs 1-51, above.

53. As set forth above, IDC entered into express or implied contracts with ETSI, 3GPP, ITU, and their members, to grant licenses to its purportedly essential IPR on FRAND terms.

54. IDC's contracts with these SSOs, and in particular IDC's commitments in the contracts to grant to applicants licenses to its purportedly essential IPR on FRAND terms, evince

a clear intent that the contracts benefit Huawei and other third parties who might require a license to any of the Combined Asserted Patents.

55. These same contractual commitments create a duty on behalf of IDC to license its Combined Asserted Patents on FRAND terms and conditions.

56. It is only by IDC's fulfilling its promise to license the Asserted Patents on FRAND terms that Huawei will receive the intended benefit of being able to practice the implicated standards free from unreasonably high and discriminatory licensing demands.

57. IDC has breached and continues to breach its contracts with ETSI and 3GPP by refusing to license Futurewei and Huawei Device USA separately, by failing to grant a license on FRAND terms and conditions to Huawei, by refusing FRAND counteroffers, and by seeking injunctive and exclusionary relief.

58. As a result of these multiple contractual breaches, Huawei has been injured, including in its business and property. Huawei has been forced to expend resources resolving this licensing dispute, and is threatened, in particular, with irreparable loss of profits, loss of customers and potential customers, loss of goodwill and product image, and uncertainty among customers and potential customers.

COUNT III
EQUITABLE ESTOPPEL

59. Huawei incorporates the allegations set forth in paragraphs 1–58, above.

60. IDC made clear and definite promises to potential licensees through its commitments to the various SSOs that it would license its purportedly essential IPR, including each of the Combined Asserted Patents, on FRAND terms and conditions.

61. The intended purpose of IDC's promises was to induce reliance. IDC knew or should have reasonably expected that these promises would induce manufacturers and sellers of

mobile wireless devices, like Huawei, to develop, manufacture, and/or market products compliant with the relevant standards.

62. Huawei invested many millions of dollars in the applicable technology to develop, manufacture, and/or sell products compliant with the relevant standards in reliance on IDC's promises, as described above.

63. IDC is estopped from repudiating these promises under the doctrine of promissory estoppel.

64. Huawei has been harmed and is threatened with irreparable harm as a result of its reasonable reliance on IDC's promises and the wrongful conduct of IDC. Huawei has been forced to expend resources resolving this licensing dispute, and is threatened, in particular, with irreparable loss of profits, loss of customers and potential customers, loss of goodwill and product image, and uncertainty among customers and potential customers.

65. Huawei lacks an adequate remedy at law.

COUNT IV
WAIVER OF RIGHT TO ENJOIN

66. Huawei incorporates the allegations set forth in paragraphs 1–65, above.

67. SSOs, including ETSI, 3GPP and ITU, each have IPR Policies that require its members and participants in the standard-setting process to grant licenses to purportedly essential IPR on FRAND terms and conditions.

68. IDC is and has been a member of these SSOs and has been a participant in their standards setting processes, including through participation in the promulgation of relevant mobile and wireless communication standards.

69. By doing so, and by explicitly declaring the Combined Asserted Patents to be essential, IDC implicitly and explicitly committed to license its IPR, including each of the Combined Asserted Patents, on FRAND terms.

70. By committing to license its purportedly essential IPR on FRAND terms, IDC has engaged in a course of conduct with regard to such IPR, including the Combined Asserted Patents, that is inconsistent with an intent to enforce any injunctive or exclusionary rights that it may possess with regard to such purportedly essential IPR against parties willing to license that IPR on FRAND terms.

71. As a result of IDC's conduct, Huawei reasonably believed, and reasonably relied on the belief, that IDC would not seek to enforce any injunctive or exclusionary rights with respect to its purportedly essential IPR, including the Combined Asserted Patents, but rather would seek to license such IPR on FRAND terms or otherwise to obtain monetary relief.

72. Huawei, in reliance upon this reasonable belief, invested many millions of dollars in the applicable technology to develop, manufacture, and/or sell products compliant with the relevant standards.

73. IDC has waived any rights it may have had to seek injunctive or exclusionary relief against willing licensees with respect to its purportedly essential IPR, including the Combined Asserted Patents, that it committed, but failed, to license on FRAND terms.

COUNT V
DECLARATORY RELIEF—IDC HAS NOT OFFERED OR GRANTED HUAWEI
LICENSES ON FRAND TERMS

74. Huawei incorporates the allegations set forth in paragraphs 1–73, above.

75. There is an actual controversy between the parties concerning whether the terms on which IDC has offered to license its purported essential patents are fair, reasonable, and nondiscriminatory.

76. The controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

77. Huawei is entitled to a declaratory judgment that IDC has not to date offered or granted it licenses on FRAND terms.

COUNT VI
DECLARATORY RELIEF—DETERMINATION OF FRAND TERMS

78. Huawei incorporates the allegations set forth in paragraphs 1–77, above.

79. There is an actual controversy between the parties concerning FRAND terms for IDC’ s patents that have been declared essential to a standard used by any of the products accused in the earlier filed case or this action.

