

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

MITEL NETWORKS CORPORATION,

Plaintiff,

v.

SHORETEL, INC.,

Defendant.

Civil Case No. 2:07-cv-269

JURY DEMAND

SHORETEL, INC.,

Counter-Claimant,

v.

MITEL NETWORKS CORPORATION,

Counter-Defendant.

ANSWER AND COUNTERCLAIMS

Defendant ShoreTel, Inc., (“ShoreTel”) hereby answers the Amended Complaint of Plaintiff Mitel Networks Corporation (“Plaintiff” or “Mitel”) and states as follows:

PARTIES

1. On information and belief, ShoreTel admits the allegations in Paragraph 1 of the Amended Complaint.

2. ShoreTel admits that it is a corporation with its principal place of business at 960 Stewart Dr., Sunnyvale, CA 94085. ShoreTel is a corporation organized and existing under the laws of the state of Delaware, and therefore denies the remaining allegations in Paragraph 2 of

the Amended Complaint.

JURISDICTION AND VENUE

3. ShoreTel admits that Paragraph 3 of the Amended Complaint asserts that this is an action under the patent laws of the United States and that this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a), which states a legal conclusion to which no response is required. To the extent that any assertion in Paragraph 3 is deemed factual, ShoreTel denies the allegation of Paragraph 3.

4. ShoreTel admits that it has done limited business in Texas and this District via the sale of certain products. ShoreTel denies the allegations of Paragraph 4 that any infringement has occurred or is continuing to occur in Texas and in this judicial district.

5. Paragraph 5 states a legal conclusion to which no response is required. ShoreTel further states that even if venue is technically proper in this judicial district, the convenience of the parties and witnesses, and the interest of justice demonstrate that the appropriate venue for the matter is in the Northern District of California.

FACTUAL BACKGROUND

6. ShoreTel admits that U.S. Patent No. 5,940,834 (“the ‘834 patent”), attached as Exhibit A to the Amended Complaint, indicates on its face that it issued on August 17, 1999, and is titled “Automatic Web Page Generator.” ShoreTel also admits that Mitel Corporation is listed as assignee on the cover page of the ‘834 patent. ShoreTel denies that the ‘834 patent was duly and legally issued, and is without information sufficient to form an opinion or belief as to the truth of the allegations in Paragraph 6 of the Amended Complaint, and therefore denies the same.

7. ShoreTel admits that U.S. Patent No. 5,703,942 (“the ‘942 patent”), attached as Exhibit B to the Amended Complaint, indicates on its face that it issued on December 30, 1997, and is titled “Portable Telephone User Profiles Using Central Computer.” ShoreTel also admits that Mitel Corporation is listed as assignee on the cover page of the ‘942 patent. ShoreTel denies that the ‘942 patent was duly and legally issued, and is without information sufficient to form an

opinion or belief as to the truth of the allegations in Paragraph 7 of the Amended Complaint, and therefore denies the same.

8. ShoreTel admits that U.S. Patent No. 5,541,983 (“the ‘983 patent”), attached as Exhibit C to the Amended Complaint, indicates on its face that it issued on July 30, 1996, and is titled “Automatic Telephone Feature Selector.” ShoreTel also admits that Mitel Corporation is listed as assignee on the cover page of the ‘983 patent. ShoreTel denies that the ‘983 patent was duly and legally issued, and is without information sufficient to form an opinion or belief as to the truth of the allegations in Paragraph 8 of the Amended Complaint, and therefore denies the same.

9. ShoreTel admits that U.S. Patent No. 5,657,446 (“the ‘446 patent”), attached as Exhibit D to the Amended Complaint, indicates on its face that it issued on August 12, 1997, and is titled “Local Area Communications Server.” ShoreTel also admits that Mitel Corporation is listed as assignee on the cover page of the ‘446 patent. ShoreTel denies that the ‘446 patent was duly and legally issued, and is without information sufficient to form an opinion or belief as to the truth of the allegations in Paragraph 9 of the Amended Complaint, and therefore denies the same.

COUNT 1: PATENT INFRINGEMENT

Infringement of the ‘834 Patent

10. ShoreTel incorporates by reference its responses to Paragraphs 1-9 above.

11. ShoreTel admits that it makes, uses, sells, and offers to sell in the United States, phone systems, including the ShoreTel 6 system. ShoreTel also admits that it has offered to sell and sold such phone systems to customers located in the United States, including into this judicial district. ShoreTel denies the remaining allegations in Paragraph 11 of the Amended Complaint.

12. ShoreTel denies each and every allegation of Paragraph 12.

13. ShoreTel denies each and every allegation of Paragraph 13.

14. ShoreTel denies each and every allegation of Paragraph 14.

COUNT 2: PATENT INFRINGEMENT

Infringement of the '942 Patent

15. ShoreTel incorporates by reference its responses to Paragraphs 1-14 above.

16. ShoreTel admits that it makes, uses, sells, and offers to sell in the United States, phone systems, including the ShoreTel 6 system. ShoreTel also admits that it has offered to sell and sold such phone systems to customers located in the United States, including into this judicial district. ShoreTel denies the remaining allegations in Paragraph 16 of the Amended Complaint.

