

1 Yitai Hu (SBN 248085) (yitai.hu@alston.com)
 Sean P. DeBruine (SBN 168071) (sean.debruine@alston.com)
 2 Elizabeth H. Rader (SBN 184963) (elizabeth.rader@alston.com)
 Jennifer Liu (SBN 268990) (celine.liu@alston.com)
 3 **ALSTON & BIRD LLP**
 275 Middlefield Road, Suite 150
 4 Menlo Park, California 94025
 Telephone: 650-838-2000
 5 Facsimile: 650-838-2001

6 T. Hunter Jefferson (admitted *pro hac vice*) (hunter.jefferson@alston.com)
ALSTON & BIRD LLP
 7 One Atlantic Center
 1201 West Peachtree Street
 8 Atlanta, Georgia 30309
 Telephone: 404-881-7000
 9 Facsimile: 404-881-7777

10 Attorneys for Plaintiff and Counterdefendant
 ELAN MICROELECTRONICS CORPORATION

11
 12 UNITED STATES DISTRICT COURT
 13 NORTHERN DISTRICT OF CALIFORNIA
 14 SAN JOSE DIVISION

15 ELAN MICROELECTRONICS
 16 CORPORATION,
 17
 Plaintiff and Counterdefendant,
 18
 v.
 19 APPLE, INC.,
 20
 Defendant and Counterplaintiff.

Case No. 09-cv-01531 RS

**ELAN MICROELECTRONICS
 CORPORATION'S OPPOSITION TO
 APPLE INC.'S MOTION TO DISMISS
 ELAN'S INEQUITABLE CONDUCT
 DEFENSE AND COUNTERCLAIM**

21
 22 AND RELATED COUNTERCLAIMS

DATE: August 5, 2010
 TIME: 1:30 p.m.
 JUDGE: Richard Seeborg
 CTRM: Courtroom 3, 17th Floor

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. STATEMENT OF FACTS	2
A. The '218 Patent	2
B. Cirque Corporation's 1994 GlidePoint® Touch Pad	3
C. Elan's Allegations For Its Inequitable Conduct Counterclaim	4
III. ARGUMENT	6
A. Elan's Inequitable Conduct Allegations Plead With Particularity Sufficient to Satisfy FRCP 9(b) and the <i>Exergen</i> Standard.....	6
1. Elan's Inequitable Conduct Allegations Plead With Particularity Who Made Material Misrepresentations and Withheld Material Information From the Patent Office.....	6
2. Elan's Inequitable Conduct Allegations Also Plead With Particularity Why the GlidePoint® Touch Pad Is Material and Not Cumulative Information.....	7
3. Elan's Inequitable Conduct Allegations Further Plead With Particularity A Factual Basis to Infer Intent to Deceive.....	10
B. Apple's Motion Should Be Denied Because Elan's Pleading Provides Far More Than Vague Allegations of Apple's Inequitable Conduct	12
C. Even If the Court Holds Elan's Inequitable Conduct Allegations Insufficient, Elan Should Be Permitted to Amend Its Pleading.....	12
IV. CONCLUSION	13

1 **TABLE OF AUTHORITIES**

2 **Page**

3 **CASES**

4 *Cal. Inst. of Tech. v. Canon U.S.A.*,
2009 U.S. Dist. LEXIS 126174 (C.D. Cal. Oct. 26, 2009)..... 12

5 *Digital Control Inc. v. Charles Mach. Works*,
437 F.3d 1309, 1314 (Fed. Cir. 2006)..... 8

6 *Exergen Corp. v. Wal-Mart Stores, Inc.*,
575 F.3d 1312, 1327-30 (Fed. Cir. 2009) passim

7 *General Electro Music Corp. v. Samick Music Corp.*,
19 F.3d 1405, 1411 (Fed. Cir. 1994)..... 7

8 *GFI, Inc. v. Franklin Corp.*,
265 F.3d 1268, 1274 (Fed. Cir. 2001)..... 11

9 *In re Omeprazole Patent Litig.*,
483 F.3d 1364, 1371 (Fed. Cir. 2007)..... 8

10 *Kalman v. Kimberly-Clark Corp.*,
713 F.2d 760, 771 (Fed. Cir. 1983)..... 8

11 *Molins PLC v. Textron, Inc.*,
48 F.3d 1172, 1180 (Fed. Cir. 1995)..... 11

12 *Rohm & Haas Co. v. Crystal Chem. Co.*,
722 F.2d 1556, 1561 (Fed. Cir. 1983)..... 7

