

UNITED STATES DISTRICT COURT
DISTRICT OF NEW MEXICO

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION

Defendant.

Civil No. 1:10-cv-01077-RB-WDS

JOINT STATUS REPORT AND PROVISIONAL DISCOVERY PLAN

Pursuant to FED. R. CIV. P. 26(f), a meeting was held on February 1, 2011 via teleconference and was attended by: Steve Pedersen and George Summerfield for Plaintiff, and Brian Ferrall, Ben Hur, Cliff Atkinson, Doug Baker and Tim Franks for Defendant.

NATURE OF THE CASE

This is a patent infringement case involving U.S. Patent No. 6,042,998 issued on March 28, 2000.

AMENDMENTS TO PLEADINGS AND JOINDER OF PARTIES

Plaintiff does not intend to file any amendments to the pleadings at this time.

Defendant should be allowed until May 27, 2011 to move to amend the pleadings or to join additional parties in compliance with the requirements of Fed. R. Civ. P. 15(a).

STIPULATIONS

The parties hereto stipulate and agree that venue is properly laid in this District and that the United States District Court for the District of New Mexico has jurisdiction of the parties and the subject matter.

The parties hereto stipulate and agree to the following regarding discovery and service:

1. **Expert Discovery.** In addition to the limitations set forth by Fed. R. Civ. P. 26(b)(4), STC and Intel expressly agree that a testifying expert's draft declarations, reports, notes, outlines and any other related writings leading up to his or her final report(s) or any declaration submitted in this case are exempt from discovery. In addition, all communications with a testifying expert leading up to his or her final report(s) or declarations, and all materials generated by a testifying expert leading up to his or her final report(s) or declarations, are exempt from discovery unless the communication or material is relied upon by the expert in forming his or her opinions. Each testifying expert must produce his or her final report(s) and all materials on which he or she relied in forming the opinions expressed therein.

2. **Service.** STC and Intel agree to the following provisions for service:

- (a) STC and Intel shall serve copies of all documents filed with the Court under seal by e-mail in .pdf format on the day of filing or submission.
- (b) STC and Intel further agree that discovery requests and discovery responses shall be served by e-mail. Discovery requests and responses shall be served in .pdf format. Discovery requests shall also be served in Microsoft Word format.
- (c) For all documents delivered by electronic mail in accordance with this paragraph that contain information protected by the Stipulated Protective Order, STC and Intel shall password-protect the attached files in accordance with the provisions set forth therein.
- (d) E-mail service shall be effected by sending the documents for STC to Service@stadheimgear.com; for Intel to IntelService@kvn.com. Documents

emailed after 5 pm PST shall be deemed served the following day; documents emailed before 5 pm PST shall be deemed served the same day.

(e) Any filing conducted through the Court's electronic case filing system (ECF) shall be treated as if it was filed through hand service.

3. **Document Production.** STC and Intel agree to the following provisions with regard to production of electronically stored information and paper documents in this action:

- (a) Documents will be produced as OCR'd, text-searchable, single-page tiff images with production numbers, appropriate confidentiality designations and load files (Concordance and Opticon load files for STC, and Concordance and Opticon load files for Intel). In affixing production numbers, STC and Intel will use appropriate designations that identify the producing party.
- (b) If there are difficulties viewing or printing tiff images, STC and Intel agree to respond to reasonable requests for native-file versions of produced documents (e.g., for large Excel files that are not formatted to print in a usable form).
- (c) STC and Intel recognize that it may not be practicable to convert certain types of files to tiff images. Those files will be produced in native-file format.
- (d) STC and Intel agree to defer search and production of electronic mail and electronic mail attachments (collectively "e-mail") until a receiving party has reviewed the contents of the producing party's document production. If a receiving party believes that it needs e-mail production, STC and Intel will meet and confer with regard to the method and scope of that production. Nothing in this agreement waives (i) a receiving party's right to seek production of e-mail, or (ii) a producing party's right

to seek relief if it believes the requested search and production of email would impose undue burden and/or cost on it or would be otherwise objectionable.

