IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

CARNEGIE MELLON UNIVERSITY, Plaintiff, v. MARVELL TECHNOLOGY GROUP, LTD., and MARVELL SEMICONDUCTOR, INC., Defendants.	)))))))))	Civil Action No. 2:09-cv-00290-NBF

PLAINTIFF CARNEGIE MELLON UNIVERSITY'S BRIEF IN OPPOSITION TO MARVELL'S MOTION FOR LEAVE TO FILE A SECOND AMENDED ANSWER WITH AFFIRMATIVE DEFENSES AND COUNTERCLAIMS

Carnegie Mellon University ("CMU") files this opposition to Marvell's Motion for Leave to File a Second Amended Answer with Affirmative Defenses and Counterclaims ("Motion").

I. INTRODUCTION

Faced with CMU's Motion for Partial Summary Judgment to dismiss Marvell's affirmative defense and counterclaims of inequitable conduct, Marvell was unable to muster a meritorious opposition. Instead of conceding the point, Marvell filed another motion. After amending its pleadings in April 2010 specifically to add accusations that two respected professors intentionally deceived the PTO, Marvell now seeks to avoid adjudication on the merits of those claims. Marvell asks this Court's permission to slip away into the night by "amending" its answer to "withdraw" its inequitable conduct claims. In reality, Marvell is requesting to voluntarily dismiss its inequitable conduct counterclaims ***without prejudice***.

In light of the procedural posture of its inequitable conduct claims, Marvell is not entitled to pretend that it never made those serious public accusations of deceitful conduct. To the contrary, the Court should dismiss Marvell's inequitable conduct affirmative defense and counterclaims ***with prejudice*** because:

- CMU has incurred considerable expenses to defend against those claims, including fact and expert discovery and a dispositive motion on the issue;
- Marvell did not act diligently; it requested "withdrawal" ***nearly 25 months after*** it specifically requested leave to amend to add the claims;
- Marvell did not oppose CMU's motion for summary judgment to dismiss the inequitable conduct claims; and
- Marvell offers no justification for a dismissal without prejudice.

CMU and the inventors are entitled to have the Court make clear and public that Marvell had a full and fair opportunity to prove its accusations, but failed to do so.

II. FACTUAL BACKGROUND

In April 2010 (after deposing Dr. Jose Moura, an inventor of the CMU patents), Marvell sought CMU's consent to amend its answer to add an affirmative defense and counterclaims of inequitable conduct. Dkts. 114, 116. Although untimely under the Court's Case Management Order, CMU did not object to Marvell's "late filing of an Amended Answer adding a counterclaim of inequitable conduct." Dkt. 114. Marvell filed its Amended Answer and Counterclaims ("Amended Answer") on April 29, 2010. Dkt. 116.

In seeking leave to file its Amended Answer, Marvell told this Court that its amendment would "contain[] over 8 pages of detailed facts developed from the named inventors' . . . document productions and their prior publications." *See* April 26, 2010 email from D. Radulescu to R. Heppner. Marvell's Amended Answer contained twenty-seven new allegations premised upon the inventors' purported failure to disclose ten allegedly material references to the PTO during prosecution of the CMU patents. *See* Dkt. 116 at ¶¶ 31-44, 73-85. Among other things, Marvell accused "the Named Inventors [of] intentionally withhol[ding] . . . material prior art from the PTO with the intention of deceiving the PTO," in a violation of their duty of candor. *Id.* at ¶¶ 31-32. On May 28, 2010, CMU denied all salient allegations. Dkt. 127.

In the ***two years*** after filing its Amended Answer, Marvell persisted in its efforts to garner any shred of support for an inequitable conduct claim. Finally, on January 17, 2012, Marvell submitted an expert opinion on inequitable conduct grounded on (1) two references that the PTO actually considered during prosecution of the CMU patents, and (2) a third reference that Marvell's expert, Dr. Proakis, admitted "ignored" correlated noise (it dealt only with a single signal sample, not the "plurality" of signal samples required in the claims). *See* Dkt. 351 at Exs. 1, 15, 20; Dkt. 348 at 11-16. CMU spent considerable time and expense opposing Marvell's claims including: (1) producing notebooks reflecting six years of Dr. Moura's work; (2)

defending six days of inventor depositions, during which Marvell spent significant time fishing for evidence of inequitable conduct (*see*, *e.g.*, Dkt. 351 at Exs. 9, 19); (3) defending the deposition of the attorney (Jonathan C. Parks) who prosecuted the CMU patents; (4) responding to Dr. Proakis's report on inequitable conduct (*Id.* at Ex. 16); (5) preparing for the deposition of Dr. McLaughlin, who authored a response to Dr. Proakis; and (6) taking Dr. Proakis's deposition, including on the topic of inequitable conduct (*Id.* at Ex. 4).

