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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ADVANCED MICRO DEVICES (AMD), et al.,

No. C 08-00986 SI

Plaintiffs,

v.

SAMSUNG ELECTRONICS CO., et al.,

Defendants.

**ORDER GRANTING SUMMARY
JUDGMENT OF NO INEQUITABLE
CONDUCT RE: CHENG '990 PATENT
AND GRANTING MOTION FOR
JUDGMENT ON THE PLEADINGS RE:
IACOPONI '594 PATENT.**

BACKGROUND

The procedural background of this litigation is as follows. Plaintiffs Advanced Micro Devices, Inc. and ATI Technologies, ULC (collectively, "AMD") brought suit against defendants Samsung Electronics Co., Ltd.; Samsung Semiconductor, Inc.; Samsung Austin Semiconductor, LLC; Samsung Electronics America, Inc.; Samsung Telecommunications America, LLC; Samsung Techwin Co., Ltd.; and Samsung Opto-Electronics America, Inc. (collectively, "Samsung"), alleging infringement of seven AMD patents, including United States Patents Nos. 5,559,990 to Cheng ("Cheng '990 Patent") and 5,545,592 to Iacoponi ("Iacoponi '592 Patent"). On May 18, 2009 this Court granted Samsung leave to amend its answer to include counterclaims of inequitable conduct.¹ Samsung's amended counterclaim now alleges that the Cheng '990 Patent applicants engaged in inequitable conduct by failing to disclose U.S. Patent No. 5,285,421 to the United States Patent and Trademark Office ("PTO") and that the Iacoponi '592 Patent applicants engaged in inequitable conduct by failing to disclose certain prior art

¹Doc. No. 234.

1 references. Before the Court are AMD's motion for summary judgment of no inequitable conduct
2 relating to the Cheng '990 Patent, and motion for judgment on the pleadings of no inequitable conduct
3 relating to the Iacaponi '592 Patent. Samsung opposes the summary judgment motion,² and opposes
4 the motion for judgment on the pleadings,³ alternatively requesting leave to amend its complaint. The
5 separate facts and issues underlying each motion are set forth in turn below.

7 DISCUSSION

8 I. Motion For Summary Judgment on Cheng '990 Patent.

9 A. Factual Background

10 The underlying inequitable conduct claim with respect to the Cheng '990 Patent arises from
11 allegations that the prosecuting attorney, Michael Shenker ("Shenker"), intended to deceive the PTO
12 when he failed to disclose to the PTO the fact that the previously cited Young '899 application had
13 issued as the Young '421 Patent. Shenker never disclosed the Young '421 Patent itself. The undisputed
14 facts are as follows:

15 On February 14, 1992, Shenker, an attorney with the law firm Skjerven, Morrill, MacPherson,
16 Franklin & Friel, filed U.S. Patent Application No. 07/836,667 naming as inventors AMD employees
17 Pearl Cheng, Michael Briner and James Yu. A continuation application (Application No. 08/328,337)
18 was filed on October 24, 1994, and on September 24, 1996, the Cheng '990 Patent issued, for the
19 invention "Memories with Burst Mode Access." This patent was assigned to AMD.

20 At the time the application leading to the Cheng '990 Patent was filed, two other patent
21 applications related to high speed memory design were pending with the PTO. One was Patent
22 Application No. 07/588,033 ("Young '033 Application") and the other was Application No. 07/557,899
23 ("Young '899 Application"). Both applications were filed on July 25, 1990 by attorneys at Skjerven,
24 Morrill, MacPherson, Franklin & Friel; but Shenker was not himself involved in the prosecution of those
25 applications. Elvan Young, an AMD employee at the time, was the named inventor for both

27 ²Doc. No. 287.

28 ³Doc. No. 284.

1 applications and both were also assigned to AMD. On January 18, 1994 the Young '033 Application
2 issued as U.S. Patent No. 5,280,594 ("Young '594 Patent"). On March 31, 1992, the Young '899
3 Application was replaced by a continuation application (Application No. 07/865,812), and it ultimately
4 issued as U.S. Patent No. 5,285,421 ("Young '421 Patent") on February 8, 1994.

5 On April 17, 1992, during the prosecution of the Cheng '990 patent, Shenker filed an
6 Information Disclosure Statement (IDS) with the PTO that cited additional references for the examiner
7 to consider. Among the references listed were the Young '899 Application and the Young '033
8 Application. Declaration of Andrew M. Kepper in Support of Plaintiffs' Mot. for Sum J. ("Kepper Decl.")
9 Exh. 1. at 1544-1546. In response to this filing, the examiner at the PTO issued an office action, dated
10 October 19, 1993, informing Shenker of the following:

11 16. Applications for Patents cannot be cited on form PTO-1449. However, they may
12 be referenced in the 'Background of the Invention' portion of the disclosure. Therefore,
applications 07/558,033 and 07/557,899 were not considered by the examiner.

13 *Id.* at 1677.

14 On March 21, 1994, Shenker responded to the office action with the following language:

15 On April 17, 1992, Applicants filed an Information Disclosure Statement listing, among
16 other things, U.S. patent applications 07/558,033 and 07/557,899. Per the Office Action,
17 paragraph 16, the Examiner did not consider these patent applications apparently on the
18 grounds that the patent applications were not referenced in the Applicants' "Background
of the Invention". However, 37 C.F.R. §§ 1.56, 1.97 and 1.98 that govern filing of
information disclosure statements do not require that patent applications cited in such
statements be referenced in the Background of the Invention. Therefore, Applicants
respectfully request consideration of patent applications 07/558,033 and 07/557,899.

