

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

ADAPTIVE SPECTRUM AND SIGNAL
ALIGNMENT, INC.,

Plaintiff,

v.

AT&T ENTERPRISES, LLC, ET AL.

Defendants.

Civil Action No.: 2:24-cv-00029-JRG-RSP

JURY TRIAL DEMANDED

**DEFENDANTS' MOTION TO TRANSFER VENUE
BASED ON THE PARTIES' CONTRACTUAL FORUM-SELECTION CLAUSE,
AND ALTERNATIVELY, MOTION TO STAY CASE PENDING ARBITRATION**

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I. INTRODUCTION

ASSIA and AT&T (the parties to this litigation) previously entered into a joint Development and Distribution Agreement (Joint Development Agreement), which included various patent license agreements (including for a patent asserted in this case). As part of the Joint Development Agreement, ASSIA and AT&T contracted to handle any [REDACTED] between them—without limitation—in the Northern District of California. ASSIA now improperly brings suit in this district in direct breach of the Parties’ agreement. Thus, transfer of this case is required by contract, and AT&T respectfully requests that this Court transfer this case to the United States District Court for the Northern District of California under § 1404(a).

In addition, the Joint Development Agreement contains an arbitration clause requiring arbitration of any disputes related to the Agreement. In the event ASSIA contests that the Joint Development Agreement requires transfer, that question must be resolved via arbitration. AT&T therefore requests that the Court compel arbitration to resolve this dispute and that it stay the proceedings pending the outcome of the arbitration. *Henry Schein, Inc. v. Archer & White Sales, Inc.*, 139 S. Ct. 524 (2019).

II. BACKGROUND

A. The Forum Selection Clause Between AT&T and ASSIA

On July 11, 2005, Plaintiff ASSIA entered into the first of a sequence of joint development and licensing agreements with Defendant AT&T’s predecessors-in-interest, SBC Services, Inc. and SBC Knowledge Ventures, L.P. (collectively, k/n/a “AT&T”).¹ Ex. A at Recitals (p. 5). [REDACTED]

[REDACTED]—each Asserted Patent also relates to DSL—which was a way to deliver high-

¹ In 2005, SBC acquired AT&T, including the named entities in this case.

[REDACTED]

speed internet service to houses using older copper-pair telephone lines (in contrast to fiber optic lines, which are more common today). The product envisioned was called the [REDACTED]” and, as part of the joint development, AT&T and its affiliates were licensed to ASSIA’s DSL-related intellectual property. [REDACTED]

As the project moved forward, ASSIA and AT&T entered into numerous periodic amendments to the original Agreement. Amendment 12, [REDACTED] [REDACTED] was signed October 30, 2008. *See* Ex. B (“Amendment 12”). Amendment 12, which remains in force today, contains a provision requiring [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The Parties chose the Northern District of California as the exclusive venue because that is where Plaintiff ASSIA was located, and still is located today. Ex. C (ASSIA Initial Disclosures) at 2. The terms [REDACTED] as used in the forum-selection clause, were not restricted in scope in any other part of Amendment 12, and thus expressly cover the claims asserted by ASSIA here.

B. The Arbitration Clause Between AT&T and ASSIA

The Joint Development Agreement also included an “Arbitration” provision, wherein ASSIA and AT&T agreed that [REDACTED] between them related to [REDACTED] [REDACTED] would be resolved by arbitration:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

C. The Agreement Provides A License Defense Applicable In This Lawsuit

In addition to the broad forum-selection clause for any [REDACTED] the Joint Development Agreement also grants license rights to AT&T that pertain to at least one patent-in-suit. The original Agreement between ASSIA and AT&T broadly defined the [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The ASSIA intellectual property licensed from ASSIA to AT&T included, among other applications, U.S. Patent Application 10/795,593, which later issued as the presently asserted U.S. Patent No. 7,428,669. Ex. A at 47.

