IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

MICROUNITY SYSTEMS ENGINEERING, INC., a California corporation,	§ § §	
Plaintiff,	§	
v.	§	Civil Action No. 2:10-cv-000185
ACER INC., *et al.*	§	TJW-CE
	§	
Defendants.	§ §	

**PLAINTIFF'S MOTION TO DISMISS AND/OR STRIKE
INEQUITABLE CONDUCT DEFENSES AND COUNTERCLAIMS ASSERTED BY
DEFENDANTS ACER, INC.; ACER AMERICA CORPORATION; LG ELECTRONICS
INC.; LG MOBILECOMM U.S.A., INC.; PALM, INC.; QUALCOMM INC.; SAMSUNG
ELECTRONICS CO.; AND SAMSUNG TELECOMMUNICATIONS AMERICA, LLC.**

This is the fourth lawsuit brought by MicroUnity on this patent portfolio. As this Court is no doubt aware, it previously handled MicroUnity's suits against Intel, Sony, and AMD. And, as has been historical practice, each of those prior defendants asserted inequitable conduct claims against MicroUnity. None of those sophisticated defendants, however, was ever able to generate an inequitable conduct theory with any legs, even after substantial discovery. Moreover, since the time of those first three lawsuits, the Federal Circuit has become much more strict in dealing with inequitable conduct contentions at the pleading stage. After *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312 (Fed. Cir. 2009), defendants must provide detailed, fact-specific allegations of fraud in order for their inequitable conduct allegations to survive a motion to dismiss.

Recognizing the weakness of the prior inequitable conduct theories against MicroUnity, coupled with the new, tough standard for asserting those theories, most of the defendants in the current case decided to pass on inequitable conduct. Of the fourteen defendant groups[1] that MicroUnity sued, <u>nine</u> did not assert inequitable conduct counterclaims or defenses. For some of the defendants, however, old habits die hard. The remaining five defendant groups – the Samsung entities, the LG entities, Qualcomm, the Acer entities, and Palm – have pressed forward with inequitable conduct claims nonetheless. Because these theories all fail the *Exergen* pleading test, pursuant to Rules 12(b)(6) and 12(f), this Court should dismiss them.[2]

I.   **Legal Standard**

The Federal Circuit has long criticized the practice by defendants of automatically asserting inequitable conduct claims against every patentholder in every patent case. As the

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[1] There are more than fourteen defendants in these cases, but some are related (*e.g.*, Nokia Inc. and Nokia Corporation).

[2] The Acer and Samsung entities appear to have asserted inequitable conduct as an affirmative defense, but not as a counterclaim. The other defendants asserted inequitable conduct as both a counterclaim and an affirmative defense. The proper vehicle to dismiss these improperly pled inequitable conduct affirmative defenses is a motion to strike under Rule 12(f). *Unique Industries, Inc. v. 965207 Alberta Ltd.*, 2009 WL 2185555, at *4 (D.D.C. 2009) ("Because the plaintiff has failed to plead inequitable conduct with the requisite particularity, that defense is hereby stricken.").

Federal Circuit explained in 1995:

> [U]njustified accusations of inequitable conduct are offensive and unprofessional. They have been called a "plague" on the patent system. Unjustified accusations may deprive patentees of their earned property rights and impugn fellow professionals. They should be condemned.

Molins PLC v. Textron, Inc., 48 F.3d 1172, 1182 (Fed. Cir. 1995). Since *Molins*, the "plague" of inequitable conduct allegations has only grown worse. So, to halt further such growth, the Federal Circuit recently issued an opinion announcing tough new pleading rules that defendants must meet if they wish to pursue inequitable conduct allegations. *See Exergen*, 575 F.3d 1312.

In *Exergen*, the Federal Circuit announced that the strictest of Rule 9(b) pleading standards applies to inequitable conduct allegations:

> Based on the foregoing, and following the lead of the Seventh Circuit in fraud cases, we hold that in pleading inequitable conduct in patent cases, Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO.

