

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

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

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

**BRIEF IN SUPORT OF STC'S MOTION TO DISMISS  
INTEL'S COUNTERCLAIM FOR UNENFORCEABILITY**

***Introduction***

Along with its laundry list of ten affirmative defenses, Intel has counterclaimed that STC committed inequitable conduct before the Patent Office by fraudulently perfecting its patent rights. The Federal Circuit strongly disfavors this allegation of fraud and has repeatedly pronounced that "the habit of charging inequitable conduct in almost every major patent case has become an absolute plague." *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).

Across the board, Intel's counterclaim erroneously assumes that STC had a duty to disclose information to the Patent Office where none existed. Intel primarily asserts that STC's '998 patent is unenforceable because of the manner in which STC sought to correct the priority date for the patent. These

allegations relate to information that was already in the Patent Office record, and the law is clear that an applicant has **no duty** to cite information already of record. Intel further alleges that STC did not provide an explanation of how the patent specification in the inventors' earlier patent supported the claims of the '998 patent, but again, there **exists no duty** for STC to have done so.

Intel also urges unenforceability of STC's '998 patent in light of the University's failure to disclose a technical article authored by the inventors thereof. Intel makes this allegation despite the fact that the article was not even prior art to the '998 patent, and was merely cumulative of art already before the Examiner during prosecution of the '998 patent. Thus, again, there was **no duty** to cite the reference.

Inequitable conduct requires a showing of **both** (1) the materiality of a misstatement or omission made during the prosecution of a patent application and an (2) intention to mislead the Patent Office (PTO). *See Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995). As will be demonstrated herein, taken at face value, Intel's allegations in its inequitable conduct counterclaim lack any evidence of materiality and should be dismissed, irrespective of any allegation of intent. Thus, pursuant to Fed. R. Civ. P. 12(b)(6), such counterclaim should be dismissed. *See Eoff v. N.M. Corr. Dep't*, 2010 U.S. Dist. LEXIS 137159 at \*14 (D.N.M. Dec. 20, 2010) ("To survive a motion to dismiss, a plaintiff's complaint must contain sufficient facts that, if assumed to be true, state a claim to relief that is plausible on its face").

## **I. Background**

Taken as true, the allegations pled in Intel’s Answer and Counterclaims provide background on some unique patent terms relevant to this motion. STC is asserting infringement of its ‘998 patent. Answer and Counterclaims [Docket No. 26] at ¶15. The named inventors on the ‘998 patent are Drs. Brueck and Zaidi. *Id.* at 21. During prosecution of the ‘998 patent, *i.e.*, the process by which one obtains a patent, the Patent Office issued a rejection asserting that the ‘998 patent was not patentable in light of an earlier-filed Brueck/Zaidi patent, the ‘321 patent. *Id.* at ¶22-23. Because the PTO found that the two applications contained common subject matter, the second application received what is referred to as a “double patenting” rejection. *Id.*

The University of New Mexico, the original owner of the ‘998 patent, argued against the rejection, but ultimately elected to enter into a “terminal disclaimer” in order to obtain issuance of the ‘998 patent. *Id.* at ¶24-29, 31. A terminal disclaimer is a mechanism by which a patent applicant can agree to shorten the term of his patent rights in order to overcome a “double patenting” rejection based upon his/her own prior patents. *See* 35 U.S.C. 253; 37 C.F.R. 1.321(c); *see also New Medium LLC v. Barco N.V.*, 2009 U.S. Dist. LEXIS 21551 (N.D. Ill. Mar. 18, 2009). Thus, in order to obtain its patent rights for the ‘998 patent, the University agreed to shorten the term of its patent monopoly for the ‘988 patent by 5 years to coincide with the term of Dr. Brueck’s ‘321 patent. Answer and Counterclaims at ¶27.

At the time of issuance of the '998 patent, the University failed to correct the priority date of the '998 patent to coincide with that of the '321 patent. *Id.* at ¶21. STC petitioned the Patent Office for a Certificate of Correction in 2008, which was granted by a Supervisory Examiner. *Id.* at ¶34, 36.