- (e) An ASCII text delimited file shall be produced setting forth the metadata fields as follows:

- Beginning Document Bates Number
- Ending Document Bates Number
- Beginning Attachment Bates Number
- Ending Attachment Bates Number
- Custodian/Source where available
- Date

- (f) STC and Intel reserve the right to request that additional metadata fields be set forth or provided for certain specified electronic documents upon review of the other party's production. STC and Intel reserve their respective rights to object to any such request.
- (g) Scanned documents should be logically unitized (i.e., to preserve page breaks between documents and otherwise allow separate documents to be identified).
- (h) STC and Intel agree to bear their own costs for the production of documents that are reasonably available.
- (i) If a document is produced in litigation or otherwise collected and preserved for purposes of this case, a party's obligation to otherwise preserve that document is discharged. Any party may continue following its normal document retention policies or practice as to any such produced or collected documents.
- (j) STC and Intel agree that a privilege/redaction log shall be provided within thirty (30) days from the date of the first document production and supplemental privilege logs shall be produced, where needed, every forty-five (45) days thereafter until the close of fact discovery. STC shall produce a privilege/redaction log covering those

documents produced by STC and any STC-Affiliated Party in the ITC action thirty (30) days from execution of this Stipulation. The privilege/redaction log shall list any documents withheld from production or redacted under a claim of privilege. STC, STC-Affiliated Parties, and Intel agree that they shall have no obligation to provide a privilege/redaction log with regard to documents created or information generated after STC filed its complaint in this matter.

(k) If a party receives documents in response to a third-party subpoena in this matter, STC and Intel agree that the receiving party will provide the other party with copies of the production within seven business days following receipt from the third party. To the extent possible, STC and Intel agree that the receiving party will attempt to provide those copies at least three business days prior to any deposition of the producing third party.

4. The parties are willing to further stipulate to the following facts:
 1. Intel Corporation (“Intel”) is a Delaware corporation with a principal place of business at 2200 Mission College Boulevard, Santa Clara, California.
 2. U.S. Patent No. 6,042,998 issued on March 28, 2000.
 3. U.S. Patent No. 6,042,998 expires on September 12, 2012.

PLAINTIFF'S CONTENTIONS:

STC contends that Intel has infringed the claims of the ‘998 patent by, *inter alia*, making, using, selling, and offering for sale semiconductor devices made by Intel’s 45nm, 32nm and 22nm (and below) process technologies. STC further contends that Intel’s acts of infringement are willful. In light of Intel’s infringement, STC is entitled to damages no less than a reasonable royalty; and in light of Intel’s willful infringement, treble damages.

DEFENDANT'S CONTENTIONS

Intel contends that it is not infringing, and has never infringed any valid and enforceable claim of the '998 patent. Intel does not practice the methods and sequences of semiconductor processing steps claimed in the '998 patent. Intel further contends that the '998 patent is invalid under 35 U.S.C. §§ 102 and 103. Although Intel does not practice the claimed steps in the '998 patent, other semiconductor manufacturers have described the processing methods claimed in the '998 patent long before the priority date to which the asserted claims are entitled. The '998 patent claims suffer from other defects as well. Intel contends that one or more of the claims do not satisfy the requirements of patentability in 35 USC §§ 112 and 116, and that they are unenforceable because the "Terminal Disclaimer" that the applicants had to file in order to secure allowance of the '998 patent claims is invalid. Intel also contends that the '998 patent is unenforceable because STC and its predecessor and attorneys violated their duty of candor to the Patent and Trademark Office during the original prosecution of the patent, and again some ten years later in post-issuance proceedings with the Patent and Trademark Office. Intel further contends that, even if any of the '998 patent claims were valid and enforceable, Intel would have a license to the patent because Intel was a member of industry R&D consortia that funded the inventions claimed in the '998 patent.

In addition to denying the allegations in STC's complaint, Intel seeks declaratory relief of non-infringement, invalidity and unenforceability of the '998 patent.

Intel's First Amended Answer and Counterclaims [D.I. 38] sets forth additional allegations regarding its defenses and counterclaims, based upon information available to date.