13 **STATUTES**

14 35 U.S.C. § 102(g)(2)..... 8

15 **RULES**

16 Federal Rule of Civil Procedure 15(a)(2)..... 13

17 Federal Rule of Civil Procedure 9(b)..... 6, 12, 13

18 **REGULATIONS**

19 37 C.F.R. § 1.56 8

1 **I. INTRODUCTION**

2 Apple moves to strike Elan’s counterclaim that one of the patents asserted by Apple is
3 unenforceable due to inequitable conduct, essentially arguing that it suffers from a technical
4 pleading defect and must be repleaded. To the contrary, Elan included very specific and legally
5 sufficient allegations to support its claims. This is not a “fishing expedition” in which Elan
6 casually alleged inequitable conduct in its first pleading responding to Apple’s infringement
7 allegations, hoping to find the evidence to support its claim later. Rather, Elan’s pleading sets
8 forth in detail the “who, what, when, where, and how” of the material misrepresentations of fact
9 and withholding of material prior art from the United States Patent and Trademark Office (“PTO”
10 or “Patent Office”) that Elan has learned from discovery.

11 In particular, Elan alleges that at least named inventor Mark Della Bona, as well as the
12 other named inventors and the attorneys involved in prosecuting the patent application, were
13 involved in the inequitable conduct. Elan alleges that Mr. Della Bona knowingly misrepresented
14 the state of the prior art, in light of his admitted knowledge in mid-1994 of the prior art
15 GlidePoint® touch pad product. Elan’s pleading also fully describes why the GlidePoint®
16 product, with the exact features described and claimed as novel in the U.S. Patent No. 5,764,218
17 (“the ’218 patent”), was highly material to the patent claims, but was not disclosed to the Patent
18 Office. Elan’s pleading alleges the “when and where,” namely that the material
19 misrepresentations were made in the patent application filed on January 31, 1995.

20 Elan raised this defense and counterclaim only after it received relevant documents from
21 Apple and after it took the deposition of Apple’s inventor Mark Della Bona. In that deposition
22 Mr. Della Bona admitted that he knew about the GlidePoint® touch pad at the time it was
23 introduced in 1994 and knew that it enabled the use of “taps” of the touch pad instead of
24 mechanical mouse button clicks to invoke “click” “double click” and “click and drag” functions.
25 Despite that knowledge, the ’218 patent application stated that no such touch pad existed in the
26 prior art and claimed these very features as Apple’s invention.

27 Thus, because Elan’s pleading sets forth *who* made the false statement to the Patent Office,
28 *what* false statement was made, *why* the false statement was material and not cumulative to the

1 information already of record, *where* can the material misrepresentations can be found in the
2 patent application, and *how* the examiner would have used this material information in assessing
3 the patentability of the claims of the '218 patent. The pleading also alleges facts that support a
4 reasonable inference that Apple's inventors and attorneys made those false statements and
5 withheld the GlidePoint® prior art from the Patent Office with the intent to deceive the Patent
6 Office. Apple's motion attacking Elan's pleading on hyper-technical grounds has no merit and
7 should therefore be denied.

8 **II. STATEMENT OF FACTS**

9 **A. The '218 Patent**

10 Claim 1 of the '218 patent pertains to a method of operating a touch-sensitive computer
11 input device to provide "cursor control operations." Declaration of Sean DeBruine in Support of
12 Elan's Opposition to Apple's Motion to Dismiss ("DeBruine Decl."), Ex. A ('218 patent) at 13:28-
13 41. The method uses time intervals during which the user contacts the touch surface, and gap
14 intervals between such contacts, to distinguish among three such operations. *Id.* Apple contends
15 that the "cursor control operations" include a button click in response to a brief tap on the touch
16 pad, followed by a relatively long absence or gap; a double click in response to two brief taps with
17 a short gap time in between; and a drag operation resulting from a brief tap followed quickly by a
18 prolonged contact to move the cursor. *See* Apple's Opening Claim Construction Brief (Dkt. No.
19 85) at 27:7-16. In each of these operations, and others, the user's gestures on the touch pad
20 surface produce the same result as clicking the mechanical button found on computer mice and
21 most touch pads.

