

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JUDGE KOEHLER

09 CV 9719

AGERE SYSTEMS INC. and LSI
CORPORATION,

Plaintiffs,

- against -

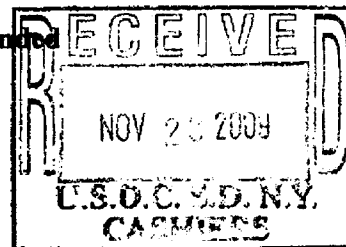
XILINX, INC.,

Defendant.

Case No. 09 Civ. _____

COMPLAINT

Jury Trial Demand



Plaintiffs Agere Systems Inc. ("Agere") and LSI Corporation ("LSI"), by and through their attorneys, Sidley Austin LLP, as and for their Complaint against Defendant Xilinx, Inc. ("Xilinx"), allege as follows:

NATURE OF THE ACTION

1. This is an action for patent infringement and to recover millions due and owing under the terms of a Patent License Agreement. Because Xilinx terminated that agreement effective April 6, 2008, its subsequent activities that infringe Agere's patents are unlawful and should be enjoined. During the term of the Patent License Agreement, Xilinx violated its obligation to submit to Agere royalty statements and to make royalty payments for its leading products that were Reportable Products under the Patent License Agreement because the manufacture, sale, or use of those products would have infringed one or more patents included in the Patent License Agreement. In addition, at all relevant times, Xilinx has infringed patents belonging to LSI, which infringement is continuing and should be enjoined.

PARTIES

2. Plaintiff Agere is a corporation organized under the laws of the State of Delaware with its principal place of business in Milpitas, California. It is authorized to do business in New York. Agere is a wholly-owned subsidiary of LSI.

3. Plaintiff LSI is a corporation organized under the laws of the State of Delaware with its principal place of business in Milpitas, California. It is authorized to do business in New York.

4. Defendant Xilinx is a corporation organized under the laws of the State of Delaware with its principal place of business in San Jose, California. It is authorized to do business in New York. Xilinx markets and sells, among other products, semiconductive devices known as field programmable gate arrays ("FPGAs"), including the "Virtex" and "Spartan" product lines.

JURISDICTION AND VENUE

5. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338, and 1367.

6. This Court has personal jurisdiction over Defendant Xilinx pursuant to C.P.L.R. § 302(a) because Xilinx transacts business in and is registered to do business within New York State.

7. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391 and 1400(b).

BACKGROUND

U.S. Patent No. 5,194,765

8. On March 16, 1993, the United States Patent and Trademark Office issued U.S. Patent No. 5,194,765 ("the '765 Patent") entitled "Digitally Controlled Element Sizing." A true and correct copy of the '765 Patent is attached hereto as **Exhibit A**.

9. Agere is the assignee of the '765 Patent and owns all rights and title thereto, including the right to sue for past infringement.

10. Upon information and belief, since April 6, 2008, Xilinx has without authorization infringed the '765 Patent and has offered for sale, sold, used, or imported into the United States products patented in the '765 Patent, including but not limited to Virtex and Spartan products. Xilinx's infringement has caused and will continue to cause irreparable harm to Agere unless enjoined by this Court.

U.S. Patent No. 5, 243,229

11. On September 7, 1993, the United States Patent and Trademark Office issued U.S. Patent No. 5,243,229 ("the '229 Patent") entitled "Digitally Controlled Element Sizing." A true and correct copy of the '229 Patent is attached hereto as **Exhibit B**.

12. Agere is the assignee of the '229 Patent and owns all rights and title thereto, including the right to sue for past infringement.

13. Upon information and belief, since April 6, 2008, Xilinx has without authorization infringed the '229 Patent and has offered for sale, sold, used, or imported into the United States products patented in the '229 Patent, including but not limited to Virtex and Spartan products. Xilinx's infringement has caused and will continue to cause irreparable harm to Agere unless enjoined by this Court.