Id. at 1327. The Federal Circuit explained what is necessary to satisfy many of these elements:

- The specific "who": The pleading must "name the specific individual associated with the filing or prosecution of the application . . . who both knew of the material information and deliberately withheld or misrepresented it." *Id.* at 1329.

- The specific "what" and "where": The pleading must "identify the specific prior art that was allegedly known to the applicant and not disclosed." *Id.* at 1327. The pleading must also "identify which claims, and which limitations in those, the withheld references are relevant to, and where in those references the material information is found." *Id.* at 1329.

- The specific "why" and "how": The pleading must "identify the particular claim limitations, or combination of claim limitations, that are supposedly absent from the information of record." *Id.* at 1329. It must also "identify . . . how that manipulation was meant to mislead the PTO." *Id.* at 1327.

Going further, the Federal Circuit then emphasized that Rule 9(b) also requires very detailed allegations of intent:

> Moreover, although "knowledge" and "intent" may be averred generally, a pleading of inequitable conduct under Rule 9(b) must include sufficient allegations of underlying facts from which a court may reasonably infer that a specific individual (1) knew of the withheld material information or of the falsity

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of the material misrepresentation, and (2) withheld or misrepresented this information with a specific intent to deceive the PTO.

Id. at 1328–29 (emphasis added). To prove an inventor knowingly withheld a reference from the PTO, it is insufficient just to plead, as defendants commonly do, that an individual knew about that reference: "A reference may be many pages long, and its various teachings may be relevant to different applications for different reasons. Thus, <u>one cannot assume that an individual</u>, who generally knew that a reference existed, also <u>knew of the specific material information contained in that reference</u>." *Id.* at 1330 (emphases added). In addition, the basis for specific intent to deceive must extend beyond mere knowledge of withheld information. The allegation of specific intent must be "'supported by a pleading of any facts which reflect [the registrant's] <u>belief</u>'" in materiality. *Id.* at 1328 (quoting *King Auto., Inc. v. Speedy Muffler King, Inc.*, 667 F.2d 1008, 1011 (C.C.P.A. 1981)) (modification in original).

The *Exergen* court also addressed the practice of making allegations "on information and belief," without any supporting facts: "Pleading on 'information and belief' is permitted under Rule 9(b) when essential information lies uniquely within another party's control, but only if the pleading sets forth the specific facts upon which the belief is reasonably based." *Exergen*, 575 F.3d at 1330. Such allegations must plausibly suggest a "'deliberate decision to withhold a known material reference' or to make a knowingly false misrepresentation—a necessary predicate for inferring deceptive intent." *Id.* at 1331 (quoting *Molins*, 48 F.3d at 1181).

Compliance with these strict pleading rules is necessary, warned the Federal Circuit, "lest inequitable conduct devolve into 'a magic incantation to be asserted against every patentee.'" *Id.* (quoting *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987)).

II.   Argument

Each of the five defendant groups that asserted inequitable conduct claims and defenses against MicroUnity pursued similar allegations. The five defendant groups alleged inequitable

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conduct on the basis of (1) a "Hewlett Packard (HP)" theory; (2) an "Intel/Phillips" theory; (3) a "Sun UltraSPARC and HP PA-RISC" theory; and (4) a "'599 priority claim" theory. For ease of reference, MicroUnity demonstrates below by reference to the Qualcomm Answer (DKT No. 107) how each of these four inequitable conduct theories fails to satisfy the *Exergen* pleading test, particularly as to intent.[3]

A.   The Defendants' "HP" Allegations Fail to Satisfy *Exergen*

In their "HP" theory, Defendants contend that MicroUnity was "involved in a technology collaboration with Hewlett Packard ('HP') and several of their engineers, including Ruby Lee, Jerry Huck, and Michael Mahon." Qualcomm Answer, at ¶50. Defendants further assert that Lee authored various alleged prior art publications and patents, and that Lee, Huck, and Mahan were involved in contemporaneous microprocessor design work in 1995 and 1996. *Id.*, at ¶¶53-55. From this, Defendants piece together knowledge by MicroUnity of the alleged HP prior art and HP design activities based solely upon MicroUnity's association with Lee, Huck, and Mahon:

> Upon information and belief, Moussouris, as CEO of MicroUnity, and Hansen, as chief architect of the MicroUnity media processor [sic], were in contact with the HP team (and Lee, Huck, and Mahon, in particular) during the technology collaboration, and were aware or became aware of the multimedia instruction set extensions to the HP processers prior to the issue date of the '840 Patent.

Id., at ¶56 (emphasis added). Because the HP prior art and contemporaneous design work was material to the prosecution of the MicroUnity patents, reason the Defendants, MicroUnity's failure to disclose it to the PTO amounts to inequitable conduct. *Id.*, at ¶¶57-64.

These contentions come nowhere close to proper allegations of deceptive intent. *Exergen* requires that Defendants present "sufficient allegations of underlying facts from which [this] court may reasonably infer that [MicroUnity] knew of the withheld material [HP prior art and later

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[3] Needless to say, MicroUnity's failure to challenge now any other element of inequitable conduct (*e.g.*, materiality, falsity) under the motion to dismiss standard should not be read as MicroUnity's concession that those elements exist.

design work]." *Exergen*, 575 F.3d at 1328–29. But the only fact that Defendants plead to establish MicroUnity's supposed awareness of the HP prior art and other activities is that the MicroUnity inventors worked with Lee, Huck, and Mahon. Qualcomm Answer, at ¶56. Defendants do not allege that Lee, Huck, or Mahon <u>told</u> the MicroUnity inventors about the HP prior art or other activities; nor do they contend that the HP prior art or other activities were <u>used or relied upon</u> during their collaboration with MicroUnity. In essence, Defendants resort to "guilt by association" – Defendants contend that the MicroUnity inventors knew Lee, Huck, and Mahon, so they must also have known about the Lee, Huck, and Mahon materials. These are not sufficient allegations of underlying facts from which knowledge of the HP prior art and other activities may be inferred.

Moreover, even if it could simply be assumed (as the Defendants do) that MicroUnity was generally aware of the alleged HP prior art and other work, more is required under *Exergen*. "A reference may be many pages long, and its various teachings may be relevant to different applications for different reasons. Thus, <u>one cannot assume that an individual</u>, who generally knew that a reference existed, also <u>knew of the specific material information contained in that reference</u>." *Exergen*, 575 F.3d at 1330 (emphases added). Defendants do not allege, however, that MicroUnity had any knowledge of the specific, allegedly invalidating features of the HP prior art or other work.

Furthermore, Defendants even fail to allege that most of the "HP prior art" is actually prior art. Defendants do identify certain patents and publications from Ms. Lee that allegedly precede the 1995 filing date of the '840 patent. Qualcomm Answer, at ¶54. But as to Lee, Huck, and Mahon's work on the HP "second-generation multimedia instruction set extensions," Defendants assert only that this occurred in "1995 and 1996, prior to the <u>issue</u> date of the '840, '061, and '318 Patents." *Id.*, at ¶55 (emphasis added). This is not an allegation, of course, that these HP

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multimedia extensions actually preceded the priority date of those patents. And it is these multimedia extensions – not the Lee patents or publications – that Defendants speculate MicroUnity became aware of during its technology collaboration with HP. *Id.*, at ¶56. Indeed, Qualcomm's Answer appears only to contain an offhand allegation that MicroUnity was even aware of the Lee patents or publications, and this is wholly unsubstantiated. *Id.*, at ¶64.

