

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

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

Civil No. 10-CV-01077 RB/WDS

**INTEL CORPORATION'S OPPOSITION BRIEF TO STC.UNM'S
MOTION TO STRIKE AND RENEWED MOTION TO DISMISS INEQUITABLE
CONDUCT ALLEGATIONS**

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I. INTRODUCTION AND SUMMARY OF ARGUMENT

STC.UNM's complaint against Intel, targeting the world's most advanced semiconductor manufacturing processes, is another in a string of efforts by STC to extract royalties for the alleged practice of U.S. Patent No. 6,042,998 (the "'998 patent"). Intel denies infringement and asserts that the '998 patent is invalid. In conducting its investigation, however, Intel also discovered that the patentees and STC pursued deceptive tactics to obtain, preserve and strengthen the '998 patent, in violation of their obligations of candor to the United States Patent and Trademark Office. These tactics amount to "inequitable conduct" and form the basis for Intel's third counterclaim for declaratory relief and corresponding affirmative defense.

STC's motion to dismiss the counterclaim and strike the affirmative defense should be denied because Intel has alleged detailed facts from which the Court can infer that (1) the inventors and their counsel hid material information from the Patent and Trademark Office, or "PTO," when they applied for the '998 patent, and (2) STC misled the PTO when it petitioned to backdate the '998 patent eight years after it issued. At this stage, the Court should accept those facts and inferences as true and reject STC's improper invitation for the Court to resolve factual disputes. Because Intel has pleaded more than sufficient facts to state a claim, the law allows Intel to take discovery about and prove the extraordinary and deceptive measures STC took to obtain and then try to salvage its patent. For these reasons, the motion should be denied.

Intel provides the Court with the following background and summary that are relevant to this motion and the case as a whole.

a. **Inequitable conduct arises from over zealous patent prosecution.**

Because the patent application process is almost exclusively *ex parte* (only the

applicant and the PTO are involved), the PTO demands that patent applicants be candid about facts that could be material to patentability. The duty of candor requires, among other things, that applicants (the inventors, the assignee/owner, and the prosecuting attorneys) inform the PTO of any information that a reasonable patent examiner would likely find to be important to assessing patentability. Most commonly, this requires applicants to disclose to the PTO all known “prior art,” which is information that may call into question whether the claimed invention is novel or non-obvious. The duty of candor also applies to all affirmative statements to the PTO, such as those regarding inventorship and assignment. And the duty applies to post-issuance proceedings, such as “corrections” or reissue proceedings, or even the payment of patent maintenance fees. An applicant who, with intent to deceive, hides relevant prior art from the PTO, or makes an affirmative misrepresentation to the PTO, engages in inequitable conduct. A court may remedy inequitable conduct by declaring a patent unenforceable.

b. The '998 patent's prosecution history contains the correspondence that forms the basis of an inequitable conduct claim.

Although Intel has not had the benefit of any discovery, Intel's First Amended Counterclaim (Doc. No. 38 at ¶¶ 64-94) and related affirmative defense allege detailed facts currently known to Intel that state a claim for inequitable conduct. These are facts based largely on the publicly available administrative record of communications between the patent applicants and the PTO, known as the patent's “prosecution history.” The prosecution history serves a critical public notice function in the patent system for it allows the public to see how a patent applicant understood or appreciated its own invention. It is often useful for interpreting the meaning of the words in the patent claims, which define the scope of the limited patent monopoly. From a review of the '998 patent prosecution history

and other publicly available information, Intel has thus far uncovered two separate instances of inequitable conduct.

c. STC's predecessors committed inequitable conduct by failing to disclose the inventors' publication.

First, the original applicants (the named inventors, the University of New Mexico and their patent counsel) did not disclose to the PTO an article that two inventors had published years before the '998 patent application. This article relates closely to the subject matter of the '998 patent, and a reasonable patent examiner would have found it relevant to assessing whether the claimed '998 invention was patentable in view of the prior art. On information and belief, Intel alleges that the applicants fraudulently withheld this prior art in order to hide evidence that would have prevented them from obtaining the '998 patent.

d. STC committed inequitable conduct by deceiving the PTO to backdate the '998 patent.

