

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW MEXICO**

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

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

**INTEL CORPORATION'S FIRST AMENDED ANSWER AND
SECOND AMENDED COUNTERCLAIMS TO STC.UNM'S COMPLAINT¹**

Defendant Intel Corporation ("Intel") answers Plaintiff STC.UNM's ("STC's")

Complaint as follows:

1. Intel is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 1 of the Complaint and on this basis Intel denies such allegations.

2. Intel is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 2 of the Complaint and on this basis Intel denies such allegations.

3. Intel is without knowledge or information sufficient to form a belief as to the truth of the allegations set forth in paragraph 3 of the Complaint and on this basis Intel denies such allegations.

4. Intel admits the allegations of paragraph 4.

5. Intel objects to the allegations in paragraph 5 of the Complaint as vague, especially the terms "substantial," "semiconductor devices," and "consumer products." Intel

¹ Pursuant to Fed.R.Civ.P. 15(a)(2), Intel Corporation's First Amended Answer And Second Amended Counterclaims to STC.UNM's Complaint are filed with the written consent of STC.UNM's counsel, Rolf Stadheim, provided December 7, 2011.

admits that it conducts business in this Judicial District. Intel denies the allegations set forth in paragraph 5 of the Complaint in all other respects.

6. Admitted.
7. Admitted.
8. Intel incorporates by reference its responses to paragraphs 1-7, above.
9. Intel objects to the allegations in paragraph 9 of the Complaint as vague and indefinite with respect to the terms “critical dimensions of 45 nm or less.” As a result, Intel denies the allegations set forth in paragraph 9 of the Complaint.
10. Intel denies the allegations in paragraph 10 of the Complaint.
11. Intel denies the allegations in paragraph 11 of the Complaint.
12. Intel denies the allegations in paragraph 12 of the Complaint.
13. Intel denies any allegations in the Relief Requested section of the Complaint.

AFFIRMATIVE AND OTHER DEFENSES

Intel asserts the following defenses. Nothing in these defenses is intended to alter the identity of the party that bears the burden of proof as to any matter raised in any defense.

First Defense: Failure to State a Claim

14. STC’s Complaint fails to state a claim upon which relief can be granted. Accordingly, the Complaint should be dismissed.

Second Defense: Non-Infringement

15. Intel does not infringe and has not infringed, either directly, indirectly or otherwise, on any valid claim of U.S. Patent No. 6,042,998 (the “’998 patent”).

Third Defense: Invalidity

16. The ’998 patent is invalid by reason of having been issued in violation of U.S. patent laws, including but not limited to 35 U.S.C. §§ 101, 102, 103, 111, 112, 115, or 256, or judicially created doctrines of invalidity, and the Rules and Regulations of the United States Patent and Trademark Office (“PTO”) relating thereto.

17. All asserted claims of the '998 patent are invalid for failure to comply with the requirements of 35 U.S.C. § 112 due to lack of written description, failure to particularly point out and distinctly claim the subject matter which is regarded as the alleged invention, and/or failure to set forth a written description sufficient to enable a person skilled in the art to make and use the alleged invention without undue experimentation.

18. All asserted claims of the '998 patent are invalid under 35 U.S.C. §§ 102(f) and/or 116 because the named inventors, by themselves, did not invent the subject matter of the patent.

Fourth Defense: Unenforceability Under Terms of the Terminal Disclaimer

19. The '998 patent has been since its issuance, and is currently, unenforceable per the terms of its terminal disclaimer. During the prosecution of the '998 patent application, UNM filed a terminal disclaimer with respect to U.S. Patent No. 5,705,321 (the "'321 patent") in order to overcome a rejection for double patenting. As required by law, the terminal disclaimer recites that the subject patent (the '998 patent) "shall be enforceable only for and during such period that the instant application (or resulting patent) and the prior patent are commonly owned." In this case, the '998 patent is 100% owned by only STC, and before that was 100% owned by only UNM. The "prior patent" is the '321 patent, which is now and always has been co-owned by Sandia Corporation/Sandia National Laboratories and UNM/STC. Because the '321 patent and the '998 patent are not and have never been commonly owned, the '998 patent is not and has never been enforceable.

Fifth Defense: Inequitable Conduct

20. The '998 patent is unenforceable due to inequitable conduct in its procurement and post-issuance prosecution. Under 37 C.F.R. § 1.56, the named inventors, the prosecuting attorneys and agents, and all other persons who were (i) involved in the preparation or prosecution of the '998 patent and (ii) associated with the named inventors or the assignees owed a duty of candor and good faith to the PTO to disclose all information known to be material to patentability. One or more of the persons bearing that duty breached it by withholding, concealing, or misrepresenting known material information with an intent to deceive the PTO.

