

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 AMENDED COUNTERCLAIM
AND STRIKE INTEL'S AFFIRMATIVE DEFENSE FOR UNENFORCEABILITY**

Introduction

STC is charging Intel with infringement of its U.S. Patent No. 6,042,998. Along with its laundry list of ten affirmative defenses, Intel has accused STC of committing inequitable conduct before the Patent Office in perfecting its patent rights. See Amended Answer, at ¶¶20-49 (fifth affirmative defense) & ¶¶64-94 (third counterclaim). The Federal Circuit strongly disfavors this allegation 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 inequitable conduct allegations continue to assume erroneously 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 and issues that were already in the record and resolved by the Patent Office. The law is clear that an applicant has ***no duty*** to cite information already of record.

Intel also urges unenforceability in light of the University's failure to disclose a technical article authored by the inventors of the '998 patent. Intel makes this allegation despite the fact that the article is not even prior art to 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 (2) an intention to mislead the Patent Office. Taken at face value, however, Intel's inequitable conduct allegations lack any evidence of materiality, irrespective of any allegation of intent. Thus, this Court should dismiss Intel's third counterclaim, and strike Intel's fifth affirmative defense.

I. Background

Intel's allegations provide background on some unique patent terms relevant to this motion. The named inventors on the '998 patent are Drs. Brueck and Zaidi. Amended Answer, at ¶21. During prosecution of the '998 patent, *i.e.*, the process by which one obtains a patent, the Patent Office (PTO) 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 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: . . .”

Id. at ¶23 (emphasis added).

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 the '321 patent. Amended Answer, at ¶27. However, the University failed to correct the priority date of the '998 patent when it issued 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. Applicable Law

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. See *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 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

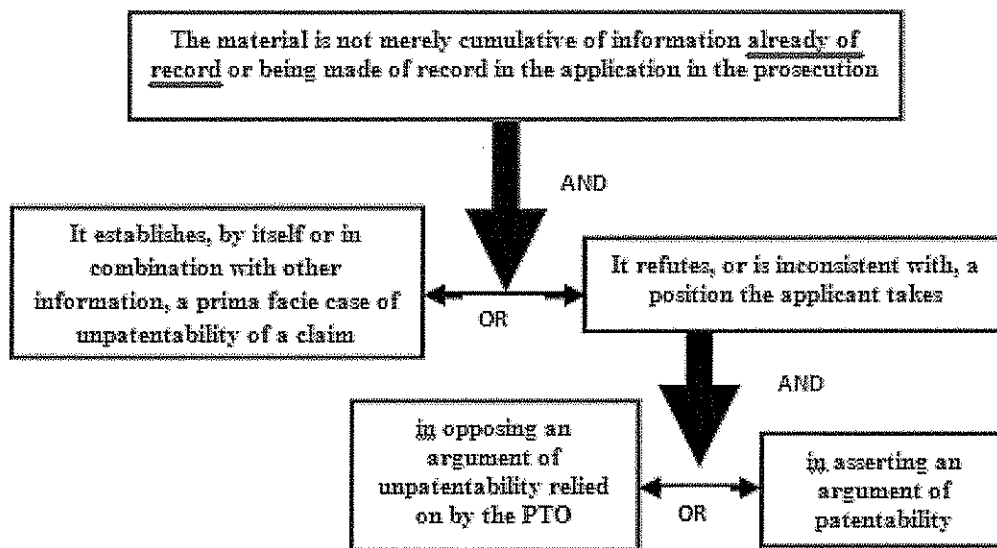
Rule 56 of the Rules of Practice before the United States Patent and Trademark Office, addressing the duty of candor owed by a patent applicant to the PTO, specifies the duty to disclose “material” information during prosecution:

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. As shown below, information already “of record” cannot be material.



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).

III. Intel's Inequitable Conduct Allegations are Insufficient

In an attempt to survive STC's original motion to dismiss, Intel has inserted new theories into its third counterclaim.¹ For the convenience of the Court, STC addresses the allegations that Intel repeats, and then separately explains why Intel's new theories are similarly deficient.

