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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

MULTIMEDIA PATENT TRUST, a Delaware
statutory trust,

Plaintiff,

v.

APPLE INC., a California corporation,
CANON, INC., a Japanese corporation,
CANON U.S.A., INC., a New York corporation,
LG ELECTRONICS, INC., a Korean
corporation, LG ELECTRONICS U.S.A., INC.,
a Delaware corporation, LG ELECTRONICS
MOBILECOMM U.S.A., INC., a California
corporation,

Defendants.

CASE NO. 10-cv-2618-H-KSC

**MEMORANDUM OF POINTS &
AUTHORITIES IN SUPPORT OF
PLAINTIFF MULTIMEDIA PATENT
TRUST'S MOTION FOR PARTIAL
SUMMARY JUDGMENT OF NO
INEQUITABLE CONDUCT OR, IN THE
ALTERNATIVE, JUDGMENT ON THE
PLEADINGS**

Judge: Hon. Marilyn L. Huff
Courtroom: 13, 5th Floor
Hearing Date: August 13, 2012
Hearing Time: 10:30 a.m.

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1 **Preliminary Statement**

2 In the immortal words of Yogi Berra, defendants' inequitable conduct defenses and
3 counterclaims in this case are "déjà vu all over again." Defendants' allegations were cribbed
4 wholesale from the Fox Defendants' allegations in *Multimedia Patent Trust v. The Walt Disney*
5 *Co.*, the *exact* same allegations that this Court recently threw out on summary judgment as
6 insufficient. Adding nothing to the mix of allegations that were before the Court in *Walt Disney*,
7 defendants' inequitable conduct defenses and counterclaims in this case must fail too.

8 *After* the Fox Defendants concocted their inequitable conduct theories—and *after* Apple,
9 Canon and LG copied these same allegations nearly *verbatim* in their answers in this case—the *en*
10 *banc* Federal Circuit clarified and significantly heightened the standard for pleading and proving
11 inequitable conduct in *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (2011).
12 *Therasense* condemned this very kind of knee-jerk inequitable conduct defense asserted in
13 response to every claim of patent infringement and its attendant effect on litigation and patent
14 prosecutors' professional reputations. The Federal Circuit clarified that specific intent to defraud
15 must be separately established and cannot be inferred simply from the withholding of prior art—
16 no matter how allegedly material—from the USPTO. The court also heightened the materiality
17 requirement to require that a withheld prior art reference must have been "but-for" material to the
18 issuance of the patent, *i.e.*, that the patent would not have issued had the reference been disclosed
19 to the Examiner.

20 When these same inadequate allegations were before this Court in *Walt Disney*, the Court
21 focused on the Fox Defendants' failure to sufficiently plead that anyone connected with the
22 prosecution of the patents at issue harbored any specific intent to deceive the Patent Examiner.
23 Defendants here have not cured—and cannot cure—that deficiency. Moreover, defendants'
24 allegations in this case *also* fail to plead that any of the purportedly withheld prior art references
25 were "but-for" material. At most, defendants plead that certain withheld references were
26 "material" or "highly material" to patentability, falling short of the mark under *Therasense*. On
27 this second ground, too, defendants' inequitable conduct allegations are insufficient.

1 Multimedia Patent Trust served the present defendants with interrogatories seeking the
2 evidence supporting their inequitable conduct affirmative defenses and counterclaims. Like the
3 Fox Defendants in *Walt Disney*, Canon responded by simply referring plaintiff to its pleadings,
4 and Apple and LG referred plaintiff to their pleadings and entire 100,000+-page document
5 productions. Relevant to this motion, none of the defendants disclosed any factual allegations or
6 evidence in their interrogatory responses that resolve the fatal flaws in their inequitable conduct
7 contentions relating to intent to deceive or "but for" materiality.

8 Defendants' inequitable conduct defenses and counterclaims are therefore ripe for
9 summary judgment just as they were in *Walt Disney*. These allegations were insufficiently
10 pleaded in the first place and defendants have come forward with no evidence to support them,
11 even though they have access to extensive inequitable conduct-related discovery already taken in
12 related cases, and even though defendants have had ample opportunity to take discovery of their
13 own in the present case (and, in fact, should have taken such discovery before deciding to include
14 these scurrilous allegations in their pleadings). Alternatively, judgment on the pleadings is
15 appropriate in this case because defendants have failed to sufficiently plead inequitable conduct
16 under *Therasense* and have made no effort to remedy their defective pleadings in the fourteen
17 months that have passed since *Therasense* was decided.

18 **Relevant Factual Background**

19 This Litigation. On December 20, 2010, Multimedia Patent Trust ("MPT") filed suit in
20 this Court against (among others) Apple Inc. ("Apple"); Canon, Inc. and Canon U.S.A., Inc.
21 (collectively, "Canon"); and LG Electronics, Inc.; LG Electronics U.S.A., Inc., and LG Electronics
22 Mobilecomm U.S.A., Inc. (collectively "LG") alleging infringement of four patents: U.S. Patent
23 No. 4,958,226 (the "Haskell '226 patent"); U.S. Patent No. 5,136,377 (the "Johnston '377 patent");
24 U.S. Patent No. 5,227,878 (the "Puri '878 patent"); and U.S. Patent No. 5,500,678 (the "Puri '678
25 patent"). The four patents-in-suit are generally directed to systems and methods of encoding and
26 decoding signals representative of moving images (*i.e.*, video compression). This case is the most
27
28

1 recent of eight patent suits filed by Multimedia Patent Trust or its predecessor-in-interest, Lucent
2 Technologies, seeking to enforce one or more of these patents.¹

3 The Walt Disney Case. In one of the seven previous cases, *Multimedia Patent Trust v. The*
4 *Walt Disney Co.*, 10-CV-00146-H-KSC, several entities related to Fox Entertainment Group, Inc.
5 (the "Fox Defendants") asserted counterclaims for a declaratory judgment of, and affirmative
6 defenses based on, unenforceability of the '226, '377, and '878 patents due to alleged inequitable
7 conduct. (*See generally* Request for Judicial Notice, filed concurrently herewith ("RJN") Ex. 1 at
8 Counterclaims ("CC") ¶¶ 16-94, 118-151.) The Fox Defendants first pled these allegations on
9 October 18, 2010 (*see generally* RJN Ex. 2 at CC ¶¶ 16-94, 118-151), though they would
10 ultimately amend their answer and counterclaims twice, filing their Second Amended Answer and
11 Counterclaim on March 24, 2011. (RJN Ex. 1 at 1.)