More specifically, those persons made misrepresentations and withheld material information from the PTO in order to obtain initial allowance, and in order to obtain a priority date of September 20, 1993—a date four years earlier than the priority date on the face of the originally-issued patent.

21. The '998 patent issued from U.S. Patent Application Serial No. 08/932,428 (the “'998 application”), filed September 17, 1997, on behalf of the University of New Mexico (“UNM”). The named inventors on the '998 application were Steven R. J. Brueck and Saleem H. Zaidi. As originally filed, the '998 application did not claim priority to any earlier filed patent applications, but instead relied upon the actual filing date of September 17, 1997 as its priority date.

Double Patenting Rejection and Terminal Disclaimer

22. In an Office Action dated October 14, 1998, the PTO rejected the claims of the '998 application on the basis of the '321 patent. The '321 patent was purportedly owned by UNM, which was also the listed assignee of the '998 patent. Two of the named inventors on the '321 patent—Brueck and Zaidi—were also named inventors of the '998 patent.

23. The Examiner rejected the claims of the '998 application on several grounds.

i) Application claims 1, 15, and 27 were rejected under the judicially-created doctrine of double patenting over claim 1 of the '321 patent. The Examiner explained, “The subject matter claimed in the instant application [the '998 application] is fully disclosed in the ['321] patent and is covered by the patent since the patent and application are claiming common subject matter, as follows: all of the steps in the method of the instant invention are comprised in the method of fabricating periodic patterns as claimed in 5,705,321. Furthermore, there is no apparent reason why applicant was prevented from presenting claims corresponding to those of the instant application during prosecution of the application which matured into a patent.”

ii) Application claims 1, 4-7, 15, 17-20, 23-27, 29-32, 35-37 and 39 were

rejected as being anticipated under 35 U.S.C. § 102(e) by the '321 patent.

iii) The remainder of the application claims were rejected over the '321 patent in view of various secondary references.

24. On January 14, 1999, UNM's counsel responded that the '321 patent did not disclose the claimed invention of the asserted claims, arguing, *e.g.*, "very significant differences exist between the presently claimed invention and U.S. Patent No. 5,705,321." Specifically, UNM asserted that the '321 patent failed to disclose "a nonlinear step such as developing . . . between the two exposures." UNM further distinguished the asserted claims from the '321 patent by arguing "the '321 patent simply discloses multiple exposures in the same level of resist without processing between the steps, while the present invention claims nonlinear steps such as developing (claim 1) . . . between two exposures."

25. The PTO was not persuaded, and on March 18, 1999, the Examiner again rejected the claims of the '998 application.

i) The Examiner rejected pending claims 1, 6, 15, and 27 under the judicially created doctrine of double patenting over claim 1 of the '321 patent.

ii) The Examiner maintained the rejection of claims 1, 4-7, 15, 17-20, 23, 25-27, 29-32, 35-37 and 39 as being anticipated under 35 U.S.C. § 102(e) by the '321 patent.

iii) The remainder of the pending claims in the '998 application were rejected over the '321 patent in view of various secondary references.

iv) The Examiner advised that the applicants could overcome the double patenting rejection by filing a terminal disclaimer, but warned that under 37 C.F.R. § 1.130(b) the applicants could file a terminal disclaimer only if "the conflicting application or patent ['321 patent] is shown to be commonly owned with this application ['998 application]."

26. On May 18, 1999, UNM filed a Response and Amendment ("May Amendment") stating that the "[a]pplicant asserts that the use of frequency doubling to obtain a denser pattern

and the redistribution of Fourier intensities to obtain square two dimensional holes at the resolution limit with square profiles, as disclosed in the presently claimed invention, is not disclosed in the '321 Patent.” In the May Amendment, UNM never stated or otherwise agreed with the Examiner that claim 1 of the '321 patent claimed, or that the specification of the '321 patent disclosed the subject matter recited in claims 1, 6, 15, and 27 of the '998 application.

27. Acquiescing to the Examiner’s argument, however, UNM executed a terminal disclaimer “in order to expedite prosecution of this case.” The terminal disclaimer was filed concurrently with the May Amendment. The terminal disclaimer stated “The owner hereby agrees that the Claims of any patent so granted on the instant application [the '998 application] shall be enforceable only for and during such period that the instant application (or resulting patent) and the prior patent are commonly owned.”