Amendment 12, in addition to prescribing the Northern District of California as the exclusive jurisdiction for disputes, also expanded the scope of the license to AT&T. Specifically, section 2(a) of Amendment 12 granted [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

D. ASSIA's Suit Should Have Been Brought in the Northern District of California.

On January 19, 2024, ASSIA filed the present action against AT&T alleging infringement of U.S. Patent Nos. 7,428,669 (the "'669 patent"); 7,593,458 (the "'458 patent"); 7,991,122 (the "'122 patent"); and 9,954,631 (the "'631 patent") (collectively, the "Asserted Patents"). Dkt. 1. This case falls within the forum-selection clause for two reasons. *First*, ASSIA's assertions (and AT&T's counterclaims) broadly fall within the express language of the forum-selection clause. *Second*, there is a license issue under both the original Agreement and Amendment 12 for at least one of the patents-in-suit.

III. LEGAL STANDARD

A. Enforceability of Contractual Forum-Selection Clauses

Courts typically enforce forum-selection clauses pursuant to 28 U.S.C. § 1404(a). The Supreme Court has held that "proper application of § 1404(a) requires that a forum-selection clause be given 'controlling weight in all but the most exceptional cases.'" *Atl. Marine Constr. Co., Inc. v. U.S. Dist. Court for the W. Dist. of Tex.*, 571 U.S. 49, 52, 59-60. (2013). A forum-selection clause often arises in patent cases where a defendant asserts a defense based on a contractual agreement, which is the case here. *See, e.g., Tessera Advanced Techs., Inc. v. Samsung Elecs. Co.*, No. 2:17-cv-00671-JRG, 2018 U.S. Dist. LEXIS 223184 at *6 (E.D. Tex. Sept. 5, 2018); *see also, e.g., Zix Corp. v. Echoworx Corp.*, No. 2:15-cv-01272-JRG, 2016 U.S. Dist. LEXIS 189227 (E.D. Tex. June 9, 2016). Where parties have agreed to a valid forum-selection clause, a § 1404(a) motion should be denied only "under extraordinary circumstances unrelated to the convenience of the parties." *Atl. Marine*, 571 U.S. at 62.

In determining the applicability of a forum-selection clause, the Federal Circuit has held that the nexus between the present case is a low bar, holding merely that the alleged license defense must be “non-frivolous.” *Gen. Protecht Grp., Inc. v. Leviton Mfg. Co.*, 651 F.3d 1355, 1359 (Fed. Cir. 2011); *Tessera*, 2018 U.S. Dist. LEXIS 223184 at *6. This Court has articulated a “‘one-quarter’ standard when addressing forum selection clauses . . . and interpreting the ‘non-frivolous’ standard.” *Tessera*, 2018 U.S. Dist. LEXIS 223184 at *6 (citing *Zix*, 2016 U.S. Dist. LEXIS 189227 at *4-7). The Court has stated that on “the continuum existing between a wholly frivolous assertion of a license defense and a conclusive showing of success on the merits . . . the elusive attachment point is ‘almost assuredly . . . found before we reach the mid-point of the spectrum, and . . . is probably ‘found nearer the one-quarter marker.’” *Id.* at *7 (quoting *Zix*, 2016 U.S. Dist. LEXIS 189227 at *10).

When there is a valid forum-selection clause, district courts should “adjust their usual § 1404(a) analysis in three ways.” *Atl. Marine*, 571 U.S. at 63. First, “the plaintiff’s choice of forum merits no weight,” and “the plaintiff bears the burden of establishing that transfer to the forum for which the parties bargained is unwarranted.” *Id.* Second, “[w]hen parties agree to a forum-selection clause, they waive the right to challenge the preselected forum as inconvenient or less convenient for themselves or their witnesses, or for their pursuit of the litigation.” *Id.* at 64. Thus, “a district court may consider arguments about public-interest factors only.” *Id.* at 64. These public interest factors are: “(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws or in the application of foreign law.” *Tessera*, 2018 U.S. Dist. LEXIS 223184 at *8 (quoting *Atl. Marine*, 571 U.S. at 64). The Supreme Court has warned, however, that these public interest