19 *Id.* at 1732-33. That same day, Shenker also filed another IDS calling the examiner's attention to "U.S.
20 Patent 5,280,594 to Young et al., issued January 18, 1994."⁴ *Id.* at 1760. No similar IDS was filed
21 concerning the Young '421 Patent that issued on February 8, 1994.

22 The examiner responded on June 23, 1994 and stated:

23 11. As to the Applicant's comments concerning the Information Disclosure Statement
24 listing U.S. patent applications 07/558,033 and 07/557,899, application 07/558,033 is
25 now Patent Number 5,280,594 which has been considered by the Examiner per PTO
26 Form 1449 received 3-24-94. A copy of this PTO Form 1449 is included with this office
action. As for application 07/557,899, this is not a printed document at this time and
should not be listed on a PTO Form 1449 as a U.S. Patent Document. The application

27 _____
28 ⁴Both Shenker's response to the office action and the IDS were dated March 21, 1994 but
apparently received March 24, 1994. *See* Kepper Decl. at 1717, 1760.

1 can be listed as “Other Art” along with providing a statement of relevance to the present
2 invention if the Applicant still wishes this application to be considered as ‘Prior Art’ in
the current application.

3 12. Applicant’s arguments filed March 24, 1994 have been fully considered but they are
4 not deemed to be persuasive.

5 *Id.* at 1777.

6 Finally, on September 23, 1994, Shenker again responded to the examiner’s rejection by stating:

7 Regarding paragraph 11 of the Office Action, Applicants thank the Examiner for
8 considering the U.S. Patent No. 5,280,594 under Rule 56, and the undersigned attorney
9 apologizes for inadvertently listing the U.S. patent application 07/557,899 as a “U.S.
10 Patent Document” in the PTO 1449 form filed April 17, 1992. However, it is
11 respectfully submitted that the 07/557,899 application should be considered under Rule
12 56. Indeed, contrary to the suggestion in the Office Action, that application need not be
listed as “Other Art” on PTO 1449. See MPEP §609, last paragraph. Further, a
statement of relevance mentioned in the Office Action need not be provided because the
application 07/557,899 is in the English language. See 37 C.F.R. §1.98(a)(3). The
information regarding the application 07/557,899 was timely submitted under 37 C.F.R.
§ 1.97(b)(1) within three months of the filing date of the present application.
Consideration of application 07/557,899 is therefore respectfully requested.

13 *Id.* at 1822. There is nothing more in the evidence suggesting the examiner considered the Young ’899
14 Application or responded with another objection to its submission.

15 **B. Applicable Law**

16 **1. Summary Judgment**

17 Summary judgment is proper “if the pleadings, depositions, answers to interrogatories, and
18 admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any
19 material fact and that the moving party is entitled to a judgment as a matter of law.” Fed. R. Civ. P.
20 56©). The moving party bears the initial burden of demonstrating the absence of a genuine issue of
21 material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). The moving party, however, has
22 no burden to negate or disprove matters on which the non-moving party will have the burden of proof
23 at trial. The moving party need only demonstrate to the Court that there is an absence of evidence to
24 support the non-moving party’s case. *See id.* at 325.

25 The burden then shifts to the non-moving party to “set out ‘specific facts showing a genuine
26 issue for trial.’” *Id.* at 324 (quoting Fed. R. Civ. P. 56(e)). To carry this burden, the non-moving party
27 must “do more than simply show that there is some metaphysical doubt as to the material facts.”
28

1 *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). “The mere existence
2 of a scintilla of evidence . . . will be insufficient; there must be evidence on which the jury could
3 reasonably find for the [non-moving party].” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 252 (1986).

4 In deciding a summary judgment motion, the evidence is viewed in the light most favorable to
5 the non-moving party, and all justifiable inferences are to be drawn in its favor. *Id.* at 255. “Credibility
6 determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts
7 are jury functions, not those of a judge [when she] is ruling on a motion for summary judgment.” *Id.*
8 The evidence presented by the parties must be admissible. Fed. R. Civ. P. 56(e). Conclusory,
9 speculative testimony in affidavits and moving papers is insufficient to raise genuine issues of fact and
10 defeat summary judgment. *Thornhill Publ’g Co., Inc. v. GTE Corp.*, 594 F.2d 730, 738 (9th Cir. 1979).

11

12 2. Inequitable Conduct

13 “Each individual associated with the filing and prosecution of a patent application has a duty of
14 candor and good faith in dealing with the [PTO], which includes a duty to disclose to the [PTO] all
15 information known to that individual to be material to patentability.” 37 C.F.R. § 1.56(a). A breach of
16 the duty of candor may lead to a finding of inequitable conduct rendering the entire patent
17 unenforceable. *See Honeywell Int’l Inc. v. Universal Avionics Sys. Corp.*, 488 F.3d 982, 999-1000 (Fed.
18 Cir. 2007). “To hold a patent unenforceable due to inequitable conduct, there must be clear and
19 convincing evidence that the applicant (1) made an affirmative misrepresentation of material fact, failed
20 to disclose material information, or submitted false material information, and (2) intended to deceive
21 the [PTO]. . . .” *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363 (Fed. Cir. 2007). Both the
22 materiality and intent elements are fact-driven, *McKesson Info. Solutions, Inc. v. Bridge Med., Inc.*, 487
23 F.3d 897, 902 (Fed. Cir. 2007), and it is the accused infringer that bears the burden of proving a
24 threshold level of these elements, *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357,
25 1365 (Fed. Cir. 2008). Moreover, while “[a] determination of inequitable conduct is committed to a
26 district court’s discretion,” *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253,
27 1255 (Fed. Cir. 1997), it is only after the threshold levels of both materiality and intent are established
28 that a court may exercise its discretion in balancing the substance of the elements to make an inequitable