17. ShoreTel denies each and every allegation of Paragraph 17.

18. ShoreTel denies each and every allegation of Paragraph 18.

19. ShoreTel denies each and every allegation of Paragraph 19.

COUNT 3: PATENT INFRINGEMENT

Infringement of the '983 Patent

20. ShoreTel incorporates by reference its responses to Paragraphs 1-19 above.

21. ShoreTel admits that it makes, uses, sells, and offers to sell in the United States, phone systems, including the ShoreTel 6 system. ShoreTel also admits that it has offered to sell and sold such phone systems to customers located in the United States, including into this judicial district. ShoreTel denies the remaining allegations in Paragraph 21 of the Amended Complaint.

22. ShoreTel denies each and every allegation of Paragraph 22.

23. ShoreTel denies each and every allegation of Paragraph 23.

24. ShoreTel denies each and every allegation of Paragraph 24.

COUNT 4: PATENT INFRINGEMENT

Infringement of the '446 Patent

25. ShoreTel incorporates by reference its responses to Paragraphs 1-24 above.

26. ShoreTel admits that it makes, uses, sells, and offers to sell in the United States, phone systems, including the ShoreTel 6 system. ShoreTel also admits that it has offered to sell and sold such phone systems to customers located in the United States, including into this judicial district. ShoreTel denies the remaining allegations in Paragraph 26 of the Amended Complaint.

27. ShoreTel denies each and every allegation of Paragraph 27.

28. ShoreTel denies each and every allegation of Paragraph 28.

29. ShoreTel denies each and every allegation of Paragraph 29.

30. Plaintiff's prayer for relief states legal conclusions to which no response is required, but to the extent that they are deemed factual, ShoreTel denies them and specifically asserts that Plaintiff is not entitled to the relief as prayed for in the Amended Complaint or otherwise.

AFFIRMATIVE DEFENSES

31. Based on the information presently available to it, or information believed to be available after a reasonable opportunity for further investigation and discovery, Defendant ShoreTel alleges the following affirmative defenses with respect to all Counts asserted in Plaintiff's Amended Complaint.

FIRST AFFIRMATIVE DEFENSE

(Invalidity)

32. ShoreTel believes that after a reasonable opportunity for further investigation and discovery, it will be able to show that the asserted claims of the asserted Mitel patents are invalid under one or more of the following grounds: anticipated under 35 U.S.C. § 102(a) and/or 102(e); statutorily barred under 35 U.S.C. § 102(b); obvious under 35 U.S.C. § 103(a); and/or failing to disclose a best mode of the invention, indefinite, lacking enablement, and/or failing to provide a sufficient written description under 35 U.S.C. § 112.

SECOND AFFIRMATIVE DEFENSE

(Failure To Mark)

33. Mitel's claims for relief are barred in whole or in part by failure to comply with the requirements of 35 U.S.C. § 287.

THIRD AFFIRMATIVE DEFENSE

(Laches)

34. Mitel's claims are barred, in whole or in part, by the doctrine of laches.

FOURTH AFFIRMATIVE DEFENSE

(Adequate Remedy At Law)

35. Mitel's claims for injunctive relief, declaratory relief and/or restitution are barred in light of the fact that Mitel has adequate remedies at law.

COUNTERCLAIMS

36. Defendant and Counter-claimant ShoreTel asserts the following against Mitel:

PARTIES

37. Counter-claimant ShoreTel is a corporation organized and existing under the laws of Delaware, with its principal place of business located at 960 Stewart Drive, Sunnyvale, California 94805. ShoreTel is in the business of designing, developing, and selling telephone equipment and services.

38. On information and belief, based on allegations in Mitel's Amended Complaint, Counter-defendant Mitel is a corporation organized and existing under the laws of Canada with its principal place of business at 350 Legget Drive, Kanata, Ontario, Canada K2K 2W7.

JURISDICTION AND VENUE

39. ShoreTel's Claims for Relief in this Counterclaim are predicated on the patent laws of the United States, Title 35 of the United States Code, and the Second Claim for Relief seeks a specific remedy based upon the laws authorizing actions for declaratory judgment in the courts of the United States, 29 U.S.C. §§ 2201 and 2202. This Court has jurisdiction over ShoreTel's Claims for Relief pursuant to 28 U.S.C. §§ 1331 and 1338 because this is an action

arising under the federal patent laws as to which the District Courts have original jurisdiction.

40. As described in its motion to transfer, ShoreTel contends that venue for Mitel's complaint is not convenient in this District for parties or witnesses and that, in the interest of justice, the entire case should be transferred to the Northern District of California. However, if the Court determines that venue for Mitel's complaint shall remain in this District, then venue would also be proper for ShoreTel's counterclaims.

