

UNITED STATES DISTRICT COURT
DISTRICT OF NEW MEXICO

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

Civil No. 10-CV-01077-RB-WDS

**STC'S SUBMISSION OF SUPPLEMENTAL AUTHORITY
OF AN *EN BANC* FEDERAL CIRCUIT DECISION IN SUPPORT OF ITS
12(b)(6) MOTION TO DISMISS INTEL'S COUNTERCLAIM AND
AFFIRMATIVE DEFENSE FOR INEQUITABLE CONDUCT**

On May 25, 2011, the Federal Circuit issued an *en banc* decision that changed the standard for the materiality prong of an inequitable conduct charge – the prong upon which STC's pending summary judgment motion is based. *See Therasense, Inc. v. Becton, Dickinson & Co.*, 2011 U.S. App. LEXIS 10590 (Fed. Cir. May 25, 2011). Preliminarily, the Federal Circuit noted the detrimental consequences attendant to the inequitable conduct defense generally. The following are representative:

- '[T]he habit of charging inequitable conduct in almost every major patent case has become an absolute plague' (*id.* (citation omitted));
- Inequitable conduct 'has been overplayed, is appearing in nearly every patent suit, and is cluttering up the patent system' (*id.* at 29 (citation omitted));

- Because the [inequitable conduct] doctrine focuses on the moral turpitude of the patentee with ruinous consequences for the reputation of his patent attorney, it discourages settlement and deflects attention from the merits of validity and infringement issues (*id.* at *27); and
- Inequitable conduct disputes also 'increas[e] the complexity, duration and cost of patent infringement litigation that is already notorious for its complexity and high cost' (*id.*).

The Federal Circuit noted that, historically, it had attempted to address the afore-described proliferation of inequitable conduct charges "by raising the intent standard alone." *Id.* at 35. In *Therasense*, the court examined the materiality prong of inequitable conduct in an effort to stem further the tide of such charges, holding that:

[A]s a general matter, the materiality required to establish inequitable conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. Hence, in assessing the materiality of a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of the undisclosed reference.

Id. at 37.¹

Therasense is instructive in assessing Intel's inequitable conduct charge. With regard to the Zaidi reference, as noted in STC's motion papers, given the certificate of correction that issued with regard to the '998 patent, that reference would have failed to qualify as prior art at all, let alone as the "but for" prior art now required under *Therasense*.

¹ Intel submitted an amicus brief that argued that no change was necessary to the materiality prong of the defense. *Id.* at 8. That argument was rejected by the *en banc* decision.

As for the certificate of correction, as STC has explained, everything having to do with that certificate, and STC's request therefor, was of record. It is difficult to imagine how information of record could ever rise to the kind of "but for" materiality now required. Thus, the Federal Circuit's holding in *Therasense* further supports granting STC's motion for summary judgment.

Dated: June 3, 2011

Respectfully submitted,

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Certificate of Service: I hereby certify that on June 3, 2011, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing via electronic mail to all counsel of record.

/s/ Steven R. Pedersen