12 On December 2, 2010, MPT moved to dismiss the Fox Defendants' inequitable conduct
13 affirmative defense and counterclaims. (RJN Ex. 3.) On February 24, 2011, the Court denied in
14 part (without prejudice) MPT's motion to dismiss, allowing the Fox Defendants' inequitable
15 conduct allegations to remain. (*See generally* RJN Ex. 4 at 14:4-5.) Just three months later, on

16 _____
17 ¹ These patents have been thoroughly investigated in these previous cases, and the Fish &
18 Richardson firm—which represents Apple and LG in this case—is no stranger to them. In *Lucent*
19 *Technologies, Inc. v. Gateway Inc. et al.*, Case No. 02-CV-02060-B-MDD, Lucent asserted the
20 Haskell '226 patent and the Puri '878 patent against defendant Dell. The Court severed
21 proceedings regarding the Haskell '226 patent (among others) from the 02-CV-02060 case, and
22 that patent was then asserted in *Lucent Technologies, Inc. v. Gateway, Inc.*, Case No. 07-cv-
23 02000-H-CAB. Microsoft, a party in that case, was represented by Fish & Richardson. In *Lucent*
24 *Technologies, Inc. v. Microsoft Corporation*, Case No. 06-CV-00684-H-CAB, Lucent asserted the
25 '878 patent against defendant Microsoft. Microsoft was represented in that suit also by Fish &
26 Richardson. In *Multimedia Patent Trust v. Microsoft Corp.*, Case No. 07-CV-00747-H-CAB,
27 MPT asserted the Puri '678 patent and the Johnston '377 patent against Microsoft, which was again
28 represented by Fish & Richardson. In *Multimedia Patent Trust v. DIRECTV, Inc.*, Case No. 09-
CV-00278-H-CAB, MPT asserted all four of the patents-in-suit here against DIRECTV (among
several others). Like Microsoft, DIRECTV was represented by Fish & Richardson. In
Multimedia Patent Trust v. Tandberg, Inc., Case No. 09-CV-01377-H-CAB, MPT asserted the
patents-in-suit in this case against Tandberg, Inc. Finally, in *Multimedia Patent Trust v. The Walt*
Disney Co., 10-CV-00146-H-KSC, MPT asserted the patents-in-suit against more than forty
entertainment-and technology-related defendants including Bose Corporation, which was
represented by Fish & Richardson.

1 May 25, 2011, however, the *en banc* Federal Circuit issued its opinion in *Therasense*, tightening
2 the requirements for pleading and proving inequitable conduct. On January 30, 2012, MPT moved
3 for summary judgment of the Fox Defendants' inequitable conduct defense and counterclaims
4 under *Therasense*. (*See generally* RJN Ex. 5.) MPT had served interrogatories seeking any
5 evidence supporting the Fox Defendants' allegations of inequitable conduct, and the Fox
6 Defendants responded by simply regurgitating their pleadings. (RJN Ex. 6.) In opposing MPT's
7 motion, the Fox Defendants did not attempt to substantively defend the sufficiency of their
8 pleadings, but rather urged that MPT's motion for summary judgment was either an improper
9 attempt to revisit its pre-*Therasense* motion to dismiss or premature. (*See generally* RJN Ex. 7.)
10 On February 28, 2012, this Court granted MPT's motion for summary judgment in its entirety
11 based on the Fox Defendants' failure to provide "specific facts showing that the applicants' of the
12 patents-in-suit made a deliberate decision to withhold a known material reference from the patent
13 office." (RJN Ex. 8.)

14 The Defendants' Inequitable Conduct Defenses and Counterclaims In This Case. On
15 March 21, 2011, Apple, Canon and LG filed answers and (in some cases) counterclaims that
16 mirror the Fox Defendants' allegations in *Walt Disney*. (*See generally* Answer, filed Mar. 21,
17 2011, Docket No. 39 ("Apple Answer"); Canon U.S.A. Inc. and Canon Inc.'s Answer to Plaintiff's
18 Complaint, filed Mar. 21, 2011, Docket No. 38 ("Canon Answer"); Answer, filed Mar. 21, 2011,
19 Docket No. 41 ("LG Answer").² These allegations are discussed in more detail in Section II.B,
20 *infra*. Despite the Federal Circuit's issuance of its *Therasense* decision over a year ago, defendants
21 have not moved this Court for permission to amend their answers and counterclaims to shore up
22 their deficient contentions.

23 Discovery Relating to Inequitable Conduct. On June 7, 2012, MPT served interrogatories
24 on Apple, Canon and LG requesting that defendants identify (among other things) all factual and
25

26 _____
27 ² For the Court's convenience, these pleadings are attached to the Declaration of Bruce R.
28 Zisser, filed concurrently herewith, as Exhibits A-C.

1 legal bases supporting their inequitable conduct allegations. On July 12, 2012, the defendants
2 responded to those interrogatories as follows:

- 3 • Canon responded in relevant part: "Canon incorporates herein the facts recited in its
4 Answer, docket number 38. For example, as to unenforceability, see ¶¶ 67-184 of
5 the Answer." (Zisser Decl. Ex. D at 12-13.)
- 6 • Apple responded in relevant part: "The claims of the Patents-in-Suit are
7 unenforceable as a result of inequitable conduct by the applicant(s), their
8 attorney(s), and/or agent(s) and/or the person(s) involved in the preparation, filing,
9 and/or prosecution of that patent. As noted above, Apple incorporates its Answer
10 and Counterclaims." Apple also referred MPT to a number of documents
11 purportedly supporting all of its affirmative defenses and counterclaims, including
12 "APP-MPT0000001-APP-MPT0152212" (in other words, its entire production) and
13 "documents including deposition transcripts that are in MPT's possession, custody,
14 or control but which MPT has not yet produce[d] in this case." (*Id.* Ex. E at 13-26.)
- 15 • LG responded almost identically: "The claims of the Patents-in-Suit are
16 unenforceable as a result of inequitable conduct by the applicant(s), their
17 attorney(s), and/or agent(s) and/or the person(s) involved in the preparation, filing,
18 and/or prosecution of that patent. As noted above, LG Electronics incorporates its
19 Answer and Counterclaims. (Mathews Ex. 3 at 12-23.) LG also referred MPT to a
20 number of documents purportedly supporting all of its affirmative defenses and
21 counterclaims, including "LGE-MPT0000001-LGE-MPT0068022" (again, its
22 entire production) and "documents including deposition transcripts that are in
23 MPT's possession, custody, or control but which MPT has not yet produce[d] in
24 this case." (*Id.* Ex. F.)

