

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW MEXICO

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

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

STC.UNM'S RESPONSE TO INTEL'S MOTION  
FOR SUMMARY JUDGMENT OF UNENFORCEABILITY

Deron B. Knoner  
KELEHER & MCLEOD, P. A.  
201 Third Street NW, 12th Floor  
PO Box AA  
Albuquerque, New Mexico 87103  
(505) 346-4646

Rolf O. Stadheim  
Joseph A. Gear  
George C. Summerfield  
Keith A. Vogt  
Steven R. Pedersen  
STADHEIM & GREAR, LTD.  
400 N. Michigan Avenue, Suite 2200  
Chicago, Illinois 60611  
(312) 755-4400

*Attorneys for Plaintiff STC.UNM*

## TABLE OF CONTENTS

I. Factual Background.....	2
A. The ‘321 Patent .....	3
B. The ‘998 Patent .....	4
C. Intel’s New Defense .....	5
II. Argument .....	6
A. There Has Been Common Ownership of the ‘998 And ‘321 Patents .....	6
1. After December 1, 2011.....	7
2. After December 30, 2008.....	8
3. There Has Always Been Common Ownership .....	10
B. That Draper Is Not an Inventor of the ‘998 Patent Is Immaterial .....	11
C. There Is No Judicial Estoppel .....	12
III. Conclusion .....	15
IV. STC.UNM’s Response to Intel’s Statement of Undisputed Material Facts	
D.N.M.LR-Civ. 56.1(b) .....	15

**TABLE OF AUTHORITIES**

**Cases**

*Abraxis Bioscience, Inc. v. Navinta LLC*,  
625 F.3d 1359 (Fed. Cir. 2010).....10

*accord Konstantinidis v. Chen*,  
200 U.S. App. D.C. 69, 626 F.2d 933 (D.C. Cir. 1980) .....14

*Allen v. Zurich Ins. Co.*,  
667 F.2d 1162 (4th Cir. 1982) .....14

*Beech Aircraft Corp. v. Edo Corp.*,  
990 F.2d 1237 (Fed. Cir. 1993).....12

*Bradford v. Wiggins*,  
516 F.3d 1189 (10th Cir. 2008) .....13

*E.I. Du Pont de Nemours & Co. v. Okuley*,  
2000 U.S. Dist. LEXIS 21385 (S.D. Ohio Dec. 21, 2000) .....10

*Enovsys LLC v. Nextel Communs., Inc.*,  
2008 U.S. Dist. LEXIS 118191 (C.D. Cal. Feb. 26, 2008).....6

*Ethicon, Inc. v. United States Surgical Corp.*,  
135 F.3d 1456 (Fed. Cir. 1998).....12

*Garcia v. Bd. of Regents of the Univ. of N.M.*,  
2010 U.S. Dist. LEXIS 70585 (D.N.M. June 2, 2010) .....6

*Gen. Ins. Co. of Am. v. Clark Mall, Corp.*,  
631 F. Supp. 2d 968 (N.D. Ill. 2009) .....8

*Hendrie v. Sayles*,  
98 U.S. 546 (U.S. 1879).....10

*John S. Clark Co. v. Faggert & Frieden, P.C.*,  
65 F.3d 26 (4th Cir. 1995) .....14

*Johnson Service Co. v. Transamerica Ins. Co.*,  
485 F.2d 164 (5th Cir. 1973) .....14

*Lowery v. Stovall*,  
92 F.3d 219 (4th Cir. 1996) .....14

**TABLE OF AUTHORITIES**

**Cases (continued)**

*New Hampshire v. Maine*,  
532 U.S. 742 (U.S. 2001).....13, 15

*Noall v. Howard Hanna Co.*,  
2011 U.S. Dist. LEXIS 123402 (N.D. Ohio 2011).....8

*Padilla-Owens v. Sandia Nat'l Labs.*,  
2003 U.S. Dist. LEXIS 26710 (D.N.M. Nov. 25, 2003).....2, 15, 17

*SiRF Tech., Inc. v. ITC*,  
601 F.3d 1319 (Fed. Cir. 2010).....10

*Spain Management Co. v. Packs' Auto Sales*,  
54 N.M. 64 (N.M. 1950).....7

*Tenneco Chemicals v. William Burnett & Co.*,  
691 F.2d 658 (4th Cir. 1982) .....14

*The Regents of the University of New Mexico v. Galen Knight et. al.*,  
No. 1:99-cv-005577 (Aug. 9, 2000), 2000 U.S. Dist. LEXIS 22365 (D.N.M. 2000) .....9

*Transco Prods. v. Performance Contracting*,  
38 F.3d 551 (Fed. Cir. 1994).....9

**Statutes**

35 U.S.C. § 154 (a)(2).....5

Intel accompanied its summary judgment motion with a letter to this Court announcing that it “believed” the motion is “case dispositive” and suggesting that the scheduled tutorial be suspended.

This motion is not case dispositive *irrespective* of how the Court rules on the merits, because, even if there were an unenforceability problem, it has been cured. On December 1, 2011, STC.UNM reconfirmed the prior assignments of the patents and, “in an abundance of caution” assigned “an undivided interest in each of U.S. Patents Nos. 5,705,321 and 6,042,998 to Sandia Corporation.” (Ex DD)<sup>1</sup> There can be no question that from December 1 onward, there has been common ownership of the two patents. Even if the ‘998 patent were held unenforceable for lack of common ownership for an earlier period, it would be enforceable from December 1 onward.