1 conduct determination, *Star Scientific*, 537 F.3d at 1367. A greater showing of materiality allows a
2 lesser showing of intent and vice versa. *McKesson*, 487 F.3d at 913. Because of the severe penalty for
3 finding inequitable conduct, courts are to “strictly enforce the burden of proof and elevated standard of
4 proof” and “courts must be vigilant in not permitting the defense to be applied too lightly.” *Star*
5 *Scientific*, 537 F.3d at 1365-56.

6 “Although the premises of inequitable conduct require findings based on all the evidence, a
7 procedure that may preclude summary determination, a motion for summary judgment may be granted
8 when, drawing all reasonable factual inferences in favor of the non-movant, the evidence is such that
9 the non-movant can not prevail.” *Astrazeneca Pharms. LP v. Teva Pharms. U.S., Inc.*, 583 F.3d 766,
10 770 (Fed. Cir. 2009) (citing *ATD Corp. v. Lydall, Inc.*, 159 F.3d 534, 547 (Fed. Cir. 1998)). In order
11 to survive summary judgment, the party asserting the inequitable conduct defense must “introduce
12 evidence from which a trier of fact could find materiality and intent by clear and convincing evidence.”
13 *Abbott Labs. v. TorPharm, Inc.*, 300 F.3d 1367, 1379 (Fed. Cir. 2002).

14 15 **C. Analysis**

16 Samsung argues, and AMD denies, that summary judgment is improper since factual
17 determinations as to both questions of materiality and intent require resolution by a fact finder.
18 Although AMD is the moving party for purposes of the summary judgment motion, on the inequitable
19 conduct claim Samsung bears the ultimate burden of proof. Accordingly, to prevail, AMD need only
20 show an absence of evidence in support of Samsung’s case. *See Celotex*, 477 U.S. at 325.

21 22 **1. Materiality**

23 The Federal Circuit has developed and employed several tests for materiality, but has indicated
24 that “there is no reason to be bound by any single standard, as a finding of inequitable conduct requires
25 a balancing of materiality and intent.” *Digital Control Inc. v. Charles Mach. Works*, 437 F.3d 1309,
26 1315 (Fed. Cir. 2006) (internal citation omitted). Nonetheless, the majority of courts start with the
27 “reasonable examiner test” as it is a “broader all-encompassing test.” *Id.* at 1316. The test, taken from
28 the pre-1992 version of 37 C.F.R. § 1.56 (Rule 56), states that “information is material when a

1 reasonable examiner would consider it important in deciding whether to allow the application to issue
2 as a patent.” *Symantec Corp. v. Computer Assocs. Int’l, Inc.*, 522 F.3d 1279, 1297 (Fed. Cir. 2008).
3 However, as noted in the current version of Rule 56, and recognized by the Federal Circuit,
4 “[i]nformation cumulative of other information already before the Patent Office is not material.”
5 *Honeywell Int’l*, 488 F.3d at 1000; 37 C.F.R. § 1.56(b) (“information is material to patentability when
6 it is not cumulative to information already of record or being made of record in the application”); *Star*
7 *Scientific*, 537 F.3d at 1367 (“information is not material if it is cumulative of other information already
8 *disclosed* to the PTO.”) (emphasis added).

9 AMD argues that the Young ’421 Patent was not material to the PTO’s consideration of the
10 Cheng ’990 Patent application because it is cumulative, that is, it contains no new technical information
11 that was not already disclosed to the PTO in the Young ’899 Application. Samsung concedes that no
12 new content was added to the application, but argues this is not the relevant inquiry. *Opp. to Mot.*
13 *Summ. J* at 14 n.2. Instead of focusing on the lack of differences in the technical content, Samsung’s
14 argument appears to be based on form. That is, Samsung argues the material difference is that the
15 application issued as a patent.

16 As Samsung argues, the issuance of a patent is a material event because, until a patent issues,
17 it can not be prior art under 35 U.S.C. § 102(e). *Opp. to Mot. Summ. J.* at 14:21-25.⁵ While Samsung
18 correctly states the law, it fails to consider the PTO’s provisional rejection practice. The provisional
19 rejection practice, described in Section 706.02(f) of the Manual of Patent Examining Procedure,
20 authorizes examiners to make “provisional” rejections under 35 U.S.C. § 102(e) based on co-pending
21 patent applications. As the Federal Circuit has explained, “examiners may ‘provisionally reject claims
22 not patentably distinct from the disclosure in a co-pending application having an earlier U.S. filing date
23 and also having either a common assignee or a common inventor.’ The rejection is termed ‘provisional’
24 because the application must eventually issue as a patent to be a true § 102(e) reference.” *In re Bartfeld*,

25
26 ⁵Samsung additionally relies on an expert in the area of patent prosecution, Gerald J.
27 Mossinghoff, for this proposition. The Court notes AMD’s objection to Mr. Mossinghoff’s declaration,
28 and does not rely on his testimony to the extent he opines on the ultimate conclusion. However, the fact
that Mr. Mossinghoff did not discuss the provisional rejection practice is not objectionable; he is not
required to elaborate on every area of PTO procedure.