The second basis for Intel's inequitable conduct claim stems from STC's misrepresentations to the PTO in 2008, many years after the PTO issued the '998 patent and shortly after STC received ownership rights in the patent and began trying to monetize it. This second breach arose from STC's efforts to obtain a "Certificate of Correction" from the PTO, which was necessary in order for STC to continue arguing that the '998 patent was valid.

In 2008, after STC began to demand royalty payments from various semiconductor manufacturers for their alleged use of the '998 patent, STC became aware of U.S. Patent No. 5,523,258 (the "'258 patent"). The '258 patent pre-dates the '998 patent application, and it discloses semiconductor processing techniques identical to the techniques in many of the '998 patent claims. Consequently, those '998 patent claims are invalid. This invalidating prior art posed a serious problem for STC because no company would pay to

license an invalid patent.

In an attempt to overcome this problem, STC asked the PTO to move the effective filing date (also called the “priority date”) for the ’998 patent back by more than four years. The goal was to enable STC to argue that the ’998 invention occurred earlier than the ’258 patent, thus eliminating the ’258 patent as prior art. To obtain this earlier priority date, STC claimed for the first time that the ’998 patent descended from an older University of New Mexico patent, U.S. Patent No. 5,705,321 (the “’321 patent”).

There are two administrative procedures for changing an issued patent’s priority date. The first process, known as a patent “reissue” proceeding, reopens the entire patent for reevaluation, requires updated disclosures from the applicants in compliance with their duty of candor, and consequently can result in claims being modified or rejected. The other process is known as a “Certificate of Correction,” which is a summary process statutorily restricted to fixing minor typographical or clerical errors.

STC chose the summary Certificate of Correction procedure. But in order to do so, it had to misrepresent to the PTO the rationale for its requested “correction.” To fit within the statutory requirements of the Certificate of Correction procedure, STC told the PTO that its request sought to correct a mere “clerical mistake.” The prosecution history suggests, however, that the inventors and original applicants strongly believed that the ’998 patent was *different* from the University’s earlier ’321 patent. Intel alleges on information and belief that the applicants made no clerical mistake in not linking the ’998 patent to the ’321 patent; they made a conscious decision. By requesting a Certificate of Correction rather than seeking a reissue, STC avoided telling the PTO about the invalidating ’258 patent. And STC denied the PTO the opportunity to consider whether the ’998 patent claims were valid in light of the ’258 patent. The PTO approved the Request for Certificate of Correction on

November 25, 2008, and STC now relies on that Certificate in claiming a priority date based on the earlier '321 patent.

These facts, together with reasonable inferences drawn in Intel's favor, support a finding that the applicants violated their duty of candor, in 1999 and again in 2008. STC's motion to dismiss Intel's counterclaim should be denied. STC's motion to strike Intel's Fifth Affirmative Defense should be denied for the same reasons, and also because STC waived its right to move to strike when it failed to move within 21 days of Intel's service of that pleading, on January 10, 2011 (Doc. No. 26) as required by Fed. R. Civ. P. 12(f)(2).

II. HISTORY OF THE '998 PATENT PROSECUTION

A. **During the examination of the '998 patent application, the applicants repeatedly argued that the '998 patent was fundamentally different from the '321 patent.**

The original applicants filed their patent application with the PTO on September 17, 1997. *See* Intel's Answer and First Amended Counterclaims ("AAC") ¶ 71 (Doc. No. 38).¹ That application did not claim to be derived from any other patent, in whole or in part.² *Id.*

The PTO Examiner twice rejected the application as claiming the same invention as the '321 patent and as not novel in view of the '321 patent. In response, the applicants twice argued that the invention claimed in their application was significantly *different* from anything disclosed or claimed in the '321 patent. AAC ¶¶ 74-75. In conjunction with these arguments, the applicants also amended the pending patent claims each time to further

¹ Attached hereto as Appendix A is a chronology of key inequitable conduct events.