On the merits, as we shall see, for all times relevant to this lawsuit, the two patents were commonly owned by STC.UNM and Sandia Corporation. We shall address three periods: after the assignment of December 1, 2011; after the “Certificate of Correction” of December 30, 2008 and for the life of the patent, after the assignment of October 15, 1996.

First, let us clear away some nonsense. A major thrust of Intel’s argument is that “Sandia National Laboratories” owns a partial interest in the ‘321 patent, and that Sandia National Laboratories and Sandia Corporation are “distinct entities.” (Intel Br. at 2, 7, 17-18) This is not true. Sandia National Laboratories is not an entity. It is not “a federal government agency.” “Sandia National Laboratories” is Sandia Corporation’s Doing Business As, d/b/a, name, as well as a trademark and the name for the facilities used by Sandia. As with many d/b/a’s, the general public often erroneously thinks that the d/b/a name is the actual or legal name of the entity.

---

<sup>1</sup> The numbered exhibits in support of STC.UNM’s response are authenticated by the Declaration of Steven Pedersen. References to Intel’s exhibits are to letters.

How Intel can assert that Sandia National Laboratories is a legal entity or a “federal agency” (Intel Br. at 2, 7, 17-18) is puzzling at best. The deposition that it relies on establishes just the opposite: that “Sandia National Laboratories” is a d/b/a name for Sandia Corporation, as well as a trademark and the name of a facility. Mr. Bieg, who testified as a deponent and as a Fed.R.Civ.P.30(b)(6) witness for Sandia, explained:

“... Sandia National Laboratories is essentially the facilities that are owned by the Department of Energy. And we are contractor operated by Sandia Corporation, which is the legal entity, actually, which runs Sandia National Labs.

~~~

[Sandia Corporation] manages Sandia National Laboratories which is effectively the facilities out there, but it also, you know, it is a trademark owned by the Department of Energy, Sandia National Laboratories, but, we *do business as Sandia National Laboratories* so I think most of the public knows us as Sandia National Laboratories.”

Bieg [Ex U], at 8:18-9:9 (emphasis added).

Sandia Corporation has affirmed in this court in one case, “that Sandia National Laboratories is not a proper defendant...since it is not a legal entity” (Ex 1); in a second case, Sandia Corporation confirmed its use of the d/b/a in its Answer with: “Sandia Corporation, Inc. d/b/a Sandia National Laboratories” (Ex 2); and in a third case the court itself has stated that “Defendant Sandia National Laboratories ' correct name is Sandia Corporation.” *Padilla-Owens v. Sandia Nat'l Labs.*, 2003 U.S. Dist. LEXIS 26710, at \*1, n.1 (D.N.M. Nov. 25, 2003).

## **I. Factual Background<sup>2</sup>**

Prior to last November, STC.UNM believed that it was the sole owner of the ‘998 patent here in suit. Kuuttila Decl., [Ex 3] at ¶¶2-3. Then, on November 23, Intel wrote to STC.UNM asserting its new defense that the ‘998 patent was unenforceable because the ‘998 and ‘321

---

<sup>2</sup> STC.UNM’s response to Intel’s statement of undisputed material facts is provided at the end of this brief.

patents were not commonly owned. (Ex CC) Research into the factual background ensued. The facts are as follows.

#### **A. The '321 Patent**

In the earlier 1990's, Steven Brueck, the Director of the UNM Center for High Technology Materials, made certain inventions that were incorporated into a patent application, SN 08/123,543 (Ex 4; hereafter, "SN/543") dated September 20, 1993. There were three co-inventors, two of whom were employees of UNM, and one, Bruce Draper, was an employee of Sandia Corporation. In April/May, 1996, the four inventors, signing as "employees of the University of New Mexico," executed a "Joint Assignment" of the SN/543 "invention" to UNM. (Ex X, p.3)<sup>3</sup>

Some six months later, UNM executed an assignment to correct the prior assignment Draper signed as an "employee" of UNM. The "Assignment," from UNM ostensibly to "Sandia National Laboratories," was executed on October 15, 1996. (Ex Y, p.3) It "transfer[ed] unto Assignee those rights and interests previously assigned to Assignor by Bruce Draper" which included the "invention" of SN/543 and "any and all patents that may be issued thereon in the United States." The second whereas clause explained the purpose of the assignment: "Whereas, Assignor has determined Bruce Draper was and is an employee of Assignee and the assignment from Bruce Draper to Assignor was made in error." In fact, Draper was not employed by the named "Assignee," Sandia National Laboratories, he was employed by Sandia Corporation, as Intel acknowledges in its brief (at 7).

---

<sup>3</sup> In the Joint Assignment, the filing date for SN/543 was twice stated as "September 20, 1995," though the actual filing date was September 20, 1993.

The UNM/Sandia Assignment (Ex Y, p.3) transferred a partial ownership of not only the “invention” of SN/543 and subsequent patents (*see* Ex X, p.3) but also “all divisions, reissues, continuations, and extensions” of SN/543.

The SN/543 patent application later became the “parent” of the ‘321 application which was filed on June 6, 1995 and thereafter prosecution of SN/543 closed. As a continuation, the ‘321 patent adopted the entire specification of SN/543. (Ex W)

The UNM/Sandia Assignment (Ex Y, p.3) was apparently never filed with the U.S. Patent and Trademark Office (“Patent Office”) in either the ‘321 application or the ‘998 application.<sup>4</sup> Accordingly, each of the ‘321 and ‘998 patent documents state that “The University of New Mexico” is the sole assignee (Ex G, p.1; Ex W, p.1). Similarly, the “prosecution histories” of each of the ‘321 and ‘998 patent designate UNM as the sole assignee.

## **B. The ‘998 Patent**

The ‘998 patent was filed on September 17, 1997 and it “incorporated by reference” the entirety of the ‘321 patent (Ex. G, col. 1, ll. 5-6, 27-28). During the prosecution of the ‘998 patent, the patent Examiner twice rejected the claims of the ‘998 application for double patenting, stating: “[t]he subject matter claimed in the instant [‘998] application is fully disclosed in the [‘321] patent and is covered by the patent since the patent and the application are claiming common subject matter.” (Ex C [179-3] at 6-7]; Ex D [179-4] at 5-6)

To overcome the rejection, on May 18, 1999, UNM filed a “terminal disclaimer” in the Patent Office, in which it agreed that “any patent granted on this instant application shall be *enforceable only for and during such period* that the ....resulting patent... and the [‘321 patent] are commonly owned.” (Ex E) (emphasis added). The Patent Examiner, based in part on the

---

<sup>4</sup> The Assignment was filed in, and received by the Patent Office in the SN/543 application, after it had been terminated or “abandoned.” (*see* Ex Y, pp.1, 2 and Ex W, p.1)



terminal disclaimer, allowed the patent, shortening the statutory term of the '998 patent by five years.<sup>5</sup> (Ex F [179-6], at 4). The '998 patent then issued on March 28, 2000. (Ex G)

On December 30, 2008, the Patent Office issued a Certificate of Correction, which stated that the '998 patent is a "continuation-in-part" of the '321 patent which, in turn, was a continuation of SN/543. (Ex M).