“factors will rarely defeat a transfer motion” and “forum-selection clauses should control except in unusual cases.” *Atl. Marine*, 571 U.S. at 64. And third, “when a party bound by a forum-selection clause flouts its contractual obligation and files suit in a different forum, a §1404(a) transfer of venue will not carry with it the original venue’s choice-of-law rules—a factor that in some circumstances may affect public-interest considerations.” *Id.*

B. Enforceability of Arbitration Provisions

In deciding whether arbitration should apply, district courts (1) ask whether the parties entered into an arbitration agreement and, if so, (2) consider whether the claim is covered by the arbitration agreement. *Gardner v. Gary Sinise Found.*, NO. 4:23-CV-99-SDJ, 2024 U.S. Dist LEXIS 21379, at *6–7 (E.D. Tex Feb. 7, 2024); *MacClelland v. Cellco P’ship*, 609 F. Supp. 3d 1024, 1030 (N.D. Cal. Jul. 1, 2022). “[P]arties may agree to have an arbitrator decide not only the merits of a particular dispute but also ‘gateway’ questions of ‘arbitrability,’ such as whether the parties have agreed to arbitrate or whether their agreement covers a particular controversy.” *Schein*, 139 S. Ct. at 529.

IV. ARGUMENT

As part of a broad joint-development and patent-license agreement (including for a patent asserted in this case), the Parties specifically agreed that [REDACTED]

[REDACTED] ASSIA’s assertion of patent infringement in this forum was therefore incorrect for at least two separate reasons: (1) the parties broadly contracted to bring *any suit or action* between them in only the Northern District of California (ASSIA’s home forum); and (2) AT&T has a patent-license defense based on a patent license with a forum-selection clause for the Northern District of California. Although the language of the Agreement

[REDACTED]

unambiguously requires transfer, if ASSIA files an opposition to AT&T's motion and if the Court finds that there is a contested issue regarding the scope of the Agreement, arbitration is appropriate to resolve the issue.

A. The Agreement's Forum-Selection Clause Requires That *Any Claim* Be Brought In the U.S. District Court for the Northern District of California.

Amendment 12 to the Joint Development Agreement between AT&T and ASSIA contains a mandatory forum-selection and choice-of-law provision in its Section 13(e) that applies to any [REDACTED] The language of the forum-selection clause is mandatory and not optional, reciting [REDACTED]

[REDACTED] The Federal Circuit and other Circuits have treated similar language in forum-selection clauses as mandatory. *See, e.g., Powertech Tech. Inc. v. Tessera, Inc.*, 660 F.3d 1301, 1310 (Fed. Cir. 2011) (finding mandatory a forum selection clause using "'shall' language to mandate jurisdiction in California"); *see also, e.g., Docksider, Ltd. v. Sea Tech., Ltd.*, 875 F.2d 762, 764 (9th Cir. 1989) (finding a forum-selection clause stating "venue of any action brought hereunder *shall be* deemed to be in . . . Virginia," to be mandatory (emphasis added)).

Forum-selection clauses like the one at issue here are "prima facie valid and should be enforced unless enforcement is shown by the resisting party to be 'unreasonable' under the circumstances." *The Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 10 (1972). Indeed, the Fifth Circuit "applies a strong presumption in favor of the enforcement of mandatory [forum-selection clauses]." *Weber v. PACT XPP Techs., AG*, 811 F.3d 758, 773 (5th Cir. 2016). The circumstances in this case are not unreasonable and so this mandatory forum-selection provision should be applied.