B.   The Defendants' "Intel/Phillips" Allegations Fail to Satisfy *Exergen*

In this theory, Defendants contend that an internal email from the MicroUnity marketing group was circulated to the MicroUnity inventors in August 1995. Qualcomm Answer, at ¶65. According to Defendants, the email indicated that certain of MicroUnity's then-competitors, such as Intel and Phillips, were pursuing plans to add multimedia capabilities to their processors that were "remarkably similar" to MicroUnity's plans. *Id.*, at ¶66. Defendants speculate that the email, in referring to Intel's plans, was referring to Intel's "MMX instruction set," and that this was understood by the MicroUnity inventors when they received the email. *Id.*, at ¶67. Because MicroUnity failed to disclose to the PTO any information about Intel or Phillips's plans or products, conclude the Defendants, it engaged in inequitable conduct. *Id.*, at ¶¶68-72.

These allegations do not form a sufficient basis for an inequitable conduct claim. First, under *Exergen*, Defendants must "identify the specific prior art that was allegedly known to the applicant and not disclosed." *Exergen*, 575 F.3d at 1327. Yet other than vague references to "Intel's plans" and "Phillips's plans," Defendants fail to identify any specific Intel or Phillips reference allegedly known to the MicroUnity inventors but not disclosed to the PTO.

Second, *Exergen* requires that Defendants present "sufficient allegations of underlying facts from which [this] court may reasonably infer that [MicroUnity] knew of the withheld material [Intel/Phillips prior art]." *Exergen*, 575 F.3d at 1328–29. Here, the only evidence cited by Defendants of MicroUnity's supposed knowledge of the unidentified Intel/Phillips prior art is the

fact that Intel and Phillips were mentioned in a marketing email as developing "remarkably similar" mediaprocessing capabilities. Qualcomm Answer, at ¶66. But this Court cannot draw a reasonable inference that just because the inventors were allegedly aware of Intel and Phillips' competitive plans, they therefore were aware of some unidentified Intel and Phillips prior art references that constituted potentially invalidating prior art. Defendants attempt to overcome this problem (at least as to Intel), by arguing that "[u]pon information and belief, the MicroUnity [] email was referring to Intel's intent to add DSP-like functionality to its processors by including the MMX instruction set." *Id.*, at ¶67. But Defendants do not allege that the MicroUnity email actually mentioned MMX. Indeed, Defendants allege no facts to suggest that the MicroUnity inventors were aware of any information that constituted prior art that described or even mentioned MMX or its features.[4] And Defendants' "information and belief" allegations are not enough to get them there. *Exergen*, 575 F.3d at 1330.

Third, Defendants must come forward with facts to suggest that the MicroUnity inventors, even if they supposedly knew of some unidentified Phillips and Intel prior art, had specific knowledge of the allegedly invalidating features of that unidentified prior art. *Exergen*, 575 F.3d at 1330. Again, Defendants make no such allegations as to the Intel/Phillips supposed "prior art".[5]

C.   The Defendants' "Sun UltraSPARC and HP PA-RISC" Allegations Fail to Satisfy *Exergen*

This theory is premised on the fact that someone on a "Usenet" internet message board posted a question to one of the MicroUnity inventors on November 7, 1995. Qualcomm Answer,

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[4] Defendants' careful wording of their MMX allegations reveal that there is no basis for any contention that MicroUnity ever believed that MMX was actually prior art. Defendants assert that the MicroUnity inventors "knew of Intel's MMX instruction set extensions prior to the issue date of the '840 and '061 Patents." Qualcomm Answer, ¶69; *see also id.*, at ¶70 (asserting knowledge of MMX before filing date of the '318 patent). As with the alleged HP design activities, however, this is not an allegation of any awareness that MMX existed before the priority date of those patents. Nor, of course, it is a substantiated allegation of awareness of MMX at all.

[5] Defendants likewise make no attempt to explain why Intel did not assert this Intel "prior art" in its extensive litigation over many of the same patents.

at ¶74. According to the Defendants, the nameless questioner mentioned in their internet post the existence of the "PA-RISC and UltraSPARC multimedia extensions." *Id.*, at ¶75. Accordingly, the Defendants assert that the MicroUnity inventor was thereby made aware of PA-RISC and UltraSPARC and their applicability to the MicroUnity inventions. *Id.*, at ¶76. The subsequent failure to disclose PA-RISC and UltraSPARC to the PTO, argue the Defendants, amounted to inequitable conduct. *Id.*, at ¶¶77-79.