80. The controversy is of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

81. Huawei is entitled to a declaratory judgment determining an appropriate FRAND royalty for IDC’s United States 3G and LTE 4G patents that have been declared essential to a standard used by any of the products accused in the earlier filed case or this action.

COUNT VII
NONINFRINGEMENT OF THE ASSERTED PATENTS

82. Huawei incorporates the allegations set forth in paragraphs 1–81, above, and in its answer to IDC’s complaint.

83. An actual controversy exists between the parties with respect to infringement of the Asserted Patents because IDC has brought this action against Huawei alleging that Huawei infringes the Asserted Patents.

84. Huawei has not and is not now infringing, contributorily infringing, or inducing infringement of the Asserted patents.

85. Huawei is entitled to a judgment that Huawei does not infringe any claims of the Asserted Patents.

COUNT VIII
INVALIDITY OF THE ASSERTED PATENTS

86. Huawei incorporates the allegations set forth in paragraphs 1–85, above, and in its answer to IDC’s complaint.

87. An actual controversy exists between the parties with respect to invalidity of the Asserted Patents because IDC has brought this action against Huawei alleging that Huawei infringes the Asserted Patents.

88. The claims of the Asserted Patents are invalid under Section 101 of Title 35 of the United States Code as directed to non-statutory subject matter.

89. The claims of the Asserted Patents are invalid under Sections 102 and/or 103 of Title 35 of the United States Code as anticipated or obvious in light of the prior art.

90. The claims of the Asserted Patents are also invalid under the requirements of paragraph 1 of Section 112 of Title 35 of the United States Code due to a lack of written description, failure to particularly point out and distinctly claim the subject matters which are regarded as the alleged inventions, and/or failure to set forth written descriptions sufficient to enable any person skilled in the art to make and use the alleged inventions. In addition, the claims of the Asserted Patents are invalid under paragraph 2 of Section 112 of Title 35 of the United States Code because those claims are indefinite in that they contain ambiguous language and/or functional limitations that prevent a person skilled in the art from determining their full scope or meaning.

91. Huawei is entitled to a judgment that the claims of the Asserted Patents are invalid.

COUNT IX
UNENFORCEABILITY OF THE ASSERTED PATENTS

92. Huawei incorporates the allegations set forth in paragraphs 1–91, above, and in its answer to IDC’s complaint.

93. An actual controversy exists between the parties with respect to unenforceability of the Asserted Patents because IDC has brought this action against Huawei alleging that Huawei infringes the Asserted Patents.

94. The Asserted Patents are unenforceable under one or more of the equitable doctrines of patent misuse, unclean hands, equitable estoppel, promissory estoppel, and implied license.

95. Huawei is entitled to a judgment that the Asserted Patents are unenforceable.

PRAYER FOR RELIEF

WHEREFORE, Huawei respectfully prays for relief as follows:

a. A judgment that IDC has breached its contracts with Huawei by failing to offer and grant licenses on FRAND terms and conditions to purported essential IPR, including the Combined Asserted Patents, and ordering specific performance of these contracts and awarding appropriate damages in an amount to be proven at trial;

b. A judgment that IDC has breached its contracts with the SSOs, harming Huawei as third-party beneficiary of those contracts, by failing to offer and grant licenses on FRAND terms and conditions to purported essential IPR, including the Combined Asserted Patents, and ordering specific performance of these contracts and awarding appropriate damages in an amount to be proven at trial;

c. A judgment that IDC is equitably estopped from seeking any exclusionary or injunctive relief from the United States International Trade Commission in the ITC Proceedings,

or in any other forum, for Huawei's alleged infringement of IDC's purported essential IPR, including the Combined Asserted Patents;

d. A judgment that IDC has waived any right it may have possessed to seek any exclusionary or injunctive relief from the United States International Trade Commission in the ITC Proceedings, or in any other forum, for Huawei's alleged infringement of IDC's purported essential IPR, including the Combined Asserted Patents;

e. A declaratory judgment that IDC has not to date offered and granted Huawei licenses on FRAND terms;

f. A declaratory judgment setting an appropriate FRAND royalty to license IDC's United States 3G and 4G LTE patents that have been declared essential to a standard used by any products accused in the earlier filed case or in this action;

g. A declaratory judgment that Huawei does not infringe any claim of the Asserted Patents;

h. A declaratory judgment that the claims of the Asserted Patents are invalid;

i. A declaratory judgment that the Asserted Patents are unenforceable;

j. Awarding to Huawei the costs and disbursements of the action, including reasonable attorneys' fees; and

k. Such other relief as the Court may deem just and equitable.

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Dated: January 24, 2013

CERTIFICATE OF SERVICE

I, Adam W. Poff, Esquire, hereby certify that on January 24, 2013, I caused to be electronically filed a copy of the foregoing document with the Clerk of the Court using CM/ECF, which will send notification that such filing is available for viewing and downloading to the following counsel of record:

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I further certify that on January 24, 2013, I caused a copy of the foregoing document to be served by e-mail on the above-listed counsel of record and on the following:

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