² There are several ways a patent may claim a priority date of an earlier patent. Relevant here are "continuation" patents (where the child patent contains the identical disclosure as the parent patent) and "continuation-in-part" patents (where the child patent repeats a substantial portion of the disclosure of the parent patent, but also contains "new matter"). Unlike a continuation patent, which automatically gets the priority date of the parent, claims in a continuation-in-part patent are entitled to the earlier priority date of its parent only if the claims were supported in the parent application. *See generally* Manual of Patent Examining Procedure ("MPEP") § 201.08 (submitted herewith as Appendix B).

distinguish them from the '321 patent. *Id.* ¶ 77. The PTO never resolved the applicants' arguments for patentability, however, because the applicants agreed to file a Terminal Disclaimer "in order to expedite prosecution." *Id.* ¶ 78. In so doing, the applicants disclaimed the tail-end of their patent term (if issued), to the extent it would extend beyond the '321 patent term. *Id.* Based on the Terminal Disclaimer, the patent issued on March 28, 2000. *Id.* ¶ 80.

B. Years before their patent application, the inventors published a scholarly article which they should have, but did not, disclose to the PTO.

Four years before filing their patent application, inventors Steven Brueck and Saleem Zaidi published an article entitled "Multiple-exposure interferometric lithography" in the May/June 1993 issue of *Journal of Vacuum Science and Technology*. AAC ¶ 68. The Brueck/Zaidi article is prior art to the '998 patent application under 35 U.S.C. § 102(b). *Id.* ¶ 69. At no time during the two and a half years of administrative proceedings to obtain the '998 patent did the applicants disclose this article to the PTO. This omission is particularly striking because the article describes similar techniques as are found in the '321 patent, which the PTO Examiner had twice identified as a basis for rejecting the application that resulted in '998 patent. *Id.* ¶¶ 75-77. These rejections by the Examiner put the applicants on notice that any reasonable Examiner would consider the subject matter of the Brueck/Zaidi article to be very important to evaluating the novelty of the '998 patent claims, even if the applicants themselves believed the '998 patent was directed to a different invention. Moreover, because a published article like the Brueck/Zaidi article has different legal consequences as prior art than a patent such as the '321, the article was not "cumulative" of the '321 patent. *Id.* ¶ 70. In particular, although the Examiner allowed the applicants to overcome the '321 patent by filing a "Terminal Disclaimer" limiting the '998 patent term to the term of the '321 patent, a Terminal Disclaimer cannot overcome a prior

art article.³ Intel contends that the applicants knowingly withheld this article to hide evidence that would otherwise prevent them from obtaining the '998 patent. *Id.* ¶ 70.

C. STC learns of invalidating prior art.

In 2008, eight years after the '998 patent issued, STC learned of the '258 patent. AAC ¶ 82. At that time, the earliest priority date to which the '998 patent was entitled was the September 17, 1997 filing date of the original application. The '258 patent, entitled “Method for Avoiding Lithographic Rounding Effects for Semiconductor Fabrication,” was applied for in April 1994 and issued in June 1996. It thus was prior art under at least 35 U.S.C. §§ 102(b) and 102(e). Although a detailed discussion is beyond the scope of this motion, Intel alleges that the '258 patent invalidates at least some of the '998 patent claims.⁴ *Id.* ¶¶ 44, 86.

In an effort to salvage the '998 patent, STC embarked upon a plan to backdate the '998 patent's application date to September 20, 1993 and thereby try to eliminate the '258 patent as prior art. To do this, STC had to claim, for the first time, that the '998 patent was a “continuation-in-part” of the '321 patent, and therefore deserved priority to the '321 patent. *Id.* ¶ 83. Intel contends that STC executed this strategy even though the inventors did not believe the '998 patent was a continuation-in-part of the '321 patent. *Id.* ¶¶ 76, 86.

