

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW MEXICO

STC.UNM,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

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

STC'S REPLY IN SUPPORT OF ITS MOTION TO  
DISMISS INTEL'S AMENDED COUNTERCLAIM AND  
STRIKE INTEL'S AFFIRMATIVE DEFENSE FOR UNENFORCEABILITY

*Introduction*

As STC previously explained, the law imposes on a party like Intel that is seeking to make out a claim for inequitable conduct, the heavy burden of alleging threshold amounts of both materiality and intent. STC Br. at 2 (citation omitted). But the information that Intel seeks to claim was a material omission is, as a matter of law, not material, both because it would not have mattered and because it already was of record in the patent application's prosecution history. The failure to plead evidence of one prong of a counterclaim that has a two-pronged test leaves that counterclaim unsupported, and therefore properly dismissed.

In an effort to obfuscate its utter failure to plead any material facts on the matter, Intel has instead tried, through a series of "what if" allegations regarding the priority of the '998 patent and putative prior art, to make *innuendos*, without corresponding specific allegations, regarding possible intent to protect the '998 patent's entitlement to priority. In so doing, Intel is blurring the distinction

between materiality and intent, hoping that the Court will be sufficiently inflamed by allegations of fraudulent intent to ignore the absence of allegations regarding materiality. In the final analysis, the instant motion should be granted because Intel has failed to meet its burden of pleading materiality with respect to its inequitable conduct counterclaim.

### **I. The Undisputed Facts**

The following facts related to this motion are simply undisputed: 1) during the original prosecution of the '998 patent, the PTO issued a double patenting rejection finding, "[t]he 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," 2) the University's original arguments distinguishing the inventions of the '998 and '321 patents were of record in the prosecution history of the '998 patent; 3) STC filed and the PTO accepted a terminal disclaimer, which shortened the term of the '998 patent; 4) years later, after learning about the "prior art" '258 patent, STC discovered the error and petitioned the PTO to correct the '998 patent to state that it was a continuation in part of the '321; 5) STC's decision to seek a correction to, rather than a reissue of, the '998 patent was part of the public record available to the Examiner; 6) STC's characterization of its failure to claim priority at the time it executed its terminal disclaimer as a "clerical mistake" was a matter of record; 7) having shown that all the statutory requirements were met, the request for correction was granted; and 7) the '998 patent's corrected priority date is earlier than the application date for the '258 patent and the publication date for the

Brueck/Zaidi article. It is in the context of these undisputed facts that the viability of Intel's inequitable conduct counterclaim is to be evaluated.

## **II. The Undisputed Legal Principles**

### **A. Information of Record Cannot be Material for Fraud Purposes**

STC originally submitted that, as a matter of law, information of record during the prosecution of a patent cannot be material for inequitable conduct purposes. STC Br. at 6-7 (citations omitted). The subject information of record, as noted above, includes STC's original arguments distinguishing the inventions of the '998 and '321 patent, STC's decision to pursue a certificate of correction, and STC's characterization of its failure to claim priority as a "clerical mistake." To the extent Intel's inequitable conduct counterclaim relies upon any of these events, the counterclaim is deficient as a matter of law.

Although Intel is correct in noting that, "[w]hen an applicant commits fraud, . . . it is no defense to posit that the PTO could or should have caught the fraud," Intel Opp. 13, STC is not making the argument that Intel seems to be contemplating. STC does not argue that it committed a fraud that the PTO could have caught if the PTO did a more careful review. STC is instead pointing out the simple truth that each of the items of information that Intel alleges to have been material was already before the PTO. Under long-established regulations and case-law, such cumulative information is, as a matter of law, not material for purposes of an inequitable conduct determination. *See* STC Br. at 6-7 (citations omitted).

Intel's cited authority on this point is also inapposite. In *Rohm & Haas Co. v. Crystal Chem. Co.*, the patent applicant submitted affidavits to the PTO containing falsified data and an incomplete description of the experimental conditions underlying such data. *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1571 (Fed. Cir. 1983). But in the present case, neither the University of New Mexico nor STC submitted false affidavits. See *Eli Lilly & Co. v. Zenith Goldline Pharms., Inc.*, 471 F.3d 1369, 1382 (Fed. Cir. 2006) (distinguishing *Rohm & Haas* as no false affidavit was submitted to the PTO).