Again, Defendants' "Sun UltraSPARC and HP PA-RISC" theory is wholly devoid of any specific factual allegations that would support an inequitable conduct claim. As an initial matter, Defendants fail to identify any particular prior art reference that contains the "Sun UltraSPARC and HP PA-RISC multimedia extensions." *See Exergen*, 575 F.3d at 1327 (noting that defendants must "identify the specific prior art that was allegedly known to the applicant and not disclosed") (emphasis added). Indeed, the alleged Usenet conversation occurred in November 1995, three months after the filing date of the initial MicroUnity patent. Defendants fail to allege even that the unidentified "Sun UltraSPARC and HP PA-RISC" references were in existence prior to the priority date for the patents.

Second, even assuming from Defendants' allegations that the MicroUnity inventor had general knowledge of the existence of some unidentified Sun UltraSPARC and HP PA-RISC references, Defendants fail to allege sufficient facts to demonstrate that he "knew of the specific material information contained in [those] reference[s]." *Id.* at 1330. Defendants contend that the internet questioner's analogy between the Sun UltraSPARC and HP PA-RISC multimedia extensions, on the one hand, and MicroUnity's "instructions [that] operate simultaneously on many packed data items within their operands," on the other, means that MicroUnity was aware that the Sun UltraSPARC and HP PA-RISC multimedia extensions "included instructions for dynamic partitioning for parallel processing." Qualcomm Answer, at ¶76. This leap of logic is wholly

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unwarranted. Simultaneous processing on multiple packed items is facially <u>not</u> the same thing as "dynamic partitioning of media data that is narrower than the data path for parallel processing," the specific feature of Sun UltraSPARC and HP PA-RISC that Defendants contend is anticipatory. *Id.*, at ¶78. In fact, the specific question posed by the questioner itself broke any link between Sun UltraSPARC/HP PA-RISC and the actual MicroUnity inventions. The questioner asked: "'The [MicroUnity] slide indicates that the size of the sub-register data items can be from 1 to 64 bits. How is the size specified?'" *Id.* at ¶75. The question indicates that the questioner was unfamiliar with how the MicroUnity mediaprocessor could dynamically partition the data path for parallel processing,[6] which contradicts Defendants' assertion that the questioner had indicated to the MicroUnity inventor that PA-RISC and UltraSPARC already had such capability.

Indeed, Defendants nowhere allege that Sun UltraSPARC and HP PA-RISC actually could do "dynamic partitioning of media data that is narrower than the data path for parallel processing." Defendants cite no portion of any reference that discloses that feature. As such, Defendants fail even to allege the most basic of prerequisites to an inequitable conduct claim – the existence of specific material in a reference that should have been disclosed to the PTO in the first instance.

D.   The Defendants' "'599 Priority Claim" Allegations Fail to Satisfy *Exergen*

Defendants' final inequitable conduct theory relates to an allegedly improper amendment to a priority claim, as opposed to a withheld reference. In this particular lawsuit (No. 2:10-cv-000185 TJW-CE) only Samsung has asserted this theory, as an affirmative defense. Because MicroUnity believes this theory is spelled out in the most detail (such as it is) in Qualcomm's Answer in Civil Action No. 2:10-cv-00091 TJW-CE (DKT No. 143), MicroUnity refers below to that document.

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[6] This Court's construction of the limitation "capable of dynamic partitioning" in the original MicroUnity case was "capable of dividing width-wise into a variable number of elements." *MicroUnity Sys. Eng'g, Inc. v. Dell, Inc.*, No. 2:04-cv-00120, slip op. at 9 (E.D. Tex. Aug. 29, 2005). On a motion to dismiss the Court may take judicial notice of prior litigation materials that are a matter of public record. *Hall v. Hodgkins*, 2008 WL 972695, at *2, No. 6:07-cv-246 (E.D. Tex. Apr. 8, 2008) ("In deciding a 12(b)(6) motion to dismiss, it is proper to take judicial notice of matters of public record.").