On June 22, 2009, STC.UNM and Sandia Corporation entered into a Commercialization Agreement defining how the joint owners would work together to maintain, protect and commercialize the invention of SN/543 and the '321 patent. Sandia Corporation agreed that STC.UNM was to undertake all activities before the U.S. Patent Office. Sandia Corporation also agreed to refrain from licensing the patent and to refer all inquiries to STC.UNM which was designated as the LICENSING PARTY. Sandia Corporation was to receive a percentage of any licensing income. *See* Bieg [Ex 5] at 64:4-66:3; Ex 6 – Commercialization Agreement.

### **C. Intel's New Defense**

On November 23, 2011, Intel first informed STC.UNM of its new defense of unenforceability based on lack of common ownership of the '998 and '321 patents. In its letter (Ex CC), Intel asserted that the "'321 patent is now, and has always been, co-owned by *Sandia Corporation.*" (emphasis added).

On December 1, 2011, STC.UNM executed another assignment to Sandia Corporation (Ex DD). The Assignment recites that STC.UNM and Sandia Corporation have been common owners of the '998 and '321 patent based October 15, 1996 Assignment (Ex Y, p.3) from at least December 30, 2008, which is the date the Patent Office issued the Certificate of Correction. (Ex

---

<sup>5</sup> In 2000, the statutory term of a patent was from the issuance date until twenty years after the filing date (35 U.S.C. § 154 (a)(2)). The '998 patent would have expired on September 17, 2017, but because UNM agreed to the terminal disclaimer, its expiration date is five years earlier, September 12, 2012.

M) The Assignment then states that in “an abundance of caution” STC.UNM “hereby assigns an undivided interest in each of U.S. Patents Nos. 5,705,321 and 6,042,998 to Sandia Corporation.”

On December 12, 2011, Intel first pleaded its new unenforceability defense, alleging, *inter alia*, that “On October 15, 1996...UNM assigned certain ownership rights ... [in SN/543] to *Sandia Corporation*.” (Doc. 162, ¶33) (emphasis added). On January 4, 2012, STC.UNM timely filed its Answer to Intel’s Amended Answer and Third Amended Counterclaim. (Doc. 170)

## **II. Argument**

The two requirements for summary judgment are well-known: “Summary judgment may be granted only when ‘there is no genuine issue as to any material fact and . . . the moving party is entitled to judgment as a matter of law.’ . . . When applying this standard, the court examines the record and makes all reasonable inferences in the light most favorable to the non-moving party.” *Garcia v. Bd. of Regents of the Univ. of N.M.*, 2010 U.S. Dist. LEXIS 70585 at \*2 (D.N.M. June 2, 2010) (citations omitted). Intel fails on both requirements for summary judgment.

### **A. There Has Been Common Ownership of the ‘998 And ‘321 Patents**

In seeking the terminal disclaimer, UNM agreed that “any patent granted on this instant application shall be *enforceable only for and during such period* that the....resulting patent... and the [‘321 patent] are commonly owned.” (Ex E) (emphasis added) Unenforceability for lack of common ownership is not perpetual; it can be cured, just as enforceability can be lost. *See Intel Br.* at 15-17, n. 4, 20 (acknowledging that a cure of common ownership operates to limit the damage period); *Enovsys LLC v. Nextel Communs., Inc.*, 2008 U.S. Dist. LEXIS 118191, at \*6 (C.D. Cal. Feb. 26, 2008) (holding patent unenforceable prior to cure of common ownership).

Three time periods shall be examined: 1) After December 1, 2011, when UNM “in an abundance of caution” again assigned a partial ownership to both the ‘998 and ‘321 patents to

Sandia Corporation; 2) After December 30, 2008, when the Patent Office issued the Certificate of Correction stating that the '998 patent was a "continuation-in-part" of the '321 patent; and 3) The entire life of the '998 patent, based on the assignment of the "invention" of SN/543 and "any and all patents that may be issued thereon in the United States."

Each period will be separately addressed.

### **1. After December 1, 2011**

Shortly after STC.UNM received notice of Intel's new unenforceability defense, STC.UNM executed an assignment of an undivided interest in the '998 and '321 to Sandia Corporation to ensure that they were common owners. (Ex DD) Thus, from the date of that Assignment, December 1, 2011, there should be no question that there was common ownership and therefore Intel's unenforceability defense fails.

The only argument advanced by Intel is that "Sandia National Laboratories" is an owner of the '321 patent, via the October 15, 1996 Assignment (Ex Y, p.3), but not the '998 patent. At the very least, there is a genuine issue of material fact of whether Sandia National Laboratories is a legal entity. Given the overwhelming evidence of record that Sandia National Laboratories is not a legal entity but a d/b/a name for Sandia Corporation, one would expect Intel to concede the point. If not, there is at least a material issue of fact.

Since the name "Sandia National Laboratories" is the d/b/a name for Sandia Corporation, and the explicit purpose of the UNM/Sandia October 15, 1996 Assignment (Ex Y, p.3) was to correct the earlier assignment, as a matter of law, the "assignee" is Sandia Corporation. *See Spain Management Co. v. Packs' Auto Sales*, 54 N.M. 64, 68 (N.M. 1950) (holding that a "corporation may do business under an assumed name" to support a finding that an agreement using a corporation's assumed name is not void as a result of being made out to the wrong entity); *Gen.*

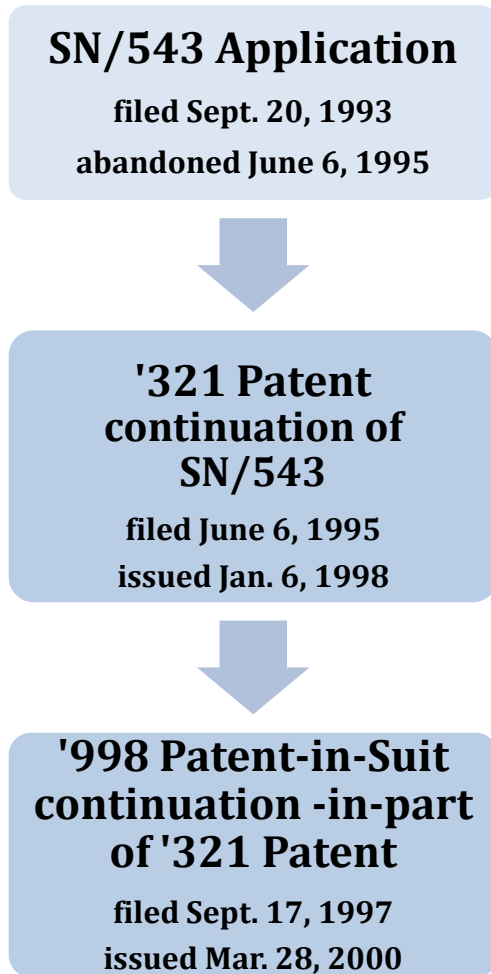
*Ins. Co. of Am. v. Clark Mall, Corp.*, 631 F. Supp. 2d 968, 973 (N.D. Ill. 2009) ("Generally, the designation 'd/b/a' or 'doing business as' is merely descriptive of the person or corporation doing business under some other name and does not create a distinct entity."); *Noall v. Howard Hanna Co.*, 2011 U.S. Dist. LEXIS 123402, at \*7 (N.D. Ohio 2011) ("A corporation and its trade or fictitious name are not separate entities.").