³ In its Renewed Motion, STC no longer argues that the failure to disclose the Brueck/Zaidi article was excused because the article was “cumulative” of the '321 patent. Unlike the patent, the article cannot be overcome with a Terminal Disclaimer. *Compare* MPEP § 706.02(b) (reciting ways to overcome a rejection based upon a printed publication such as an article) *and* 35 C.F.R. § 1.321(c)(3) (reciting the requirements of a Terminal Disclaimer).

⁴ Because the '258 patent issued more than one year before the 1997 application date of the '998 patent, it would “anticipate” (and thus invalidate) the '998 patent to the extent that it discloses any of the '998 patent's claims. 35 U.S.C. § 102(b); *see Novo Nordisk Pharm. v. Bio-Technology Gen. Corp.*, 424 F.3d 1347, 1354-55 (Fed. Cir. 2005).

D. STC misrepresented to the PTO that its decision not to claim priority to the '321 patent was a “clerical mistake.”

STC could have sought “continuation-in-part” status by reopening the examination of the '998 patent through a “reissue” proceeding under 35 U.S.C. § 251. But this would have required STC to disclose the '258 patent to the PTO. In the reissue, the Examiner would have needed to assess whether each claim of the '998 patent deserved the priority date of the '321 patent, and whether the '258 patent (and/or other prior art) invalidated one or more claims of the '998 patent. AAC ¶ 87. The PTO would have rejected any claim that did not deserve the early priority date and that was anticipated or rendered obvious by the '258 patent. *Id.*

Unwilling to risk that outcome, STC instead chose to claim priority by way of a Certificate of Correction. Under 35 U.S.C. § 255, patentees may correct “a mistake of a clerical or typographical nature, or of minor character” by seeking a Certification of Correction. The PTO’s review process is accordingly more superficial; indeed, the statute expressly prohibits corrections that would require substantive reexamination. To avoid substantive review yet achieve “continuation-in-part” status, STC told the PTO that the applicants’ earlier decision not to claim priority to the '321 patent was a “clerical mistake.” AAC ¶¶ 35, 88. STC never informed the PTO that the claims of the '998 patent might be invalid in light of the '258 patent if the '998 patent did not benefit from the priority date of the '321 patent. *Id.* ¶ 89. Ignorant of these facts, an Examiner (different from the one who handled the initial prosecution) granted the Certificate of Correction just a month after it was sought, on November 25, 2008. *Id.* ¶ 92.

III. PROCEDURAL HISTORY

Intel’s original Answer and Counterclaims, filed on January 10, 2011, asserted both an affirmative defense of inequitable conduct and claims for declaratory relief of

noninfringement, invalidity and patent unenforceability based upon inequitable conduct. Doc. No. 26 at ¶¶ 20 – 45; 58 – 74. Without first initiating the required meet-and-confer with Intel under Local Rule 7.1(a), STC filed a motion to dismiss directed only to Intel’s unenforceability counterclaim. Doc. No. 29. STC did not move to strike Intel’s affirmative defense of inequitable conduct, or any other part of Intel’s answer and counterclaims.

Although Intel believed its original counterclaim was properly pleaded, Intel chose to amend its counterclaim as-of-right under Fed. R. Civ. P. 15(a)(1)(B) to provide even greater clarity and detail in its allegations. Doc. No. 38. Intel did not amend its inequitable conduct affirmative defense. STC then renewed its motion to dismiss, this time moving to strike Intel’s unenforceability affirmative defense as well. Doc. No. 45.

The Court held an initial case management conference with the parties on February 23, 2011, and issued its initial scheduling order on March 2, 2011. Doc. No. 47. The parties have exchanged only the first round of written discovery to date and have not yet exchanged documents. No depositions or non-party discovery have taken place.