## **II. Intel's Inequitable Conduct Allegations are Insufficient**

A party asserting the unenforceability of a patent must prove by clear and convincing evidence that the applicant violated its duty of candor and committed fraud on the PTO. *Molins*, 48 F.3d at 1178 (Fed. Cir. 1995); *J.P. Stevens & Co. v. Lex Tex, Ltd.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984). Inequitable conduct requires a showing that the applicant intentionally misled or deceived the PTO by failing to disclose material information or submitting materially false information to the PTO. *Norian Corp. v. Stryker Corp.*, 363 F.3d 1321, 1330-31 (Fed. Cir. 2004). Thus, a party challenging the enforceability of patent on inequitable conduct grounds must prove threshold amounts of **both** materiality and intent. *Molins*, 48 F.3d at 1178; *J.P. Stevens*, 747 F.2d at 1559.

### **A. The Law Regarding Materiality**

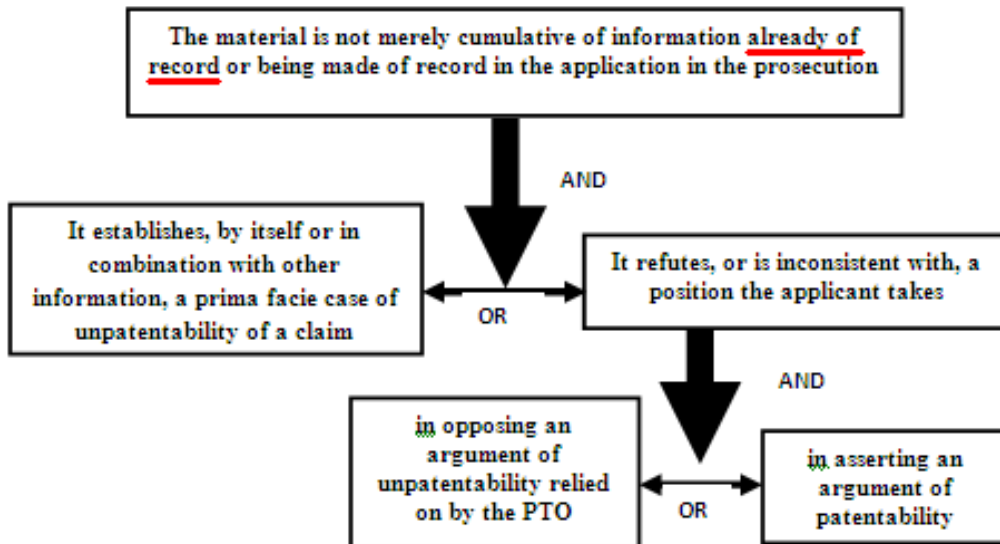
Rule 56 of the Rules of Practice before the United States Patent and Trademark Office, addressing the duty of candor owed by a patent applicant to the PTO, specifies the duty to disclose "material" information during prosecution:

A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information ***material to patentability***.

37 C.F.R. § 1.56(a) (emphasis added). Rule 56 further provides a test for determining whether information is “material to patentability:”

- (b) Under this section, information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and
  - (1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or
  - (2) It refutes, or is inconsistent with, a position the applicant takes in:
    - (i) Opposing an argument of unpatentability relied on by the Office, or
    - (ii) Asserting an argument of patentability.

See 37 C.F.R. § 1.56(b). The following logic diagram sets forth the proper manner of determining whether the material underlying a claim of inequitable conduct is material:



Thus, information already “of record” cannot be material. Indeed, the Federal Circuit has often reiterated that “a withheld otherwise material reference is not material if it is merely cumulative to, or less relevant than, information already considered by the examiner.” *Leviton Mfg. Co. v. Universal Sec. Instruments, Inc.*, 606 F.3d 1353, 1359 (Fed. Cir. 2010), quoting *Larson Mfg. Co. v. Aluminart Prods. Ltd.*, 559 F.3d 1317, 1327 (Fed. Cir. 2009); see also *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1239 (Fed. Cir. 2008).

### **B. The Law Regarding Duties to the Patent Office**

Every patent applicant must abide by a duty of candor to the Patent Office. However, the law unequivocally states that “where there is **no duty** to perform a particular task, failure to do so cannot amount to inequitable conduct.” *Furminator, Inc., v. Kim Laube & Co., Inc.*, 2010 U.S. Dist. LEXIS 132652, \*94 (E.D. Mis. Dec. 15, 2010) (emphasis added). In this regard, the Federal Circuit has routinely held that there is no duty to disclose information that is not material. See, e.g., *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 698, (Fed. Cir. 1983). Simply put: “Absent materiality, inequitable conduct for failure to disclose cannot lie.” *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 940 (Fed. Cir. 1990).

