

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

ROSETTA-WIRELESS CORP., an)	
Illinois corporation,)	
)	
Plaintiff,)	
)	Case No. 15 C 799
v.)	
)	Judge Joan H. Lefkow
APPLE INC., a)	
California Corporation, et al.,)	
)	
Defendants.)	

OPINION AND ORDER

On June 1, 2015, Rosetta-Wireless Corp. (“Rosetta”), the holder of U.S. Patent No. 7,149,511 (“the ’511 patent”), filed an amended complaint for direct patent infringement against Apple Inc. (“Apple”); Samsung Electronics Co. Ltd. and Samsung Electronics America, Inc. (collectively, “Samsung”); Motorola Mobility LLC (“Motorola”); LG Electronics Co. and LG Electronics USA Inc. (collectively, “LG”); and HTC Corporation and HTC America Inc. (collectively, “HTC”). (Dkt. 82 (“Am. Compl.”).) Rosetta alleges that defendants “infringed directly and continue to infringe directly” the ’511 patent by manufacturing, using, selling, or offering for sale within the United States, or by importing into the United States, products that embody the patented invention. (*Id.* ¶ 15.) Defendants have moved to dismiss for failure to state a claim, or, in the alternative, for a more definite statement (dkt. 88) and to sever the proceedings (dkt. 92), while HTC has separately moved to dismiss the claims against it for improper venue. (Dkt. 95.) For the reasons stated below, the motions are granted in part and denied in part.¹

¹ The court has jurisdiction under 28 U.S.C. §§ 1331 and 1338(a). The parties do not dispute that venue is proper in this district with respect to the non-HTC defendants under 28 U.S.C. §§ 1391(c)(3) and 1400(b). As discussed *infra*, HTC’s motion to dismiss for improper venue will be denied as moot given its dismissal without prejudice from this case.

BACKGROUND²

I. The Parties

Rosetta is an Illinois corporation engaged in the business of developing and marketing novel solutions to consumers' wireless Internet access problems. (Am. Compl. ¶ 1.) Rosetta is the holder of the eighty-claim '511 patent, entitled, "Wireless Intelligent Personal Server," which "receives data transmitted over a wireless communications channel and automatically processes it so as to maintain a copy of at least one electronic file stored in a source computer." (*Id.* ¶ 14; dkt. 1-1 at 7.) Defendants are foreign and domestic corporations whose business activities include, among other things, marketing, selling, and offering for sale cellular telephone devices in the United States. (Am. Compl. ¶¶ 2–12.) Of particular relevance to the present motions is the citizenship of the HTC entities: HTC Corporation is a foreign corporation with its corporate headquarters in Taiwan. (*Id.* ¶ 10.) HTC America Inc. is a Washington corporation with its principal place of business in Washington. (*Id.* ¶ 11.)

II. Factual and Procedural History

On January 27, 2015, Rosetta filed suit for direct and indirect patent infringement against ten entities affiliated with Apple, Samsung, Motorola, LG, or HTC. (Dkt. 1.) According to the original complaint, defendants had "infringed directly and indirectly" the '511 patent by manufacturing, using, selling, or offering for sale within the United States, or by importing into the United States, products that embodied the patented invention. (*Id.* ¶ 18.) Rosetta attached a copy of the patent to its original complaint (*see* dkt. 1-1) and also appended a list of approximately 300 products (specifically, smartphones and tablets) that allegedly infringed the

² Given the brevity of the amended complaint, the court has culled this background from the original and amended complaints, as well as the docket. The facts taken from the amended complaint are presumed true for the purpose of resolving the pending motions. *See Active Disposal, Inc. v. City of Darien*, 635 F.3d 883, 886 (7th Cir. 2011) (motion to dismiss for failure to state a claim); *Faulkenberg v. CB Tax Franchise Sys., LP*, 637 F.3d 801, 806 (7th Cir. 2011) (motion to dismiss for improper venue).

'511 patent, complete with retail names, model numbers, and release dates (if known). (*See* dkt. 1-2.) The list included, for example, various models of Apple's iPhone. (*See id.*)

After voluntarily dismissing two defendants (*see* dkt. 9, 37), Rosetta filed an amended complaint on June 1, 2015. (*See* Am. Compl.) In the amended complaint, Rosetta states that the court has subject-matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) and that "[v]enue is proper in this federal district pursuant to 28 U.S.C. §§ 1391(b)–(c) and 1400(b) in that each Defendant has done business [and] . . . committed acts of infringement in this District." (*Id.*

¶ 13.) Rosetta also alleges ownership over the patent in suit and asserts that defendants

have infringed directly and continue to infringe directly the '511 Patent. The infringing acts include, but are not limited to, the manufacture, use, sale, or offer for sale within the United States, or the importation into the United States of products that embody the patented invention, including the products listed for each Defendant in the attached Exhibit B.³

(*Id.* ¶¶ 14–15.) As a remedy, Rosetta requests damages and injunctive relief. (*Id.* ¶ 16.)