28. In the May Amendment, UNM traversed the remaining claim rejections under 35 U.S.C. § 102(3) and 35 U.S.C. § 103(a) based on the executed terminal disclaimer.

29. On June 22, 1999, the Examiner allowed the '998 application based upon the filing of the terminal disclaimer. The '998 patent issued on March 28, 2000.

30. The applicants’ submission of the May 1999 terminal disclaimer constituted inequitable conduct because the applicants knew they were not eligible to file a terminal disclaimer and yet proceeded to do so. The applicants were ineligible to file a terminal disclaimer because the '321 patent and the '998 application were not commonly owned at the time, and have never been commonly owned.

31. In May 1999, as recited in the terminal disclaimer itself, UNM was “the owner of record of a 100 percent interest” in the '998 application. The '321 patent, however, was jointly owned by Sandia Corporation and/or Sandia National Laboratories and UNM.

32. At the time the applicant and its attorneys filed the terminal disclaimer, the applicants knew there was no common ownership and thus knew they were ineligible to file the terminal disclaimer.

33. On October 15, 1996—approximately two and half years *before* the terminal

disclaimer was filed—UNM assigned certain ownership rights in Patent Application 08/123,543 and its “continuations” to Sandia Corporation. The ’321 patent issued from a continuation application of Patent Application 08/123,543—a fact stated on the face of the ’321 patent itself. Annabelle Quintana of UNM, recorded this assignment with the PTO on October 22, 1996. Notwithstanding this assignment, UNM, through its counsel, Howard Sobelman, later filed the terminal disclaimer as to the ’998 application, thereby misrepresenting that the two patents shared common ownership. This misrepresentation was material in that the ’998 patent would not have been issued but for the filing of the terminal disclaimer, as indicated in the patent examiner’s reasons for allowance of the claims of the ’998 patent.

Assignment to STC

34. On August 31, 2007, UNM executed an assignment that transferred ownership of the ’998 patent to STC.

35. On September 15, 2008, STC’s President and CEO Elizabeth J. Kuuttila executed a power of attorney that appointed Richard Lazarus (“Lazarus”) of Barnes & Thornburg LLC to prosecute the ’998 application on behalf of STC.

Certificate of Correction

36. Upon information and belief, some time prior to October 2008, STC was informed of a prior art reference, U.S. Patent No. 5,523,258 (the “’258 patent”), that rendered claims of the ’998 patent invalid under 35 U.S.C. § 102(b). The ’258 patent was issued June 4, 1996—more than one year prior to the filing date of the ’998 patent and therefore is § 102 (b) prior art.

37. On or about October 22, 2008, STC, through counsel Lazarus, filed a Request for a Certificate of Correction (“the October Request”) that requested the PTO to “correct” the ’998 patent to reflect domestic priority under 35 U.S.C. § 120 to U.S. Application No. 08/490,101 (the “’321 application”)—the application that ultimately issued as the ’321 patent.

38. In the October Request, Lazarus characterized the failure to previously claim priority to the filing date of the ’321 application as a mere “clerical mistake.”

39. Supervisory Patent Examiner Mark F. Huff approved STC's Request for a Certificate of Correction on November 25, 2008. Mr. Huff was not the Examiner that was originally in charge of examining the '998 application.

40. In filing the Request for a Certificate of Correction seeking to claim priority to the '321 application, the STC withheld from the PTO the fact that UNM, its predecessor-in-interest, had twice argued to the PTO that the '321 patent did not disclose the claimed invention of the asserted claims. This information was highly material since, upon information and belief, no examiner had ever determined if the application leading to the '321 patent adequately supports the allowed claims of the '998 patent.

41. Upon information and belief, prior to filing the October Request, Lazarus had reviewed the prosecution history of the '998 patent, and had knowledge of the arguments made by UNM's counsel regarding the distinctions between the '998 application and the '321 patent, but intentionally failed to notify the Examiner of these material statements regarding the sufficiency of the '321 patent disclosure.

42. In the October Request, Lazarus never identified any text or figures in the '321 patent that would have assisted the PTO (Examiner Huff) to locate 35 U.S.C. § 112, ¶1 written description support for at least one claim of the '998 application, now the '998 patent.

43. Upon information and belief, Lazarus intentionally failed to disclose the arguments that UNM's counsel originally made with respect to the '321 patent with a specific intent to deceive the PTO as to the written description and enablement of the claims of the '998 patent, and thereby secure an earlier priority date for the claims of the '998 patent.