U.S. Patent No. 5,526,277

14. On June 11, 1996, the United States Patent and Trademark Office issued U.S. Patent No. 5,526,277 ("the '277 Patent") entitled "ECAD System for Deriving Executable Low-level Structural Descriptions and Valid Physical Implementations of Circuits and Systems from High-level Semantic Descriptions thereof." A true and correct copy of the '277 Patent is attached hereto as **Exhibit C**.

15. LSI is the assignee of the '277 Patent and owns all rights and title thereto, including the right to sue for past infringement.

16. Upon information and belief, Xilinx has without authorization infringed the '277 Patent and has offered for sale, sold, used, or imported into the United States products patented in the '277 Patent, including but not limited to Xilinx ISE software which produces the programming for the Virtex and Spartan products. Xilinx's infringement has caused and will continue to cause irreparable harm to LSI unless enjoined by this Court.

U.S. Patent No. 6,313,683

17. On November 6, 2001, the United States Patent and Trademark Office issued U.S. Patent No. 6,313,683 ("the '683 Patent") entitled "Method of Providing Clock Signals to Load Circuits in an ASIC device." A true and correct copy of the '683 Patent is attached hereto as **Exhibit D**.

18. LSI is the assignee of the '683 Patent and owns all rights and title thereto, including the right to sue for past infringement.

19. Upon information and belief, Xilinx has without authorization infringed the '683 Patent and has offered for sale, sold, used, or imported into the United States products patented in the '683 Patent, including but not limited to Virtex products. Xilinx's infringement has caused and will continue to cause irreparable harm to LSI unless enjoined by this Court.

Patent License Agreement

20. Effective March 1, 1992, Xilinx entered into a Technology Transfer Agreement ("TTA") and a Patent License Agreement ("PLA") with American Telephone and Telegraph Company ("AT&T"), at all relevant times a corporation organized under the laws of New York and based in New York, whereby each party granted licenses to the other party to certain of their respective patents as well as other rights with respect to FPGAs as described in the TTA. The TTA expressly provides that the laws of the State of New York govern its "construction, interpretation and performance."

21. Xilinx agreed in the PLA to provide royalty statements and to pay AT&T royalties on products made, used, sold, leased or imported by Xilinx that absent the licenses granted by AT&T would infringe AT&T's patents or otherwise violate applicable law ("Reportable Products").

22. Except for certain communications products described below, the royalty rate set forth in the PLA was calculated at 1.5 percent for the two categories of Reportable Products – "Type 1" semiconductive devices and "Other" semiconductive devices – with the royalty rate for the "Type 1" devices being 0 percent for so long as Xilinx's U.S. Patent No. 4,870,302 (the '302 Patent") remained in force. However, the royalty rate was 5% for those products made, used, leased, sold, or imported at least in part on account of any AT&T invention relating to the transmission, reception, transformation or switching of information, intelligence or data (the "Communications Products").

23. Xilinx agreed that, for each semiannual period for the duration of the PLA, it would (i) provide a statement setting forth details concerning Xilinx's Reportable Products and the royalty amount for such products ("Royalty Statement") and (ii) make the required royalty payments for its Reportable Products to AT&T in New York. Xilinx also agreed in the PLA,

with respect to any overdue royalty payments, to pay late charges "calculated at an annual rate of three percent (3%) over the prime rate or successive prime rates (as posted in New York City) during delinquency" or the maximum rate permitted by law.

24. On January 31, 1996, Xilinx and AT&T signed a letter agreement concerning the TTA and PLA (the "Letter Agreement"). The Letter Agreement, *inter alia*, expanded the PLA to include additional patents and granted AT&T the right to assign the PLA to its "Systems and Technology Company," Lucent Technologies Inc. ("Lucent"), which in turn had the right to sublicense its rights to its microelectronics business unit in the event that such unit became a separate legal entity. On or about September 30, 1996, AT&T assigned the PLA to Lucent pursuant to the Letter Agreement.

25. On or about February 1, 2001, Lucent incorporated its microelectronics unit as Agere, and Lucent made certain transfers to Agere, including the right to receive Royalty Statements and royalty payments from Xilinx under the PLA and Letter Agreement.