IV. ARGUMENT

A. **An inequitable conduct claim pleaded with specificity raises factual questions that are not suited to resolution on a motion to dismiss.**

The doctrine of patent unenforceability due to inequitable conduct protects the public from patents that were procured through fraud or violation of the duty of candor that is imposed upon all “individual[s] associated with the filing and prosecution of a patent application.” 37 C.F.R. § 1.56(a). As the regulations recite, “[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.” *Id.*

A patent applicant engages in inequitable conduct when it breaches its duty of candor

and good faith to the PTO. *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 326 F.3d 1226, 1233 (Fed. Cir. 2003). “Inequitable conduct includes affirmative misrepresentation of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive.” *Novo Nordisk Pharm., Inc. v. Bio-Tech. Gen. Corp.*, 424 F.3d 1347, 1359 (Fed. Cir. 2005) (quotation marks & citations omitted). At a minimum, “material” information is information that (1) “establishes, by itself or in combination with other information, a *prima facie* case of unpatentability of a claim,” or (2) “refutes, or is inconsistent with, a position the applicant takes” in either asserting patentability or opposing an argument of unpatentability. 37 C.F.R. § 1.56(b). More broadly, “material information” includes all information that a “reasonable examiner” would consider to be important to the prosecution of the patent. *See Digital Control Inc. v. Charles Machine Works*, 437 F.3d 1309, 1315-16 (Fed. Cir. 2006).

On this motion to dismiss, the Court must accept as true all factual allegations in the pleadings and view those allegations in the light most favorable to the non-moving party. *Begay v. Public Service Co. of New Mexico*, 710 F. Supp. 2d 1161, 1180 (D.N.M. 2010) (citing *Moore v. Guthrie*, 438 F.3d 1036, 1039 (10th Cir. 2006)). The thrust of STC’s motion is that STC had no duty to disclose the truth and that the false statements STC made were immaterial. But these arguments are not well-suited for resolution on a motion to dismiss. Intel need not *prove* threshold amounts of materiality and intent at the pleading stage; Intel need only *allege* facts that would support a *plausible* right to relief. *See Miche Bag, L.L.C. v. The Marshall Group, Inc.*, Case No. 10-CV-129, 2011 WL 197805, *3-*4 (N.D. Ind. Jan. 18, 2011) (denying a motion to dismiss an inequitable conduct counterclaim where the court found it “needn’t decide whether the factual allegations compel an inference of inequitable conduct at this stage; the test on a motion to dismiss is whether the claim is

plausible—whether it has a moderately high likelihood of occurring”) (citations omitted).

Where the allegations identify an affirmative material misrepresentation, a motion to dismiss an inequitable conduct claim should be denied. *Tyco Healthcare Retail Servs. A.G. v. Kimberly-Clark Corp.*, 480 F. Supp. 2d 810, 811-12 (E.D. Pa. 2007) (denying motion to dismiss inequitable conduct claim based upon the inventor’s mischaracterization of the invention to the PTO).

As explained below, Intel has pleaded more than sufficient facts to support a plausible right to relief for STC’s inequitable conduct.

B. The AAC states a claim for inequitable conduct arising from STC’s request for a Certificate of Correction.

1. STC made a false statement to the PTO when it characterized its past failure to claim priority to the ’321 patent as a “clerical mistake.”

A Certificate of Correction is available to correct “a mistake of a clerical or typographical nature, or of minor character, which was not the fault of the Patent and Trademark Office” 35. U.S.C. §255. “[C]lerical or typographical mistakes are generally understood to include simple mistakes such as obvious misspellings that are immediately apparent.” *Superior Fireplace Co. v. Majestic Products Co.*, 270 F.3d 1358, 1369-70 (Fed. Cir. 2001). “[W]hether [an] error and its correction would both be clearly evident to one of skill in the art has been treated as a factual question.” *Central Admixture Pharmacy Servs. v. Advanced Cardiac Solutions, P.C.*, 482. F.3d 1347, 1353 (Fed. Cir. 2007).⁵

Here, STC’s failure to claim priority to the ’321 patent during the original

⁵ A Certificate of Correction should not be used for changes to a patent that are not obvious, and that the public would not expect or have notice of before the Certificate issued. *See Superior Fireplace*, 270 F.3d at 1371 (noting that a Certificate of Correction cannot be used to broaden a claim when such correction would not be obvious to the public).

prosecution was not a mistake at all. It was a conscious decision, consistent with the applicants' firmly-held belief that the '998 patent reflected a different invention. AAC ¶¶ 79, 86, 93. Moreover, even if the decision could be recharacterized as a "mistake," the "mistake" was not "clerical" or "minor." Far from being an "obvious" error, the correction of which would be clear to the public, the applicants' failure to claim priority was consistent with their arguments distinguishing their proposed claims from the '321 patent. *Id.* ¶¶ 75-77. The public had no reason to think the applicants would claim priority back to the '321 patent, much less understand the applicants to have simply made a clerical mistake in failing to do so. *Id.* ¶¶ 45, 86, 93.