## C. The Certificate of Correction

### 1. Intel's Allegations

In support of STC's alleged inequitable conduct concerning the Certificate of Correction, Intel alleges the following. The Patent Office rejected the claims of the '998 patent on double patenting grounds. Answer and Counterclaims, at ¶¶ 23(i) & 25(i). As Intel further acknowledges, the University twice argued **on the record** that there were patentable distinctions between the application that matured into the '998 and '321 applications. *Id.* at ¶¶ 24 & 26. Further, the named inventors, in their respective declarations submitted during prosecution, never claimed priority to the '321 patent. *Id.* at, ¶¶ 42 & 43.

The University overcame the claim rejections only after “[a]cquiescing to the Examiner’s argument,” and thus executing a terminal disclaimer for that application. *Id.* at ¶ 27. In other words, The University never succeeded in convincing the Examiner that there were patentable distinctions between the '998 and '321 patents.

After issuance of the '998 patent, STC sought to correct that patent to reflect a claim of priority to the '321 application. *Id.* at ¶ 34. STC characterized its failure to claim priority to the '321 patent as a “clerical mistake.” *Id.* at ¶ 35. In seeking the subject correction, STC did not reiterate its original arguments regarding the patentable distinctions over '321 patent, or the inventors' declarations failing to claim priority to the '321 patent. *Id.*, at ¶¶ 37, 41 & 42.

Nor did STC provide any analysis demonstrating the section 112 support found in the '321 patent for the claims of the '998 patent. *Id.*, ¶ 39.

STC's certificate of correction was referred to a Supervisory Patent Examiner, who approved the request for correction on November 25, 2008. *Id.*, ¶ 36.

## **2. Intel's Allegations Regarding the Certificate of Correction are Insufficient on Their Face to Support an Inequitable Conduct Charge**

Intel's allegations regarding the certificate of correction can be summed up as follows: 1) STC's failure to remind the PTO of its arguments during the original prosecution (Answer and Counterclaims at ¶ 40); 2) STC's failure to remind the PTO of the contents of the inventors' declarations (*Id.* at ¶ 41); 3) STC's reference to the certificate as correcting a "clerical error," (*Id.* at ¶ 45) and 4) STC's failure to provide an analysis showing support in the '321 patent for the claims of the '998 patent (*Id.* at ¶¶ 39, 74)).

### **a. STC had no Duty to Refer to Attorney Arguments Already of Record**

Intel's first alleged basis for inequitable conduct fails for lack of materiality pursuant to the requirement of 37 C.F.R. § 1.56(b). STC's prior arguments made during the prosecution of the '998 patent cannot be "material," as they were already of record. As noted throughout this brief, information made of record cannot be material for inequitable conduct purposes. *See Sprint Communs. Co. L.P. v. NuVox Communs., Inc.*, 2009 U.S. Dist. LEXIS 1898, 5-7



(D. Kan. Jan. 12, 2009) (dismissing counterclaim of inequitable conduct that was based solely on an alleged failure to disclose information already available to and considered by the PTO).

Moreover, the Federal Circuit has held that mere "attorney argument, attempting to distinguish the claims from the prior art," is not proper basis inequitable conduct. *Young v. Lumenis, Inc.*, 492 F.3d 1336, 1349 (Fed. Cir. 2007); *see also Akzo N.V. v. U.S. Int'l Trade Comm'n*, 808 F.2d 1471, 1482 (Fed. Cir. 1986) (holding that an attempt to distinguish prior art in a patent application was not sufficient grounds for an inequitable conduct claim, because "[t]he mere fact that [the applicant] attempted to distinguish [another] process from the prior art does not constitute a material omission or misrepresentation").

Thus, taking Intel's allegations as true, the information of record in the original prosecution of the '998 patent cannot be material, and failure to rehash such information in its petition to correct the priority date, cannot, as a matter of law, form the basis of an inequitable conduct charge.

**b. STC Had no Duty to Refer to Inventor Declarations  
Already of Record**

For the same reasons as set forth above, STC's alleged failure to make reference to inventor declarations fails pursuant to the materiality requirement 37 C.F.R. § 1.56(b). Those declarations were of record, and therefore cannot be material.