26. By letter dated March 16, 2001, Lucent notified Xilinx that it had incorporated Agere and transferred to it the right to receive all royalties under the PLA and Letter Agreement. Lucent further notified Xilinx that all royalty payments should be made to Agere in New York City, either at a post office address or by wire transfer to Agere's account at Chase Manhattan Bank at 55 Water Street.

27. After requests for Royalty Statements, Xilinx finally responded on May 6, 2006, with a royalty statement for the period ending December 31, 2005. Xilinx stated that it had delayed its report in order "to complete our review of Reportable Products and to determine our reporting obligations." According to this Royalty Statement, Xilinx had concluded that there were no reportable "Type 1" or "Other" semiconductive devices because none had been "sold,

leased, or put into use during such semiannual period.” It also stated with respect to the “Type 1” category that the '302 Patent remained in force, though it also asserted that no such Reportable Products had been identified. In contrast, in at least one Royalty Statement to Lucent in 2000, Xilinx had conceded that it had reportable “Type 1” products, but that royalties were not due solely by reason of the '302 Patent.

28. In the May 6, 2006, letter, Xilinx represented to Agere that “Xilinx will continue to report to Agere according to the terms and conditions of the PLA.”

29. By letter dated October 10, 2006, Xilinx submitted to Agere a Royalty Statement for the period ending June 30, 2006. Xilinx asserted that there were no Reportable Products for the period. It did not cite the '302 Patent.

30. Upon information and belief, the '302 Patent expired on September 26, 2006, and therefore royalty payments were due to Agere for all Reportable Products under the PLA and Letter Agreement.

31. Since the expiration of the '302 Patent, Xilinx has not submitted any Royalty Statements pursuant to the PLA and Letter Agreement despite its acknowledged obligation to make Royalty Statements to Agere and Agere’s requests for such statements and for royalty payments to its New York accounts.

32. Products made, used, sold, leased or imported by Xilinx are Reportable Products by reason of various patents licensed under the PLA and Letter Agreement, including but not limited to U.S. Patent No. 6,184,700 (entitled “Fail Safe Buffer Capable of Operating with a Mixed Voltage Core”), U.S. Patent No. 6,028,463 (entitled “Programmable Clock Manager for a Programmable Logic Device That Can Generate At Least Two Different Output Clocks”), and U.S. Patent No. 6,020,755 (entitled “Hybrid Programmable Gate Arrays”).

33. By letter dated October 6, 2008, Xilinx gave notice of termination of the PLA and Letter Agreement, effective pursuant to the PLA on April 6, 2008. Such termination did not have any effect on Xilinx's payment obligations under the PLA and Letter Agreement prior to April 6, 2008. Such payment obligations include royalties on (i) all Communications Products at all times and (ii) all other Type 1 Reportable Products after September 26, 2006.

COUNT ONE
(Infringement of U.S. Patent No. 5,194,765)

34. Plaintiff Agere incorporates by reference paragraphs 1 through 33, above, as though fully set forth herein.

35. The acts of Xilinx described above, and others to be discovered, constitute direct or indirect infringement of the '765 Patent under 35 U.S.C. § 271.

36. Such infringement has occurred with knowledge of the '765 Patent and thus has been willful and wanton.

37. This is an exceptional case within the meaning of 35 U.S.C. § 285, which warrants reimbursement of Plaintiff Agere's reasonable attorney fees.

COUNT TWO
(Infringement of U.S. Patent No. 5,243,229)

38. Plaintiff Agere incorporates by reference paragraphs 1 through 37, above, as though fully set forth herein.

39. The acts of Xilinx described above, and others to be discovered, constitute direct or indirect infringement of the '229 Patent under 35 U.S.C. § 271.

40. Such infringement has occurred with knowledge of the '229 Patent and thus has been willful and wanton.

41. This is an exceptional case within the meaning of 35 U.S.C. § 285, which warrants reimbursement of Plaintiff Agere's reasonable attorney fees.