[REDACTED]

The forum-selection clause in the Joint Development Agreement expressly covers the claims in this lawsuit. Specifically, the Agreement states [REDACTED]

[REDACTED]

[REDACTED]

Nowhere in the Agreement, Amendment 12, or any other Amendment are the terms [REDACTED] limited to less than their plain and ordinary meaning. Given that the word [REDACTED] one should consider whether the term is defined by the Agreement or one of the Amendments. While there is no express definition of [REDACTED], the original Agreement between ASSIA and AT&T does define the term [REDACTED]

[REDACTED]

[REDACTED] Thus, under either the plain meaning of the term [REDACTED] it is clear the Parties contracted for *any* disputes between them to be brought exclusively in the Northern District of California. *See MaxEn Capital, LLC v. Sutherland*, No. H-08-3590, 2009 U.S. Dist. LEXIS 29308, *15 (S.D. Tex. Apr. 3, 2009) (“The scope of a forum selection clause is not limited solely to claims for breach of the contract that contains it” but is rather dependent on “how broadly the clauses are worded”); *John Wyeth & Brother Ltd. v. Cigna Int’l Corp.*, 119 F.3d 1070, 1075 (3d Cir. 1997) (“[W]hether or not a forum selection clause applies depends on what the *specific clause at issue* says.” (emphasis in original)); *Provitas, LLC v. Quality Ingredients Corp.*, No. 4:21-cv-00196, 2021 U.S. Dist. LEXIS 238766, at *48 (E.D. Tex., Dec. 14, 2021) (concluding that a forum-selection clause “cover[ed] actions that involve the business relationship” between the parties).

Selecting the Northern District of California as an exclusive venue makes commercial sense, too. *See New Moon Shipping Co. v. MAN B&W Diesel AG*, 121 F.3d 24, 33 (2d Cir. 1997)

[REDACTED]

(“The scope of the forum selection clause is a contractual question that requires the courts to interpret the clause and, where ambiguous, to consider the intent of the parties.”). ASSIA was founded in Northern California and still has its only domestic office there. Ex. C (ASSIA Initial Disclosures) at 2. Its executives all reside in Northern California, and ASSIA’s only listed office is located there as well. Ex. D (LinkedIn of ASSIA CEO, John Cioffi, indicating his location as “Redwood City, California”); Ex. E (LinkedIn of ASSIA CTO, Peter Chow, indicating his location as “San Francisco Bay Area”); Ex. F (ASSIA website listing only office in “Redwood City, CA”).

B. AT&T Has Raised A License Defense Under Amendment 12.

In addition to the broad definition of [REDACTED]” in the forum-selection clause, the forum selection clause also has specific applicability to AT&T’s license defense that arises out of the Joint Development Agreement. As part of the original Agreement, ASSIA granted to AT&T a license to one of the patents asserted against AT&T in this case (the ’669 patent). The license permits the [REDACTED]. Thus, AT&T benefits from a license defense for any products or services that fall under the ambit of a [REDACTED].

In addition to the specific license grant above for [REDACTED], Amendment 12 also grants AT&T a license to [REDACTED]. [REDACTED] Because the asserted patents—which have many of the same inventors as the Licensed Patents under Amendment 12—could have supported at least some of the claims asserted in this case, AT&T has an additional license defense beyond the ’669 patent.

It is not incumbent on AT&T to prove all the particulars of its license defense at this stage. Undoubtedly, ASSIA will attempt to contest the applicability of its license to the claims asserted

[REDACTED]

here. At this stage, the Court need not adjudicate the license issue. Instead, it is sufficient for AT&T to identify the scope of its license defense, and for the Court to conclude AT&T has articulated a non-frivolous defense. On “the continuum existing between a wholly frivolous assertion of a license defense and a conclusive showing of success on the merits,” AT&T has two separate license defenses, both of which easily passes muster under “the one-quarter marker.” *Tessera*, 2018 U.S. Dist. LEXIS 223184 at *10. Ultimately, the adjudication of whether a license exists, and its scope, must be answered by the Northern District of California—a venue that the Parties contractually agreed would make that determination.