44. In the October Request, Lazarus did not inform the PTO (Examiner Huff) that none of the declarations executed by purported inventors contained any claim to domestic priority under 35 U.S.C. § 120 or 35 U.S.C. § 365(c), or to foreign priority under 35 U.S.C. § 119(a)-(d) or 35 U.S.C. § 365(a)-(b).

45. Upon information and belief, Lazarus intentionally failed to disclose to the PTO that the purported inventors never claimed in any of their declarations that the '998 application

had an effective filing date of September 20, 1993, or otherwise claimed priority to the application that issued as the '321 patent.

46. Upon information and belief, Lazarus, among others, filed or caused to be filed the October Request to obtain an earlier effective filing date for claims of the '998 patent with a specific intent to deceive the PTO regarding the lack of 35 U.S.C. § 112, ¶ 1 written description support in the '321 patent for those claims, which constitutes inequitable conduct and renders the '998 patent unenforceable.

47. STC also failed to disclose to the PTO as part of its October Request that the reason for the Request was to get a priority date earlier than the '258 patent, because one or more claims of the '998 patent were anticipated by the '258 patent.

48. STC's characterization of the Request for a Certificate of Correction as correcting a mere "clerical mistake" was a violation of its duty of good faith and candor under 37 C.F.R. § 1.56. Far from a clerical mistake, applicants' failure to claim priority to the '321 application was consistent with its earlier position during prosecution of the '998 patent, to distinguish the '998 patent from the '321 patent. On the other hand, its claim of priority to the '321 patent was only adopted after STC became aware of invalidating prior art. This intentional deception with respect to material information that affects the patentability of the '998 patent claims constitutes inequitable conduct and renders the '998 patent unenforceable.

Sixth Defense: Estoppel

49. By reason of its conduct in prosecuting the '998 patent, STC is estopped from receiving some or all of the relief it seeks through its complaint.

Seventh Defense: Patent Misuse

50. On information and belief, STC has impermissibly broadened the scope of its patent grant with anticompetitive effect. STC is misusing the '998 patent by the commencement and maintenance of this action, in bad faith, without probable cause, all the while knowing, or when it should have known, that it had no valid claim of patent infringement against Intel. STC is also impermissibly broadening the scope of its patent rights by attempting to enforce said

patent against methods and products not covered by the '998 patent claims.

51. STC has attempted, through deception, to maintain the validity of the '998 patent by filing the Request for a Certificate of Correction to claim priority to the '321 patent. Upon information and belief, STC was aware that claims of the '998 patent would be invalid in light of the '258 patent but for STC's effort to obtain an earlier priority date. STC's assertion of the '998 patent is therefore based, in part, upon the deceptive Request for a Certificate of Correction, which amounts to patent misuse.

52. Upon information and belief, STC is also aware of prior art that anticipates one or more claims of the '998 patent, even if the '998 patent is entitled the priority date of the '321 application. Such prior art includes, but is not limited to, Japanese Kokai Publication No. HEI 4 [1992]-71222 to Jinbo et al. Upon information and belief, STC nevertheless is asserting such claims. STC's assertion of known invalid claims amounts to patent misuse.

Eighth Defense: License

53. Intel is licensed to perform some or all of the acts alleged to infringe the '998 patent.

Ninth Defense: Dedication to the Public

54. STC has dedicated to the public all methods, systems, apparatus, and/or products disclosed in the '998 patent but not literally claimed therein, and is estopped from claiming infringement by any such public domain methods, systems, apparatus, and/or products.

Tenth Defense: Prosecution History Estoppel

55. STC is estopped by virtue of patent prosecution history from maintaining that one or more claims of the '998 patent cover any products or services made, used, or sold by Intel under the doctrine of equivalents.

INTEL'S FIRST AMENDED COUNTERCLAIMS

Intel asserts the following counterclaims against STC:

PARTIES

56. Intel is a Delaware corporation having its principal place of business at 2200 Mission College Boulevard, Santa Clara, California 95054.

57. On information and belief, STC is a corporation having its principal place of business at 801 University Blvd., SE Suite 101, Albuquerque, New Mexico.

JURISDICTION AND VENUE

58. Intel's counterclaims arise under the Federal Declaratory Judgment Act, 28 U.S.C. §§2201 and 2202, and under the patent laws of the United States, 35 U.S.C. § 1 *et seq.*

59. The Court has subject matter jurisdiction pursuant to 28 U.S.C. §§1331 and 1338.

60. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) and (c).