25 Although defendants made no efforts to take discovery to support their inequitable conduct
26 allegations prior to filing them, defendants have since made demands that they receive and be
27 permitted to utilize all discovery and deposition testimony from prior cases. (*Id.* Ex. G.)

28

1 Although MPT has offered to consider more specific requests to use prior discovery and
 2 deposition transcripts, defendants never followed up with any particularized requests. (*Id.* at
 3 Ex. H & ¶ 19.)

4 Argument

5 **I. DEFENDANTS' INEQUITABLE CONDUCT ALLEGATIONS DO NOT PASS** 6 **MUSTER UNDER *THERASENSE***

7 **A. Under *Therasense*, Inequitable Conduct Now Requires But-For Materiality** 8 **and Separate Proof of Specific Intent to Deceive**

9 In *Therasense*, the Federal Circuit reviewed the history of the inequitable conduct defense,
 10 recognized that the rigorousness of its requirements has fluctuated over time, and lamented the
 11 negative effect that an easily-pled inequitable conduct defense has on both litigation and patent
 12 prosecution:

13 [I]nequitable conduct charges cast a dark cloud over the patent's
 14 validity and paint the patentee as a bad actor. Because the doctrine
 15 focuses on the moral turpitude of the patentee with ruinous
 16 consequences for the reputation of his patent attorney, it discourages
 17 settlement and deflects attention from the merits of validity and
 infringement issues. . . . Inequitable conduct disputes also
 "increas[e] the complexity, duration and cost of patent infringement
 litigation that is already notorious for its complexity and high cost."

18 * * *

19 With these far-reaching consequences, it is no wonder that charging
 20 inequitable conduct has become a common litigation tactic. One
 21 study estimated that eighty percent of patent infringement cases
 22 included allegations of inequitable conduct. . . . Inequitable conduct
 23 "has been overplayed, is appearing in nearly every patent suit, and is
 cluttering up the patent system." *Kimberly-Clark Corp. v. Johnson*
 24 *& Johnson*, 745 F.2d 1437, 1454 (Fed. Cir. 1984). "[T]he habit of
 charging inequitable conduct in almost every major patent case has
 25 become an absolute plague. Reputable lawyers seem to feel
 compelled to make the charge against other reputable lawyers on the
 26 slenderest grounds, to represent their client's interests adequately,
 perhaps." *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418,
 1422 (Fed. Cir. 1988)

1 Left unfettered, the inequitable conduct doctrine has plagued not
2 only the courts but also the entire patent system. Because
3 allegations of inequitable conduct are routinely brought on "the
4 slenderest grounds," patent prosecutors constantly confront the
5 specter of inequitable conduct charges. With inequitable conduct
6 casting the shadow of a hangman's noose, it is unsurprising that
7 patent prosecutors regularly bury PTO examiners with a deluge of
8 prior art references, most of which have marginal value. . . .
"Applicants disclose too much prior art for the PTO to meaningfully
consider, and do not explain its significance, all out of fear that to do
otherwise risks a claim of inequitable conduct." . . . This tidal wave
of disclosure makes identifying the most relevant prior art more
difficult.

9 649 F.3d at 1288-90 (some citations omitted). Responding directly to these concerns, the
10 *Therasense* Court determined to make the requirements of the inequitable conduct defense more
11 strict:

12 While honesty at the PTO is essential, low standards for intent and
13 materiality have inadvertently led to many unintended
14 consequences, among them, increased adjudication cost and
15 complexity, reduced likelihood of settlement, burdened courts,
16 strained PTO resources, increased PTO backlog, and impaired
patent quality. This court now tightens the standards for finding
both intent and materiality in order to redirect a doctrine that has
been overused to the detriment of the public.

17 *Id.* at 1290.

18 The Federal Circuit then significantly tightened the materiality requirement for a finding of
19 inequitable conduct particularly where, as here, the inequitable conduct allegations are premised
20 on the alleged withholding of a material reference rather than an affirmative misrepresentation to
21 the USPTO. Once defined by more lenient standards such as information "that 'a reasonable
22 examiner would have considered . . . important in deciding whether to allow the . . . application,'" *see Digital Control, Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1314 (Fed. Cir. 2006),
23 materiality for inequitable conduct purposes now generally requires a showing of "but for"
24 materiality, *i.e.*, that but for the non-disclosure or affirmative misrepresentation, the claims would
25 not have issued:
26

27 This court holds that, as a general matter, the materiality required to
28 establish inequitable conduct is but-for materiality. When an

1 applicant fails to disclose prior art to the PTO, that prior art is but-
 2 for material if the PTO would not have allowed a claim had it been
 3 aware of the undisclosed prior art. Hence, in assessing the
 4 materiality of a withheld reference, the court must determine
 whether the PTO would have allowed the claim if it had been aware
 of the undisclosed reference.

5 *Therasense*, 649 F.3d. at 1291-92. Importantly, the Federal Circuit specifically rejected the
 6 USPTO's Rule 56—which defines "materiality" for purposes of prosecution—as the standard of
 7 materiality for purposes of inequitable conduct. *Id.* at 1293-95.

8 In addition to redefining the materiality standard for inequitable conduct, however, the
 9 Federal Circuit also reiterated the legal standards regarding the showing of the intent required for
 10 inequitable conduct:

11 To prevail on a claim of inequitable conduct, the accused infringer
 12 must prove that the patentee acted with the specific intent to deceive
 13 the PTO. A finding that the misrepresentation or omission amounts
 14 to gross negligence or negligence under a "should have known"
 15 standard does not satisfy this intent requirement. "In a case
 16 involving nondisclosure of information, clear and convincing
 17 evidence must show that the applicant made a deliberate decision to
 withhold a known material reference." In other words, the accused
 infringer must prove by clear and convincing evidence that the
 applicant knew of the reference, knew that it was material, and made
 a deliberate decision to withhold it.