PROVISIONAL DISCOVERY PLAN

The parties jointly propose to the Court the following discovery plan:

Event	Joint Proposed Deadline
Rule 26(a) Initial Disclosures	Per Court Order
Initial response to contention interrogatories	April 1, 2011
Exchange Claims Terms and Proposed Constructions.	April 15, 2011
File Initial Claim Construction Brief	May 13, 2011
File Responsive Claim Construction Brief	June 15, 2011
Claim Construction Hearing	July 2011 ¹
Fact Discovery Cutoff	90 days after ruling on claim construction
Exchange Initial Expert Reports on which party bears the burden of proof (see below)	30 days after fact discovery cutoff
Exchange Responsive Expert Reports	60 days after fact discovery cutoff
Expert Discovery Cutoff	90 days after fact discovery cut off
Deadline to File Dispositive Motions and <i>Daubert</i> motions	45 days after expert discovery closes

List all witnesses who, at this time, you think will either testify or be deposed, giving their name, title, address and a brief summary of their testimony. It is insufficient to list witnesses' addresses, save for clients, "in care of counsel."

STC anticipates, at this time, that it will call the following witnesses:

Lisa Kuutila, President and CEO of STC (STC.UNM, 801 University Blvd., SE, Suite 101, Albuquerque, NM 87106). Mrs. Kuutila will provide background information on STC.

Dr. Steven Brueck, Director of UNM Center for High Technology Materials (MSC 04-2710, 1313 Goddard SE, Albuquerque, NM 87106-4343). Dr. Brueck is the lead inventor of the '998 patent. He will provide testimony regarding his inventions.

In addition, STC anticipates it will call expert witnesses on the issues of infringement, validity, Patent Office procedure, and damages.

Intel anticipates, at this time, that it will call the following witnesses:

¹ Subject to the Court's availability and counsels' schedules.

At this time based on information available to date, Intel expects the following persons to be likely trial witnesses:

Name	Subject area	Address
Steven R. J. Brueck	The purported invention of the '998 patent and related patents	In the control of STC
Saleem Zaidi	The purported invention of the '998 patent and related patents	In the control of STC
Bruce Draper	The purported invention of the '998 patent and related patents	Sandia Laboratories Albuquerque, NM
An-Shyang Chu	The purported invention of the '998 patent and related patents	Washington state
Kevin Malloy	The purported invention of the '998 patent and related patents	In the control of STC
Steven Hersee	The purported invention of the '998 patent and related patents	In the control of STC
Elizabeth Kuutila	STC's licensing practices, the strategies and efforts with respect to the '998 patent, and results valuation and revenue regarding the '998 patent and related patents	Albuquerque, NM in the control of STC
Richard Lazarus, Snell & Wilmer	Prosecution of the '998 patent	Phoenix, AZ
Howard Sobelman, Snell & Wilmer	Prosecution of the '998 patent	Phoenix, AZ
Various third-parties, including licensees to the patent in suit; to be determined after discovery from STC	Communications and/or agreements between third-parties and STC regarding the '998 patent.	Various
Sandia Corporation/ Sandia National Laboratories	Collaboration in the conception and reduction to practice of the parent patent to the '998 patent	Albuquerque, NM
University of New Mexico	The funding of research underlying the '998 patent; licensing of the '998 patent prior to its assignment to STC	Affiliate of STC
Chris Mack	Licensing negotiations relating to the '998 patent	In the control of STC
Chris Kenyon, Intel Corporation	Intel's accused processes	in care of counsel for Intel

Intel representative(s) regarding the relative value of the accused steps to the accused products	Intel's accused products and processes	in care of counsel for Intel
Intel representative(s) regarding the marketing and sales of the accused products	The marketing and sales of the accused products, including but not limited to the potential royalty base applicable to any alleged infringement of the '998 patent	in care of counsel for Intel
Intel representative(s) regarding licensing practices and Intel patents	Intel's accused processes; the alleged value of a license to the '998 patent?	in care of counsel for Intel
Third parties to testify regarding the prior art	The invalidity of the '998 patent	TBD

List all documents which you believe, at this time, will be exhibits at the trial.

STC anticipates, at this time, that it will use the following exhibits:

The '998 patent in suit;

The prosecution history for the '998 patent;

Information obtained from an inspection of Intel's facilities;

Intel's process flows for its 45nm, 32nm and 22nm (and below) process technologies; and

Images from Intel's GDS data files for its 45nm, 32nm and 22nm (and below) process technologies.