It is worth noting that Intel had earlier recognized, in both its new defense letter of November 22, 2011 (Ex CC) and its Amended Answer of December 12, 2011 (Doc 162, ¶33), that Sandia Corporation (not Sandia National Laboratories) was the assignee in the Assignment of October 15, 1996 (Ex Y, p.3), notwithstanding the naming of Sandia National Laboratories as the assignee in the document. That the Commercialization Agreement between Sandia Corporation and STC.UNM also refutes Intel's new view on which Sandia owns the '321 patent. (Ex 6)

Intel is not entitled to summary judgment for the period after December 1, 2011.

## **2. After December 30, 2008**

On December 30, 2008, the Patent Office issued a Certificate of Correction, correcting the '998 patent to reflect that it is a continuation-in-part of the '321 patent. The significance, for present purposes, of this correction is that it triggers language in the UNM to Sandia Assignment of October 15, 1996. (Ex Y, p.3) That Assignment transferred to Sandia not only an undivided interest in the SN/543 application, but also "all divisions, reissues, continuations, and extensions" of SN/543. The chain to the '998 is through the '321: the '321 is a continuation of SN/543 (Ex W, p.1); the '998 is a continuation-in-part of the '321; and thus the '998 is in turn a continuation of SN/543. The below represents the lineage of the patent family.



This court has previously recognized in *The Regents of the University of New Mexico v. Galen Knight et. al.*, that a continuation-in-part is a continuation: “The Joint Assignment further provides that the Inventors did sell, assign and transfer to the University ‘any and all divisions, reissues, continuations, and extensions thereof.’ *A continuation-in-part is a continuation application.*” 2000 U.S. Dist. LEXIS 22365, at \*33 (D.N.M. 2000) (emphasis added), Order 1:99-cv-00577, Doc. 191 (Aug. 9, 2000) (adopting special master’s report in its entirety). *See also Transco Prods. v. Performance Contracting*, 38 F.3d 551, 555 (Fed. Cir. 1994) (stating that there are various types of “continuing” applications that may be filed, which include a continuation, divisional, or continuation-in-part (CIP), all of which the “PTO characterizes as ‘continuing’ applications.”). In addition, Federal Circuit law provides that “[i]f the contract

expressly grants rights in future inventions, 'no further act [is] required once an invention [comes] into being,' and 'the transfer of title [occurs] by operation of law.'" *SiRF Tech., Inc. v. ITC*, 601 F.3d 1319, 1326 (Fed. Cir. 2010); *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010). Because the UNM to Sandia Assignment of October 15, 1996 assigned ownership interests in "continuations," Sandia became an owner in the '998 patent once it was corrected to become a continuation-in-part of the '321 patent.

At the very least, there is a genuine issue of material fact as to whether there was common ownership of the '998 and '321 patents after December 30, 2008.

### **3. There Has Always Been Common Ownership**

The UNM/Sandia October 15, 1996 Assignment, also transferred "unto Assignee those rights and interests previously assigned to Assignor by Bruce Draper." The earlier Draper et. al. Assignment of May 1996, transferred "unto assignee all their right, title, and interest in and to the *invention*" of SN/543 and "any and all patents that may be issued thereon in the United States." (Ex X, p.3) (emphasis added). Thus, unlike the "continuation" language, which requires some official link in the patent prosecution between the various patent applications, this language is focused on the "invention" of the SN/543 application which automatically creates an ownership interest in any resulting patents. As the Supreme Court observed:

[A] conveyance of the described invention carries with it all its incidents, and all the well-considered authorities concur that the inchoate right to obtain a renewal or extension of the patent is as much an incident of the invention as the inchoate right to obtain the original patent; and if so, it follows that both are included in the instrument which conveys the described invention, without limitation or qualification.

*Hendrie v. Sayles*, 98 U.S. 546, 554-555 (U.S. 1879); *see also E.I. Du Pont de Nemours & Co. v. Okuley*, 2000 U.S. Dist. LEXIS 21385, at \*80 (S.D. Ohio Dec. 21, 2000) (An assignment which conveys the entire right, title, and interest in an invention includes "all alterations and

improvements and all patents whatsoever, issued and extensions alike, to the extent of the territory specified in the instrument.").

The invention of the '998 patent was fully disclosed in the '321 patent and therefore in the SN/543 patent application (recall, the specifications of the '321 and SN/543 are the same). Thus, the '998 incorporates the "invention" in SN/543 and is one of the "...Patents which may be issued thereon in the United States." (Ex X, p.3)

This commonality of invention was what gave rise to the need for the Terminal Disclaimer in the first place. The patent Examiner rejected the claims of the '998 application for double patenting, stating: "[t]he subject matter claimed in the instant ['998] application is fully disclosed in the ['321] patent and is covered by the patent since the patent and the application are claiming common subject matter." (Ex C [179-3] at 6-7; Ex D [179-4] at 5-6) To overcome that rejection, UNM filed the terminal disclaimer, forfeiting five years of patent term.

In sum, the October 15, 1996, the UNM/Sandia Assignment, via the language of the earlier Draper *et al.* assignment transferring the "invention" of SN/543 and "any and all patents that may be issued thereon in the United States," ultimately transferred an undivided interest in the '998 patent to Sandia Corporation.