1 925 F.2d 1450, 1451 (Fed. Cir. 1991) (citation omitted). AMD was the common assignee of the Young
2 '421, Young '594 and Cheng '990 patents and, as such, provisional rejections would have been proper
3 during the Cheng '990 prosecution. AMD's PTO expert, Larry Nixon opines, and Samsung does not
4 dispute, that under the then existing PTO rules Shenker properly disclosed the Young '899 Application
5 as required under 37 C.F.R. § 1.97(b) and thus the examiner should have considered its technical
6 content. Nixon Suppl. Decl. at ¶ 6, Nixon Decl. at ¶ 19.

7 Notwithstanding the identical technical content, Samsung maintains that the issuance of the
8 patent itself was material. To support its claim, Samsung cites *Brasseler*, where the Federal Circuit
9 explicitly listed the issuance of a patent as a "possibly material event." *Brasseler, U.S.A. I, L.P. v.*
10 *Stryker Sales Corp.*, 267 F.3d 1370 (Fed. Cir. 2001)). Though *Brasseler* did not deal with this point
11 directly, the court did list the "issuance of a patent, occurring on or about one year before the application
12 is filed" as being a "possibly material event." *Id.* The Young '421 Patent, however, did not issue one
13 year before the application for the Cheng '990 Patent was filed, in fact, it issued almost two years after.
14 (Cheng '667 Application filed Feb. 14, 1992, Young '421 Patent issued Feb. 8, 1994).

15 As further support for its claim, Samsung cites to *McKesson*, where the prosecuting attorney's
16 failure to inform one patent examiner about another examiner's allowance of claims in a co-pending
17 application was deemed material because the claim language in both patents was substantially similar
18 and could have conceivably served as a basis for a double patenting rejection. 487 F.3d at 925. In fact,
19 the patents were so similar, the district court found only one notable variation. *McKesson Info.*
20 *Solutions, Inc. v. Bridge Med., Inc.*, No. 02-2669, 2006 U.S. Dist. LEXIS 76517, at *66 (E.D. Cal. June
21 13, 2006), *aff'd*, *McKesson*, 487 F.3d 897. The purpose for "[a] double patenting rejection [is to]
22 preclude[] one person from obtaining more than one valid patent for either (a) the 'same invention,' or
23 (b) an 'obvious' modification of the same invention." *Boehringer Ingelheim Int'l GmbH v. Barr Labs.,*
24 *Inc.*, 592 F.3d 1340, 1346 (Fed. Cir. 2010) (quoting *In re Longi*, 759 F.2d 887, 892 (Fed. Cir. 1985)).
25 The co-pending Cheng and Young applications did not have substantially identical claim language, and
26 while the technical content of the Young application may have been relevant, double patenting has not
27 been raised as a conceivable issue. Nonetheless, although *McKesson* found the patent claims to be
28 material based on the substantial similarity of co-pending patent claims, the court noted that substantial

1 similarity is not necessary for a finding of materiality, “so long as the evidence clearly and convincingly
2 proves materiality in one of the accepted ways.” 487 F.3d at 920 (referencing *Digital Control*, 437 F.3d
3 at 1316).

4 As noted, the broader, “all-encompassing” test for materiality, employed here, is whether a
5 reasonable examiner would have considered the information important in determining patentability.
6 Samsung argues that a reasonable examiner would have found the Young ’421 Patent issuance material
7 and points specifically to the examiner’s June 23, 1994 response to Shenker’s IDS and his disclosure
8 of the Young ’594 Patent. In paragraph 11 of that response, the examiner explained that because the
9 Young ’594 Patent had issued it would be considered, but the Young ’899 Application (not yet a
10 published document) would need to be listed elsewhere. Kepper Decl. at 1777. While Samsung points
11 to this as evidence that this particular examiner would have found issuance of the Young ’421 Patent
12 to be material, “[t]he standard to be applied in determining whether a reference is ‘material’ is not
13 whether the particular examiner of the application at issue considered the reference to be important;
14 rather, it is that of a ‘reasonable examiner.’” *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*,
15 326 F.3d 1226, 1237 (Fed. Cir. 2003).

16 The issue of materiality is highly fact-specific. The facts show that Shenker fulfilled his
17 obligation to disclose the Young ’899 Application, and the Young ’421 Patent contained no new
18 information not already disclosed in the Young ’899 Application. AMD’s PTO expert, Larry Nixon,
19 states that in his opinion, a reasonable examiner would not find the issuance of the Young ’421 Patent
20 to be material because he or she would have already considered the technical content of the Young ’899
21 Application under the provisional rejection practice and its contents would be cumulative. Nixon Suppl.
22 Decl. at ¶ 11. Under the circumstances of the present case, however, the particular examiner did not
23 consider the Young ’899 Application, and only considered the Young ’594 Patent once it had issued.
24 For summary judgment purposes, the court is to draw all reasonable inferences in favor of Samsung, and
25 while the focus is not on the particular examiner’s actions, they may be considered in determining what
26 a reasonable examiner would find to be material. Thus, since it appears the Cheng ’990 Patent examiner
27 may have thought the issuance of the Young ’421 Patent was important, it is possible – although not
28 likely – that a reasonable patent examiner may have found the issuance of the Young ’421 Patent to be

1 material to the patentability of the Cheng '990 Patent.