18 * * *

19 Intent and materiality are separate requirements. . . . A district court
 20 should not use a "sliding scale," where a weak showing of intent
 21 may be found sufficient based on a strong showing of materiality,
 22 and vice versa. Moreover, a district court may not infer intent solely
 23 from materiality. Instead, a court must weigh the evidence of intent
 24 to deceive independent of its analysis of materiality. ***Proving that
 the applicant knew of a reference, should have known of its
 materiality, and decided not to submit it to the PTO does not prove
 specific intent to deceive.***

25 Because direct evidence of deceptive intent is rare, a district court
 26 may infer intent from indirect and circumstantial evidence. . . .
 27 ***However, to meet the clear and convincing evidence standard, the
 specific intent to deceive must be "the single most reasonable
 inference able to be drawn from the evidence."*** Indeed, the
 28 evidence "must be sufficient to require a finding of deceitful intent

1 in the light of all the circumstances." *Hence, when there are*
 2 *multiple reasonable inferences that may be drawn, intent to*
 3 *deceive cannot be found.*

4 *Id.* at 1290-91 (emphases added). The takeaway of the Federal Circuit's *en banc* decision is clear:
 5 Inequitable conduct should be rarely found, and only in instances where there is a "but for"
 6 material omission or representation and a specific intent to deceive the USPTO.

7 **B. With Respect to Each of Defendants' Inequitable Conduct Theories, the Court**
 8 **Has Already Found the Allegations and Evidence of Specific Intent to Deceive**
 9 **Deficient and Defendants Have Further Failed to Plead or Prove the Required**
 10 **But-For Materiality**

11 **1. Allegations Related to the Haskell '226 Patent**

12 (a) **Digital Pictures**

13 Defendants Apple and Canon contend that inventors Haskell and/or Puri committed
 14 inequitable conduct by failing to disclose to the USPTO pages 301-03 and 469-79 of a book co-
 15 authored by Haskell entitled *Digital Pictures: Representation and Compression* (1st ed. 1988) and
 16 that these pages were "material" to the patentability of at least claim 1 of the Haskell '226 patent.
 17 (Apple Answer ¶¶ 85-88; Canon Answer ¶¶ 77-81.) With respect to intent, defendants allege only
 18 that Messrs. Haskell and Puri were "aware of the material contents" of these pages and "intended
 19 to deceive the PTO by intentionally failing to disclose [them]." (E.g., Apple Answer ¶¶ 90, 92;
 20 Canon Answer ¶¶ 83, 85.) Notably, defendants' allegations are substantively identical to the Fox
 21 Defendants' allegations that this Court rejected as insufficient in *Walt Disney*. (Compare Apple
 22 Answer ¶¶ 85-92 and Canon Answer ¶¶ 77-85 with RJN Ex. 1 at CC ¶¶16-23.) Here, too, these
 23 allegations fail to meet either the intent or materiality requirement of *Therasense*.

24 First, this Court already rejected substantively identical allegations in *Walt Disney* on the
 25 basis that the Fox Defendants failed to "provide facts that support their conclusory allegations that
 26 Dr. Haskell intended to deceive the patent office by intentionally failing to disclose the *Digital*
 27 *Pictures* book." (RJN Ex. 8 at 9:16-10:2.) That an applicant knew of a reference and should have
 28 known of its materiality is insufficient to prove a specific intent to deceive. *Therasense*, 649 F.3d

1 at 1290. Neither Apple nor Canon has come forward with any additional factual allegations or
2 evidence supporting an intent to deceive the USPTO.³ Just as these allegations were insufficient
3 in *Walt Disney* as pleaded by the Fox Defendants, they are insufficient here, too.

4 Second, neither Apple nor Canon contends that the '226 patent would not have issued had
5 the *Digital Pictures* pages been disclosed to the Examiner, and defendants have therefore failed to
6 plead the but-for materiality required by *Therasense*. (Cf. Apple Answer ¶¶ 87-88 (alleging pages
7 were "highly material" and "material to [] patentability"); Canon Answer ¶¶ 78, 80 (same).) Not
8 only do defendants fail to plead that the non-disclosure of the *Digital Pictures* pages was but-for
9 material to the patentability of the claims of the '226 patent, the very Reexamination proceedings
10 defendants *do* reference (Apple Answer ¶ 88, Canon Answer ¶ 80) confirm that they were not.
11 Notwithstanding the Examiner's "non-final rejection" in the '226 Reexamination on which
12 defendants rely in support of alleging materiality, the '226 patent came out of Reexamination with
13 all of its claims intact, even though *Digital Pictures* was before the Examiner.⁴ (RJN Ex. 9 at 2-
14 3.) As a matter of law, the omission of the *Digital Pictures* pages therefore could not have been
15 *but-for* material to the allowance of the claims of the '226 patent. *See, e.g., RB Rubber Prods.,*
16 *Inc. v. ECOPE Int'l, Inc.*, 2012 WL 860416, *8 (D. Or. Mar. 13, 2012) (inequitable conduct may

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³ Unlike the Fox Defendants and Apple, Canon appears to allege that Henry Brendzel also
22 failed to disclose *Digital Pictures* to the Examiner. (Canon Answer ¶¶ 70, 82.) This additional
23 allegation also fails, however, since Canon fails to allege that Mr. Brendzel was even aware of
24 *Digital Pictures*, much less the purported materiality of its cited pages.

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⁴ Although claim 1 was not reexamined, claim 12 was, and defendants contend that claims 1
28 and 12 are substantially similar for purposes of determining the materiality of *Digital Pictures* to
the allowance of the claims. (Canon Answer ¶ 81 ("Upon [the basis of *Digital Pictures*], the
examiner issued a non-final rejection of claim 12 of the '226 Patent as anticipated by *Digital*
Pictures. Similar to claim 12, claim 1 relates to extrapolative/interpolative coding. It follows,
therefore, that *Digital Pictures* is also "highly material" prior art to claim 1 of the '226 patent."))