FIRST CLAIM FOR RELIEF
(Infringement of ShoreTel's '486 Patent)

41. ShoreTel realleges and incorporates by reference Paragraphs 1 through 40 above.

42. ShoreTel is the owner by assignment of all rights, title, and interest in and to United States Patent No. 7,167,486 B2 ("the '486 patent"), entitled "Voice Traffic Through A Firewall." The '486 patent was duly and legally issued by the United States Patent and Trademark Office ("USPTO") on January 23, 2007. A true and correct copy of the '486 patent is attached as Exhibit 1.

43. Mitel makes, uses, sells, or offers to sell in the United States phone systems (the "Mitel Phone Systems"). The Mitel Phone Systems, including the Mitel 3300 IP Communications Platform (ICP), infringe the '486 patent under 35 U.S.C. § 271 by performing, without authority, one or more of the following acts: (a) making, offering to sell, selling, or using within the United States products that infringe the '486 patent; (b) contributing to the infringement of the '486 patent by others in the United States; and (c) inducing others to infringe the '486 patent in the United States.

44. Mitel's past and continued acts of infringement have injured ShoreTel, and ShoreTel is entitled to recover damages adequate to compensate for that infringement.

45. Mitel's acts of infringement have caused and will continue to cause irreparable injury to ShoreTel unless and until enjoined by the Court.

SECOND CLAIM FOR RELIEF

(Declaratory Judgment of Noninfringement and Invalidity)

46. ShoreTel realleges and incorporates by reference Paragraphs 1 through 45 above.

47. As a result of the charges and lawsuit for infringement brought by Mitel against ShoreTel, and the affirmative defenses and Counterclaim asserted by ShoreTel, an actual controversy exists as the infringement and validity of the '834 patent, the '942 patent, the '983 patent, and the '446 patent.

48. ShoreTel desires a judicial determination of its rights and duties, and a declaration that:

(a) ShoreTel has not infringed, and is not infringing the '834 patent, the '942 patent, the '983 patent, and the '446 patent; and

(b) The '834 patent, the '942 patent, the '983 patent, and the '446 patent are invalid at least as anticipated under 35 U.S.C. § 102(a) and/or 102(e); statutorily barred under 35 U.S.C. § 102(b); obvious under 35 U.S.C. § 103(a); and/or failing to disclose a best mode of the invention, indefinite, lacking enablement, and/or failing to provide a sufficient written description under 35 U.S.C. § 112.

JURY DEMAND

49. ShoreTel demands a trial by jury of all issues so triable in this action, including without limitation, those issues raised in this counter-claim and ShoreTel's answer.

PRAYER FOR RELIEF

On Mitel's Amended Complaint:

Wherefore, Shoretel prays for judgment against the Plaintiff as follows:

- (1) For a judgment that Plaintiff take nothing by way of its Amended Complaint;
- (2) For dismissal of Plaintiff's Amended Complaint with prejudice;
- (3) The patents at issue are invalid;

(4) ShoreTel be awarded its own costs and attorneys' fees as and when this Court deems just, reasonable, and proper;

(5) Declare this case an exception one under 35 U.S.C. §285; and

(6) ShoreTel be awarded such other and further relief as the Court may deem just, reasonable, and proper.

On ShoreTel's Counterclaim:

Wherefore, Shoretel prays for judgment against the Plaintiff as follows:

(1) For a judgment that Mitel is infringing and has infringed the '486 patent;

(2) That this Court permanently enjoin Mitel and its officers, agent, employees, representatives, successors and assigns, and any other acting in concert with them, from infringing the '486 patent;

(3) Award ShoreTel damages resulting from Mitel's infringement adequate to compensate for the infringement;

(4) Declare this case an exception one under 35 U.S.C. §285;

(5) That the Court enter a declaratory judgment that ShoreTel does not infringe any of the claims of the '834 patent, the '942 patent, the '983 patent, and the '446 patent;

(6) That the Court enter a declaratory judgment that the '834 patent is invalid;

(7) That the Court enter a declaratory judgment that the '942 patent is invalid;

(8) That the Court enter a declaratory judgment that the '983 patent is invalid;

(9) That the Court enter a declaratory judgment that the '446 patent is invalid;

(10) ShoreTel be awarded its own costs and attorneys' fees as and when this Court deems just, reasonable, and proper; and

(11) Award ShoreTel such other and further relief as the Court may deem just, reasonable, and proper.

Date: July 31, 2007

Respectfully submitted,

SHORETEL, INC.
By its attorneys,

/s/

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing document was filed electronically in compliance with Local Rule CV-5(a). As such, this motion was served on all counsel who have consented to electronic service. Local Rule CV-5(a)(3)(A). Pursuant to Fed. R. Civ. P. 5(d) and Local Rule CV-5(e), all other counsel of record not deemed to have consented to electronic service were served with a true and correct copy of the foregoing by certified mail, return receipt requested, on this the 31ST day of July, 2007.

/s/ Melissa R. Smith
Melissa R. Smith