Defendants contend that in initially applying for the '599 patent in 1999, the MicroUnity inventors only intended to make a priority claim to provisional application 60/097,635. Qualcomm Answer (in 2:10-cv-00091), ¶167. Defendants concede, however, that "the specification of the '599 patent . . . included a priority claim as a continuation-in-part to the '318 Patent." *Id.*, at ¶ 178 (emphasis added). So Defendants focus instead upon the separate priority claim made under oath by the inventors, in which priority was asserted only to Provisional Application 60/097,635 (the "Provisional Application"). *Id.*, at ¶167.

Defendants then try to invent a false statement made to the PTO by looking to a request for a Certificate of Correction filed by the MicroUnity inventors in 2003. In that Certification, the MicroUnity inventors sought to amend the priority language in the '599 specification in order "to change the priority claim of the '599 Patent to include the '603 and '840 Patents in the priority chain." *Id.*, at ¶179. In filing this request, MicroUnity represented that the "priority amendment was 'of a clerical nature and/or of a mistake of minor character that occurred in good faith.'" *Id.* Defendants contend, however, that the amended priority claim was made in bad faith, because the MicroUnity inventors "did not intend to claim priority to the '840 Patent when they filed the '599 Patent." *Id.*, at ¶180. Instead, reason the Defendants, the original priority claim under oath to the Provisional Application evinces the only true intent as to priority at the time of filing. *Id.*

This Court should dismiss the '599 priority claim theory because these allegations form no plausible basis for claiming inequitable conduct. The Federal Circuit in *Exergen* held that "a pleading of inequitable conduct under Rule 9(b) must include sufficient allegations of underlying facts from which a court may reasonably infer that a specific individual (1) knew of the withheld material information or of the falsity of the material misrepresentation, and (2) withheld or misrepresented this information with a specific intent to deceive the PTO." *Exergen*, 575 F.3d at 1328-29 (emphasis added). Whether a defendant's allegations justify such a reasonable inference

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is not a question that should be judged based solely upon cherrypicked evidence, even at the motion to dismiss stage. Rather, "[a] reasonable inference is one that is plausible and that flows logically from the facts alleged, including any objective indications of candor and good faith." *Id.* at 1329 n.5 (emphasis added).

Defendants' '599 priority claim theory is implausible on it face. Defendants admit that the specification of the '599 Patent claims priority to at least the '318 Patent by describing itself as a "continuation-in-part of the '318 Patent." They further admit that the specification disclosed that the '599 was also "'related to' the '603 and '840 Patents." Qualcomm Answer, ¶¶167, 178. Defendants argue, however, that the inventors' attempt to correct the reference to the '603 and '840 Patents to claim actual priority to these patents – instead of merely claiming that the '599 Patent was "related to" these patents – involved "a false and misleading statement to the USPTO." *Id.*, at ¶189. But Defendants' theory is contradicted by the admitted fact that the '599 Patent, as originally filed and then later issued, contained an express priority claim to the '318.

It is wholly implausible for Defendants to suggest that, although the inventors expressly claimed priority to the '318 Patent in their original patent specification, they still intended <u>not to claim priority</u> to the earlier '840 Patent. After all, Defendants acknowledge that the '318 Patent "claim[s] dynamic partitioning" like the '840 Patent. *Id.*, at ¶141. And the Request for Certificate of Correction cited by Defendants notes that the '318 Patent itself claims priority to the '840 Patent. Request for Certificate of Correction at 2, 3 (Ex. A).[7] There is thus no plausible reason why a party would claim priority to a third application in a chain of continuation or divisional