FIRST COUNTERCLAIM

(For Declaratory Judgment of Patent Non-Infringement)

61. Intel incorporates the foregoing admissions, denials, and allegations.

62. An actual controversy exists between Intel and STC as to whether Intel infringes directly or indirectly or otherwise the '998 patent, as STC contends, or does not do so, as Intel contends.

63. By this Counterclaim, Intel seeks a declaration that it has not infringed directly or indirectly or otherwise and does not infringe directly or indirectly or otherwise any valid claim of the '998 patent. A judicial declaration is necessary and appropriate at this time so order that Intel may ascertain its rights and duties with respect to the '998 patent and with respect to any past, present, or future manufacture, use, importation, distribution, sale or offer for sale of its products.

SECOND COUNTERCLAIM
(For Declaratory Judgment of Patent Invalidity)

64. Intel incorporates the foregoing admissions, denials, and allegations.

65. An actual controversy exists between Intel and STC as to whether the '998 patent is valid, as STC contends, or is invalid for failure to comply with the requirements of patentability set forth in 35 U.S.C. §§ 101 et seq., as Intel contends.

66. By this Counterclaim, Intel seeks a declaration that the '998 patent is invalid. A judicial declaration is necessary and appropriate at this time so that Intel may ascertain its rights and duties with respect to the '998 patent and to any past, present, or future manufacture, use, importation, distribution, sale or offer for sale of its products.

THIRD COUNTERCLAIM
(For Declaratory Judgment of Unenforceability of the '998 Patent)

67. Intel incorporates the foregoing admissions, denials, and allegations.

68. An actual controversy exists between Intel and STC as to whether the '998 patent is enforceable, as STC contends, or is unenforceable for the reasons outlined below, as Intel contends.

69. By this Counterclaim, Intel seeks a declaration that the '998 patent is unenforceable. A judicial declaration is necessary and appropriate at this time so that Intel may ascertain its rights and duties with respect to the '998 patent and to any past, present, or future manufacture, use, importation, distribution, sale or offer for sale of its products.

70. The '998 patent is unenforceable per the terms of its terminal disclaimer. During the prosecution of the '998 patent application, UNM filed a terminal disclaimer with respect to the '321 patent in order to overcome a rejection for double patenting. As required by law, the terminal disclaimer recites that the subject patent (the '998 patent) "shall be enforceable only for and during such period that the instant application (or resulting patent) and the prior patent are commonly owned." In this case, the '998 patent is 100% owned by only STC, and before that was 100% owned only by UNM. The "prior patent" is the '321 patent, which is now and always

has been co-owned by Sandia Corporation/Sandia National Laboratories and UNM/STC. Because the '321 patent and the '998 patent are not and have never been commonly owned, the '998 patent is not and has never been enforceable.

71. The '998 patent is also unenforceable due to the applicants' and STC's inequitable conduct in both its procurement and in post-issuance communications with the Patent and Trademark Office ("PTO"). The inequitable conduct that renders the '998 patent unenforceable stems from at least two events.

72. First, in May 1999, the applicant and its attorney intentionally filed a fraudulent terminal disclaimer in order to obtain allowance of the '998 patent, all the while knowing that they were ineligible to file a terminal disclaimer because the '998 patent and the '321 patent were not commonly owned, as required.

73. Second, in 2008, STC (then the assignee of the '998 patent) improperly claimed priority to one of its earlier patents to try and protect the '998 patent from being invalidated by prior art brought to its attention in the course of its patent enforcement efforts. Fraudulently and with intent to deceive the PTO, STC claimed priority to the earlier '321 patent through an administrative procedure known as a Certificate of Correction, which is reserved for clerical, typographic or minor errors, instead of the more substantive "reissue" proceedings that would have been the appropriate method given the facts and circumstances of this case. STC's decision to circumvent substantive examination was motivated by its knowledge of the applicants' repeated, vehement denials that a priority claim to the '321 patent was proper during the original '998 patent prosecution, as well as its desire to keep damaging new prior art from coming to light in a reissue examination. Upon information and belief, a reasonable opportunity for discovery will show that STC fraudulently and with intent to deceive the PTO utilized the Certificate of Correction procedure and not the reissue procedure in order to avoid: (1) disclosing the prior art '258 patent, which STC knew invalidated some or all of the '998 patent claims unless those claims were entitled to the earlier priority; (2) any examination as to whether the '998 patent qualifies as a continuation-in-part of the '321 patent; and (3) any examination as to whether the

claims of the '998 patent are supported by the '321 patent, under 35 U.S.C. §112, as necessary to deserve the priority.