Again, at the very least, there is a genuine issue of material fact as to whether there has always been common ownership of the '998 and '321 patents.<sup>6</sup>

## **B. That Draper Is Not an Inventor of the '998 Patent Is Immaterial**

---

<sup>6</sup> While it is of no moment to this case, arguably there was a period between 2002 and 2007 when there was not common ownership of the '998 and '321 patents; UNM having assigned the patents to STC at different times. Since this period was before Intel began infringement, there was no occasion to enforce the patent, and the enforceability or unenforceability of the patent for that period is immaterial.

Intel also argues (at 8, 10, 18) that Sandia Corporation cannot be a co-owner of the '998 patent because Sandia's employee Draper is not a named inventor on the '998 patent. This argument fails because questions of patent ownership and inventorship are distinct issues.

Questions of patent ownership are distinct from questions of inventorship. ... Indeed, in the context of joint inventorship, each co-inventor presumptively owns a pro rata undivided interest in the entire patent, no matter what their respective contributions. ... Thus, a joint inventor as to even one claim enjoys a presumption of ownership in the entire patent.

*Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 1465-1466 (Fed. Cir. 1998) (citations omitted); *see also Beech Aircraft Corp. v. Edo Corp.*, 990 F.2d 1237, 1248 (Fed. Cir. 1993) ("Thus, inventorship is a question of who actually invented the subject matter claimed" while ownership "is a question of who owns legal title to the subject matter claimed in a patent, patents having the attributes of personal property.").

When UNM made the assignment of the SN/543 invention and application, and all patents that may later issue, Sandia Corporation took an ownership interest in every future patent irrespective of whether Draper made any inventive contribution to any or all of those patents. As it turned out, Draper was a co-inventor on some of the claims in the '321 patent, but none of the claims in the '998 patent, thus he is named inventor on the '321 but not on the '998. Nevertheless, Sandia has an ownership right in both patents via the UNM/ Sandia Assignment. (Ex Y, p.3)

### **C. There Is No Judicial Estoppel**

Intel's contends (at 18-19) that STC.UNM is judicially estopped from asserting that there is common ownership of the '998 and '321 patents.

The Declaration of Lisa Kuuttilla, the President and CEO of STC.UNM, states that STC.UNM believed that it was the sole owner of the '998 patent. Kuuttilla Dec. [Ex. 3], ¶¶2-3. She further declares that STC.UNM did not recognize that Sandia Corporation was a joint owner



of the '998 patent until after Intel raised its new unenforceability defense on November 22, 2011.  
*Id.*

There appear to be three underlying rationales for judicial estoppel: 1) protecting the integrity, or appearance of integrity of the court; 2) preventing a party from gaining an unfair advantage, or inflicting an unfair detriment on an opponent; and 3) doing equity.

The Supreme Court addressed judicial estoppel in *New Hampshire v. Maine*, 532 U.S. 742, 750-751 (U.S. 2001), stating that "because the rule is intended to prevent improper use of judicial machinery, judicial estoppel is an equitable doctrine invoked by a court at its discretion."

It then provided criteria to consider:

Courts have observed that "the circumstances under which judicial estoppel may appropriately be invoked are probably not reducible to any general formulation of principle." Nevertheless, several factors typically inform the decision whether to apply the doctrine in a particular case: First, a party's later position must be "clearly inconsistent" with its earlier position. Second, courts regularly inquire whether the party has succeeded in persuading a court to accept that party's earlier position, so that judicial acceptance of an inconsistent position in a later proceeding would create "the perception that either the first or the second court was misled," Absent success in a prior proceeding, a party's later inconsistent position introduces no "risk of inconsistent court determinations," and thus poses little threat to judicial integrity. A third consideration is whether the party seeking to assert an inconsistent position would derive an unfair advantage or impose an unfair detriment on the opposing party if not estopped. (judicial estoppel forbids use of "intentional self-contradiction . . . as a means of obtaining unfair advantage").

*New Hampshire*, at 750-751. Finally, and of significant importance here, the Court observed: We do not question that it may be appropriate to resist application of judicial estoppel "when a party's prior position was based on *inadvertence or mistake*." *Id.* at 753 (emphasis added).

This squares neatly with Tenth Circuit strictures: "Applying judicial estoppel both narrowly and cautiously, as we must," and later, "[B]ad faith . . . is the determinative factor." *Bradford v. Wiggins*, 516 F.3d 1189, 1194, n. 3 (10th Cir. 2008).

Doing equity and punishing bad faith are key to the application of judicial estoppel:

The purpose of the doctrine is to prevent a party "from playing 'fast and loose' with the courts, and to protect the essential integrity of the judicial process." *Allen v. Zurich Ins. Co.*, 667 F.2d 1162, 1166 (4th Cir. 1982). Even so, courts must apply the doctrine with caution. *Allen*, 667 F.2d at 1167. The "determinative factor" in the application of judicial estoppel is whether the party who is alleged to be estopped "intentionally misled the court to gain unfair advantage." *Tenneco Chemicals v. William Burnett & Co.*, 691 F.2d 658, 665 (4th Cir. 1982). The vice which judicial estoppel prevents is the cold manipulation of the courts to the detriment of the public interest. It is inappropriate, therefore, to apply the doctrine when a party's prior position was based on inadvertence or mistake. *Johnson Service Co. v. Transamerica Ins. Co.*, 485 F.2d 164, 175 (5th Cir. 1973); *accord Konstantinidis v. Chen*, 200 U.S. App. D.C. 69, 626 F.2d 933, 939 (D.C. Cir. 1980).