2
3 **2. Intent**

4 A finding of materiality alone is insufficient for a successful inequitable conduct claim. The
5 accused infringer must also show deceptive intent. Direct evidence of intent to deceive is rarely
6 available, however, and courts frequently must rely on circumstantial evidence to infer intent. *Critikon*,
7 120 F.3d at 1256. Additionally, inferences of deceptive intent must “be the single most reasonable
8 inference able to be drawn from the evidence to meet the clear and convincing standard.” *Star*
9 *Scientific*, 537 F.3d at 1365 (citing *Scanner Techs. Corp. v. ICOS Vision Sys. Corp.*, 528 F.3d 1365,
10 1376 (Fed. Cir. 2008)). “Evidence of mistake or negligence, even gross negligence, is not sufficient to
11 support inequitable conduct in patent prosecution.” *Astrazeneca Pharms.*, 583 F.3d at 776 (citing
12 *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988) (en banc)).

13 AMD argues that, even if the issuance of the Young '421 Patent was material, Samsung cannot
14 meet the intent element because, during the relevant time, Shenker did not know of its issuance. Rule
15 56 imposes on a prosecuting attorney a duty to disclose material references only of which the attorney
16 is aware. 37 C.F.R. § 1.56(a). Samsung responds that in light of the issuance of the companion Young
17 '594 Patent, Shenker had a duty to investigate whether the Young '421 Patent had also issued. In
18 *Brasseler*, the Federal Circuit noted that generally there is no duty to investigate “where there is no
19 notice of the existence of material information.” 267 F.3d at 1382. By contrast, if the attorney is on
20 notice that “specific, relevant, material information exists,” he has a duty to inquire. *Id.* at 1383. An
21 attorney may not cultivate ignorance to avoid this duty, however, and notice may be inferred in certain
22 scenarios: “notice of a possibly material event – a sale, public use, publication, issuance of a patent,
23 occurring on or about one year before the application is filed – arises when information of which the
24 attorney is aware suggests the existence of specific information that may be material.” *Id.* Samsung
25 asserts that *Brasseler* establishes that the issuance of a patent is a material event that gives rise to a duty
26 to investigate. For summary judgment purposes, assessing the evidence in the light most favorable to
27 the non-moving party, the Court determines that a jury could find that in light of the issuance of the
28 Young '594 Patent, Shenker had a duty to investigate whether the Young '421 Patent had also issued.

1 Even if notice of the Young '421 Patent, or a duty to investigate its status, could be inferred,
2 however, there must be evidence that Shenker intended to deceive the PTO. For this, Samsung relies
3 primarily on the fact that Shenker has not offered a credible, good faith explanation for why he did not
4 disclose the Young '421 Patent. An absence of a good faith explanation alone, however, "does not
5 constitute clear and convincing evidence warranting an inference of intent." *Star Scientific*, 537 F.3d
6 at 1368 (quoting *M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co.*, 439 F.3d 1335, 1341 (Fed. Cir.
7 2006)). In fact, "a patentee need not offer any good faith explanation unless the accused infringer first
8 carried his burden to prove a threshold level of intent to deceive by clear and convincing evidence." *Id.*
9 at 1368 (internal citation omitted). Thus, to show evidence sufficient to meet the threshold level of
10 intent, Samsung needs to offer more than the absence of a good faith explanation on Shenker's part.

11 In an attempt to persuade the Court that summary judgment is inappropriate, Samsung also
12 attacks Shenker's credibility. Samsung has failed, however, to offer specific facts that call Shenker's
13 credibility into question. "Summary judgment should not be denied simply because the opposing party
14 asserts that the movant's witnesses are not to be believed. However, summary judgment is not
15 appropriate where the opposing party offers specific facts that call into question the credibility of the
16 movant's witnesses." *Typewriter Keyboard Corp. v. Microsoft Corp.*, 374 F.3d 1151, 1158 (Fed. Cir.
17 2004). Samsung relies on Shenker's inability to remember certain events as evidence that he is not
18 credible, but this alone is insufficient. Samsung initially sought to postpone this ruling to depose Anne
19 Killingsworth and Elvan Young in order to ascertain facts which it believed would support its credibility
20 assertion. Mr. Young was the named inventor on the Young '594 and '421 patents. Ms. Killingsworth
21 was a former in-house paralegal for AMD who was involved in the prosecution of the Cheng '990,
22 Young '594 and Young '421 patents. Shenker testified that Killingsworth was his primary contact on
23 the prosecution of the Cheng '990 Patent. At this point, Samsung has taken both Mr. Young's and Ms.
24 Killingsworth's depositions; however, neither witness's testimony appears to lend additional support
25 to Samsung's claim that Shenker is not credible.⁶

26
27 ⁶To the extent that Mr. Young's testimony may support an inequitable conduct claim based on
28 AMD's failure to name Young as a co-inventor on the '990 patent, such facts are not relevant to
Shenker's credibility and are outside the bounds of the pleadings in their current form.