**c. “Clerical Error” is not Material**

In a similar fashion, STC’s characterization of its mistake to seek the correct priority date during the original prosecution as “clerical error” cannot be material<sup>1</sup> Specifically, Intel alleges that “[f]ar 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.” Answer and Counterclaims at ¶ 45 (emphasis added). STC’s “earlier position,” as noted above, was rejected by the Patent Office. In any event, since STC’s prior position was **of record**, it cannot be material under 37 C.F.R. 1.56.<sup>2</sup>

Further, a patent examiner is free to accept or reject the applicant's arguments or interpretations provided in support of patentability of the invention. *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1379 (Fed. Cir. 2008); *Life Techs., Inc. v. Clontech Labs., Inc.*, 224 F.3d 1320, 1326 (Fed. Cir. 2000). Therefore, STC’s characterization of the mistake does not constitute a material misrepresentation when the patent Examiner had the information

---

<sup>1</sup> Patent applicant mistakes correctable via a certificate of correction include those of a “clerical” or “typographical” nature, or of “minor character.” See 35 U.S.C. § 255.

<sup>2</sup> Further, as the University elected to terminally disclaim the term of the ‘998 patent to coincide with the term of the ‘321 patent, it would have been logical for the University to have amended the ‘998 application to claim priority to the ‘321 patent,. Failure to do so at the time is properly characterized as a “clerical error” under 35 U.S.C. 255.

before him to reach his own conclusion. *Young, supra; Akzo, supra; Marine Polymer Techs., Inc. v. HemCon, Inc.*, 2010 DNH 133 (D.N.H. 2010).

STC anticipates Intel will argue that a new Examiner cannot be charged with knowing what occurred during the original prosecution. However, this is not supported by law. Because the new Examiner would have had access to the earlier communications between the patent applicant and the original Examiner, failing to disclose those communications when seeking correction of the subject patent cannot form the basis of an inequitable conduct charge. See *IP Innovation L.L.C. v. Lexmark Int'l, Inc.*, 303 F. Supp.2d 923, 926 (N.D. Ill. 2004) (“the ‘610 application was a continuation application, meaning that the examiner would have access to the communications between [Examiner] Chin and [applicant] Cooper regardless of whether Cooper specifically raised the issue”).

**d. STC Had no Duty to Identify Text or Figures in the ‘321 Patent**

Finally, Intel alleges that STC failed to “identify any text or figures in the ‘321 Patent that would have assisted the PTO to locate 35 U.S.C. §112 ¶1 written description support.”<sup>3</sup> Answer and Counterclaims, at ¶ 39, 74. In simpler terms, Intel is alleging that STC had a duty to make specific references

---

<sup>3</sup> The first paragraph of 35 U.S.C. 112 states: The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

to Dr. Brueck's earlier '321 patent to show support for the '998 patent when it obtained the Certificate of Correction. However, once again, there exists no such duty.

Moreover, as noted in the above logic diagram for Rule 56, to be "material" information must either establish the unpatentability of a claim, or be "inconsistent with" a position the applicant takes. 37 C.F.R. § 1.56(b)(2). Obviously, an analysis showing support for the claims of the '998 patent in the '321 patent would demonstrate the **patentability** (as opposed to the unpatentability) of those claims. Moreover, any such analysis would have been **consistent** (as opposed to inconsistent) with the position taken by STC in seeking correction, *i.e.*, that such support exists. Thus, any failure to identify text of figures cannot be material.

## **D.The Zaidi Reference**

### **1. Intel's Allegations**

Intel sets forth the following allegations in support of its inequitable conduct charge for the Zaidi reference. The '998 patent was corrected to reflect a priority date of September 20, 1993. *See* Intel Answer and Counterclaims at ¶¶ 36 & 42. Steven Brueck and Saleem Zaidi, the original named inventors on the '998 patent, authored a technical article entitled *Multiple-Exposure Interferometric Lithography* ("the Zaidi reference"). *Id.* at ¶¶ 21 & 30. The reference was published in the May/June 1993 edition of the Journal of

Vacuum Science and Technology. *Id.* at ¶ 30. According to Intel, the Zaidi reference “describes technology similar or identical to the technology claimed in the ‘321 patent.” *Id.* The ‘321 patent was before the Examiner during the original prosecution of the ‘998 patent. *See id.* at ¶ 25(i).