22 In Apple's patent application, Apple and its inventors made several affirmative
23 representations that they were the first to invent a touch pad that could provide such control
24 functions without the need to press mechanical buttons. For example, the patent application
25 states:

26 Consequently, in order to perform click, double-click, and drag
27 operations, *prior art touch pads* not only require the use of a touch
28 pad but also *require* the use of a mechanical button switch.

1 DeBruine Decl., Ex. F ('218 patent application) at 3:6-8 (emphasis added). The application
2 continues:

3 Thus, there is a need in the field of computer interfaces for an
4 apparatus and method of implementing the button generation
function without using a mechanical button switch.

5 *Id.* at 3:17-19.

6 **B. Cirque Corporation's 1994 GlidePoint® Touch Pad**

7 These representations by Apple in its patent application were categorically false when
8 made. In May, 1994, nearly nine months before Apple filed the application, Cirque Corporation
9 introduced its GlidePoint® touch pad product. That product was widely reported in the
10 specialized press covering the computer industry. *See id.*, Exs. G – S. Also widely reported were
11 the significant features of that product – the ability to use brief “taps” on the touch pad surface to
12 emulate mouse button clicks. *See id.*

13 As discussed below, Mr. Della Bona testified that he was aware of the GlidePoint®
14 product when it was introduced in 1994 and had read about it in computer magazines at the time.
15 Apple and Mr. Della Bona were aware of the GlidePoint® touch pad for many reasons other than
16 that press coverage. First, Apple licensed the technology underlying Apple's first touch pad (code
17 named “Midas”) from Cirque's predecessor company, Proxima. *Id.*, Ex. T (Proxima license
18 agreement) at 13. Soon after Cirque released the GlidePoint® touch pad, Mr. Della Bona and
19 Cirque's founder and president engaged in correspondence regarding the interpretation of the
20 license agreement with respect to Cirque's sale of the GlidePoint® touch pad and whether Cirque
21 could acknowledge to the public that Apple's touch pad was based on Cirque's design. *Id.*, Ex. U
22 (Gerpheide letter). Second, on May 24, 2010 Apple produced the files from its attorneys relating
23 to prosecution of the '218 patent. Elan found in those files detailed interface specifications for the
24 GlidePoint® touch pad, dated July 7, 1994. *Id.*, ¶ 5, Exs. D and E. Those specifications detail
25 how the GlidePoint® used the tap, double tap and tap and drag gestures to emulate functions
26 normally associated with mechanical buttons. For example, compare the following figures, one
27 from the GlidePoint® specification, the other from the '218 patent:

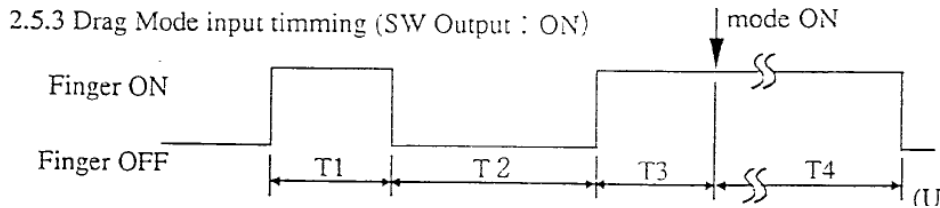


Figure 2.5.3 from GlidePoint Serial/Parallel Interface Specification describing the operation of drag.