The Applicants' Fraudulent Terminal Disclaimer

74. During prosecution, the Examiner issued a double patenting rejection of the claims in the '998 patent application after finding that they were obvious over the claims of the '321 patent. The Examiner advised that the applicants could overcome the double patenting rejection by filing a terminal disclaimer, but warned that under 37 C.F.R. § 1.130(b) the applicants could file a terminal disclaimer only if “the conflicting application or patent [the '321 patent] is shown to be commonly owned with this application [the '998 application].”

75. On May 18, 1999, the applicants filed a terminal disclaimer, which stated “The owner hereby agrees that the Claims of any patent so granted on the instant application [the '998 application] shall be enforceable only for and during such period that the instant application (or resulting patent) and the prior patent are commonly owned.” As a result of the filing of the terminal disclaimer, the Examiner allowed the claims of the '998 application.

76. The '998 application and the '321 patent were not commonly owned as of May 1999. In 1999, as recited in the terminal disclaimer, UNM was “the owner of record of a 100 percent interest” in that application. UNM was not the exclusive owner of the '321 patent. Sandia Corporation and/or Sandia National Laboratories was and always has been a joint owner of the '321 patent. Sandia did not have, and has never had an ownership interest in the '998 patent.

77. At the time the applicant and its attorney filed the terminal disclaimer, they knew there was no common ownership and thus knew they were ineligible to file the terminal disclaimer.

On October 15, 1996—approximately two and half years *before* the terminal disclaimer was filed—UNM assigned certain ownership rights in Patent Application 08/123,543 and its “continuations” to Sandia Corporation. The '321 patent issued from a continuation application of Patent Application 08/123,543—a fact stated on the face of the '321 patent itself. Annabelle

Quintana, of UNM, recorded this assignment with the PTO on October 22, 1996.

Notwithstanding this assignment, UNM, through its counsel, Howard Sobelman, later filed the terminal disclaimer as to the '998 patent, thereby misrepresenting that the two patents shared common ownership. This misrepresentation was material in that the claims of the '998 patent would not have been allowed but for the filing of the terminal disclaimer.

STC's Fraudulent Priority Claim to the '321 Patent Eight Years After Issuance

78. As originally filed, the '998 patent application did not claim priority to any earlier-filed patent applications, but instead relied upon the actual filing date of September 17, 1997 as its priority date.

79. During the decade between the '998 patent application's filing in September 1997 and UNM's assignment of the '998 patent to STC in August 2007, the inventors and UNM never made any claim that the '998 patent was related to the '321 patent, or was entitled to any priority based on the '321 patent.

80. Far beyond mere silence on the issue, during prosecution of the '998 patent, the applicants repeatedly denied to the PTO that the '998 patent invention was related to the '321 patent.

81. STC now contends that all claims of the '998 patent are entitled to a priority date of September 20, 1993. Specifically, STC now contends that the '998 patent is a continuation-in-part of the '321 patent, which, in turn, is a continuation of U.S. Patent Application No. 08/123,543, filed on September 20, 1993.

82. During prosecution of the '998 patent, the Examiner's first Office Action rejected all proposed claims on grounds of either double-patenting or anticipation in light of the '321 patent (as well as other prior art references). In response, on January 14, 1999, the applicants argued in formal written submissions to the PTO that the '321 patent did *not* disclose the invention claimed in the '998 patent. The applicants argued that "*very significant differences* exist between the presently claimed invention and U.S. Patent No. 5,705,321." (emphasis added). Specifically, the applicants asserted that the '321 patent failed to disclose "a nonlinear

step such as developing . . . between the two exposures,” a feature of the ’998 patent claims that the inventors believed to be novel. UNM further distinguished the ’998 patent claims from the ’321 patent by arguing “the ’321 patent simply discloses multiple exposures in the same level of resist without processing between the steps, while the present invention claims nonlinear steps such as developing (claim 1) . . . between two exposures.”

83. The record demonstrates, and a reasonable opportunity for discovery will further show, that UNM, the inventors and the prosecuting attorneys all believed that the ’998 patent application and claims disclosed a separate and different invention not found in or supported by the ’321 patent, or any other prior patent or application.