*John S. Clark Co. v. Faggert & Frieden, P.C.*, 65 F.3d 26, 28-29 (4th Cir. 1995).

The facts of the present case do not call for the "harsh results attendant with precluding a party from asserting a position that would normally be available to the party." *Lowery v. Stovall*, 92 F.3d 219, 224 (4th Cir. 1996). STC.UNM filed documents stating what it believed to be true, that it was the sole owner of the '998 patent. There was no "cold manipulation" or "playing fast and loose," there was simply a mistake.

The integrity of no court or administrative agency would be compromised by allowing STC.UNM to correct the error. No "unfair detriment" befell Intel because of the mistake, indeed, there is a better case to be made that applying judicial estoppel here would be a judicial windfall for Intel. Nor did STC.UNM gain any "unfair advantage" by its mistake. This is not the situation where a change in position changes the landscape of the charges against Intel; regardless of the ownership issues, the underlying infringement allegations against Intel remain the same.

Lastly, STC.UNM notes that if common ownership is established no earlier than December 1, 2011, all statements regarding ownership made by STC.UNM.UNM were true at the time made,

*i.e.*, it would not be a change of position, but a change of facts. There would be no “threat to judicial integrity,” (*New Hampshire*, at 750) as there would be two different factual situations.

STC.UNM should not be estopped from correcting a mistake.

### **III. Conclusion**

Intel motion for summary judgment should be denied.

### **IV. STC.UNM’s Response to Intel’s Statement of Undisputed Material Facts D.N.M.LR-Civ. 56.1(b)**

STC.UNM does not dispute the facts contained in Intel’s Statement of Undisputed Facts (“SOF”) 1, 4-6, 8 and 9. STC.UNM contends that a genuine issue does exist with respect to the alleged facts in Intel’s SOF 2, 3 and 7 for the reasons set forth below.<sup>7</sup>

**Intel SOF 2:** Those three UNM employees and Mr. Draper assigned their interests in the ’321 patent to UNM in or around May 1996. [Ferrall Decl. Ex X] In October 1996, UNM “correct[ed] the record” by assigning Mr. Draper’s former interests to Sandia National Laboratories. [Ferrall Decl. Ex Y].

Intel correctly states that the three UNM employees and Mr. Draper assigned their interests in the ’321 patent to UNM in or around May 1996. Intel also correctly states that in October 1996, UNM “correct[ed] the record” by assigning Mr. Draper’s former interests to Sandia National Laboratories. STC.UNM disagrees that the October 1996 Assignment was to a separate legal entity called “Sandia National Laboratories.” “Sandia National Laboratories” does not exist as a separate legal entity, and is merely the d/b/a name for Sandia Corporation. (Ex 1, 2, 5 at pages 8-9 as well as Ex 6) and *Padilla-Owens v. Sandia Nat’l Labs.*, 2003 U.S. Dist. LEXIS 26710, n. 1 (D.N.M. Nov. 25, 2003). As a result, the May and October Assignments operate to assign Mr. Draper’s former interests in the ’321 patent to Sandia Corporation. (Ex X and Y)

---

<sup>7</sup> STC.UNM notes that Intel’s SOF 1 contains an obvious typo, in that “co-inventor,” should be “co-inventors.”

**Intel SOF 3:** In July 2002, UNM assigned its partial interest in the '321 patent to STC. [Ferrall Decl. Ex Z] That assignment did not affect Sandia National Laboratories' ownership interest, which has not been transferred. [Ferrall Decl. Ex U at 32–34].

Intel correctly states that in July 2002, UNM assigned its partial interest in the '321 patent to STC. It is also true that the assignment did not affect Sandia Corporation's ownership interest in the '321 patent, which had not been transferred. STC.UNM disagrees that "Sandia National Laboratories" was a separate legal entity having an ownership interest in the '321 patent for the reasons set forth above in STC.UNM's response to Intel SOF 2.

**Intel SOF 7:** STC has never assigned any rights in the '998 patent to Sandia National Laboratories. [Doc. No. 1 ¶ 3; Ferrall Decl. Ex U at 32–34, Ex DD]

STC.UNM disagrees with Intel's statement. The May and October Assignments operate to assign Sandia Corporation all inventions of U.S. Patent Application Serial No. 08/123,543 (Ex 4; hereafter, "SN/543") and all resulting patents as well as any continuations of SN/543. (Ex X and Y) The '998 patent is a continuing patent of SN/543 by virtue of being a continuation-in-part of the '321 patent which is a continuation of SN/543. (Ex M) The '998 patent is also a resulting patent of the invention of SN/543. (Ex 4, C, D, G and M) In addition, on December 1, 2011 STC.UNM again assigned an ownership interest in the '998 patent to Sandia Corporation. (Ex DD)

STC.UNM sets forth the below additional facts which it contends are material to the resolution of the instant motion:

- A. In the earlier 1990's, employees of UNM and an employee of Sandia Corporation, Mr. Bruce Draper, made certain inventions that were incorporated into SN/543. (Ex 4)
- B. In April/May, 1996, the four inventors, signing as "employees of the University of New Mexico," executed a "Joint Assignment" for SN/543. (Ex X, p.3) The inventors transferred

and assigned the following to UNM: 1) “all their right, title, and interest in and to the *invention*” of SN/543 “any and all Patents that may be issued thereon in the United States” and 2) “any and all divisions, reissues, continuations, and extensions thereof.” (Ex X, p.3)