On April 20, 2012, CMU filed a Motion for Partial Summary Judgment Dismissing Defendants' Affirmative Defense and Counterclaims of Unenforceability Due to Inequitable Conduct. Dkt. 347. In support, CMU filed a twenty-page Memorandum of Law and a 71-paragraph Statement of Material Facts supported by nineteen exhibits. *See* Dkts. 348-51. Marvell did not substantively respond to CMU's motion. *See* Dkt. 387. Instead, Marvell filed its Motion seeking "the Court's approval to withdraw" (apparently without prejudice) its inequitable conduct claims that are subject to CMU's pending summary judgment motion. *See* Dkt. 388.

III. ARGUMENT

THE COURT SHOULD DISMISS MARVELL'S INEQUITABLE CONDUCT CLAIMS WITH PREJUDICE

Although Marvell treats its Motion to "withdraw" its inequitable conduct claims as a request for leave to amend under Rule 15 (Dkt. 388 at ¶ 4), in reality, Marvell is seeking to voluntarily dismiss its affirmative defense and counterclaims of inequitable conduct. *See Neifeld v. Steinberg*, 438 F.2d 423, 430-31 (3d Cir. 1971) (treating amended answer that omitted counterclaim "as the equivalent of a motion for a voluntary dismissal of the counterclaim" governed by Rule 41(a) and (c) not Rule 15). When a party "seeks the equivalent of a voluntary dismissal through some other procedural device [such as Rule 15], the court may treat the application as if made under Rule 41(a)(2)." *See Dee-K Enters., Inc. v. Heveafil SDN. BHD.*,

177 F.R.D. 351, 356 (E.D. Va. 1998) (quoting MOORE'S FEDERAL PRACTICE, § 41.40[4][a]); *see also Aerotech, Inc. v. Estes*, 110 F.3d 1523, 1526 (10th Cir. 1997) ("plaintiff's request to amend their complaint under Rule 15 [should be treated] as a motion for voluntary dismissal governed by Rule 41(a)(2)"). Because Marvell's Motion concerns its ***counterclaims***, Rule 41(c) applies to the request to "withdraw" those claims. Fed.R.Civ.P. 41(c) (Rule 41 "applies to a dismissal of ***any*** counterclaim, crossclaim or third-party claim.") (emphasis added).[1]

Dismissal under Rule 41(a)(2) is within the court's discretion. *See Ferguson v. Eakle*, 492 F.2d 26, 28-29 (3d Cir. 1974) ("[w]hile it is quite true that the practice in many states has permitted a voluntary non-suit as of right at advanced stages in the litigation, . . . , we think the object of the federal rules was to get rid of just this situation and put control of the matter into the hands of the trial judge."). "The purpose of the grant of discretion under Rule 41(a)(2) . . . is primarily to prevent voluntary dismissals which unfairly affect the other side, and to permit the imposition of curative conditions." *Dodge-Regupol, Inc. v. RB Rubber Prods., Inc.*, 585 F. Supp. 2d 645, 652 (M.D. Pa. 2008) (citing Charles A. Wright & Arthur R. Miller, 9 Fed. Prac. & Proc. Civ. 2d § 2364 n. 19). The Court can grant a Rule 41 dismissal with or without prejudice or with conditions. *See Dodge-Regupol*, 585 F. Supp. 2d at 652 (citing cases); *Schandelmeier v. Otis Div. of Baker-Material Handling Corp.*, 143 F.R.D. 102, 103 (W.D. Pa. 1992) (dismissing complaint ***with prejudice*** upon plaintiffs' motion to dismiss ***without prejudice***).