1 not be plausibly pled on basis of omission where patent reissues after full disclosure of allegedly
2 withheld prior art in reexamination proceedings).⁵

3 (b) **Document #81 and the CCITT Specialist's Group Report**

4 Defendants Apple and Canon also contend that inventor Haskell committed inequitable
5 conduct by failing to disclose a conference paper entitled "Comments on Conditional Motion
6 Compensated Frame Interpolation," and labeled "Document #81." (Apple Answer ¶ 93; Canon
7 Answer ¶ 86.) The paper was also discussed in the Report of the Fifth Meeting of the CCITT
8 Specialists Group on Coding for Visual Telephony, which defendants appear to allege Haskell
9 also should have disclosed. (Apple Answer ¶¶ 103-106; Canon Answer ¶¶ 95-98.) With respect
10 to intent to deceive, defendants allege only that Haskell purportedly attended a four-day meeting
11 in Tokyo during which Document #81 was presented. (Apple Answer ¶ 102; Canon Answer
12 ¶ 94.) Once again, defendants' allegations are copied essentially verbatim from the Fox
13 Defendants' insufficient allegations in *Walt Disney*. (Compare Apple Answer ¶¶ 93-109 and
14 Canon Answer ¶¶ 86-105 with RJN Ex. 1 at CC ¶¶ 24-44.) As with the *Digital Pictures* pages,
15 defendants' allegations are insufficient to plead or prove either prong of inequitable conduct.

16 First, this Court already determined that defendants' allegations of specific intent were
17 insufficient in the *Walt Disney* case from which they were obviously cribbed: "The fact that
18 Dr. Haskell attended a conference where Document #81 was discussed does not show that he acted
19 with the specific intent to deceive the patent office." (RJN Ex. 8 at 10:3-11:4.) Canon and Apple
20 have not elaborated on the Fox Defendants' inadequate allegations of specific intent and their
21 allegations must also fail.

22 Second, with respect to materiality, Apple and Canon allege that Document #81 and the
23 conference report discussing it "disclose[d] the '226 Patent's purported point of novelty and
24 technological benefit—the generation of correction information to account for errors in
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26 ⁵ As the *ECORE* court made clear, the Court may take judicial notice of prosecution histories
27 and reexamination file histories, particularly for determining that particular references were before
28 the Examiner. 2012 WL 860416, at *4-5.

1 interpolated frames that exceed a predetermined threshold." (Apple Answer ¶ 103; Canon Answer
 2 ¶ 95.) Here, too, however, the Examiner considered *both* Document #81 and the Report of the
 3 Fifth Meeting during the Reexamination of the '226 patent, and plainly rejected defendants'
 4 argument that these materials disclosed "the '226 Patent's purported point of novelty and
 5 technological benefit" since claim 12 exited Reexamination without amendment. (RJN Ex. 9 at 2-
 6 3.) On its face, the reexamination history confirms that defendants can neither plead nor establish
 7 that Document #81 or the report discussing it was but-for material under *Therasense*. *RB Rubber*
 8 *Prods.*, 2012 WL 860416 at*8.

9 2. Allegations Related to the Puri '878 Patent

10 (a) The Ericsson Article

11 Apple, Canon and LG all allege that inventor Puri committed inequitable conduct by
 12 failing to disclose an article by Staffan Ericsson entitled "Fixed and Adaptive Predictors for
 13 Hybrid Predictive/Transform Coding" published in *IEEE Transactions on Communications* in
 14 1985 ("Ericsson"). (Apple Answer ¶¶ 123-128; Canon Answer ¶¶ 114-119; LG Answer ¶¶ 86-91.)
 15 Defendants allege that Ericsson was "material to the patentability of the Puri '878 Patent,"
 16 including claim 1, because it disclosed adaptive coding of frames and fields of video signals.
 17 (Apple Answer ¶ 124; Canon Answer ¶ 115; LG Answer ¶ 87.) With respect to intent, defendants
 18 allege only that Puri was "familiar" with Ericsson because he cited it in his doctoral thesis, was
 19 "aware of Ericsson's materiality," and "intended to deceive the PTO by intentionally failing to
 20 disclose Ericsson." (Apple Answer ¶¶ 125, 127; Canon Answer ¶¶ 116, 118; LG Answer ¶¶ 88,
 21 90.) Defendants' allegations relating to Ericsson are substantively identical to the Fox Defendants'
 22 allegations in *Walt Disney*. (*Compare* Apple Answer ¶¶ 123-128 *and* Canon Answer ¶¶ 114-119
 23 *and* LG Answer ¶¶ 86-91 *with* RJN Ex. 1 at CC ¶¶ 56-61.) Like the Fox Defendants' allegations,
 24 defendants' allegations here fail to sufficiently plead inequitable conduct.

25 First, with respect to intent to deceive the Examiner, this Court has already concluded that
 26 the Fox Defendants' identical allegations in *Walt Disney* were insufficient: "The fact that Dr. Puri
 27 cited the Ericsson article in his doctoral thesis is insufficient to show that he acted with a specific
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1 intent to deceive the patent office. . . . The Fox Defendants do not provide facts that support their
2 conclusory allegations that Dr. Puri intended to deceive the patent office by intentionally failing to
3 disclose the Ericsson Article." (RJN Ex. 8 at 7:11-25.) Defendants here plead no additional facts
4 supporting their allegation that Puri failed to disclose Ericsson with specific intent to deceive the
5 USPTO, and these allegations are therefore also insufficient.

6 Second, defendants have also failed to plead the requisite "but-for" materiality. Rather,
7 defendants plead only that Ericsson was "material to the patentability of the Puri '878 Patent,
8 including the patentability of claim 1." (Apple Answer ¶ 124; Canon Answer ¶ 115; LG Answer
9 ¶ 87.) The "material to patentability" standard of PTO Rule 56, however, was expressly rejected
10 in *Therasense* and these allegations are insufficient to plead inequitable conduct. 649 F.3d 1293-
11 95.

12 (b) The Yamaguchi Article

13 Defendants also allege that inventor Puri committed inequitable conduct by failing to
14 disclose an article entitled "Movement Compensated Frame-Frequency Conversion of Television
15 Signals," written by Hirohisa Yamaguchi, Takehiko Sugi, and Kouji Kinuhata and published in
16 1987 ("Yamaguchi") to the Examiner. (Apple Answer ¶¶ 135; Canon Answer ¶¶ 126; and LG
17 Answer ¶¶ 98.) These allegations are substantively identical to the Fox Defendants' allegations.
18 (*Compare* Apple Answer ¶¶ 129-135 *and* Canon Answer ¶¶ 120-126 *and* LG Answer ¶¶ 92-98
19 *with* RJN Ex. 1 at CC ¶¶ 62-68.) Like defendants' allegations regarding Ericsson, defendants
20 allegations fail to plead inequitable conduct on both the issues of intent and materiality.