At a minimum, whether the applicants made a "clerical mistake" is a fact question that cannot be resolved on a motion to dismiss.

2. STC's "clerical mistake" statement was material.

a. The "clerical mistake" mischaracterization gave STC access to the Certificate of Correction procedure.

The "clerical mistake" characterization was essential for STC to obtain the earlier priority date through the Certificate of Correction procedure. Consistent with 35 U.S.C. § 255, the PTO permits Certificates of Correction only to correct errors "(1) of a clerical nature; (2) of a typographical nature, or (3) a mistake of minor character." MPEP § 1481. As alleged in the AAC and explained above, none of these criteria was met. And "[i]f the[se] criteria are not satisfied, then a Certificate of Correction for an applicant's mistake will not issue, and reissue must be employed as the vehicle to 'correct' the patent." *Id.*

An Examiner would unquestionably consider STC's representation of a "clerical mistake" to be important, and thus material, because otherwise STC would have had to seek continuation-in-part status through reissue proceedings, which unlike Certificates of

Correction, require substantive reevaluation.⁶ And if STC had done so, it would have had to disclose the intervening '258 patent to the PTO. *See* 37 C.F.R. §1.56(e) (requiring disclosure of “all information known to the person to be material ... which became available between the filing date of the prior application and the national or PCT international filing date of the continuation-in-part application”). Faced with that intervening art, the Examiner would then have been required to determine whether each claim is entitled to the earlier priority date (thereby avoiding the intervening prior art), or not (thereby subjecting the claim to rejection under 35 U.S.C. §§ 102 and 103). *See* MPEP § 201.08 (“Unless the filing date of the earlier ... application is actually needed, for example, ... to overcome a reference, there is no need for the Office to make a determination as to whether” the later patent claims are supported in the parent patent.).

The PTO would not have allowed the current claims in the '998 patent if the patent had gone into reissue proceedings because (1) the '321 patent does not support the claims asserted in this case, and (2) without the early priority date of the '321 patent, the '258 patent anticipates at least claims 1 and 6 of the '998 patent. ACC ¶¶ 86, 87. STC's misrepresentation of a “clerical mistake” enabled it to bypass this fatal review.

b. STC cannot defeat the inequitable conduct claim at the pleading stage on the basis that the Examiner should have detected STC's misrepresentation.

When an applicant commits fraud, as alleged here, it is no defense to posit that the PTO could or should have caught the fraud.⁷ *See Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1572-73 (Fed. Cir. 1983); *KangaROOS U.S. v. Caldor, Inc.*, 778 F.2d 1571,

⁶ To be sure, STC was not required to seek a reissue, but had it not, it would have been stuck with the original 1997 priority date. As a practical matter, STC had to do something to get behind the '258 patent, and the reissue was the only legitimate means to achieve that goal.

⁷ STC does not challenge the specificity of Intel's allegations under Fed. R. Civ. P. 9.

1576 (Fed. Cir. 1985) (finding that a “lapse on the part of the examiner does not excuse the applicant”). Yet, here, STC argues that because the applicants’ arguments in the original prosecution distinguishing the ’321 and ’998 patents were “of record,” STC’s “clerical mistake” misrepresentation could not be material. Doc. No. 46 at 9. By this, presumably STC means that the Examiner should have detected STC’s misrepresentation from the prosecution history.