To determine whether to dismiss a counterclaim under Rule 41 with or without prejudice, the Court should consider: (1) the prejudice to the non-moving party, "both in terms of legal

[1] Rule 41(a)(2), which governs voluntary dismissal of an action by the plaintiff, also substantively governs voluntary dismissal of any counterclaim under Rule 41(c). *See Glaxo Group Ltd. v. Dr. Reddy's Labs., Ltd.*, 325 F. Supp. 2d 502, 506 (D.N.J. 2004) (after plaintiff has answered a counterclaim "[t]he clause of Rule 41 that substantively governs . . . can be found in Rule 41(a)(2), as applied to a counterclaims by way of Rule 41(c)."); *Rouse v. Walter & Assocs., L.L.C.*, 242 F.R.D. 519, 522-24 (S.D. Iowa) (applying Rule 41(a)(2) to request to dismiss certain counterclaims against certain parties).

prejudice and litigation expense;" (2) the moving party's diligence in bringing the motion; (3) the explanation for the motion; and (4) the pendency of a dispositive motion by the non-moving party. *See Schandelmeier*, 143 F.R.D. at 103; *The Shaw Gr. Inc. v. Picerne Inv. Corp.*, 235 F.R.D. 68, 69-70 (W.D. Pa. 2005) (quoting *Schandelmeier*). While courts of appeal generally agree on the factors relevant to consideration of Rule 41(a)(2) dismissals, the Third Circuit takes "a more restrictive view" of such requests than certain other circuits that take "a fairly 'pro-dismissal without prejudice' stance." *Shaw Gr.*, 235 F.R.D. at 69-70 (quoting *Schandelmeier*). Here, Marvell's inequitable conduct claims should be dismissed with prejudice.[2]

Marvell sought leave nearly 25 months ago to specifically add the affirmative defense and counterclaims of inequitable conduct. In the following two years, Marvell never once hinted that it did not intend to press those claims. To the contrary, Marvell sought fact discovery and submitted a report from Dr. Proakis purportedly supporting its inequitable conduct claims. Marvell's actions required CMU to spend considerable time and effort to oppose those claims. Yet, when put to its proof, Marvell could no longer maintain the pretense. Claiming to be interested in "streamlin[ing]" the case given the number of pending motions,[3] Marvell tried a different tactic to avoid an adverse judgment on its serious accusations: it filed the instant

[2] To the extent Marvell objects to a dismissal with prejudice, CMU notes that Marvell's failure to respond to CMU's Motion for Partial Summary Judgment requires the Court to "take as true ***all*** well founded averments of fact" in CMU's Motion. *Friedman v. Bethel Park Police Dept.*, No. 09-711, 2010 WL 1714036 at *2 n.6 (W.D. Pa. April 6, 2010) (emphasis added); *see also* LCvR 56(e) ("Alleged material facts . . . will for the purpose of deciding the motion for summary judgment be deemed admitted unless specifically denied or otherwise controverted by a separate concise statement of the opposing party."); *Carp v. Internal Revenue Serv.*, 2002 WL 373448 at *2 (D.N.J. Jan. 28, 2002) ("When the nonmoving party fails to oppose the motion for summary judgment by written objection, memorandum, affidavits and other evidence, the Court will accept as true all material facts set forth by the moving party with appropriate record support."). CMU respectfully submits that the undisputed facts and the arguments set forth in its Motion show that CMU would be, in fact, entitled to ***summary judgment*** on the merits.

[3] Marvell's justification for its action is ironic in light of the fact that it filed eight of the eleven motions currently pending (three summary judgment motions, two *Daubert* motions, a *pro forma* motion for reconsideration, a motion to reopen expert discovery, and this Motion), in addition to its two ill-fated motions for summary judgment on invalidity.

Motion, seeking permission to "withdraw" the claims without prejudice.[4] Marvell does not explain why dismissal should be without prejudice or why it waited until its opposition to CMU's summary judgment motion was due to finally "withdraw" its meritless claims.

Faced with analogous circumstances, this Court has refused under Rule 41 to dismiss claims without prejudice. In *Schandelmeier*, the Court granted plaintiffs' request to voluntarily dismiss their complaint but required the dismissal be ***with prejudice***. The Court found:

> plaintiffs move to dismiss their complaint after it has been pending for twenty months and has been scheduled for trial. Plaintiffs do not explain why they seek dismissal without prejudice, nor do they provide any opposition to defendants' dispositive motion which undoubtedly has been the product of some effort and expense on the part of defendants. Under those circumstances, dismissal must be with prejudice.