21 First, with respect to intent to deceive the Examiner, this Court concluded in *Walt Disney*
22 that the Fox Defendants' identical allegations were insufficient: "[K]nowledge of the materiality of
23 the Yamaguchi Article is insufficient to show that [Dr. Puri] acted with a specific intent to deceive
24 the patent office. . . . The Fox Defendants do not provide facts that support their conclusory
25 allegations that Dr. Puri intended to deceive the patent office by intentionally failing to disclose
26 the Yamaguchi Article." (RJN Ex. 8 at 7:26-8:11.) Second, defendants fail to plead the requisite
27 "but-for" materiality and instead only plead that Yamaguchi was "material to the patentability of
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1 the Puri '878 Patent." (Apple Answer ¶ 131; Canon Answer ¶ 122; LG Answer 94.) This is
 2 plainly insufficient under *Therasense*. 649 F.3d 1293-95.

3 (c) **Columbia University Paper**

4 Defendants also allege that inventor Puri committed inequitable conduct by failing to
 5 disclose a paper authored by a team from Columbia University entitled "Technical Input to
 6 MPEG-2 Video Coding" ("Columbia University Paper") that was presented at a conference held
 7 by the International Organization for Standardization in Santa Clara, California in August 1991
 8 that Mr. Puri attended. (Apple Answer ¶¶ 136-37, 146; Canon Answer ¶¶ 127-128, 138; LG
 9 Answer ¶¶ 99-100, 109.) Like defendants' other inequitable conduct allegations, these allegations
 10 were also copied wholesale from the Fox Defendants' allegations in *Walt Disney*. (Compare
 11 Apple Answer ¶¶ 136-146 and Canon Answer ¶¶ 127-138 and LG Answer 99-109 with RJN Ex. 1
 12 at CC ¶¶ 69-79.) And, like defendants' other allegations, these allegations fail to sufficiently plead
 13 either intent or materiality.

14 First, with respect to intent to deceive the Examiner, this Court concluded in *Walt Disney*
 15 that the Fox Defendants' identical allegations were insufficient: "The fact that Dr. Puri attended
 16 the August 1991 meeting is insufficient to show that he acted with a specific intent to deceive the
 17 patent office. . . . The Fox Defendants do not provide facts that support their conclusory
 18 allegations that Dr. Puri intended to deceive the patent office by intentionally failing to disclose
 19 the Columbia 91/131 submission." (RJN Ex. 8 at 8:12-28.)

20 Second, defendants again fail to plead that the Columbia University Paper was "but-for"
 21 material to the allowance of the '878 patent. Rather, defendants plead that "a reasonable examiner
 22 would have been substantially likely to consider the presentation of the Columbia University paper
 23 at the Santa Clara conference important in deciding whether to issue the Puri '878 Patent,
 24 including claim 1 of the Patent." (Apple Answer ¶ 143; Canon Answer ¶ 135; LG Answer ¶ 106.)
 25 This language parrots the materiality standard set forth in *Digital Control* which, as noted above,
 26 was expressly rejected by *Therasense* in favor of a "but for" materiality requirement. Defendants'
 27 allegations fail for this reason also.

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1 pages at issue. . . . The Fox Defendants['] inequitable conduct allegations are not supported by
2 specific facts showing that Dr. Netravali acted with an intent to deceive the patent office." (RJN
3 Ex. 8 at 4:19-5:8.) Moreover, defendants admit that the applicants *did* refer to *nearby* pages of
4 *Digital Pictures* within the "Background of the Invention" section of the '377 patent application.
5 This disclosure makes it difficult to infer a specific intent to deceive the Examiner and certainly
6 makes it impossible to find that deceptive intent is "the single most reasonable inference able to be
7 drawn from the evidence." *See Therasense*, 649 F.3d at 1290-91. Finally, in addition to failing to
8 plead intent adequately, the defendants also fail to plead that the alleged failure to disclose the
9 cited pages of *Digital Pictures* was but-for material to the allowance of the '337 patent; rather,
10 defendants merely contend that these pages were "material to the patentability of the Johnston '377
11 Patent." (Apple Answer ¶ 135; Canon Answer ¶ 162; LG Answer ¶135.) Defendants' allegations
12 are insufficient on this ground also.

13 **(b) Musmann Article**

14 Defendants also contend that inventors Netravali and/or Westerink committed inequitable
15 conduct by failing to disclose to the Examiner an article by Hans Musmann, Peter Pirsch, and
16 Hans-Joachim Grallert entitled "Advances in Picture Coding," published in 1985 ("Musmann").
17 (Apple Answer at ¶¶ 177, 183; Canon Answer at ¶¶ 169, 176; LG Answer ¶¶ 141, 147.) These
18 allegations duplicate the Fox Defendants' allegations concerning this reference. (*Compare* Apple
19 Answer ¶¶ 177-183 *and* Canon Answer ¶¶ 169-176 *and* LG Answer ¶¶ 141-147 *with* RJN Ex. 1 at
20 CC ¶¶ 136-142.) These allegations are insufficient with respect to both intent and materiality.

21 First, with respect to intent to deceive the Examiner, this Court concluded in *Walt Disney*
22 that the Fox Defendants' essentially identical allegations were insufficient: "The Fox Defendants'
23 pleadings do not provide facts that show either Dr. Netravali or Dr. Westerink made a deliberate
24 decision to withhold the Musmann Article from the patent office. . . . The Fox Defendants[']
25 inequitable conduct allegations are not supported by specific facts showing that Drs. Netravali and
26 Westerink acted with an intent to deceive the patent office." (RJN Ex. 8 at 5:9-6:3.) Second, in
27 addition to failing to plead intent adequately, the defendants also fail to plead that the alleged
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1 failure to disclose Musmann was but-for material to the allowance of the '337 patent; rather,
 2 defendants merely contend that Musmann was "material to the patentability of the Johnston '377
 3 Patent." (Apple Answer ¶ 179; Canon Answer ¶ 171; LG Answer ¶143.) Defendants' allegations
 4 are insufficient on this ground also.