STC turns the entire duty of candor on its head. The PTO has little choice but to credit applicants’ representation that that they made a clerical mistake. The PTO cannot read minds and does not take depositions; it normally accepts applicants’ sworn statements, and does not have the resources to detect deceit. In any event, because an applicant who deceives the PTO cannot immunize itself from a charge of inequitable conduct by blaming the PTO, this argument cannot support STC’s motion to dismiss.

c. STC is wrong as a matter of law to suggest that it would not need to provide the ’258 patent to the PTO had it proceeded with reissue.

STC’s argument that it had no duty to disclose the ’258 patent is tautological. *See* Doc. No. 46 at 12-13. STC argues it did not need to disclose the ’258 patent when it was seeking to backdate its priority claim because it has *now* obtained the Certificate of Correction, and therefore the ’258 patent is “no longer [is] prior art.” *Id.* at 13. But the Certificate itself was procured by misstatements to the PTO and without telling the PTO about the ’258 patent. Had STC complied with its duty of candor and proceeded with reissue proceedings, it would have been obligated to disclose the ’258 patent when it sought continuation-in-part status. 37 C.F.R. §1.56(e).

Moreover, the argument that the ’258 patent is no longer prior art is simply wrong. The ’258 patent *is* prior art to any claim in the ’998 patent that is not fully supported by the

'321 patent, in the manner set forth in 35 U.S.C. § 112. *See Lockwood v. Am. Airlines, Inc.*, 877 F. Supp. 500, 506 (S.D. Cal. 1994) (“According to case law, any claims that are first disclosed in the new materials added to the CIP [continuation-in-part] (and not fully disclosed in the parent application) are not entitled to the parent’s filing date—the filing date is the date the CIP was filed.”), *aff’d*, 107 F.3d 1565 (Fed. Cir. 1997); *see also* MPEP § 201.11 (“Only the claims of the continuation-in-part application that are disclosed in the manner provided by the first paragraph of 35 U.S.C. § 112 in the prior-filed application are entitled to the benefit of the filing date of the prior-filed application.”). No examiner considering the '998 patent ever determined whether any claim of that patent was supported in the '321 patent. That would have only occurred had STC informed the Examiner of intervening prior art, such as the '258 patent. *See* MPEP § 201.08 (explaining that the examiner should not determine priority unless there is a need to do so for purposes of patentability, such as if there is intervening prior art). By hiding the '258 patent and other intervening prior art from the Examiner, STC deprived the Examiner of any reason to assess the priority of the claims. Now, as before, the '258 patent is potentially prior art to the '998 patent, and the PTO has never even analyzed, much less determined, otherwise. AAC ¶ 90.⁸

⁸ The Examiner’s preliminary rejection of the '998 patent claims in light of the '321 patent does not establish that the '998 patent’s claims deserve the '321 patent’s priority date, as STC seems to suggest. To begin with, an examiner’s the rejection of proposed claims as obvious or anticipated by a prior patent is not equivalent to a determination that those claims are supported by the prior patent under 35 U.S.C. § 112. *See, e.g., Vas-Cath Inc. v. Mahurkar*, 935 F.2d 1555, 1562 (Fed. Cir. 1991) (discussing the “distinction between a written description adequate to *support* a claim under § 112 and a written description sufficient to *anticipate* its subject matter under § 102(b)”) (emphasis in original); *Tronzo v. Biomet, Inc.*, 156 F.3d 1154, 1158 (Fed. Cir. 1998) (“[a] disclosure in a parent application that merely renders the later-claimed invention obvious is not sufficient to meet the written description requirement [under 35 U.S.C. §112 ¶ 1]”). Furthermore, a non-final rejection in the midst of prosecution is not a binding determination. *IGT v. Bally Gaming Int’l Inc.*, 610 F. Supp. 2d 288, 315 n.18 (D. Del. 2009) (finding that the court is not bound by the rejections in the PTO).

C. The AAC also states a claim for inequitable conduct arising from the inventors' failure to tell the PTO about the inventors' publication.

The applicants' withholding of their own prior art article during the original prosecution also supports Intel's inequitable conduct counterclaim and affirmative defense. AAC ¶¶ 69-70. STC provides no explanation for the failure to disclose this article. Instead, STC argues that the Certificate of Correction in the fall of 2008 excuses its predecessor's nondisclosure of the article eight years earlier. Doc. No. 46 at 14-15. STC is wrong on the law and the facts.