84. After considering the applicants’ response and arguments, the Examiner was still not convinced that the ’998 patent claims should be allowed, and again issued an Office Action rejecting them on grounds of double-patenting and anticipation by the ’321 patent. On May 18, 1999, the applicants *again* argued in formal written submissions to the PTO that the ’321 patent did not disclose the invention claimed in the ’998 patent. The applicants stated in their second response that “the use of frequency doubling to obtain a denser pattern and the redistribution of Fourier intensities to obtain square two dimensional holes at the resolution limit with square profiles, as disclosed in the presently claimed invention, *is not disclosed in the ’321 Patent.*” (emphasis added). The applicants never acquiesced in the Examiner’s rejections or otherwise agreed that the ’321 patent claimed, or that the ’321 specification disclosed, the subject matter recited in the claims of the ’998 patent. On the contrary the record demonstrates, and a reasonable opportunity for discovery will further show, that the inventors and the prosecuting attorneys continued to believe that the ’998 patent disclosed a different invention, not found in the ’321 patent or any prior patent or application.

85. Notwithstanding their continued disagreement with the Examiner’s rejection of the ’998 patent claims, however, in conjunction with their second response the applicants executed a Terminal Disclaimer to relinquish that part of the ’998 patent term that would have otherwise extended beyond the term of the ’321 patent. Their reason for executing the Terminal

Disclaimer was not to acquiesce in the Examiner's conclusions, but to administratively resolve the Examiner's objection "in order to expedite prosecution."

86. Upon information and belief, a reasonable opportunity for discovery will show that the applicants never considered the '998 patent to be a continuation-in-part of the '321 patent because, *inter alia*, it does not meet the requirement of "repeat[ing] some substantial portion or all of the earlier nonprovisional application." Manual of Patent Examination Procedure §201.08. The applicants did not mistakenly or typographically fail to claim priority to the '321 patent: they affirmatively believed a priority claim was inappropriate.

87. On June 22, 1999, the Examiner allowed the '998 patent based upon the Terminal Disclaimer, and it issued on March 28, 2000.

88. UNM then assigned its rights to STC on August 31, 2007.

89. Upon information and belief, a reasonable opportunity for discovery will show that sometime after UNM's assignment, but prior to October 2008, STC learned of an invalidating prior art reference, U.S. Patent No. 5,523,258 (the "'258 patent").

90. On or about October 22, 2008, over eleven years after the applicants filed the '998 patent application, STC through counsel filed a Request for a Certificate of Correction with the PTO. Through this procedure STC sought to "correct" the '998 patent to reflect priority to the '321 patent.

91. A Certificate of Correction is only appropriate under specific circumstances narrowly described in the official statutes and rules governing PTO practice. In order for this procedure to be available, "[t]he mistake must be: (1) of a clerical nature; (2) of a typographical nature, or (3) a mistake of minor character." MPEP 1481. "If the above criteria are not satisfied, then a Certificate of Correction for an applicant's mistake will not issue, and reissue must be employed as the vehicle to 'correct' the patent." *Id.* A Request for a Certificate of Correction goes to the PTO's Certificate of Correction Branch, which is not charged with standard patent examination and assessment of claims in view of prior art. MPEP §1485.

92. Issues that cannot properly be addressed through a Certificate of Correction must

be handled through “reissue” proceedings, on which there is no time limit, and which STC could have used once it decided to seek priority to the ’321 patent.

93. As alleged above, the decision not to claim priority to the ’321 patent before October 28, 2008 was not a “clerical” or “typographical” error, but was rather based upon the applicants’ firmly-held belief that the ’998 patent disclosed and claimed a different invention that was not found in and is not supported by the ’321 patent. Nor was this issue “minor”: without the priority claim, the ’998 patent would be invalidated by the ’258 patent that STC had subsequently learned of. Upon information and belief, a reasonable opportunity for discovery will show that by falsely representing the new priority claim as something that could be addressed through a Certificate of Correction, STC intended to and did mislead the PTO so that it could avoid any scrutiny of facts or issues that would result in the PTO finding claims of the ’998 patent invalid.

94. In reissue proceedings, STC would have been obligated to disclose the newly-discovered ’258 patent prior art, and an Examiner would have scrutinized the appropriateness of the priority claim based on the disclosure of the ’321 patent. When, as part of a continuation-in-part application, the PTO becomes aware of prior art that could invalidate claims at-issue unless those claims are entitled to the requested earlier priority date, the Examiner must substantively evaluate whether the claims are entitled to the priority. If the Examiner is not convinced that the alleged parent patent contains a description of the claims at-issue that is sufficient to satisfy 35 U.S.C. §112, the Examiner is to reject the claims. In the case of the ’998 patent “correction,” STC denied the PTO the opportunity to conduct this evaluation by withholding material information and avoiding the reissue proceedings, which were necessary under the circumstances.