5 **(c) Safranek/Johnston Article**

6 Finally, defendants contend that inventors Safranek and/or Johnston committed inequitable
 7 conduct by failing to disclose to the Examiner the Safranek/Johnston article (discussed *supra* at
 8 Section II.B.2(d)). (Apple Answer at ¶ 191; Canon Answer at ¶ 184; LG Answer ¶ 155.) These
 9 allegations duplicate the Fox Defendants' allegations concerning this reference. (*Compare* Apple
 10 Answer ¶¶ 184-191 *and* Canon Answer ¶¶ 177-184 *and* LG Answer ¶¶ 148-155 *with* RJN Ex. 1 at
 11 CC ¶¶ 143-150.) These allegations are insufficient with respect to both intent and materiality.

12 First, with respect to intent to deceive the Examiner, this Court concluded in *Walt Disney*
 13 that the Fox Defendants' essentially identical allegations were insufficient: "The Fox Defendants
 14 allegations rely on the fact that Drs. Safranek and Johnston authored the article and that the article
 15 was not disclosed to the patent office. . . . The Fox Defendants do not provide facts that support
 16 their conclusory allegations that Drs. Safranek and Johnston intended to deceive the patent office
 17 by intentionally failing to disclose the Safranek/Johnston Article." (RJN Ex. 8 at 6:4-19.) Second,
 18 in addition to failing to plead intent adequately, the defendants also fail to plead that the alleged
 19 failure to disclose the Safranek/Johnston article was but-for material to the allowance of the '337
 20 patent; rather, defendants merely contend that it was "material to the patentability of the Johnston
 21 '377 Patent." (Apple Answer ¶ 180; Canon Answer ¶ 187; LG Answer ¶151.) Defendants'
 22 allegations are insufficient on this ground also.

23 **C. Defendants' Counterclaims, Which Incorporate by Reference Defendants'**
 24 **Defective Inequitable Conduct Defenses, Also Fail**

25 Finally, Apple and LG also assert counterclaims seeking declaratory judgments of
 26 unenforceability that incorporate by reference and rely entirely on the same allegations that
 27 support their defective inequitable conduct allegations. (*See* Apple Answer at CC ¶¶ 15-20 ('226
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1 patent); *id.* at CC ¶¶ 28-33 ('878 patent); LG Answer at CC ¶¶ 15-20 (same); Apple Answer at CC
2 ¶¶ 41-46 ('377 patent); LG Answer at CC ¶¶ 28-33 (same.) For the same reasons that defendants'
3 corresponding allegations of inequitable conduct are insufficient, defendants' counterclaims also
4 fail.

5 **II. DEFENDANTS HAVE FAILED TO ADDUCE SUFFICIENT FACTS TO**
6 **SUPPORT THEIR INEQUITABLE CONDUCT DEFENSES AND**
7 **COUNTERCLAIMS, WARRANTING SUMMARY JUDGMENT**

8 **A. Legal Standard for Summary Judgment of No Inequitable Conduct**

9 A court "shall grant summary judgment if . . . there is no genuine dispute as to any material
10 fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). "Summary
11 judgment must be granted against a party who has failed to introduce evidence sufficient to
12 establish the existence of an essential element of that party's case, on which the party will bear the
13 burden of proof at trial." *Novartis Corp. v. Ben Venue Labs., Inc.*, 271 F.3d 1043, 1046 (Fed. Cir.
14 2001) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986)). "[O]n summary judgment, the
15 court holds the parties to the same evidentiary burden they would have faced at trial." *Invitrogen*
16 *Corp. v. Clontech Labs., Inc.*, 429 F.3d 1052, 1062 (Fed. Cir. 2005); *see also Anderson v. Liberty*
17 *Lobby, Inc.*, 477 U.S. 242, 254 (1986) ("[I]n ruling on a motion for summary judgment, the judge
18 must view the evidence presented through the prism of the substantive evidentiary burden.").

19 To prove inequitable conduct, the asserting party must present "clear and convincing
20 evidence that the applicant (1) made an affirmative misrepresentation of material fact, failed to
21 disclose material information, or submitted false material information, and (2) intended to deceive
22 the U.S. Patent and Trademark Office." *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363
23 (Fed. Cir. 2007). Since *Therasense*, an omission of material fact must have been "but-for"
24 material to the allowance of the patent. (*See supra* Section I.A.) Thus, to survive summary
25 judgment, defendants must introduce evidence from which a trier of fact could find both but-for
26 materiality and intent to deceive by clear and convincing evidence. *Abbot Labs. v. TorPharm,*
27 *Inc.*, 300 F.3d 1367, 1379 (Fed. Cir. 2002) (affirming summary judgment of no inequitable
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1 conduct). Although inequitable conduct claims are often fact-dependent, a motion for summary
2 judgment of no inequitable conduct "may be granted when, drawing all reasonable factual
3 inferences in favor of the non-movant, the evidence is such that the non-movant cannot prevail."
4 *ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 547 (Fed. Cir. 1998); *see also Optium Corp. v. Emcore*
5 *Corp.*, 603 F.3d 1313, 1320-22 (Fed. Cir. 2010) (affirming summary judgment of no inequitable
6 conduct); *Astrazeneca Pharms. LP v. Teva Pharms. USA, Inc.*, 583 F.3d 766, 776 (Fed. Cir. 2009)
7 (same). Only *reasonable* inferences in favor of the nonmoving party, however, can be drawn from
8 the evidence. *T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass'n*, 809 F.2d 626, 631 (9th Cir.
9 1987).

10 **B. The Court Has Already Granted Summary Judgment and Judgment As a**
11 **Matter of Law On Several of the Same Inequitable Conduct Theories in**
12 **Previous Cases**

13 As the Court is well aware, this is a case where the four patents-in-suit have been litigated
14 multiple times. The inventors and prosecuting patent attorneys similarly have been deposed on
15 these issues and defendants' counsel have had years to analyze that testimony in an effort to locate
16 evidence of intent sufficient to *allege*—let alone *prove* by clear and convincing evidence—claims
17 for inequitable conduct satisfying *Therasense*. Defendants' inequitable conduct case is not
18 improving with age. To the extent that the huge amount of prior testimony from the inventors and
19 patent attorneys does not already provide defendants with evidence of any specific intent to
20 deceive, the passage of some two decades or more since these patents were filed with the Patent
21 Office can only work to dim recollections if these same witnesses' memories were probed today.

