

1 Stephen J. Joncus (OSB #01307)
Todd M. Siegel (OSB #00104)
2 John D. Vandenberg (OSB #89375)
3 Garth A. Winn (OSB #92158)
KLARQUIST SPARKMAN, LLP
4 121 S.W. Salmon Street, Suite 1600
Portland, Oregon 97204-2988
5 Telephone: (503) 226-7391

6
Jeffrey Willis (#004870)
7 Andrew Jacobs (#021146)
8 Adrienne Ehrhardt (#022429)
SNELL & WILMER, L.L.P.
9 One South Church Avenue, Suite 1500
Tucson, Arizona 85701-1630
10 Telephone: (520) 882-1200

11 Stephen McGrath
12 MICROSOFT CORPORATION
13 One Microsoft Way, Building 8
Redmond, Washington 98052-6399
14 Telephone: (425) 882-8080

15 Attorneys for Defendant Microsoft Corporation

16 UNITED STATES DISTRICT COURT
17 FOR THE DISTRICT OF ARIZONA

18
19 RESEARCH CORPORATION
20 TECHNOLOGIES, INC.,

21 Plaintiff,

22 vs.

23 MICROSOFT CORPORATION,

24 Defendant.

No. CV-01-658-TUC-MLR

**DEFENDANT MICROSOFT'S
FEBRUARY 10, 2006, REVISED
[PROPOSED] FINDINGS OF FACT
AND CONCLUSIONS OF LAW
DECLARING RCT'S PATENTS
UNENFORCEABLE FOR
INEQUITABLE CONDUCT**

Trial: August 11-12, 2005

1 This matter having been set for trial to determine the issue of inequitable conduct,
2 witnesses having been sworn, evidence having been presented and each party having
3 been duly heard, the Court hereby enters the following findings and conclusions
4 pursuant to Fed. R. Civ. P. 52, further to its findings and conclusions stated in Court.

5 1. The contemporaneous test results and reports of Kevin J. Parker and
6 Theophano Mitsa characterizing those test results directly contradict the performance
7 claims of the 1990 and 1991 Parker/Mitsa patent applications. The “visually pleasing”
8 results promised in the applications are directly contradicted by the “visually annoying”
9 and “Graininess: Yes” results reported by Parker/Mitsa to their peers.

10 2. Information is material if “a reasonable examiner would be substantially
11 likely to consider [it] important in deciding whether to allow an application to issue as a
12 patent.” *Bristol-Myers Squibb Co. v. Rhone-Poulence Rorer, Inc.*, 326 F.3d 1226, 1234
13 (Fed. Cir. 2003). A reasonable Patent Examiner clearly would have considered the test
14 results, Parker/Mitsa’s reported rejection of the applications’ disclosed algorithm, and
15 Parker/Mitsa’s reported adoption of a technique that was inconsistent with the
16 applications, each important to at least the written description and enablement
17 requirements for patentability.

18 3. Based on the clear and convincing evidence presented at trial, including
19 that identified in Exhibits 1640-41, 1643-46, 1648, 1650, 1655, and 1657-59, the Court
20 finds the withheld information to be highly material to the 1990, 1991, and 1994
21 applications, under both the prior and the current Rule 56 materiality standards.

22 4. The facts established at trial compel a conclusion that Parker/Mitsa each
23 knew, and certainly should have known, of the high materiality of the information they
24 withheld from the PTO. Parker/Mitsa knew that their claim to patentability was based
25 primarily on their claim that their disclosed algorithm produced visually pleasing, non-
26 clumpy images that lacked low-frequency graininess at every level of gray. (*See, e.g.*,
27 August 12th TR at 74:23-75:21.) It is not credible that they did not know that a

1 reasonable Examiner would consider it important to know that the patent applicants'
2 reported efforts to practice the applications' disclosed No K technique had led to
3 "visually annoying clumps," not the "visually pleasing" images promised by the patent
4 applications and their patent claims. Based on the compelling evidence of Parker/Mitsa's
5 knowledge of high materiality, the Court finds a strong inference of an intent by
6 Parker/Mitsa to mislead the Patent Office.

7 5. For the above reasons, and those set forth in my oral Findings, I find that
8 Parker/Mitsa acted with an intent to mislead and deceive the Patent Office when they
9 withheld this highly material information.

10 6. Having closely observed both Parker/Mitsa testify, I have been able to
11 evaluate and consider their credibility. In this regard I find that Parker was not credible,
12 and Mitsa was evasive, on many key points in their testimony. This is based, in large
13 part, upon my personal observation of their demeanor while testifying. This lack of
14 credibility and evasiveness of Parker/Mitsa is further demonstrated in Exhibits 1655-71,
15 and further supports my above findings on their intent to mislead the Patent Office.

16 7. In my findings, I have not resolved any factual disputes necessary for
17 determination of patent invalidity, patent infringement, or any other jury issue.

18 8. In the exercise of its discretion, and having weighed its findings of
19 materiality and intent to deceive the PTO, the Court concludes that Parker/Mitsa
20 committed inequitable conduct in procuring the '310, '228, and '305 patents. As a
21 result, the '310, '228 and '305 patents are unenforceable.

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23
24 Dated: May 22, 2006



Manuel L. Real
United States District Judge