95. In the Request for Certificate of Correction, STC and its counsel characterized the failure previously to claim priority to the ’321 patent as a “clerical mistake,” and, without further discussion of the original prosecution history and the applicants’ prior positions to the contrary, that correction was appropriate because the ’321 and ’998 patent applications were copending (as

required by rule) and “*that the applications have common subject matter*, e.g., method of obtaining a pattern by coating, exposing, etc.” (emphasis added).

96. STC’s Request for Certificate of Correction omitted and misrepresented key facts that were material to both the priority claim and the validity of the ’998 patent. First, STC did not disclose the ’258 patent, which is material prior art and makes the claim for priority essential to sustaining the validity of the patent. Upon information and belief, a reasonable opportunity for discovery will show that STC was aware that the ’258 patent invalidated one or more claims of the ’998 patent, and that STC’s new awareness of the ’258 patent motivated it to make the priority claim. Second, STC did not alert the PTO to the fact that the applicants had twice affirmatively denied the very same similarity to the ’321 patent that STC was then hoping to rely upon for its priority claim. And, STC misrepresented that it was a clerical oversight that the original applicants had not initially sought continuation-in-part status.

97. These omissions and statements were all material because a Certificate of Correction to change priority is only proper if, among other things, it is clear from the record of the patent and the parent application(s) that priority is appropriate. There was no such clarity at the time STC filed its Request. First, the applicants and UNM never took the position that priority was appropriate before assigning the ’998 patent to STC. Second, the Examiner’s rejections based on the ’321 patent during prosecution of the ’998 patent did not constitute a finding that priority was appropriate. No Examiner had ever concluded that the ’321 patent supported the ’998 patent claims under 35 U.S.C. §112: the rejections during prosecution of the ’998 patent were not analyses under Section 112. Furthermore, the rejections were not final, and were ultimately unresolved because the applicants decided to voluntarily “expedite” the prosecution by filing the Terminal Disclaimer.

98. Because in its Request STC took a position about the ’321 patent priority claim that directly contradicted the inventors’ and applicants’ repeated position on the topic, and because the Request was calculated to avoid (and did avoid) the same Examiner who had considered the inventors’ earlier position on the topic, the duty of candor applicable to patent

prosecution required that STC inform the PTO of the full relevant factual record.

99. Shortly after STC's Request, deprived of an accurate factual record, and without substantive examination, the PTO approved STC's Request for a Certificate of Correction on November 25, 2008. There is no indication that any PTO official involved in the original '998 patent examination played any role in approving the Request for Certificate of Correction.

100. Upon information and belief, a reasonable opportunity for discovery will show that in light of the facts known to STC, the inventors and STC's attorneys in 2008, it was intentionally misleading and fraudulent for STC to use the Certificate of Correction procedure to obtain an earlier priority date for the '998 patent. STC's characterization of the applicants' prior decision not to seek priority as a mere "clerical mistake" was false, and a violation of its duty of good faith and candor under 37 C.F.R. § 1.56, as was STC's failure to disclose the '258 patent prior art, and its failure to alert the Certificate of Corrections branch to positions the inventors had taken that were inconsistent with STC's administrative priority claim.

101. The applicants' and STC's intentional deception during and after prosecution of the '998 patent constitutes inequitable conduct and renders the '998 patent unenforceable.

PRAAYER FOR RELIEF

WHEREFORE, Defendant and Counterclaimant Intel prays for relief as follows:

- a) That the Court enter judgment in favor of Intel and against STC;
- b) That the Court declare that the '998 patent is invalid;
- c) That the Court determine and declare that Intel and its products have not infringed directly or indirectly and do not infringe directly or indirectly the '998 patent;
- d) That the Court declare that the '998 patent is unenforceable;
- e) That STC take nothing by its Complaint;
- f) That the Court deny any and all of STC's requests for relief;
- g) That the Court award Intel its attorneys' fees and litigation expenses under 35 U.S.C. § 285 or on any other applicable basis; and
- h) That Intel receive such other and further relief as the Court deems appropriate.

Intel reserves all rights to amend or supplement its Answer, Defenses, and Counterclaims in accordance with the Federal Rules of Civil Procedure.

Respectfully submitted,
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on December 7, 2011 the foregoing *Intel Corporation's First Amended Answer and Second Amended Counterclaims to STC.UNM'S Complaint* was electronically filed with the Clerk of Court using the CM/ECF system, which will send notification of such filing to all counsel of record.

ATKINSON, THAL & BAKER, P.C.

By /s/ Douglas A. Baker
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