Schandelmeier, 143 F.R.D. at 103. More recently, this Court denied a motion under Rule 41 to voluntarily dismiss a complaint without prejudice because:

> (a) like the plaintiffs in *Schandelmeier*, *supra*, SEI [plaintiff] offers no explanation for the requested dismissal without prejudice; (b) SEI did not act diligently in seeking the requested dismissal under Fed.R.Civ.P. 41(a)(2); (c) the motion for dismissal without prejudice was filed by SEI shortly before the deadline for the filing of defendant's motion for summary judgment on the issue of liability . . .; and (d) defendant has incurred substantial legal expenses to defend the claims of SEI for the past three years.

Shaw Gr., 235 F.R.D. at 70. Other courts have used similar reasoning to reach identical outcomes. *See Elseveier, Inc. v. Comprehensive Microfilm & Scanning Servs., Inc.*, No. 3:10-cv-2513, 2012 WL 727943 at *3 (M.D. Pa. March 6, 2012) (denying motion to withdraw claim without prejudice even though dismissal would "streamline" case because, among other things, (1) discovery had "progressed significantly;" (2) plaintiffs "had ample opportunity to withdraw"

[4] Asserting groundless defenses as Marvell has here is the type of litigation misconduct that supports an award of enhanced damages. *See Univ. of Pittsburgh v. Varian Med. Sys.*, No. 08cv-1307, 2012 WL 1436569 at *2 (W.D. Pa. April 25, 2012) (one factor when determining whether damages should be enhanced is "the infringer's behavior as a party to the litigation").

the claim but waited until when it most prejudiced defendants; and (3) defendants "spent substantial time, energy, and sums preparing a defense"); *Dodge-Regupol*, 585 F. Supp. 2d at 652-53 (dismissing claims under Rule 41 with prejudice because case had been pending almost three years, defendant incurred substantial litigation expenses and request to "withdraw" the claims appeared to be based on avoiding an adverse ruling); *Rouse*, 242 F.R.D. at 524 (dismissing certain counterclaims with prejudice under Rule 41 based in part "upon the time, money and effort already invested by Plaintiffs defending the[] counterclaims"); *Dee-K Enters.*, 177 F.R.D. at 356 (dismissing complaint with prejudice because defendant "incurred significant expense in responding to the original complaint and the first amended complaint"). After having put CMU and the inventors through over two years of effort and expense responding to a groundless claim that they deceived the PTO, Marvell must not be allowed to say, in effect, "just kidding." Any dismissal of this claim short of summary judgment must be with prejudice.

IV. CONCLUSION

For the forgoing reasons, CMU respectfully requests that the Court enter an order dismissing Marvell's affirmative defense and counterclaims of inequitable conduct with prejudice. A proposed Order is attached.

Respectfully submitted,

Dated: May 25, 2012

/s/ Christopher M. Verdini

Patrick J. McElhinny Pa. I.D. # 53510
patrick.mcelhinny@klgates.com
Mark Knedeisen Pa. I.D. #82489
mark.knedeisen@klgates.com
Christopher M. Verdini Pa. I.D. # 93245
christopher.verdini@klgates.com
K&L Gates LLP
K&L Gates Center
210 Sixth Avenue
Pittsburgh, PA 15222
Phone: (412) 355-6500

Douglas B. Greenswag (admitted *pro hac vice*)
douglas.greenswag@klgates.com
925 Fourth Avenue, Suite 2900
K&L Gates LLP
Seattle, WA 98104-1158
Phone: 206.623.7580

Counsel for Plaintiff, Carnegie Mellon University

CERTIFICATE OF SERVICE

I hereby certify that on May 25, 2012 the foregoing was filed electronically. Notice of this filing will be sent to all parties by operation of the Court's electronic filing system. Parties may access this filing through the Court's system.

/s/ Christopher M. Verdini
Christopher M. Verdini
Pa. I.D. # 93245
christopher.verdini@klgates.com
K&L GATES LLP
K&L Gates Center
210 Sixth Avenue
Pittsburgh, PA 15222
Phone: (412) 355-6500
Fax: (412) 355-6501