A. The Certificate of Correction

1. Intel's Repeated Allegations Regarding the Certificate of Correction Remain Deficient

Intel's repeated 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 (*Id.* at ¶¶40, 89); 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, 89) and 4) STC's failure to

¹ Intel's fifth affirmative defense remains unchanged.

provide an analysis showing support in the '321 patent for the claims of the '998 patent (*Id.* at ¶¶39, 90).

i. STC Had No Duty to Refer to Attorney Arguments Already of Record When it Obtain the Certificate of Correction

Intel's first repeated 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 for 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).

Lastly, this allegation falls apart when the underlying substance is examined. Intel asserts that STC made prior inconsistent statements regarding the inventors' earlier '321 patent. But that issue was conclusively resolved by the PTO during the original prosecution, Intel's pleading repeats the PTO's determination:

“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: . . .”

Amended Answer, at ¶23 (quoting PTO rejection). When STC submitted its request for a certificate of correction, it was under no duty to refer to prior attorney argument that was rejected by the PTO for an issue that had already been conclusively resolved. Indeed, STC’s election to correct the priority date of the ‘998 patent to reflect that of the ‘321 patent is actually consistent with the PTO’s previous determination that “the subject matter claimed in [the ‘998 Application] is fully disclosed in the [‘321] patent.”

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 request for a certificate of correction, cannot, as a matter of law, form the basis of an inequitable conduct charge.

**ii. STC Had No Duty to Refer to Inventor Declarations
Already of Record**

For the same reasons, 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.

iii. "Clerical Error" is Not Material

In a similar fashion, STC's classification of its mistake to seek the correct priority date during the original prosecution as "clerical error" cannot be material² 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." Amended Answer, at ¶45 (emphasis added); *see also, id.* at ¶88. STC's "earlier position," as noted above, was rejected by the Patent Office when it was determined that:

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: . . ."

Amended Answer, at ¶23. In any event, since STC's prior position was *of record*, it cannot be material under 37 C.F.R. 1.56.³

Further, a patent examiner is free to accept or reject the applicant's arguments or interpretations provided in support of patentability of the invention.

² 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.

³ Further, as the University elected to 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.

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 classification of the mistake does not constitute a material misrepresentation when the patent Examiner had the information before him to reach his own conclusion as to whether the mistake was properly referred to as "clerical" or "typographical" nature, or of "minor character," as specified by 35 U.S.C. § 255. See *Young, supra*; *Akzo, supra*; *Marine Polymer Techs., Inc. v. HemCon, Inc.*, 2010 DNH 133 (D.N.H. 2010).⁴

iv. 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."⁵ Amended Answer, at ¶¶39, 67, 90. In simpler terms, Intel is alleging that STC had a duty to make specific references to Dr. Brueck's earlier '321

⁴ Intel's amended counterclaim implies that a new Examiner cannot be charged with knowing what occurred during the original prosecution. Amended Answer, at ¶91. However, 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).

⁵ 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.

patent to show support for the '998 patent when it obtained the certificate of correction. However, there existed no such duty. First, as explained above, this issue had already been conclusively resolved by the PTO during the original prosecution when the Patent Office determined that there was proper support in the '321 patent:

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: . . .”

Amended Answer, at ¶23 (emphasis added). Since the issue of written description support had already been determined by the PTO, there was, again, no duty for STC to make such reference when it requested the corrected priority date.

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 or figures cannot be material.

b. Intel's New Allegations Are Deficient

Intel sets forth two new allegations concerning the certificate of correction. First, Intel alleges that the proper procedural mechanism for correcting priority was a “reissue proceeding”, rather than a certificate of correction. Amended Answer, ¶85. Second, Intel now intimates that STC may have had an obligation to disclose the ‘258 patent to the PTO. Amended Answer, ¶¶82, 89.

i. STC had No Duty to use the Reissue Procedure

It is unclear as to what Intel alleges the “material” misstatement or omission to have been in STC’s election to seek a certificate of correction, as opposed to seeking a reissue patent. Certainly, STC’s decision to seek a certificate of correction was of record, and cannot, therefore, be material. *See, e.g., Sprint Communs.*, 2009 U.S. Dist. LEXIS 1898 at *5-7. Moreover, the Manual of Patent Examining Procedure, published by the PTO, specifically provides for a patentee to correct a priority date via a certificate of correction. *See* MPEP, §1481 “Certificates of Correction, Applicant’s Mistake, Correction as to 35 U.S.C. 120 . . . Benefits” (8th Edition) (*citing* 37 CFR 1.78). As such, there was ***no duty*** by rule or law for STC to use the alternative “reissue procedure.”

ii. STC had No Duty to Disclose the ‘258 Patent

Intel also newly alleges that STC failed to disclose the prior art ‘258 patent to the PTO. Amended Answer, at ¶89. As Intel acknowledges, the ‘258 patent would have been prior art to the ‘998 patent in the *absence* of the certificate of correction.

