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7 Attorneys for Plaintiff
NOMADIX, INC.

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12 IN THE UNITED STATES DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA
14 WESTERN DIVISION
15
16

17 NOMADIX, INC.,

18 Plaintiff,

19 v.

20 GUEST-TEK INTERACTIVE
21 ENTERTAINMENT LTD.,

22 Defendant.
23

Case No.

2:19-cv-04980

**NOMADIX'S COMPLAINT
FOR BREACH OF
CONTRACT**

DEMAND FOR JURY TRIAL

1 Plaintiff Nomadix hereby complains of Defendant Guest-Tek Interactive
2 Entertainment Ltd. (“Guest-Tek”) and alleges as follows:

3 **JURISDICTION, PARTIES, AND VENUE**

4 1. Plaintiff Nomadix and Defendant Guest-Tek entered into a
5 *Confidential License Agreement*, a written license agreement with effective date
6 December 30, 2010 (the “License Agreement”). This Complaint states a cause of
7 action for breach of contract—specifically, for breach of the License Agreement.
8 This Court has subject-matter jurisdiction under 28 U.S.C. § 1332(a).

9 2. Plaintiff Nomadix is a Delaware corporation having its principal place
10 of business at 30851 Agoura Road, Suite 102, Agoura Hills, California 91301.

11 3. Defendant Guest-Tek is an Alberta corporation having its principal
12 place of business at Suite 600, 777 8 Ave SW, Calgary, Alberta T2P 3R5, Canada.

13 4. The amount in controversy exceeds \$75,000, exclusive of interest and
14 costs.

15 5. The License Agreement specifies that disputes arising under the
16 contract shall be brought in the United States District Court for the Central District
17 of California. Under the License Agreement, with respect to Nomadix’s claim for
18 breach of contract, Guest-Tek has consented to the Court’s exercise of personal
19 jurisdiction over Guest-Tek. Guest-Tek has also waived any objections to venue in
20 the present judicial district and to the Court’s exercise of personal jurisdiction over
21 Guest-Tek.

22 **FIRST CLAIM FOR RELIEF:**

23 **BREACH OF CONTRACT**

24 6. In 2009, Nomadix sued Guest-Tek in this judicial district for
25 infringement of six Nomadix patents in a case captioned *Nomadix, Inc. v. Hewlett-*
26 *Packard Co. et al.*, No. CV09-08441 (the “2009 Litigation”). Nomadix eventually
27 added a claim against Guest-Tek for infringement of a seventh Nomadix patent.
28

1 Guest-Tek filed counterclaims for declaratory judgment of noninfringement and
2 invalidity of those seven Nomadix patents.

3 7. In late December 2010, Nomadix and Guest-Tek settled their claims
4 against one another in the 2009 Litigation. As part of the settlement, Nomadix and
5 Guest-Tek entered into the License Agreement. Exhibit 1 to this Amended
6 Complaint is a true and correct copy of the License Agreement as originally
7 executed, excluding the original Schedule B.

8 8. In October 2016, Nomadix sued Guest-Tek for breach of Guest-Tek's
9 royalty obligations under the License Agreement, seeking millions of dollars in
10 unpaid royalties. That case is currently pending as Case No. CV16-08033, before
11 the Honorable André Birotte Jr. in the United States District Court for the Central
12 District of California (the "Royalty Litigation").

13 9. The License Agreement is a valid and enforceable written contract
14 binding on Nomadix and Guest-Tek.