1 In addition to Ms. Killingsworth's involvement, Samsung relies on evidence that the same law
2 firm prosecuted the three patents at issue and similar prior art references were cited in all three patents.
3 Samsung argues the "only logical inference" is that Shenker or someone involved in the coordinated
4 prosecution was tracking each application and knew when the patents issued and the "only" explanation
5 is they intended to keep the Young '421 Patent from the PTO to avoid a rejection. *Opp. to Mot. Summ*
6 *J.* at 19. The Court disagrees that this conclusion is the only explanation for Shenker's failure to
7 disclose the patent, nor is it "the single most reasonable inference" to be drawn from the evidence. *See*
8 *Star Scientific*, 537 F.3d at 1365. The Court must take into account all evidence of intent, including
9 evidence of good faith on the part of the prosecuting attorney, and failure to do so may constitute
10 reversible error. *See Akron Polymer Container Corp. v. Exxel Container*, 148 F.3d 1380, 1384 (Fed.
11 Cir. 1998) (reversing the district court's finding of deceptive intent as clearly erroneous where the court
12 failed to consider that disclosure of a co-pending application inferred good faith; also noting the
13 applicant "hardly could be seeking to deceive the PTO as to the existence of copending applications
14 when it actually disclosed the fact of copendency to the [PTO] examiner."). This is not a scenario where
15 an applicant made a material misrepresentation or even failed to disclose a relevant reference altogether.
16 The undisputed evidence shows Shenker repeatedly requested the PTO examiner to consider the Young
17 '899 Application and its technical specifications in determining patentability of the Cheng '990 Patent.
18 While the Court declines to speculate why Shenker did not simply follow the examiner's
19 recommendation and list the reference elsewhere, the rules of the PTO at the time and the expert
20 testimony of Larry Nixon indicate that his disclosure of the application was proper. At most, Shenker's
21 conduct amounts to negligence in failing to investigate and failing to update the PTO.

22 After considering all the circumstantial evidence before the Court and drawing all inferences in
23 favor of Samsung, the Court concludes that the factual inferences do not give rise to a conspiracy theory
24 of intent to deceive the PTO. Samsung has not raised a triable issue as to whether Shenker's failure to
25 inform the PTO examiner of the issuance of the Young '421 Patent was done with the specific intent
26 to deceive the PTO.

27 In sum, evidence of materiality is equivocal, evidence of knowledge is lacking, evidence of a
28

1 duty to investigate is circumstantial, specific evidence of intent to deceive the PTO is lacking and
2 inferential proof of intent to deceive the PTO requires choosing the least reasonable, rather than the most
3 reasonable, inference to be drawn from the evidence. Under these circumstances, Samsung cannot meet
4 the threshold levels of materiality and intent required for proof of inequitable conduct, and the Court
5 need not engage in the balancing of elements suggested by *Star Scientific*, 537 F.3d at 1367.
6 Accordingly, AMD's motion for summary judgment of no inequitable conduct as to the Cheng '990
7 Patent is GRANTED.

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9 **II. Motion for Judgment on the Pleadings**

10 **A. Factual Background**

11 On May 18, 2009 the Court granted Samsung leave to amend its answer to include, among other
12 things, an affirmative defense of unenforceability of the Iacoponi '592 Patent due to inequitable conduct.
13 In the defense, Samsung alleges that inventor John Iacoponi withheld a number of material references
14 from the PTO, including a paper authored by Mr. Iacoponi himself. Over AMD's objections, the Court
15 accepted the amended answer and counterclaim. Subsequently, the Federal Circuit issued a decision
16 setting forth the particularity requirements for pleading inequitable conduct in a patent case. AMD
17 brings the present Motion for Judgment on the Pleadings of No Inequitable Conduct Relating to U.S.
18 Patent No. 5,545,592 on the ground that Samsung's amended answer and counterclaim does not conform
19 to the new pleading standard. Samsung asserts that its pleadings are sufficient under governing case law
20 and requests, in the alternative, that it be given leave to amend.

21

22 **B. Applicable Law**

23 **1. Judgment on the Pleadings**

24 "After the pleadings are closed but within such time as not to delay the trial, any party may move
25 for judgment on the pleadings." Fed. R. Civ. P. 12©). "Judgment on the pleadings is proper when the
26 moving party clearly establishes on the face of the pleadings that no material issue of fact remains to
27 be resolved and that it is entitled to judgment as a matter of law." *Hal Roach Studios, Inc. v. Richard*

1 *Feiner & Co.*, 896 F.2d 1542, 1550 (9th Cir. 1989). “For purposes of the motion, the allegations of the
2 non-moving party must be accepted as true, while the allegations of the moving party which have been
3 denied are assumed to be false.” *Id.*

4 Although Rule 12(c) neither specifically authorizes nor prohibits motions for judgment on the
5 pleadings “directed to less than the entire complaint or answer . . . [i]t is the practice of many judges to
6 permit ‘partial’ judgment on the pleadings (e.g., on the first claim for relief, or the third affirmative
7 defense).” *See William W. Schwarzer, et al., Federal Civil Procedure Before Trial*, 9:340 (2001).
8 “[C]ourts have discretion to grant a Rule 12(c) motion with leave to amend.” *Id.* 9:341.