In *Kangaroo U.S. v. Caldor, Inc.*, the patent applicant had claimed priority to a design patent application. *Kangaroos U.S.A. v. Caldor, Inc.*, 778 F.2d 1571, 1574 (Fed. Cir. 1985). In resisting an inequitable conduct charge, the patentee attempted to rely upon section 201.08 of the Manual of Patent Examining Procedure, which requires an examiner to verify an applicant's entitlement to priority when such is relied upon for the purpose of antedating a prior art reference. *Id.* at 1575. The Federal Circuit stated that, "if the claim for priority *met the elements of fraud*, or was *so grossly negligent as to support an inference of fraud* or inequitable conduct, lapse on the part of the examiner does not excuse the applicant." *Id.*, citing *Rohm & Haas, supra* (emphasis added).

Here, as Intel itself admits, the corrected priority for the '998 patent was to the '321 patent, which the *Examiner* had found claimed "the same invention." See Intel Opp. at 5. It would be specious for Intel to argue, under the circumstances, that STC was either fraudulent or grossly negligent in making its priority claim.

In sum, taking Intel's allegations as true, the evidence of record upon which Intel so heavily relies is immaterial as a matter of law, and cannot form the basis for an inequitable conduct claim.

#### **B. STC's Decision to Pursue a Certificate of Correction**

Recognizing the deficiency of its allegations regarding STC's decision to pursue a certificate of correction, Intel attempts to blur the distinction between the intent and materiality prongs of inequitable conduct. Specifically, Intel argues that STC's *intent* in correcting the '998 patent's priority date was to avoid prior art of which it had become aware. *See* Intel Opp. at 4. Intel's overlooks the reality that every priority claim has the effect of avoiding vast amounts of intervening prior art, which is the entire purpose of a priority claim and therefore not an intent that is a bad one for the totally ordinary procedure,

Intel also totally fails to explain the *materiality* of STC's choice to pursue a certificate of correction, *per se*. Intel hopes that, by highlighting inflammatory allegations about STC's purported bad intent in seeking to correct the '998 patent, the Court will improperly ignore Intel's independent obligation to prove materiality. The choice to use a certificate of correction to correct a claim to priority is itself so normal and appropriate that the PTO's own Manual of Patent Examining Procedures has an entire section devoted to explaining how it operates. *See* Exh. A

[MPEP 1481.03, entitled “Correction of 35 U.S.C. 119 and 35 U.S.C. 120 Benefits”], at 1400-96-98.<sup>1</sup>

### C. The Propriety of Claiming Priority to the ‘321 Patent

Intel argues hypothetically that, “*if* the Examiner is not convinced that the alleged parent patent contains a description of the claims at-issue that is sufficient to satisfy 35 U.S.C. §112, the Examiner is to reject the claims.” Intel Corporation’s Answer and First Amended Counterclaims to STC.UNM’s Complaint at 16, ¶ 87 (emphasis added). At no time did Intel actually allege that the ‘998 patent lacked the requisite support in the ‘321 patent in order to claim priority therein.

Indeed, had Intel alleged that STC fraudulently claimed priority to the ‘321 patent, such allegations would need to have been sufficiently particular to satisfy Fed. R. Civ. P. 9(b). *See, e.g., Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1328 (Fed. Cir. 1985) (“to plead the ‘circumstances’ of inequitable conduct with the requisite ‘particularity’ under Rule 9(b), the pleading must identify the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO”).

In any event, and as explained in the underlying motion, the PTO has already determined the ‘321 discloses what is claimed in the ‘998 patent when it found:

---

<sup>1</sup> Intel referenced this section, but failed to provide the Court with the relevant pages highlighting the Patent Office’s procedure for granting requests for a certificate of correction for a priority date. *See* Opposition Br. Exhs., at Doc. No. 51-2, p. 30.

“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). Thus, Intel’s reissue musings do not support its fraud charges. But more important, the court need not address any of this, since the facts are that STC petitioned for a certificate of correction, as was its right.