15 10. Clause 8.10 of the License Agreement states:

16 8.10 Forum Selection. Subject to clauses 7.1 and 7.2, all
17 disputes arising out of or in connection with this
18 Agreement shall be brought in the United States District
19 Court for the Central District of California ("District Court")
20 and the Parties each consent to the personal jurisdiction
21 of that court. The Parties each waive all objections to
22 venue and all *forum non conveniens* objections with
23 respect to such District Court and the Parties shall not
24 contest the personal jurisdiction of such District Court or
25 that venue is proper in such District Court. To the extent
26 that any dispute arising out of this Agreement may not be
27 brought in the District Court, such dispute shall be
28 brought in a California Superior Court in Los Angeles

1 County or Orange County (“Superior Court”) and the
2 Parties each consent to the personal jurisdiction of such
3 Superior Court. The Parties each waive all objections to
4 venue and all *forum non conveniens* objections with
5 respect to such Superior Court and the Parties shall not
6 contest the jurisdiction of such Superior Court or that
7 venue is proper in such Superior Court, except that any
8 Party may make any objection favoring litigation in the
9 District Court. The Parties agree that the prevailing Party
10 in such District Court or Superior Court action will be
11 entitled to reimbursement by the losing Party for any and
12 all legal fees and costs incurred by the prevailing Party in
13 preparing for and conducting such action.

14 11. Over a year after the Royalty Litigation began, Guest-Tek initiated
15 cases before the Patent Trial and Appeal Board (“PTAB”) of the United States
16 Patent and Trademark Office, including cases IPR2018-01660, IPR2018-01668,
17 IPR2019-00211, and IPR2019-00253. In each of these cases, Guest-Tek petitioned
18 for *inter partes* review of a patent, challenging the validity of claims of that patent.
19 In each of these cases, the patent Guest-Tek challenged was U.S. Patent No.
20 8,266,266, U.S. Patent No. 8,725,899, U.S. Patent No. 7,953,857, or U.S. Patent
21 No. 8,626,922. In each case, Guest-Tek sought or is seeking cancellation of claims
22 of the challenged patent. In each case, Guest-Tek named Nomadix as the patent
23 owner.

24 12. U.S. Patent Nos. 8,266,266 and 8,725,899 are both Licensed Patents
25 under the License Agreement. U.S. Patent No. 7,953,857 and U.S. Patent
26 No. 8,626,922 are both Bandwidth Management Patents under the License
27 Agreement.

28

1 13. Guest-Tek contends that the cancellation of claims Guest-Tek sought
2 or seeks in cases IPR2018-01660, IPR2018-01668, IPR2019-00211, and IPR2019-
3 00253 would give Guest-Tek a defense to Nomadix's claim against Guest-Tek in
4 the Royalty Litigation for breach of Guest-Tek's royalty obligations under the
5 License Agreement.

6 14. The PTAB has denied institution in cases IPR2018-01660 and
7 IPR2018-01668, but Guest-Tek has requested rehearing in each of those cases. On
8 May 28, 2019, the PTAB instituted *inter partes* review of U.S. Patent No.
9 8,626,922 in case IPR2019-00253. On May 30, 2019, the PTAB instituted *inter*
10 *partes* review of U.S. Patent No. 7,953,857 in case IPR2019-00211. Institution of
11 *inter partes* review in cases IPR2019-00211 and IPR2019-00253 will require
12 Nomadix to defend the validity of its patents at least through two year-long trials
13 before the PTAB.

14 15. Guest-Tek has breached the License Agreement by initiating disputes
15 at the PTAB regarding the validity of Nomadix's patents, including by initiating
16 cases IPR2018-01660, IPR2018-01668, IPR2019-00211, and IPR2019-00253.

17 16. Guest-Tek has stated to this Court in the Royalty Litigation that
18 Guest-Tek intends to initiate additional disputes before the PTAB challenging
19 patents licensed under the License Agreement.

20 17. One of the benefits Nomadix bargained for in the License Agreement
21 was that all disputes arising out of or in connection with the License Agreement
22 would be brought in the United States District Court for the Central District of
23 California or in a California Superior Court in Los Angeles County or Orange
24 County. To the extent a monetary value could be assigned to this bargained-for
25 benefit, it cannot be easily calculated. By bringing disputes over patent validity
26 before the PTAB, Guest-Tek has deprived Nomadix of that bargained-for benefit
27 and has thus harmed Nomadix in a manner that cannot be easily translated to a
28 monetary amount. Guest-Tek's legal challenges to Nomadix's patents threaten

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