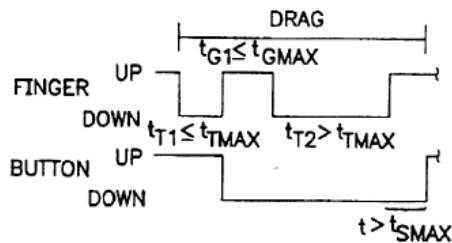


FIG. 5D

On May 25, 2010 Elan took the deposition of Apple’s inventor Mark Della Bona. DeBruine Decl., ¶ 3. In that deposition, Mr. Della Bona admitted that he was aware of the GlidePoint® product in the 1994 time frame when it was introduced, and had read the coverage of its introduction in the computer industry press. *Id.*, Ex. B (Della Bona Transcript) at 76:23-77:10. Mr. Della Bona could not explain why the existence of Cirque’s GlidePoint® touch pad as prior art was not disclosed to the Patent Office, except to contradict his previous testimony and claim he was “not aware.” *Id.* at 102:3-10, 104:3-12. Nor could Mr. Della Bona explain why confidential specifications describing the salient features of that prior art product were found in his patent attorneys’ files, but were not disclosed to the Patent Office. *Id.* at 102:17-104:12.

C. Elan’s Allegations For Its Inequitable Conduct Counterclaim

Elan filed its Answer and Counterclaims (Dkt. No. 118) in Response to Apple’s May 25, 2010 Third Amended Answer on June 8, 2010, adding the ’218 patent inequitable conduct allegations. DeBruine Decl., ¶¶ 2, 4. Based on the prosecution files and the deposition testimony, Elan’s pleading identified Mr. Della Bona and the other ’218 patent inventors and attorneys involved in prosecuting the ’218 patent application as the specific individuals associated with the filing or prosecution of the application issuing as the ’218 patent, who both knew of the material GlidePoint® product and deliberately withheld it and misrepresented the content of the prior art.

1 Elan's pleading alleges that:

2 the named inventors, in particular at least Mr. Mark Della Bona,
3 knowingly made affirmative misrepresentations of fact and failed
4 to disclose to the USPTO material information known to him.

5 *Id.*, Ex. C (Elan's Answer to Apple's Third Amended Answer), ¶ 80. Elan's pleading then
6 identifies Apple's specific affirmative misrepresentation and explains why it is false. It goes on to
7 explain how the GlidePoint® touch pad discloses specific elements and limitations in the '218
8 patent claims:

9 In the patent application filed by Apple on January 31, 1995, which
10 ultimately resulted in the '218 patent, the named inventors each
11 knowingly, and with specific intent to deceive the USPTO, falsely
12 represented that the prior art did not include any devices capable of
13 using gestures on the touch sensor surface to emulate mechanical
14 button values, but rather that prior art touch pads required mechanical
15 buttons. Contrary to those representations, more than eight months
16 prior to that filing, and at least as early as May, 1994, Cirque
17 Corporation ("Cirque") announced and began commercial sales of its
18 GlidePoint® touchpad product, which was widely known in the art to
19 include "tap," "double-tap" and "tap and drag" gestures on the
20 touchpad surface in lieu of activation of a mechanical button. Those
21 functions were invoked based upon the time period of successive
22 finger contacts with the touchpad and the time intervals between such
23 contacts, as described and claimed in the '218 patent application. A
24 reasonable examiner would have considered Cirque's prior art
25 GlidePoint® touchpad material to the alleged inventions claimed in
26 the '218 patent and not cumulative of the other art cited.

27 *Id.* at ¶ 81. The pleading continues:

28 At least one of the inventors of Apple's '218 patent, Mr. Della
Bona, knew of the Cirque GlidePoint® product from
contemporaneous press reports. On information and belief, Mr.
Della Bona also knew that the GlidePoint® product was material
to the patentability of the invention recited in the '218 patent, not
cumulative to the other cited references and inconsistent with
statements made to the USPTO.

Id. at ¶ 82. Elan further alleged that:

the other inventors named on the '218 patent, as well as others
involved in the patent application, were also aware of the
GlidePoint® product and its materiality to the alleged invention
claimed in the '218 patent application and that the GlidePoint®

1 prior art rendered statements made in the application false and
2 misleading.

3 *Id.* at ¶ 83.