STC also anticipates that discovery will yield other documents regarding the manufacture and sale of products made by Intel's 45nm, 32nm and 22nm process (and below) technologies, which STC will rely upon at trial to prove infringement and damages, etc.

Intel anticipates at this time that at least the following documents will be exhibits at trial:

- the '998 patent and its file history
- other patents to which the '998 patent relates or refers, their file histories and related documents
- communications between STC and its representatives and predecessors, and the Patent and Trademark Office, regarding the '998 patent and related patents

- licenses of the '998 patent, and/or any other patent referred to in the '998 file history
- assignments, contracts or other similar documents pertaining to the grant of some or all rights to the '998 patent
- prior art to the '998 patent
- documents regarding the alleged conception and reduction to practice of the '998 patent, and other patents to which it relates or refers
- documents and/or patents regarding the particular Intel processes and products accused of infringing the '998 patent

List all experts who you believe, at this time, will testify at the trial, giving their name, address, area of expertise, and a brief summary of the anticipated testimony.

STC anticipates it will call not-yet-identified expert witnesses on the issues of infringement, validity, Patent Office procedure, and damages.

Intel has not yet identified its expert witnesses for trial, but expects to present expert witnesses on the topics of invalidity, noninfringement, Patent and Trademark Office procedure and unenforceability, and alleged damages.

Discovery will be needed on the following subjects:

STC's statement: STC will need discovery on the issue of Intel's 45nm, 32nm and 22nm (and below) process technologies, and the sales and profits derived therefrom. Specifically, STC will require copies of Intel's process flows, and inspection of its GDS (or equivalent) data files, and manufacturing facilities for both commercial products and products in research and development. STC will also require summary documents reflecting sales of products made by Intel's 45nm, 32nm and 22nm (and below) process technologies and profits derived therefrom. Finally, regarding STC's willful infringement charge, STC will seek any

opinions of counsel or similar analyses upon which Intel relied in continuing to sell such devices notwithstanding STC's infringement charge.

Intel's statement: Intel will need discovery on:

- STC's contentions as to how the '998 patent is allegedly infringed, including the claims allegedly infringed
- STC's contentions regarding the meaning of the asserted '998 patent claims
- If STC contends infringement under the doctrine of equivalents, and the factual basis for such contentions including the state of the art at the relevant time period(s)
- The prior art to the '998 patent
- STC's contentions as to how the '998 patent is valid in light of prior art
- Any claimed commercial success related to the '998 patent , or any other "secondary considerations of non-obviousness"
- The alleged conception and reduction to practice of the '998 patent
- STC's contentions regarding any priority date for '998 patent claims that is earlier than the '998 patent application date
- Research and development relating to the '998 patent and any patent related thereto
- The funding and sponsorship of research related to the '998 patent and any patent related thereto, spanning the period of at least 1992 to 1998
- Publications by the alleged inventors of the '998 patent and any patent related thereto concerning the subject matter of the '998 patent
- STC's prosecution of the '998 patent and any patents and applications related thereto, including communications with its prosecuting attorneys and patent agents, and the knowledge of prior art and other facts and circumstances that might have been material to patentability
- STC or its predecessors' knowledge of prior art at various times, including but not limited to art cited to by prospective licensees of the '998 patent
- The facts and circumstances surrounding the petition to add inventors to the '998 patent

- The facts and circumstances surrounding the 2008 Certificate of Correction purporting to change the priority date of the '998 patent
- The facts and circumstances and history of the assignment of the '998 patent
- The facts, circumstances and history of any and all licenses or other contracts relating to the '998 patent, and negotiations relating thereto

Proposed Discovery Limits

Maximum of 75 interrogatories by each party to any other party. (Responses per Fed. R. Civ. P.).

Maximum of 75 requests for admission by each party to any other party, excluding requests for admissions as to the genuineness of any described document. (Responses per Fed. R. Civ. P.).

Maximum of 20 fact witness depositions by each of Plaintiff and Defendant. For purposes of calculating this 20 witness maximum, all witnesses proffered in response to a single Fed. R. Civ. P. 30(b)(6) deposition notice shall collectively count as a single deposition.