22 Moreover, further depositions of the inventors in this case would be unnecessary and
23 overly burdensome to them. Most of the inventors alleged by the defendants to have committed
24 inequitable conduct have previously been subjected to depositions on many of these very same
25 matters. For example, Dr. Puri—alleged to have committed inequitable conduct in connection
26 with the '226 and '878 patents—has testified twice before. Drs. Puri, Haskell, Netravali, and
27 Johnston all were deposed in *Lucent Technologies, Inc. v. Gateway Inc. et al.*, Case No. 02-CV-

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1 02060-B-MDD. (Zisser Decl. ¶ 20.) Dr. Puri was again deposed in *Lucent Technologies, Inc. v.*
2 *Microsoft Corporation*, Case No. 06-CV-00684-H-CAB. (*Id.*) Further depositions of these
3 inventors, attempting to examine them on events from two decades ago, would be of very limited
4 value. Defendants should not be permitted to forestall the inevitable by claiming the need to
5 further depose these witnesses, in an effort to conduct a fishing expedition into a watering hole
6 that has long since run dry.

7 Summary judgment is particularly warranted in this case because several of the same
8 issues for which defendants might seek further discovery have already been litigated before and
9 ruled upon by this Court. Indeed, this Court has previously granted summary judgment or post-
10 trial judgment as a matter of law of no inequitable conduct on the following five theories of
11 inequitable conduct advanced by defendants in this case based upon nearly identical facts:

- 12 • '878 Patent: Ericsson Article;
- 13 • '878 Patent: Columbia University Paper;
- 14 • '878 Patent: Yamaguchi Article;
- 15 • '226 Patent: *Digital Pictures*; and
- 16 • '226 Patent: Document #81.

17 (*See* RJN Ex. 10 at 5-6 (granting summary judgment on these five theories after DIRECTV did not
18 contest summary judgment); *see also id.* Ex. 11 at 11-16 (setting forth theories subject to motion);
19 *id.* Ex. 12 at 40-43 (denying post-trial JMOL of inequitable conduct in prosecution of '226 patent
20 based on Document #81). Dredging up these same theories, based on the exact same allegations,
21 serves no purpose at this late date.

22 **III. IN THE ALTERNATIVE, JUDGMENT ON THE PLEADINGS IS APPROPRIATE**
23 **WHERE, AS HERE, THE INSUFFICIENCY OF A CLAIM OR DEFENSE IS**
24 **EVIDENT EARLY IN THE CASE**

25 MPT anticipates that defendants will argue that summary judgment is premature because
26 they have failed to take any discovery regarding inequitable conduct to date. Of course,
27 defendants have only themselves to blame for their dilatory pursuit of such discovery, and cannot
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1 provide any reasonable explanation for having not pursued this discovery since they first raised
2 these inequitable conduct claims nearly sixteen months ago. Even leaving aside their utter lack of
3 supporting evidence, however, defendants' insufficient *allegations* also warrant judgment on the
4 pleadings under Rule 12(c) of the Federal Rules of Civil Procedure. In the fourteen months since
5 *Therasense* issued, defendants have made *no* effort to amend their deficient pleadings to meet its
6 heightened requirements.

7 "After the pleadings are closed—but early enough not to delay trial—a party may move for
8 judgment on the pleadings." Fed. R. Civ. P. 12(c). Such motions "may save the parties needless
9 and often considerable time and expense which otherwise would be incurred during discovery and
10 trial." *Miller v. Indiana Hosp.*, 562 F. Supp. 1259, 1268 (W.D. Pa. 1983).

11 The standard governing a Rule 12(c) motion for judgment on the pleadings is "functionally
12 identical" to that governing a Rule 12(b)(6) motion. *United States ex rel. Cafasso v. Gen.*
13 *Dynamics C4 Sys., Inc.*, 637 F.3d 1047, 1054 n.4 (9th Cir. 2011). "Judgment on the pleadings
14 under Rule 12(c) is proper when the moving party establishes on the face of the pleadings that
15 there is no material issue of fact and that the moving party is entitled to judgment as a matter of
16 law." *Jensen Family Farms, Inc. v. Monterey Bay Unified Air Pollution Control Dist.*, 644 F.3d
17 934, 937 n.1 (9th Cir. 2011). As with a 12(b)(6) motion, conclusory allegations, without more, are
18 insufficient to defeat a Rule 12(c) motion. *McGlinchy v. Shell Chemical Co.*, 845 F.2d 802, 810
19 (9th Cir. 1988). In addition to the pleadings, a court may also properly consider any facts of
20 which it may take judicial notice in resolving a motion for judgment on the pleadings. *Heliotrope*
21 *Gen., Inc. v. Ford Motor Co.*, 189 F.3d 971, 981 n.18 (9th Cir. 1999).

22 As demonstrated in Section I.B above, defendants' allegations were insufficient before
23 *Therasense* and they are unquestionably insufficient now. Defendants' failure to come forward
24 with allegations amounting to inequitable conduct also warrant judgment on the pleadings. And
25 even if the defendants could muster up any evidence to support allegations under *Therasense*,
26 were defendants to eventually seek leave to amend their pleadings, at this late date and so close to
27 trial, would result in undue prejudice to MPT and cause undue delay to this case.

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Conclusion

For all of the foregoing reasons, plaintiff MPT respectfully requests the Court enter judgment against defendants on their inequitable conduct affirmative defenses and counterclaims.

DATED: July 16, 2012

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

By /s/ Bruce R. Zisser

Bruce R. Zisser
Attorneys for Plaintiff
MULTIMEDIA PATENT TRUST

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing document has been served on July 16, 2012 to all counsel of record who are deemed to have consented to electronic service via the Court's CM/ECF system per Civil Local Rule 5.4. Any other counsel of record will be served by electronic mail, facsimile and/or overnight delivery.

Dated: July 16, 2012

/s/ Bruce R. Zisser
Bruce R. Zisser