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[7] On a 12(b)(6) motion, a court may consider documents attached to the motion if they are referred to in the challenged claim and are central to it. *Collins v. Morgan Stanley Dean Witter*, 224 F.3d 496, 498-99 (5th Cir. 2000) ("We note approvingly, however, that various other circuits have specifically allowed that '[d]ocuments that a defendant attaches to a motion to dismiss are considered part of the pleadings if they are referred to in the plaintiff's complaint and are central to her claim.'" (quoting *Venture Assocs. Corp. v. Zenith Data Sys. Corp.*, 987 F.2d 429, 431 (7th Cir. 1993))).

applications (the '318[8]), but not claim priority to the first application in the chain (the '840). Because Defendants have offered no argument as to why the inventors would have intended this odd result, MicroUnity's later assertion of "mistake" is the only reasonable explanation.

To support their claim of fraud, Defendants provide a lengthy explanation as to why "[t]he specification of the '599 Patent is significantly different from the specification of the '318, '603, and '840 Patents." *Id.*, at ¶168. For example, Defendants allege:

> 170. Every claim of the '599 Patent is directed to systems and methods related to wide operand architecture or data. None of the claims include claim elements for dynamically partitioning execution units for parallel processing.

> 171. The specifications of the '318, '603, and '840 Patents do not describe wide operand architectures.

Id., at ¶¶170-71. Defendants in making this argument thus draw a sharp, categorical distinction between the subject matter of all three prior patents (the '318, '603, and '840) and the '599 Patent.

Defendants, however, never draw that same categorical distinction between the '318 and the '840 patents. As such, Defendants do not and simply cannot explain why the inventors would have intended to claim priority to the equally "significantly different" '318 Patent, yet not to the '840 Patent, which is earlier in the same chain. So Defendants are forced instead to allege that the express priority claim to the '318 Patent in the '599 Patent was a mistake: "Upon information and belief, Moussouris and Hansen only intended to claim priority to the provisional application number 60/097,635 when they filed the '599 Patent." *Id.*, at ¶180. This places the Defendants in the bizarre position of arguing that what MicroUnity asserted was a mistake (the failure to claim priority expressly to the '840 patent) <u>was not</u> truly a mistake, but that what MicroUnity says is not a mistake (including a priority claim to a patent in the '840 chain, the '318) <u>was</u> actually a mistake.

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[8] The '318 patent is a continuation of the '603 patent, which is a divisional of the '840. Request for Certificate of Correction, at 3.

Defendants surely need more than their mere assertion of "information and belief" to support this tortured theory of mistake. *Exergen*, 575 F.3d at 1330-31.

Moreover, Defendants affirmatively attempt to suppress MicroUnity's "objective indications of candor and good faith," *Exergen*, 575 F.3d at 1329 n.5, by omitting from their pleading the <u>actual</u> corrections that the allegedly false Petition for Certificate of Correction sought. Defendants instead resort to paraphrasing, describing the requested changes simply as "chang[ing] the priority date of the '599 Patent" and "chang[ing] the priority claim of the '599 Patent to include the '603 and '840 Patents in the priority chain." Qualcomm Answer, ¶¶166, 179.[9]

The precise change requested by the MicroUnity inventors in the Certificate is as follows (underlines indicating requested additions and strike-throughs representing requested deletions):

> This application ~~is related~~ <u>claims the benefit of priority</u> to Provisional Application No. 60/097,635 filed Aug. 24, 1998, and is a continuation in part of U.S. patent application Ser. No. 09/169,963, filed Oct. 13, 1998 ~~which is in turn related to,~~ <u>now U.S. Patent 6,006,318, which is a continuation of U.S. patent application Ser. No. 08/754,827 filed Nov. 22, 1999, now U.S. Patent 5,822,603, which is a divisional of</u> U.S. patent application Ser. No. 08/516,036, filed Aug. 16, 1995, now U.S. Pat. No. 5,742,840.