#### **D. The ‘258 Patent**

Intel attempts to create a straw man in arguing that, *if* STC had opted to pursue reexamination, *then* it would have been obliged to disclose the ‘258 patent to the PTO. Intel Opp. at 14-15. But as mentioned above, if priority claims were not the proper subjects of certificates of correction, then the law would not expressly provide for this procedural device to address such claims..

In addition, Intel attempts to bootstrap its materiality argument by trying to explain how the ‘258 patent reference might have been material *if* it were, in fact, prior art to the ‘998 patent. *See* Intel Opp. at 13 (“*without the early priority date* of the ‘321 patent, the ‘258 patent anticipates at least claims 1 and 6 of the ‘998 patent” (emphasis added)). Intel simply ignores that, as the statute regarding certificates of correction expressly provides, once the priority of the ‘998 patent was corrected, it is presumed corrected *ab initio*, and the ‘258 patent is presumed *never* to have been prior art to the ‘998 patent. *See* STC Br. at 16 (citation omitted). The ‘258 patent was, consequently, *never* material to that patent, and cannot form the

basis of an inequitable conduct claim. *Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 940 (Fed. Cir. 1990) (citation omitted).

#### **E. The Zaidi/Brueck Article**

Similar to the '258 patent, with regard to the Zaidi/Brueck article, Intel simply ignores the *ab initio* effect of the PTO having corrected the priority for the '998 patent. Rather, Intel relies upon authority specifically related to patent *reissue*, holding that such a proceeding cannot cure inequitable conduct. *See* Intel Opp. at 16 (citation omitted). This authority is simply unrelated to the certificate issued by the PTO to correct the priority for the '998 patent.

Otherwise, Intel argues that the Brueck/Zaidi article (from May/June) would still be prior art to the '998 patent even with the corrected September 20, 1993 priority date for that patent. Intel fails to identify the specific category of prior art to which the Brueck/Zaidi reference belongs, assuming a corrected priority date. *See* Intel Corporation's Answer and First Amended Counterclaims to STC.UNM's Complaint at 16, ¶ 69 ("The Brueck/Zaidi article is prior art to the '998 patent under 35 U.S.C. §§102 and 103"). STC explained in its original submission how the Zaidi/Brueck reference satisfies the requirements of *no* prior art category. STC Br. at 17-18. As with other points raised by STC, Intel simply ignores this one.

Finally, as with the '258 patent, Intel suggests that the Zaidi/Brueck reference may still be prior art because certain claims of the '998 patent may not be entitled to the corrected priority date. Intel Opp. at 16 ("continuation-in-part status does not definitively establish the priority date for any claim, and therefore does not



definitively eliminate prior art”). As with its other hypothetical allegations, Intel fails to identify a single specific claim of the ‘998 patent that is unentitled to the corrected priority date for that patent.

### **III. The Undisputed Procedural Issue**

Intel argues that any request by STC to strike Intel’s inequitable conduct affirmative defense (as opposed to its counterclaim on that issue) should be denied as untimely. STC submits that when Intel chose to amend its pleading – *as opposed to answering STC’s original motion to dismiss* – a new time table was created for filing Rule 12 motions.

Nonetheless, even if the Court agrees with Intel, STC notes that, pursuant to Fed. R. Civ. P. 12(f)(2), the Court could strike Intel’s affirmative defense *sua sponte* in the event that it finds that defense “insufficient.” If the Court grants STC’s motion to dismiss Intel’s corresponding inequitable conduct counterclaim, it is intuitive that the affirmative defense should be stricken as well. Indeed, Intel essentially agrees when it claims that its affirmative defense is adequately pled for the same “reasons set forth above with respect to the declaratory judgment counterclaim.” Resp. Br. at 17.

#### IV. Conclusion

Intel's reliance on immaterial information of record, its "what if" allegations, its *innuendos* without corresponding specific allegations, and its blurred distinction between materiality and intent all belie the sufficiency of Intel's inequitable conduct counterclaim. The instant motion to dismiss that counterclaim should therefore be granted.

Dated: March 28, 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 March 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