Defendants have filed three motions directed at the amended complaint: (1) defendants' motion to dismiss for failure to state a claim under Federal Rule of Civil Procedure 12(b)(6) or, in the alternative, for a more definite statement under Rule 12(e) (dkt. 88); (2) defendants' motion to sever the proceedings under 35 U.S.C. § 299 and Rule 21 (dkt. 92); and (3) HTC's motion to dismiss the claims against it for improper venue under Rule 12(b)(3). (Dkt. 95.) Because defendants' motion to sever is dispositive with respect to the non-Apple defendants, the court addresses it first before turning to defendants' motion to dismiss and HTC's motion to dismiss for improper venue.

³ Although Rosetta did not attach a copy of the '511 patent or the list of allegedly infringing products to its amended complaint, the parties do not dispute that these documents are considered part of Rosetta's amended pleading as they are concededly authentic, referenced in the amended complaint, and central to Rosetta's claims. (*See* Am. Compl. ¶¶ 14–15); *Adams v. City of Indianapolis*, 742 F.3d 720, 729 (7th Cir. 2014).

ANALYSIS

I. Defendants' Motion to Sever

Defendants move to sever the proceedings into five separate suits on the ground that defendants were impermissibly joined. Although Federal Rule of Civil Procedure 20 typically governs joinder in federal court, 35 U.S.C. § 299, enacted as part of the Leahy-Smith America Invents Act (“the AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011), details when joinder of accused patent infringers is proper:

(a) . . . [P]arties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, only if—

(1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and

(2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

35 U.S.C. § 299(a). Additionally, § 299(b) provides that “accused infringers may not be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, based solely on allegations that they each have infringed the patent or patents in suit.” *Id.* § 299(b). “The AIA’s joinder provision is more stringent than Rule 20, and adds a requirement that the transaction or occurrence must relate to making, using, or selling of the same accused product or process.” *In re Nintendo Co., Ltd.*, 544 Fed. App’x 934, 939 (Fed. Cir. 2013). If joinder is improper, a court may sever the proceedings under Rule 21. *See* Fed. R. Civ. P. 21.

Here, Rosetta does not argue that all defendants are jointly and severally liable for infringing the ’511 patent, or that any right to relief arises out of the same transaction or

occurrence. Indeed, it would be difficult to do so, as even under the more-lenient standard of Rule 20, courts in this district and others have repeatedly “concluded that a party fails to satisfy [the] requirement of a common transaction or occurrence where unrelated defendants, based on different acts, are alleged to have infringed the same patent.” *Rudd v. Lux Prods. Corp. Emerson Climate Techs. Braeburn Sys., LLC*, No. 09 C 6957, 2011 WL 148052, at *3 (N.D. Ill. Jan 12, 2011) (collecting cases). Rather, Rosetta states that it does not oppose defendants’ motion and merely requests that, should the court sever the actions, “the five defendant groups . . . maintain consolidated pretrial proceedings, including a common schedule, coordinated discovery, consolidated depositions, and consolidated *Markman* proceedings.” (Dkt. 100 at 1–2.)

Because Rosetta does not oppose severance, the court will exercise its discretion under Rule 21 to sever the claims against the five defendant groups (Apple, Samsung, Motorola, LG, and HTC). With respect to Rosetta’s accompanying request for consolidation, the court notes that such a request is inappropriate at this time, as all defendants but Apple will be dismissed without prejudice so that Rosetta can file separate suits against each defendant group. With that said, the court notes that consolidation in the future may serve the interest of judicial economy and allow the cases to be efficiently resolved. *See* Fed. R. Civ. P. 42(a).

II. Defendants’ Motion to Dismiss for Failure to State a Claim

Defendants also move to dismiss for failure to state a claim, or, in the alternative, for a more definite statement. Because the non-Apple defendants will be dismissed without prejudice pursuant to the court’s ruling on defendants’ motion to sever, the court addresses this motion with respect to Apple only.

Claims for direct infringement are governed by 35 U.S.C. § 271(a), which provides that “whoever without authority makes, uses, offers to sell, or sells any patented invention, within the

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