4 **III. ARGUMENT**

5 **A. Elan’s Inequitable Conduct Allegations Plead With Particularity Sufficient to** 6 **Satisfy FRCP 9(b) and the *Exergen* Standard**

7 Apple argues that Elan’s inequitable conduct allegations lack the level of specificity
8 allegedly required by the Federal Circuit in its *Exergen* decision. Elan agrees that under the
9 Federal Circuit’s inequitable conduct pleading standard, the pleading must identify the “who,
10 what, when, where, and how of the material misrepresentation or omission committed before the
11 PTO.” *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327-30 (Fed. Cir. 2009).
12 Moreover, the pleading must also include “sufficient allegations of underlying facts from which a
13 court may reasonably infer that a specific individual (1) knew of the withheld material information
14 or of the falsity of the material misrepresentation, and (2) withheld or misrepresented this
15 information with a specific intent to deceive the PTO.” *Id.* at 1328. Elan’s pleading does so.

16 **1. Elan’s Inequitable Conduct Allegations Plead With Particularity Who** 17 **Made Material Misrepresentations and Withheld Material Information** 18 **From the Patent Office**

19 In *Exergen*, the Federal Circuit held the defendants’ inequitable conduct allegations
20 deficient under Federal Rule of Civil Procedure 9(b) (“Rule 9(b)”) because the pleading only
21 alleged that “Exergen, its agents and/or attorneys” had knowledge of the prior art ’808 patent and
22 ’998 patent but withheld them, with the intent to deceive the PTO; that the ’808 patent and ’998
23 patent were material because they disclose some techniques related to the allegedly unenforceable
24 ’685 patent; and that arguments made by Exergen to the PTO to overcome the rejection of the
25 ’685 patent application were contradicted by statements from Exergen’s own website. *Id.* at 1326.
26 The *Exergen* standard requires only the identification of the *specific individual* associated with the
27 filing of a *specific patent*. *Exergen*, 575 F.3d at 1329 (the pleading must “name the specific
28 individual associated with the filing or prosecution of the application issuing as the ’685 patent”
(emphasis original)). Here, Elan specifically identified Mr. Della Bona, the other ’218 patent

1 inventors and attorneys involved in prosecuting the '218 patent application as the “who” of the
2 material omissions and misrepresentation. *See* DeBruine Decl., Ex. C, ¶¶ 80-83.

3 Elan’s pleading clearly identifies the commercially available GlidePoint® product as the
4 relevant material prior art.¹ Mr. Della Bona knew that Cirque’s GlidePoint® touch pad did
5 exactly what is claimed in the '218 patent application to be Apple’s invention: use contact and
6 gap intervals to replace mechanical button clicks. Apple’s attorneys also knew in detail, from the
7 product specifications document dated in 1994, how the GlidePoint® product operated.
8 Nevertheless, Mr. Della Bona signed, and Apple’s attorneys filed, Apple’s application on January
9 31, 1995, falsely stating the prior art touch pads *required mechanical buttons* to perform click,
10 double click and click-and-drag operations. A deliberate, affirmative misrepresentation to the
11 Patent Office is always material. *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1561
12 (Fed. Cir. 1983) (contrasting cases of withholding prior art with cases dealing with affidavits
13 containing false and misleading data submitted to the patent office); *General Electro Music Corp.*
14 *v. Samick Music Corp.*, 19 F.3d 1405, 1411 (Fed. Cir. 1994) (holding false statement in a petition
15 to make special is material if it succeeds in prompting expedited consideration of the application).

16 **2. Elan’s Inequitable Conduct Allegations Also Plead With Particularity**
17 **Why the GlidePoint® Touch Pad Is Material and Not Cumulative**
18 **Information**

19 Elan’s pleading also adequately stated why the GlidePoint® touch pad was highly material
20 information that was knowingly withheld from the Patent Office. In doing so, Elan highlighted
21 the GlidePoint® touch pad’s ability to perform click, double click and drag functions in response
22 to the tap, double tap and tap and drag gestures:

23 GlidePoint® touchpad product . . . was widely known in the art to
24 include “tap,” “double-tap” and “tap and drag” gestures on the
25 touchpad surface in lieu of activation of a mechanical button.
26 Those functions were invoked based upon the time period of
27 successive finger contacts with the touchpad and the time intervals
28 between such contacts, as described and claimed in the '218 patent
application.

¹ That product, which was “known and used by others in this country” prior to the filing of the
'218 patent application is itself prior art. *See* 35 U.S.C. §102(a).