C. On October 15, 1996, UNM executed an assignment to correct the prior assignment Draper signed as an “employee” of UNM. (Ex Y) The “Assignment,” from UNM was ostensibly to “Sandia National Laboratories” and “transfer[ed] unto Assignee those rights and interests previously assigned to Assignor by Bruce Draper” which included the invention of the SN/543 patent application and “any and all Patents that may be issued thereon in the United States” as well as “any and all divisions, reissues, continuations, and extensions thereof.” (Ex Y, p.3)

D. The second whereas clause of the October 1996 Assignment explained the purpose of the assignment: “Whereas, Assignor has determined Bruce Draper was and is an employee of Assignee and the assignment from Bruce Draper to Assignor was made in error.” (Ex Y, p.3)

E. Draper was not employed by the named “Assignee,” Sandia National Laboratories, he was employed by Sandia Corporation. (Intel Br. 7)

F. Sandia National Laboratories is the d/b/a name for Sandia Corporation. (Ex 1, 2, 5 at pages 8-9 and Ex 6) and *Padilla-Owens v. Sandia Nat'l Labs.*, 2003 U.S. Dist. LEXIS 26710, n. 1 (D.N.M. Nov. 25, 2003).

G. The ‘321 patent was filed on June 6, 1995 as a continuation of the SN/543 and adopted the entire specification of SN/543. (Ex W and 4)

H. The ‘998 patent was filed on September 17, 1997 and it “incorporated by reference” the entirety of the ‘321 patent (Ex G, Col. 1, ll. 5-6, 27-28). During the prosecution of the ‘998 patent, the patent Examiner twice rejected the claims of the ‘998 application for double

patenting, stating: “[t]he subject matter claimed in the instant [‘998] application is fully disclosed in the [‘321] patent and is covered by the patent since the patent and the application are claiming common subject matter.” (Ex C [179-3] at 6-7); Ex D [179-4] at 5-6)

- I. To overcome the double patenting rejection, on May 18, 1999, UNM filed a “terminal disclaimer” shortening the statutory term of the ‘998 patent. (Ex E)
- J. In the Terminal Disclaimer, UNM also agreed that “any patent granted on this instant application shall be *enforceable only for and during such period* that the ....resulting patent... and the [‘321 patent] are commonly owned.” (emphasis added, Ex E). Based in part on the terminal disclaimer, the ‘998 patent was allowed and issued on March 28, 2000 (Ex G)
- K. On December 30, 2008, the Patent Office issued a Certificate of Correction, correcting the ‘998 patent to reflect that it is a continuation-in-part of the ‘321 patent which is a continuation of SN/543. (Ex M)
- L. The invention of the ‘998 patent was fully disclosed in the ‘321 patent and therefore in the SN/543 patent application since the specifications of the ‘321 and SN/543 are the same. (Ex C and D) The ‘998 incorporates the “invention” in SN/543 and is one of the “...Patents which issued thereon in the United States,” and as a result, was assigned to Sandia Corporation in the October 1996 Assignment. (Ex X and Y at page 3)
- M. On June 22, 2009, STC.UNM and Sandia Corporation entered into a Commercialization Agreement defining how the joint owners would work together to maintain, protect and commercialize the invention of SN/543 and the ‘321 patent. Sandia Corporation agreed that STC.UNM was to undertake all activities before the U.S. Patent Office. Sandia Corporation also agreed to refrain from granting licenses and to refer all licensing inquiries to STC.UNM

which was designated as the LICENSING PARTY. In exchange, Sandia Corporation was to receive a percentage of any licensing income. (Ex 6)

- N. On December 1, 2011, STC.UNM assigned an undivided interest in each of U.S. Patents Nos. 5,705,321 and 6,042,998 to Sandia Corporation. (Ex DD)
- O. Intel had earlier recognized, in both its new defense letter of November 22, 2011 and its Amended Answer of December 12, 2011, that Sandia Corporation (not Sandia National Laboratories) was the assignee in the Assignment of October 15, 1996. (Ex CC; Doc. 162, at ¶33)
- P. On November 17, 2011 Sandia Corporation was deposed by Intel and the deponent was Mr. Kevin Bieg. While Bieg testified that based on his knowledge he believed that Sandia did not have an ownership interest in the '998 patent, he also testified that he had no knowledge of the October 15, 1996 Assignment. (Bieg [Ex 5] at 33:18-20; 53:34-54:19)
- Q. Before, on or about December 1, 2011, STC.UNM believed that it was the sole owner of the '998 patent.
- R. After Intel raised its unenforceability defense on November 22, 2011, it was recognized that Sandia Corporation was a co-owner of the '998 patent. (Ex 3, ¶2)
- S. STC.UNM's prior representations as to its sole ownership of the '998 patent were a mistake. (Ex 3, ¶¶ 2-3)
- T. The December 1, 2011 Assignment to Sandia Corporation created joint ownership between Sandia Corporation and STC.UNM in the '998 and '321 patents. (Ex DD)
- U. The May and October of 1996 Assignments (Ex X and Y) operate to assign to Sandia Corporation an ownership interest in any patent that is a continuation of SN/543.

V. The '998 patent became a continuing patent of SN/543 when the Certificate of Correction issued on December 30, 2008 stating that the '998 patent was a continuation-in-part of the '321 patent which, in turn, was a continuation of SN/543. (Ex M)

W. No later than October 15, 1996, Sandia Corporation and STC.UNM were co-owners of the '321 and '998 patents by virtue of both having an ownership interest in "any invention" of SN/543 and any resulting patent by operation of the May and October Assignments of 1996. (Ex X and Y)

Dated: February 2, 2012

Respectfully submitted,

Deron B. Knoner  
KELEHER & MCLEOD, P. A.  
201 Third Street NW, 12th Floor  
PO Box AA  
Albuquerque, New Mexico 87103  
(505) 346-4646

/s/ Steven R. Pedersen  
Rolf O. Stadheim  
Joseph A. Gear  
George C. Summerfield  
Keith A. Vogt  
Steven R. Pedersen  
STADHEIM & GREAR, LTD.  
400 N. Michigan Avenue, Suite 2200  
Chicago, Illinois 60611  
(312) 755-4400

*Attorneys for Plaintiff STC.UNM*

**Certificate of Service:** I hereby certify that on February 2, 2012, 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