

DTL Says Phone Cos. Infringe Transducer Patent

By **Brendan Pierson**, brendan.pierson@portfoliomedia.com

Tuesday, Dec 11, 2007 --- Patent-holding company Digital Technology Licensing LLC on Monday accused Motorola Inc., Sprint Nextel Corp., Verizon Wireless and T-Mobile USA Inc. of infringing one of its patents on signal encoding technology used in cell phones.

The so-called '799 patent describes a device known as a digital output transducer, which can convert an analog input from a microphone, such as a human voice, into a digital signal.

DTL made the allegations in its answer to a complaint filed by Motorola in the U.S. District Court for the Southern District of New York, seeking a declaratory judgment that DTL's transducer patent is invalid.

DTL fired back with a counterclaim alleging that Motorola was infringing on the patent in its cell phones. It also included a third-party complaint against the three cell phone companies, saying that they infringed the patent by selling Motorola phones to their customers.

"Sprint Nextel, Verizon Wireless and T-Mobile have directly and/or contributorily infringed, and/or induced infringement of, and are continuing to directly and/or contributorily infringe, and/or induce infringement of, the '799 Patent, by selling and offering to sell digital cellular telephones, and by using and inducing others to use a digital cellular telephone system within the scope of claim 20 of the '799 Patent," DTL said.

"DTL has been damaged by the infringement by Sprint/Nextel, Verizon Wireless and T-Mobile and is suffering, and will continue to suffer, irreparable harm and damage as a result of this infringement unless such infringement is enjoined by this court," the company said.

DTL further alleged that the companies' infringement was willful, and so warranted treble damages.

The dispute originated with three separate lawsuits filed by DTL against the three cell phone companies in the U.S. District Court for the District of New Jersey alleging infringement of the '799 patent. It sued Verizon in 2005, and the other two companies earlier this year.

The companies in turn asked Motorola to indemnify them for any damages they had to pay for the infringement, since Motorola made the phones.

Motorola then filed the suit for declaratory judgment. It said in its complaint that the '799 patent is invalid because its inventor deliberately chose not to disclose relevant prior art, in the form of an earlier patent, to the U.S. Patent and Trademark Office during the patent's prosecution.

Steven Roth, a partner at Lerner, David Littenberg Krumholz & Mentlik LLP who represents DTL, said that DTL is preparing to file a motion asking to have the New York and New Jersey cases consolidated.

“We think the Motorola case should be consolidated with the previously pending New Jersey action,” Roth said. “The resolution of the Motorola case can only be reached through resolution of the cellular phone companies' liability.”

Sprint, Verizon and Motorola could not immediately be reached, and a spokesperson T-Mobile declined to comment.

The patent at issue is U.S. Patent Number 5,051,799.

DTL is represented by David Littenberg Krumholz & Mentlik LLP. Motorola is represented by Kirkland & Ellis LLP. Counsel for the phone companies could not immediately be identified.

The case is Motorola Inc. v. Digital Technology Licensing Inc., case number 7:07-cv-10436 in the U.S. District Court for the Southern District of New York.