9 When considering a motion on the pleadings, courts may consider exhibits submitted or
10 referenced in the complaint and matters that may be judicially noticed pursuant to Federal Rule of
11 Evidence 201. *See, e.g., Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962, 966 (C.D.
12 Cal. 2007). Indeed, “documents specifically referred to in a complaint, though not physically attached
13 to the pleading, may be considered where authenticity is unquestioned.” *Id.* (citing *Daly v. Viacom, Inc.*,
14 238 F. Supp. 2d 1118, 1121-22 (N.D. Cal. 2002) (considering television program referenced in, but not
15 attached to, complaint).

17 **2. Leave to Amend**

18 Federal Rule of Civil Procedure 15 governs amendment of the pleadings. It states that if a
19 responsive pleading has already been filed, the party seeking amendment “may amend its pleading only
20 with the opposing party’s written consent or the court’s leave. The court should freely give leave when
21 justice so requires.” Fed. R. Civ. P. 15(a). This rule reflects an underlying policy that disputes should
22 be determined on their merits, and not on the technicalities of pleading rules. *See Foman v. Davis*, 371
23 U.S. 178, 181-82 (1962). Accordingly, the Court must be generous in granting leave to amend. *See*
24 *Morongo Band of Mission Indians v. Rose*, 893 F.2d 1074, 1079 (9th Cir. 1990) (leave to amend granted
25 with “extreme liberality”); *Ascon Properties, Inc. v. Mobil Oil Co.*, 866 F.2d 1149, 1160 (9th Cir. 1989).

26 However, there are several accepted reasons to deny leave to amend, including the presence of
27 bad faith on the part of the pleader, undue delay, prejudice to the opponent, futility of amendment, and
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1 that the pleader has previously amended. *See Ascon Properties*, 866 F.2d at 1160; *McGlinchy v. Shell*
2 *Chem. Co.*, 845 F.2d 802, 809 (9th Cir. 1988). Courts do not ordinarily consider the validity of a
3 proposed amended pleading in deciding whether to grant leave to amend, but leave may be denied if the
4 proposed amendment is futile or would be subject to dismissal. *See Saul v. United States*, 928 F.2d 829,
5 843 (9th Cir. 1991).

6
7 **C. Analysis**

8 For issues pertaining uniquely to patent law, including the pleading standards for alleging
9 inequitable conduct, Federal Circuit precedent is binding on this Court. *Exergen Corp. v. Wal-mart*
10 *Stores, Inc.*, 575 F.3d 1312, 1326 (Fed. Cir. 2009). In *Exergen*, the Federal Circuit recently articulated
11 the heightened standard for pleading inequitable conduct:

12 [T]o plead the “circumstances” of inequitable conduct with the requisite “particularity”
13 under [Federal] Rule [of Civil Procedure] 9(b), the pleading must identify the specific
14 who, what, when, where, and how of the material misrepresentation or omission
15 committed before the PTO. Moreover, although “knowledge” and “intent” may be
16 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 of
the material misrepresentation, and (2) withheld or misrepresented this information with
a specific intent to deceive the PTO.

17 *Id.* at 1328-29.

18 In light of this recent decision, AMD brings a motion for judgment on the pleadings asserting
19 that Samsung has failed to plead inequitable conduct with sufficient particularity. Alternatively, AMD
20 urges the Court to reconsider its previous order granting Samsung leave to amend its answer based on
21 a change in the law. By adopting the Seventh Circuit “who, what, when, where and how” standard from
22 *DiLeo v. Ernst & Young*, 901 F.2d 624, 627 (7th Cir. 1990), *Exergen* heightened the pleading standard
23 for inequitable conduct claims. *Id.* at 1327. The decision had no effect, however, on the Ninth Circuit
24 standard for granting leave to amend. Indeed, as noted in *Exergen*, “a motion to amend a pleading under
25 Rule 15(a) is a procedural matter governed by the law of the regional circuit.” *Id.* at 1318. Thus, the
26 change in law, contrary to AMD’s contention, does not require dismissal of Samsung’s counterclaim;
27 rather, in the words of the Ninth Circuit, “[h]aving initiated the present lawsuit without the benefit of
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1 the Court's latest pronouncements on pleadings, [defendants] deserve a chance to supplement their
2 complaint with factual content in the manner that [*Exergen*] require[s].” *Moss v. U.S. Secret Serv.*, 572
3 F.3d 962, 972 (9th Cir. 2009).

4 Samsung apparently concedes that its pleadings must comply with the law set forth in *Exergen*,
5 but argues its pleadings already meet this standard. Opp. Mot. J on Plead. at 1: 7-11. Samsung argues
6 the pleadings in *Exergen* were found to be deficient based on a *number* of collective deficiencies, and
7 therefore one or two deficiencies should not be fatal. Opp. Mot. J. on Plead. at 4:4-7. While the court
8 in *Exergen* did base its finding on several deficiencies, it explicitly stated that pleadings “must identify
9 the specific who, what, when, where, *and* how of the material misrepresentation or omission.” 575 F.3d
10 at 1328 (emphasis added). Thus, Samsung’s pleadings must allege who engaged in inequitable conduct,
11 to what claims the omitted references were relevant, where in the references the material information
12 is found, why the information in these references “is material and not cumulative,” “and ‘how’ an
13 examiner would have used this information in assessing the patentability of the claims.”⁷ *Id.* at 1329-
14 1330. Samsung’s First Amended Answer and Counterclaims (“FAAC”) does not state what claims the
15 omitted references are relevant to, why the references are material and not cumulative of other
16 references before the examiner or how the examiner would have used the information to assess
17 patentability of the claims. Thus, the Court finds that the pleadings do not meet the requirement for
18 particularized pleading of facts. Having filed these claims without the benefit of *Exergen*’s teachings,
19 however, equity and precedent require Samsung be granted leave to amend its complaint to include more
20 specific facts. *Moss*, 572 F.3d at 972.