1 DeBruine Decl., Ex. C, ¶ 81. The same language also clearly explains the materiality of the
2 GlidePoint® prior art: because it discloses using tap, double tap and tap and drag gestures on the
3 touch pad surface instead of pressing a mechanical button, just as “described and claimed in the
4 ’218 patent.” *Id.*, Ex. A at 13:28-41.

5 Information is material if “(1) it establishes, by itself or in combination with other
6 information, a *prima facie* case of unpatentability of a claim; or (2) it refutes, or is inconsistent
7 with, a position the applicant takes in (i) opposing an argument of unpatentability relied on by the
8 Office, or (ii) asserting an argument of patentability.” 37 C.F.R. § 1.56; *Digital Control Inc. v.*
9 *Charles Mach. Works*, 437 F.3d 1309, 1314 (Fed. Cir. 2006). Elan properly pled at least two
10 grounds of materiality. First, Elan alleged that the GlidePoint® product’s functions were invoked
11 based upon tap, double tap, and tap and drag gestures, *as described and claimed in the ’218 patent*
12 *application*. DeBruine Decl., Ex. C, ¶ 81. This allegation establishes, by itself a *prima facie* case
13 of unpatentability of the invention claimed in the ’218 patent as anticipated by prior art. 35 U.S.C.
14 § 102(g)(2); *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 771 (Fed. Cir. 1983) (one who seeks
15 a finding of anticipation must show that “each element of the claim in issue is found, either
16 expressly described or under principles of inherency, in a single prior art reference, or that the
17 claimed invention was previously known or embodied in a single prior art device or practice”); *In*
18 *re Omeprazole Patent Litig.*, 483 F.3d 1364, 1371 (Fed. Cir. 2007) (anticipation requires
19 disclosure of each and every claim limitation in a single prior art reference).

20 Second, as discussed above, the existence of the GlidePoint® touch pad also refutes, or is
21 inconsistent with, Apple’s misrepresentation to the Patent Office in its application that “there is a
22 need in the field of computer interfaces for an apparatus and method of implementing the button
23 generation function without using a mechanical button switch,” DeBruine Decl., Ex. F at 3:17-19,
24 a position Apple again took in asserting an argument of patentability, *see id.*, Ex. V (December 23,
25 1996 amendment) at 15.

26 Apple’s argument that “Elan’s allegations do not identify the particular claim limitations
27 present in the allegedly withheld reference or information that were material to patentability of the
28 ’218 patent” is misplaced. First, the *Exergen* decision involved a bare allegation that material

1 information was withheld. Here, Elan alleges affirmative misrepresentations of fact, which alone
2 is sufficient to plead inequitable conduct. Second, Elan’s description of the reference and the
3 claims is sufficient under *Exergen*. *Exergen*, 575 F.3d at 1329. Elan’s pleading expressly
4 identifies in paragraph 81 that the GlidePoint® touch pad employed tap, double tap and tap and
5 drag gestures on the touch pad surface in lieu of activating a mechanical button. Elan’s pleading
6 also expressly alleges that these functions were invoked in the GlidePoint® touch pad based upon
7 the time period of successive finger contacts with the touch pad and the time intervals between
8 such contacts as described and claimed in the ’218 patent. Finally, Elan’s pleading identifies these
9 as the relevant limitations in the ’218 patent.

10 Tellingly, Apple raises two highly misleading arguments to dispute on the merits the
11 materiality of this prior art. First, it claims that the “mere existence of the GlidePoint® product”
12 cannot be the basis for inequitable conduct because Apple disclosed the “existence” of the
13 GlidePoint® product to the Patent Office. Apple’s Mot. at 5:9-14. Apple supports this claim by
14 pointing to its submission of an article including a brief review of the GlidePoint® product. *Id.*
15 Unfortunately for Apple, there is a serious problem with this “disclosure”: the Macworld article is
16 dated February 1996 – more than one year *after* the ’218 patent application was filed, and almost
17 two years *after* Cirque introduced the GlidePoint® touch pad products. *See id.*; DeBruine Decl.,
18 Exs. G – S (GlidePoint®). Thus, rather than disclosing the GlidePoint® touch pad to the Patent
19 Office *as prior art*, Apple’s belated submission appears calculated to mislead the Patent Office
20 into believing that the GlidePoint® was *not* prior art. Thus, submitting the February, 1996
21 Macworld article, rather than satisfying Apple’s duty of candor, was an additional way in which
22 Apple sought to mislead the Patent Office.