C. The Requirements of § 1404(a) under Atlantic Marine are Satisfied.

Under § 1404(a), “a district court may transfer any civil action to any other district or division where it might have been brought or to any district or division to which all parties have consented.” 28 U.S.C. § 1404(a). Here, the Court may transfer this case to the Northern District of California at least because the parties consented to proceed there pursuant to the forum-selection clause of Amendment 12 to the Agreement. *See Atl. Marine*, 571 U.S. at 59 (finding that § 1404(a) “permits transfer to any district where venue is also proper . . . or to any other district to which the parties have agreed by contract or stipulation”). [REDACTED]

[REDACTED]

[REDACTED] Accordingly, transfer to the Northern District of California is appropriate under § 1404(a) based on consent. *See, e.g., Tessera*, 2018 U.S. Dist. LEXIS 223184 at n.1 (finding that “a contractual forum-selection clause is the manifestation of the Parties’ consent to use a particular forum”).

D. The Public Interest Factors Do Not Show “Extraordinary Circumstances” for Departing from the Agreement’s Forum Selection Clause.

Where a forum-selection clause applies, then this Court should “adjust [its] usual § 1404(a)

analysis,” and “consider arguments about public-interest factors only.” *Atl. Marine*, 571 U.S. at 63–64. “Because those factors will rarely defeat a transfer motion, the practical result is that forum-selection clauses should control except in unusual cases.” *Id.* at 64. This is not an unusual case.

1. Local Interest of Each District

In considering this factor, “the court must look to the relevant factual connection between the events at issue and the two proposed venues.” *XY, LLC v. Trans Ova Genetics, LC*, No. W-16-CA-00447-RP, 2017 U.S. Dist. LEXIS 218449, at *22 (W.D. Tex. Apr. 5, 2017) (citing *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 317-18 (5th Cir. 2008)). ASSIA’s allegations do not have a specific nexus to any particular district. Here, ASSIA alleges infringement of four patents by AT&T services and products allegedly implementing certain DSL standards. Ex. G (Complaint) at ¶¶ 20–33, 36. ASSIA’s allegations are not limited to any particular jurisdiction and are instead based on alleged nationwide infringement by AT&T. *Id.* at ¶¶ 71–177. Further, ASSIA does not claim to have a place of business in the Eastern District of Texas but instead admits its principal place (and likely only place) of business is in Redwood City, California, in the Northern District of California. *Id.* at ¶ 1. AT&T likewise lacks a strong connection to the Eastern District of Texas. None of the named defendants are Texas corporations nor do any of the named defendants have principal places of business in the Eastern District of Texas. Ex. H (AT&T’s Answer) at ¶¶ 2–7. This factor thus favors transfer.

2. Administrative Difficulties Flowing from Court Congestion

“To the extent that court congestion is relevant, the speed with which a case can come to trial and be resolved may be a factor.” *In re Genentech, Inc.*, 566 F.3d 1338, 1347 (Fed. Cir. 2009). The Federal Circuit has noted that “this factor appears to be the most speculative . . . and case-

disposition statistics may not always tell the whole story.” *Genentech*, 566 F.3d at 1347. Here, the average time to trial in the parties’ chosen forum, the Northern District of California, is not so materially different that this case should be considered “unusual.” This factor is therefore neutral.

3. Familiarity of the Forum with Governing Law

The issues in this case relate to federal patent law, which both this Court and the Northern District of California are equally suited to apply. *In re TS Tech United States Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (noting that district courts are equally capable of applying federal patent law) (citing *Lear Corp. v. TS Tech USA Corp.*, No. 2:07-CV-406, 2008 U.S. Dist. LEXIS 105072, at *9 (E.D. Tex. Sep. 10, 2008)). This factor is thus neutral.

4. Avoidance of Unnecessary Problems of Conflicts of Law

There are no problems of conflicts of law anticipated either here or in the Northern District of California. Accordingly, this factor is neutral.