## **2. Intel’s Allegations Regarding the Zaidi Reference are Insufficient on Their Face to Support an Inequitable Conduct Claim**

### **a. Zaidi is not Prior Art to the ‘998 Patent**

Intel fails to allege how the Zaidi reference qualifies as prior art to the ‘998 patent, especially as the ‘998 patent was corrected to reflect a priority date of September 1993. In any event, as the Zaidi reference was authored by the inventors named on the ‘998 patent, it does not evidence invention by “another,” and therefore cannot be prior art under 35 U.S.C. §§ 102(a) or (g).<sup>4</sup> The Zaidi reference is not a patent or patent application, and therefore cannot be prior art under 35 U.S.C. §§ 102(d) or (e). Finally, the Zaidi reference did not antedate the September 1993 priority date for the ‘998 patent by more than a year, and therefore cannot be prior art under 35 U.S.C. § 102(b). As the Zaidi reference is not prior art, it cannot be material. *See Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 940 (Fed. Cir. 1990) (citation omitted).

---

<sup>4</sup> 35 U.S.C. § 102 sets forth the conditions for patentability and definitions of qualifies as prior art.

### **b. Intel Admits Zaidi is Cumulative**

Further, Intel alleges that the Zaidi reference “describes technology similar or identical to the technology claimed in the ‘321 patent,” and that the ‘321 patent was before the Examiner during the prosecution of the ‘998 patent. In other words, by Intel’s own admission, the Zaidi reference is no more material than (*i.e.*, cumulative of) the prior art of record.<sup>5</sup> A reference that is merely cumulative of the art of record is not material. *Rothman v. Target Corp.*, 556 F.3d 1310, 1326 (Fed. Cir. 2009). Thus, the Zaidi reference cannot, as a matter of law, form the basis of an inequitable conduct charge.

### **c. STC has no Duty to Cite References that are not Prior Art or Cumulative**

Since the Zaidi reference is not prior art to the ‘998 patent, the University had no duty to disclose it. Moreover, when Intel’s allegations are taken as true, *i.e.*, Zaidi is cumulative of the ‘321 patent, which was already of record before the Patent Office, there was **no duty** to disclose that cumulative reference to the Patent Office. Indeed, the Federal Circuit routinely dismisses charges of inequitable conduct where the allegedly concealed prior art is not material and/or is merely cumulative. *See, e.g., In re Harita*, 847 F.2d 801 (Fed. Cir. 1988) (reversing finding of inequitable conduct, holding no inequitable conduct as a matter of law); *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir.

---

<sup>5</sup> Plaintiff does not agree with this allegation. However, for purposes of the instant motion, plaintiff assumes it to be true.

1987) (noting the extremely high standard required to show inequitable conduct, which is not "a magic incantation to be asserted against every patentee"); *Halliburton Co. v. Schlumberger Tech. Corp.*, 925 F.2d 1435 (Fed. Cir. 1991) (holding that no balancing of materiality and intent necessary where references are cumulative, and reversing as abuse of discretion district court's finding of inequitable conduct because prior art withheld was cumulative); *CFMT, Inc., v. Yieldup Int'l Corp.*, 349 F.3d 1333 (Fed. Cir. 2003) (reversing trial court finding of inequitable conduct); *Engel Indus., Inc. v. The Lockformer Co.*, 946 F.2d 1528 (Fed. Cir. 1991) (reversing inequitable conduct holding as unsupported as a matter of law because reference was cumulative); *Unidynamics Corp. v. Automatic Prods. Int'l*, 157 F.3d 1311 (Fed. Cir. 1998) (affirming district court's dismissal on summary judgment of inequitable conduct claims because prior art allegedly withheld was cumulative); *LNP Eng'g Plastics, Inc. v. Miller Waste Mills, Inc.*, 275 F.3d 1347 (Fed. Cir. 2002) (noting no duty to disclose cumulative prior art).

### **III. Conclusion**

The relevant allegations related to Intel's inequitable conduct counterclaim, when taken as true, are insufficient to establish the materiality of the information allegedly withheld from, or misrepresented to, the PTO. As such, Intel's counterclaim, which requires proof of materiality, must fail as a matter

of law. Pursuant to Fed. R. Civ. P. 12(b)(6), such counterclaim should be dismissed.<sup>6</sup>

Dated: January 31, 2011

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. Grear  
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 January 31, 2011, I electronically filed the foregoing 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

---

<sup>6</sup> Plaintiff will also present evidence in this litigation contravening defendant's allegation of intent. However, intent is not a subject of this motion.