23 Apple’s makes another highly misleading claim in its motion. Apple notes that “[a] Cirque
24 patent relating to this technology was also before the Patent Office during prosecution of the ’218
25 patent.” Apple Mot. at 5:19-21. Apple has chosen the words “related to this technology” very
26 carefully. U.S. Patent No. 5,305,017 (“the ’017 patent”) relates only to methods of measuring an
27 object’s position on touch-sensor. *See* Greenblatt Decl., Ex. C (’017 patent) at 218 CFH 0196-97.
28 The ’017 patent never mentions the GlidePoint® touch pad, nor does it discuss any tap, double tap

1 or tap and drag gestures emulating mechanical buttons. As such, it is no substitute for the required
2 disclosure of these features Apple know to be present in the prior art GlidePoint® product. Apple
3 is treating this Court as it treated the Patent Office, using incomplete and misleading statements to
4 achieve its ends.

5 **3. Elan’s Inequitable Conduct Allegations Further Plead With**
6 **Particularity A Factual Basis to Infer Intent to Deceive**

7 Elan’s pleading further provides with particularity the factual basis on which to infer that
8 Mr. Della Bona, the other ’218 patent inventors and others involved in prosecuting the ’218 patent
9 application had knowledge of the material information, and withheld and misrepresented this
10 information with the specific intent to deceive the Patent Office. Apple contends that Elan is
11 asking the Court to assume that an individual, who generally knew that a reference existed, also
12 knew of the specific material information contained in that reference. Apple’s Mot. at 6:20-22.
13 Elan is not. Instead, the pleading also alleges that at least Mr. Della Bona had actual knowledge of
14 the material information and its materiality. DeBruine Decl., Ex. C, ¶¶ 80, 82. The only logical
15 inference is that Mr. Della Bona, who owed a duty of disclosure in prosecuting the ’218 patent,
16 knew of the tap, double tap and tap and drag gestures in the GlidePoint® product that is alleged to
17 be material to the claims of the ’218 patent. *Exergen*, 575 F.3d at 1330 (the pleading must provide
18 factual basis to infer that any specific individual, who owed a duty of disclosure in prosecuting the
19 patent at issue, knew of the specific information in the reference that is alleged to be material to
20 the claims of the patent at issue). The pleading also alleges that Mr. Della Bona knew of the
21 material information well before the filing of the ’218 patent application. DeBruine Decl., Ex. C,
22 ¶ 81. Elan has alleged that he nevertheless both 1) withheld this highly material information and
23 2) falsely represented to the Patent Office that “in order to perform click, double-click, and drag
24 operations, prior art touch pads not only require the use of a touch pad but also *require* the use of a
25 mechanical button switch.” *Id.*, ¶¶ 80-82; *id.*, Ex. F at 3:6-8 (emphasis added).

26 This is not the case where Apple accidentally failed to submit the GlidePoint® touch pad
27 to the Patent Office during the prosecution of the ’218 patent application. Having *actual*
28 knowledge of the GlidePoint® product, and in particular, its use of the tap, double tap and tap and