* * *

In sum, there are no “extraordinary circumstances” sufficient under *Atlantic Marine* to cause this Court to disregard the forum-selection clause to which the parties agreed. *Atl. Marine*, 571 U.S. at 62. Indeed, this Court has transferred cases based on forum-selection clauses where the underlying licensing defense was similar to what AT&T asserts here. In *EVS Codec Techs. v. LG Elecs.*, this Court granted transfer where the defendant raised a licensing defense based on the plaintiff granting the defendant a license to the patents asserted in that case. *EVS Codec Techs., LLC v. LG Elecs., Inc.*, No. 2:18-CV-00343-JRG, 2019 U.S. Dist. LEXIS 111967, at *3 (E.D. Tex. July 5, 2019). In *Tessera*, this Court granted transfer where communications between the plaintiff and the defendant were protected under the license agreement and were relevant to the willful infringement analysis in that case. *Tessera*, 2018 U.S. Dist. LEXIS 223184 at *9-10. Likewise, in

[REDACTED]

Zix, this court granted transfer where the defendant argued that a license agreement which granted a license to two patents and “all patent applications claiming priority therefrom” gave rise to an implied license to the asserted patent. *Zix*, 2016 U.S. Dist. LEXIS 189227 at *8-10. In each case, this Court found the defendant’s licensing defense to be non-frivolous in granting transfer. This Court should likewise find the same here.

E. In the Event of a Dispute as to Applicability of the Forum-Selection Clause, the Court Should Refer the Issue to Arbitration and Should Stay the Case Pending Resolution.

In entering the Agreement, the Parties agreed that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] And the parties also agreed that questions regarding arbitrability were reserved for the arbitrator. *Id.* [REDACTED]

[REDACTED] This broad language of the arbitration provision captures the issue here—whether the forum-selection clause applies to this case. To be sure, the Supreme Court has instructed that “parties may agree to have an arbitrator decide not only the merits of a particular dispute but also ‘gateway’ questions of ‘arbitrability,’ such as whether the parties have agreed to arbitrate or whether their agreement covers a particular controversy.” *Schein*, 139 S. Ct. at 529. As such, if ASSIA disputes applicability of the forum-selection clause, that dispute must be resolved in arbitration.

The arbitration provision also requires that the [REDACTED]

[REDACTED]

[REDACTED] In accordance with this provision, AT&T raised the dispute regarding the correct forum with ASSIA’s counsel on June 28, 2024, and met and conferred

with ASSIA regarding the same on July 2, 2024. Ex. I. Accordingly, thirty days since both the meet and confer and notice of dispute will have passed before ASSIA files its opposition. Thus, if the Court compels arbitration, the thirty-day requirement will have been satisfied.

In sum, *General Protecht Group* and its progeny compel transfer in this circumstance. But in the event that ASSIA disputes the applicability of the forum-selection clause, and the Court believes an inquiry beyond the *General Protecht Group* inquiry is necessary, that dispute must be resolved by arbitration. The Court should, in that event, stay this case pending the outcome of the arbitration. Section 3 of the Federal Arbitration Act requires courts to stay court proceedings pending arbitration for any issue covered by an arbitration agreement. 9 U.S.C. § 3; *see also Hornbeck Offshore Corp. v. Coastal Carriers Corp.*, 981 F.2d 752, 754 (5th Cir. 1993).

V. CONCLUSION

For all of these reasons, AT&T respectfully requests that the Court transfer the case to the Northern District of California or, in the alternative, assign the question of transfer to an arbitrator.

Dated: July 30, 2024

RESPECTFULLY SUBMITTED,

/s/ M. Scott Stevens

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CERTIFICATE OF SERVICE

I hereby certify that on July 30, 2024, the foregoing document was served electronically on all counsel who have consented to electronic service.

/s/ M. Scott Stevens
M. Scott Stevens

CERTIFICATE OF CONFERENCE

I hereby certify that the Defendant has complied with the meet and confer requirements set forth in Local Rule CV-7(h). On June 28, 2024, counsel for Defendant requested a meet and confer with counsel for Plaintiff regarding a motion to transfer. On July 2, 2024, the parties' met and conferred, and Plaintiff provided no position. On July 8, 2024, Plaintiff indicated that it opposed Defendants' motion. On July 24, 2024, counsel for Defendant requested an additional meet and confer regarding alternative relief related to arbitration. On July 29, 2024, the parties met and conferred, and Plaintiff indicated that it opposed Defendants alternative motion related to arbitration. .

/s/ M. Scott Stevens
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