Whether a party satisfies its duty of candor to the PTO is determined *at the time the misrepresentation or omission occurred*. See 37 C.F.R. § 1.56(a) ("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."). Once a patent tainted by a violation of the duty of candor issues, inequitable conduct cannot be cured. Indeed, inequitable conduct cannot be expunged even through a reissue proceeding, where the entire examination is reopened and the applicant discloses the information previously withheld. See *Aventis Pharma S.A. v. Amphastar Pharm., Inc.*, 525 F.3d 1334, 1341 n.6 (Fed. Cir. 2008) (reciting the "well-settled principle ...that a reissue proceeding cannot rehabilitate a patent held to be unenforceable due to inequitable conduct"). STC cites no authority suggesting that the much more cursory Certificate of Correction procedure could absolve it of inequitable conduct.

Separately, STC is wrong to suggest that its December 2008 Certificate of Correction retroactively excuses Brueck and Zaidi from hiding their article. The Brueck/Zaidi article (from May/June 1993) predates even the earliest '321 patent priority date. Moreover, continuation-in-part status does not definitively establish the priority date for any claim, and therefore does not definitively eliminate prior art. See MPEP § 201.11. That is why the

regulations demand that continuation-in-part applicants disclose material that “became available between the filing date of the prior application and the ...filing date of the continuation-in-part application.” 37 C.F.R. 1.56(e). Thus, even if the original applicants had claimed continuation-in-part status in the 1990s, that would only have given them the *opportunity* to get behind the Brueck/Zaidi article and eliminate it as prior art. The applicants still would have been required to disclose the article to the PTO and let the PTO determine whether the article constituted invalidating prior art.

D. STC has waived its right to strike Intel’s affirmative defense of inequitable conduct.

STC seeks to strike Intel’s inequitable conduct defense. *See* Fed. R. Civ. P. 12(f) (“The court may strike from a pleading an insufficient defense.”). For all the reasons set forth above with respect to the declaratory relief counterclaim, Intel has adequately pleaded this affirmative defense and the Court should deny the motion to strike.

The Court should deny this motion to strike for the additional reason that the deadline for such a motion has passed. Under Rule 12(f)(2), the court may act “on motion made by a party ... either before responding to the pleading *or*, if a response is not allowed, *within twenty-one days after being served with the pleading.*” *Id.* (emphasis added). Because an affirmative defense requires no responsive pleading, a party has 21 days in which to move to strike an affirmative defense. *See Gibson v. Zavaras*, Case No. 09-CV-2328, 2010 WL 1931008 at *1 (D. Colo. May 13, 2010) (denying motion to strike pleading as untimely where motion was filed more than one month after deadline under Rule 12(f)).

Here, the affirmative defense of inequitable conduct that Intel included in its original Answer and First Amended Counterclaims on January 10, 2011, is identical to the affirmative defense of inequitable conduct included in its previous answer. It has not been amended. STC thus had twenty-one days from January 10, 2011 to move to strike. Fed. R.

Civ. P. 12(f)(2). STC's motion to strike, filed on February 28, 2011, came four weeks too late. In similar situations, courts have denied motions to strike as untimely. *See Fietskans v. Kahn*, Case No. 06-CV-2125, 2007 WL 998400 at *2 (S.D.N.Y. April 2, 2007) ("The three affirmative defenses included in defendants' Amended Answer are the same three affirmative defenses included in their previous answer.... Plaintiffs should have moved to strike these defenses within [twenty-one] days of service. Thus, plaintiffs' motion to strike defendants' three affirmative defenses is denied as untimely."). This Court should do the same.

V. CONCLUSION

STC's motions to dismiss and to strike should be denied.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on March 14, 2011, the foregoing *Intel Corporation's Opposition to STC.UNM Motion to Dismiss* was electronically filed with the Clerk of Court using the CM/ECF system, which will send notification of such filing to all counsel of record.

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