Request for Certificate of Correction at 2 (Ex. A). It is striking that the priority claim in the specification of the '599 Patent originally used the same "related to" language to refer to <u>both</u> the Provisional Application and to the '840 Patent. Defendants would have the Court conclude from these facts that the MicroUnity inventors originally intended to claim priority to the Provisional Application, but did not intend to claim priority to the '840 Patent. Yet the inventors' correction sought to change both "related to" references to proper priority claims. Inherent in Defendants' theory therefore is the supposition that the first use of "related to" as to the Provisional Application

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[9] Indeed, Defendants do not plead any specific change requested by Moussouris and Hansen that Defendants contend was not actually a mistake. Failing to plead the specific change requested that Defendants contend was sought in bad faith is fatal by itself under *Exergen*. 575 F.3d 15 1327 ("[W]e hold that in pleading inequitable conduct in patent cases, Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO.").

was a genuine good faith mistake, but that the second use of "related to" was an intentional failure to claim priority to the '840 Patent. Such a conclusion is illogical and unreasonable. Thus, MicroUnity's statement that the amendment to the priority claim to correct the failure to correctly claim priority to the '840 Patent was "of a clerical nature and/or of a mistake of minor character that occurred in good faith" is by far the most plausible explanation for the facts presented in Defendants' pleading. *Exergen*, 575 F.3d at 1331 ("Moreover, the circumstances that SAAT has alleged, even if true, do not plausibly suggest any 'deliberate decision to withhold a known material reference' or to make a knowingly false misrepresentation—a necessary predicate for inferring deceptive intent." (quoting *Molins*, 48 F.3d at 1181)).

Finally, to support their argument that the MicroUnity inventors never intended to claim earlier priority in the '599, Defendants also contend that the '599 included a "substantially new specification and claimed entirely new subject matter" from the '318, '603, and '840 patents. *Id.*, at ¶181. As Defendants implicitly concede, however, the '599 application contained an Appendix entitled "Zeus System Architecture," *id.*, at ¶182, which did repeat a substantial portion of the original '840 specification, making the "continuation-in-part" priority claim otherwise correct. So Defendants argue that the '599 Appendix was not a proper Appendix under PTO rules, and thus cannot be considered when comparing the '599 disclosure to the disclosure in earlier MicroUnity patents. *Id.*, at ¶¶183-87. Accordingly, conclude the Defendants, the '599 priority claim was false. *Id.*, at ¶189.

Yet whether the Appendix was proper or not is a separate legal issue from inequitable conduct. What Defendants must allege now is sufficient facts to demonstrate intent. Thus, to satisfy *Exergen*, Defendants need to allege specific facts to show not only that the Appendix was improper under PTO rules, but also that MicroUnity was aware of this impropriety but intentionally attempted to include the Appendix anyway. But Defendants do no such thing. Just

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because the Appendix was impermissible under PTO rules (according to Defendants) does not mean that MicroUnity knew this but lied to the PTO in making its priority claim anyway. MicroUnity's Appendix was filed in full view of the PTO, which was free to object if it thought the Appendix was improper. To impute fraudulent intent due to reliance on an allegedly improper Appendix is nonsensical.

E.   This Court Should Deny Leave to Amend

In normal circumstances, a court might permit a defendant asserting thin inequitable conduct allegations to replead them consistent with *Exergen*. But in asserting these improper inequitable conduct charges, the Defendants here were not working from a blank slate. Rather, they had the benefit of three prior cases and all the inequitable conduct theories that had been developed in those cases. Moreover, they drafted their inequitable conduct allegations in full view of *Exergen*. As such, Defendants should not be permitted another opportunity to do what they could have done – but failed to do – the first time: plead inequitable conduct in a manner that satisfies *Exergen*.

III.   Conclusion

Pursuant to Rule 12, this Court should dismiss the inequitable conduct defenses and counterclaims asserted by the Samsung entities, the LG entities, Qualcomm, the Acer entities, and Palm.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on September 1, 2010, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Eastern District of Texas, using the electronic filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Joseph S. Grinstein
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