COUNT THREE
(Infringement of U.S. Patent No. 5,526,277)

42. Plaintiff LSI incorporates by reference paragraphs 1 through 41, above, as though fully set forth herein.

43. The acts of Xilinx described above, and others to be discovered, constitute direct or indirect infringement of the '277 Patent under 35 U.S.C. § 271.

44. Such infringement has occurred with knowledge of the '277 Patent and thus has been willful and wanton.

45. This is an exceptional case within the meaning of 35 U.S.C. § 285, which warrants reimbursement of Plaintiff LSI's reasonable attorney fees.

COUNT FOUR
(Infringement of U.S. Patent No. 6,313,683)

46. Plaintiff LSI incorporates by reference paragraphs 1 through 45, above, as though fully set forth herein.

47. The acts of Xilinx described above, and others to be discovered, constitute direct or indirect infringement of the '683 Patent under 35 U.S.C. § 271.

48. Such infringement has occurred with knowledge of the '683 Patent and thus has been willful and wanton.

49. This is an exceptional case within the meaning of 35 U.S.C. § 285, which warrants reimbursement of Plaintiff LSI's reasonable attorney fees.

COUNT FIVE
(Breach of Contract)

50. Plaintiff Agere incorporates by reference paragraphs 1 through 49, above, as though fully set forth herein.

51. The PLA and Letter Agreement are valid and binding contracts to April 6, 2008, and all conditions precedent to its enforcement have been performed.

52. Under the PLA and Letter Agreement, Xilinx owes Agere Royalty Statements and royalty payments for the periods July 1, 2003 to December 31, 2003; January 1, 2004 to June 30, 2004; July 1, 2004 to December 31, 2004; January 1, 2005 to June 30, 2005; July 1, 2006 to December 31, 2006; January 1, 2007 to June 30, 2007; July 1, 2007 to December 31, 2007; and January 1, 2008 to April 6, 2008. Xilinx's obligations to provide a royalty statement and thereafter make a royalty payment for each such period remain outstanding.

53. In addition, Xilinx owes Agere royalty payments under the PLA and Letter Agreement for the July 1, 2005 to June 30, 2006 period in which Xilinx submitted Royalty Statements but breached its obligation to identify Reportable Products.

54. Xilinx has breached the PLA by failing to provide Royalty Statements identifying all Reportable Products and by failing to make royalty payments to Agere.

WHEREFORE, Plaintiffs demand that judgment be entered in their favor decreeing as follows:

- a. that Defendant has infringed and continues to infringe the '765 Patent, the '229 Patent, the '277 Patent, and the '683 Patent and that the manufacture, use, sale or offer to sell within the United States, or importation into the United States, of at least the Virtex and Spartan products and the ISE software will infringe the '765 Patent, the '229 Patent, the '277 Patent, or the '683 Patent;
- b. that Defendant and those persons in active concert or participation be preliminarily and permanently enjoined from manufacturing, using, offering for sale or selling the Virtex and Spartan products, the ISE

software, and any other product that infringes or induces or contributes to the infringement of the '765 Patent, the '229 Patent, the '277 Patent, or the '683 Patent prior to the expiration of the such patents;

- c. that Plaintiffs be awarded monetary relief for Defendant's infringement, with prejudgment interest;
- d. that the infringement is willful and that Plaintiffs recover trebled damages under 35 U.S.C. § 284;
- e. that this is an exceptional case warranting Plaintiffs' recovery of their reasonable attorney fees under 35 U.S.C. § 285;
- f. that Defendant be ordered to make accurate royalty statements for all periods of the PLA and Letter Agreement to April 6, 2008;
- g. that Plaintiff Agere be awarded monetary damages in the amount of all royalty payments and late charges due under the PLA and Letter Agreement;
- h. that costs and expenses be assessed against Defendant; and
- i. that Plaintiffs receive such other and further relief as the Court deems just and appropriate.

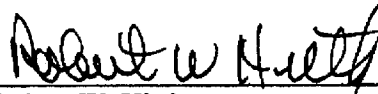
DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury as to all claims and issues properly triable thereby.

Dated: New York, New York
November 23, 2009

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