Id. ¶86 (“without the priority claim, the ‘998 patent would be invalidated by the ‘258 patent”). Under the Patent Statutes, however, once the certificate of correction issued, the ‘258 patent was no longer prior art to the ‘998 patent — *even during the original prosecution* — as a patent, together with its certificate of correction, “shall have the same effect and operation in law on the trial of actions for causes thereafter arising ***as if the same had been originally issued in such corrected form.***” 35 U.S.C. § 255 (emphasis added). Thus, there was again ***no duty*** for STC to disclose the ‘258 patent to the PTO.

In sum, nothing in Intel’s allegations regarding the certificate of correction constitutes a ***material*** misstatement or omission, and the allegations pertaining to that certificate cannot form the basis for an inequitable conduct charge.

B. The Zaidi Reference

1. Intel’s Repeated Allegations Remain Deficient

Intel’s repeated allegations regarding the Zaidi reference can be summed up as follows. The ‘998 patent was corrected to reflect a priority date of September 20, 1993. See Amended Answer at ¶36. 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, 68. The reference was published in the May/June 1993 edition of the Journal of Vacuum Science and Technology. *Id.* at ¶¶30, 68. The Zaidi reference was not disclosed to the PTO during prosecution of the ‘998 patent. *Id.* at ¶68. 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).

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).⁶ 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).

Moreover, Intel’s own amended pleading concedes that the certificate of correction disqualifies the Zaidi Reference as prior art, given the corrected priority date for the ‘998 patent. *Id.* at ¶69 (“if STC had a proper claim to priority to the ‘321 patent as of 2008 (so that the Brueck/Zaidi article may not qualify as prior art to the

⁶ 35 U.S.C. § 102 sets forth the conditions for patentability and definitions of qualifies as prior art.

‘998 patent today) . . .). This fact is true for the reasons set forth above. The Patent Statutes mandate that the Zaidi Reference is unavailable to Intel as prior art – *even during the original prosecution of the ‘998 patent* – as the corrected ‘998 patent is deemed to have been originally issued with the earlier priority date. See 35 U.S.C. § 255 (“Such patent, together with its certificate of correction, shall have the same effect and operation in law on the trial of actions for causes thereafter arising as if the same had been originally issued in such corrected form.”).

Thus, the Zaidi Reference is not material because it is not prior art. Moreover, Intel cannot now cast dispersions of a failed duty to disclose the Zaidi Reference to the PTO, as 35 U.S.C. § 255 prevents Intel from even asserting the reference as prior art.

2. Intel’s New Allegations Are Deficient

Intel’s amended counterclaim adds only that the Zaidi Reference is “not cumulative” of that patent. Amended Answer, at ¶70. This new allegation is immaterial, as that reference is not even prior art by the retroactive operation of 35 U.S.C. § 255, for the reasons explained above.

III. Conclusion

The relevant allegations related to Intel’s inequitable conduct counterclaim and affirmative defense, 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 must fail as a matter of law. Pursuant to Fed. R. Civ. P. 12(b)(6) & (f)(2), STC requests that the Court dismiss Intel's third counterclaim (Amended Answer, at ¶¶64-94) and strike Intel's fifth affirmative defense (*Id.* at ¶¶20-49) from Intel's Amended Answer.⁷

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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 February 28, 2011, I caused the foregoing to be electronically filed with the Clerk of the Court using the CM/ECF system which will send notification of such filing via electronic mail to all counsel of record.

/s/ Steven R. Pedersen

⁷ Plaintiff will also present evidence in this litigation contravening defendant's allegation of intent. However, intent is not a subject of this motion.