21 Attached to its opposition, Samsung has included a Proposed Second Amended Answer and
22 Counterclaim (“PSAAC”) in which it attempts to amend the deficiencies of the FAAC. AMD opposes
23 the Court’s adoption of the PSAAC, arguing that the proposed pleading also falls short of *Exergen*’s
24 pleading standard. It is not disputed that Samsung’s PSAAC satisfies the who and what elements.
25 Samsung clearly alleges inequitable conduct by Mr. Iacoponi and specifically states the references were
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28 ⁷Though the *Exergen* court states it requires the who, what, when, where and how, they additionally require “why” the withheld information is material and not cumulative.” *Id.* at 1329.

1 relevant to patentability of claims 1 and 4. Further, it appears Samsung has adequately stated the
2 “where” element. Samsung cites to page numbers, and occasionally subsections, of where the allegedly
3 material references are found. Moreover, in oral argument, AMD admitted the PSAAC answers the
4 “where.” Hr’g Tr. 11:1, Feb. 24, 2010.

5 AMD contends, however, that Samsung’s PSAAC does not sufficiently plead the “why” and
6 “how.” In *Exergen*, the court found the defendant’s general pleading that information was “material”
7 and “not cumulative to the information already of record” to be deficient as it did not specify “why” it
8 was not cumulative and “how” the examiner would have used the information. *Id.* at 1329-1330.
9 Applying this standard to Samsung’s PSAAC, the Court finds that Samsung must explain more than
10 simply that the references are “highly material and non-cumulative to the art submitted to or by the
11 USPTO.” Appendix to PSAAC, at ¶ 9. While paragraph 9 goes beyond this general statement and
12 continues to explain the technical detail of what the references generally disclose, it only discusses these
13 teachings as being non-cumulative over the Nulman, Yamazaki and Ellwanger prior art, and it fails to
14 allege that *none* of the prior art discloses these teachings. Paragraph 8 discusses the particular teachings
15 of the omitted references, properly cites which claims they apply to, and further continues by alleging
16 that “Iacoponi represented to the USPTO that none of the admitted prior art disclosed” these teachings.
17 *Id.* at ¶ 8. This paragraph, while coming closer to stating why the references are non-cumulative of any
18 prior art, stops short of making that allegation and explaining how the examiner would have used the
19 information to assess patentability of claims 1 and 4. The Court agrees the PSAAC also falls short of
20 the pleading requirement. The Court must follow Ninth Circuit precedent, however, and finds that
21 Samsung should have the opportunity to amend its complaint to include particular facts and allegations
22 to cure this deficiency.

23 AMD argues *Exergen* also heightened the pleading standard for intent and claims Samsung’s
24 PSAAC is insufficient on the grounds that it makes no further showing of intent over what was alleged
25 in the FAAC. The Court disagrees. In *Exergen*, the Federal Circuit simply reiterated its prior standard
26 of averring knowledge and intent generally. *Exergen*, 575 F.3d at 1327 (“Although ‘knowledge’ and
27 ‘intent’ may be averred generally, *our precedent*, like that of several regional circuits, requires that the
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1 pleadings allege sufficient underlying facts from which a court may reasonably infer that a party acted
2 with the requisite state of mind.”) (emphasis added). Because the intent standard has not changed,
3 Samsung’s pleadings remain sufficient in this respect.

4 Finally, AMD contends that permitting Samsung to file an amended answer and counterclaim
5 would prejudice AMD as it “would not have the opportunity to explore the factual bases for those
6 allegations.” Reply at 5:22-28 (Doc. No. 294). The Court finds this argument unpersuasive. The Court
7 must presume that to this point AMD has been attempting to defend against Samsung’s previously filed
8 and allowed claim of inequitable conduct. Requiring Samsung to amend its counterclaim to include
9 more particularized facts will only narrow the scope of the issues presented and will allow AMD to
10 focus its defense on the specific areas in contention. Because Ninth Circuit precedent so compels, the
11 Court grants Samsung leave to amend its counterclaim by **March 26, 2010**. AMD properly points out,
12 however, that Samsung’s PSAAC was filed several months after *Exergen* came down. Thus, it may well
13 be that Samsung cannot amend its counterclaim to conform with *Exergen*’s requirements. The Court’s
14 order is not intended to encourage Samsung to amend, but merely to give it leave to do so in the event
15 it believes it can meet the new standard.

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CONCLUSION

For the foregoing reasons and for good cause shown, the Court hereby GRANTS AMD's Motion for Summary Judgment and GRANTS AMD's Motion for Judgment on the Pleadings. (Docket Nos. 274, 273). Samsung is GRANTED leave to amend its answer and counterclaim to include additional facts necessary to meet the *Exergen* standard of pleading for its inequitable conduct claim relating to the Iacaponi '592 Patent. Samsung's second amended complaint and counterclaim must be filed no later than **March 26, 2010**.

IT IS SO ORDERED.

Dated: March 15, 2010



SUSAN ILLSTON
United States District Judge

United States District Court
For the Northern District of California