Each deposition (other than those taken pursuant to Fed. R. Civ. P. 30(b)(6)) shall be limited to a maximum of 7 hours unless extended by agreement of parties. Each party shall have a total of 30 hours to obtain Fed. R. Civ. P. 30(b)(6) corporate testimony from the parties to the lawsuit (Intel and STC.UNM).

Supplementation under Fed. R. Civ. P.26(e) due no later than 45 days before the fact-discovery cut-off, 15 days after the expert discovery cut-off and pursuant to Fed. R. Civ. P. 26(e)(1)(A) thereafter.

Reports from retained experts under Fed. R. Civ. P.26(a)(2) (*see above re: discovery plan*). Opening expert reports will cover topics on which the proffering party bears the burden of proof in the case-in-chief: for Plaintiff—infringement, damages and willfulness; for

Defendant—invalidity, unenforceability and any other defense on which the Defendant bears the burden of proof.

All fact discovery commenced in time to be complete within 90 days of the ruling on claim construction; all expert discovery commenced in time to be complete within 90 days of the close of fact discovery.

Other Items:

The following sets forth the parties' view with respect to the specific requirements of Fed. R. Civ.

P. 26(f)(3):

(A) Initial disclosures under Fed. R. Civ. P.26(a) will be made in accordance with the above schedule;

(B) The parties have conferred on the above stipulation regarding issues about disclosure or discovery of electronically stored information, including the form or forms in which it should be produced;

(C) The parties are discussing a stipulation regarding any issues about claims of privilege or of protection as trial-preparation materials, including — if the parties agree on a procedure to assert these claims after production — whether to ask the Court to include their agreement in an order;

(D) The parties are discussing the terms of a protective order to govern the production, handling, and return of discovery materials;

(E) Other than the limitations set forth above, the parties agree that no other changes should be made in the limitations on discovery imposed under the Fed. R. Civ. P. or by Local Rule; and

(F) The parties are not contemplating any other orders that the Court should issue at this time.

PRETRIAL MOTIONS

Plaintiff intends to file: STC has filed a motion to dismiss Intel's third counterclaim for inequitable conduct. STC further anticipates that it may file a motion for summary judgment on the issue of infringement.

Defendant intends to file: Depending on how discovery proceeds, one or more of the following dispositive motions may be ripe prior to the deadline for summary judgment motions: motions for summary judgment of invalidity, noninfringement, and unenforceability of the '998 patent, and motion for summary judgment based on a license defense. .

ESTIMATED TRIAL TIME

The parties estimate trial will require 10 days.

This is a non-jury case.

This is a jury case.

The parties request a pretrial conference in June 2012.

SETTLEMENT

The possibility of settlement in this case cannot be evaluated prior to the exchange of contention interrogatory responses and the Court's claim construction. The parties request a settlement conference in Fall 2011.

EXCEPTIONS

(Where counsel cannot agree to any recitation herein, exceptions shall be listed.)

APPROVED WITHOUT EXCEPTIONS
(note exceptions above)

KELEHER & McLEOD, P.A.

By: /s/ Deron B. Knoner
Deron B. Knoner
KELEHER & McLEOD, P.A.
201 Third Street NW, 12th Floor
PO Box AA
Albuquerque, New Mexico 87103
Telephone: 505-346-4646
Facsimile (505) 346-1370

Rolf O. Stadheim
Joseph A. Gear
George C. Summerfield
Keith A. Vogt
Steven R. Pedersen
STADHEIM & GREAR, LTD.
400 North Michigan Avenue, Suite 2200
Chicago, Illinois 60611
Telephone: (312) 755-4400
Facsimile: (312) 755-4408

Attorneys for Plaintiff STC.UNM

ATKINSON, THAL & BAKER, P.C.

By /s/ Douglas A. Baker
Douglas A. Baker
Clifford K. Atkinson
201 Third Street, N.W., Suite 1850
Albuquerque, NM 87102
(505) 764-8111

Robert A. Van Nest
Brian L. Ferrall
Paven Malhotra
Benedict Y. Hur
KEKER & VAN NEST LLP

Chad S. Campbell
Jonathan M. James
Timothy J. Franks
Mark E. Strickland
Jonathan L. McFarland
PERKINS COIE LLP

*Attorneys for Defendant
Intel Corporation*