1 drag gestures to emulate mechanical button functions, Mr. Della Bona falsely represented to the
2 Patent Office that the prior art did not include any devices capable of using gestures on the touch
3 sensor surface to emulate mechanical button values, but rather that prior art touch pads required
4 mechanical buttons. *Id.*, Ex. C, ¶¶ 80-82. As the Federal Circuit has stated, there is no
5 requirement that intent to deceive to be proven by direct evidence. *See Molins PLC v. Textron,*
6 *Inc.*, 48 F.3d 1172, 1180 (Fed. Cir. 1995) (because facts in inequitable conduct case rarely include
7 direct evidence, “the intent element of the offense is therefore in the main proven by inferences
8 drawn from facts); *GFI, Inc. v. Franklin Corp.*, 265 F.3d 1268, 1274 (Fed. Cir. 2001) (where the
9 withheld information is material and the patentee knew or should have known of that materiality,
10 he or she can expect to have great difficulty to establish subjective good faith to overcome an
11 inference of intent to mislead”). The only inference that can be reasonably drawn from these facts
12 is that Mr. Della Bona withheld and misrepresented the material information with a *specific intent*
13 to deceive the Patent Office. *See Exergen*, 575 F.3d at 1329 (“A reasonable inference is one that
14 is plausible and that flows logically from the facts alleged, including any objective indications of
15 candor and good faith”). *See also id.* at 1331 (proper deceptive intent allegation must contain
16 “specific factual allegations to show that the individual who had previously cited the ’998 patent
17 knew of the specific information that is alleged to be material to the ’685 patent and then decided
18 to deliberately withhold it from the relevant examiner”).

19 Although based on information and belief, Elan’s pleading alleges that the ’218 patent
20 inventors and prosecuting attorneys also had knowledge of the withheld material information and
21 the materiality of that information. DeBruine Decl., Ex. C, ¶¶ 80, 82. Elan also alleges and
22 intends to prove that the other inventors and the attorneys, while having knowledge of the
23 GlidePoint® product, withheld this highly material information and misrepresented to the Patent
24 Office that *no such prior art existed*. *Id.*, ¶¶ 81, 83. As demonstrated above, the only logical
25 inference is that they had knowledge of the material information, but nevertheless withheld and
26 misrepresented this information with a specific intent to deceive the Patent Office. Elan’s
27 inequitable conduct allegations, being pled with particularity, satisfy the *Exergen* standard.
28 Apple’s Motion to Dismiss should be denied.

1 **B. Apple’s Motion Should Be Denied Because Elan’s Pleading Provides Far More**
2 **Than Vague Allegations of Apple’s Inequitable Conduct**

3 The court in *Exergen* dismissed the inequitable conduct defense because the pleading did
4 not state with particularity *all* of the “who, what, when, where, and how of the material
5 misrepresentation or omission committed before the PTO” requirements. *Exergen*, 575 F.3d at
6 1329-30. Moreover, the pleading in that case also failed to provide any factual basis for the court
7 to reasonably infer that any specific individual had knowledge of the withheld material
8 information or of the falsity of the material misrepresentation, and that individual’s specific intent
9 to the deceive the PTO. *Id.* at 1330. Not surprisingly, Apple provides no legal authority or
10 plausible factual argument to support its claim that “[e]ach of these [alleged] deficiencies provide
11 an independent basis for dismissing Elan’s pleading.” Apple’s Mot. at 4:9-10. The inequitable
12 conduct allegations in *Exergen* were not dismissed based on the finding a single deficiency in the
13 pleading. Rather, they were dismissed because they were vague and cursory on every required
14 element.

15 *Cal. Inst. of Tech. v. Canon U.S.A.*, 2009 U.S. Dist. LEXIS 126174 (C.D. Cal. Oct. 26,
16 2009) supports Elan’s position. Applying the *Exergen* standard, the *Canon* court denied the
17 defendant’s motion to strike the plaintiff’s affirmative defense of inequitable conduct even though
18 the pleading did not specifically name the individuals alleged to have committed inequitable
19 conduct. *Id.* at *9 The court noted that the pleading *did* allege sufficient material
20 misrepresentations and omissions, and held the pleading to be sufficient under Rule 9(b), where “it
21 does far more than provide vague allegations that someone at Caltech was aware of the existence
22 of these works.” *Id.* Because Elan’s inequitable conduct allegations against Apple also provide
23 far more than vague allegations, Apple’s motion should be denied.

24 **C. Even If the Court Holds Elan’s Inequitable Conduct Allegations Insufficient, Elan**
25 **Should Be Permitted to Amend Its Pleading**

26 While Elan disagrees with Apple’s claim that Elan’s pleading does not state with
27 particularity satisfying the *Exergen* standard, Elan urges the Court to accept Apple’s suggestion
28 that, at a minimum, Elan should be allowed to amend its pleading in the event the Court finds
 Elan’s pleading to be inadequate. This is consistent with the spirit of the Federal Rule of Civil

