

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
LUFKIN DIVISION**

Blackboard Inc.,	)	
	)	
Plaintiff,	)	
	)	Case No. 9:06 CV 155
vs.	)	
	)	Judge Clark
Desire2Learn Inc.,	)	
	)	Magistrate Hines
Defendant.	)	
	)	
	)	

**DESIRE2LEARN’S RESPONSE TO BLACKBOARD’S MOTION TO DISMISS  
DESIRE2LEARN’S COUNTERCLAIM OF INEQUITABLE CONDUCT AND TO  
STRIKE DESIRE2LEARN’S SECOND AFFIRMATIVE DEFENSE**

Desire2Learn Inc. (“Desire2Learn”) respectfully requests that the Court deny Blackboard Inc.’s (“Blackboard”) Motion to dismiss Desire2Learn’s inequitable conduct counterclaim and corresponding affirmative defense. The Motion fails for two reasons.

First, Blackboard’s motion was not timely. Rule 12 of the Federal Rules of Civil Procedure requires a motion to dismiss based on Rule 9 to be filed prior to the filing of a responsive pleading. Blackboard filed its Answer to Desire2Learn’s Counterclaims before moving to dismiss those same counterclaims.

Second, Desire2Learn’s pleading satisfies the requirements of Rule 9. Desire2Learn’s counterclaim and affirmative defense allege that U.S. Patent No. 6,988,138 (the “‘138 patent”) is unenforceable due to inequitable conduct during the prosecution of the ‘138 patent in the United States Patent and Trademark Office (“PTO”). During the prosecution, Blackboard failed to submit any prior art to the PTO; however, Blackboard itself now admits its purported invention merely added functionality to the vast number of e-Learning products on the

market. Desire2Learn's Answer identified fourteen individuals who failed to disclose (1) seven different e-Learning systems from companies Blackboard acquired while prosecuting the '138 patent; and (2) a published standards specification for e-Learning products to which at least three of the purported inventors of the '138 patent were contributors.

In particular, Desire2Learn's pleading satisfies the requirements of Rule 9(b) as it identifies:

***The who*** - Robert L. Alcorn; Daniel E. Cane; Michael L. Chasen; Timothy R. Chi; Stephen R. Gilfus; Scott Perian; Matthew L. Pittinsky; Wayne M. Kennard; Wilmer Cutler Pickering; Marc S. Kaufman; Anthony R. Barkume; Matthew Small, Lisa Sotir, and Deborah Everhard;

***The when*** – during the prosecution of the '138 patent from filing (June 30, 2000) to issuance (January 17, 2006);

***The where*** – the United States Patent and Trademark Office; and

***The what*** - the e-learning product offered by CourseInfo, MadDuck Technologies, AT&T Campuswide Access Solutions, CEI SpecialTeams, Prometheus, SA Cash division of Student Advantage, and WebCT (the "Undisclosed e-Learning Products"); and the April 29, 1998 publication entitled "EDUCOM/NLII Instructional Management Systems Specifications Document Version 0.5" (the "IMS Specification").

Blackboard's assertion that claims of inequitable conduct have become overused bears no relevancy to determining whether Desire2Learn has satisfied the pleading requirements of Rule 9. During the more than five years that the patent application was pending Blackboard did not submit a single piece of prior art to the Patent Office. This lack of disclosure was in spite of Blackboard's knowledge of the crowded e-Learning field through its own acquisitions of its competitors and through its own substantial involvement in the development of the industry specifications for the technology. That prior art should have been disclosed to the PTO.

## ARGUMENT

### **I. Blackboard's Motion to Dismiss Desire2Learn's Counterclaim does not Comply with Rule 12 of Federal Rules of Civil Procedure.**

Rule 12 affords a party the opportunity to move to dismiss a claim or strike a defense *only* before responding to a pleading. Fed. R. Civ. P. 12(b). Blackboard casts its motion as being made under Rule 9(b). Rules 8 and 9 set the criteria for what constitutes an adequate pleading. While Rule 9(b) sets a standard for pleading fraud and inequitable conduct claims with particularity, it is Rule 12(b) that provides the authority for and governs motions to dismiss a claim. *See DataQuill Ltd. v. Handspring, Inc.*, 2001 U.S. Dist. LEXIS 15832 at \*1, 60 USPQ2d 1920, 1921 (N.D. Ill. 2001) (motion to strike inequitable conduct claim arises under Rule 12; “tested under a standard identical to that applied in motions to dismiss under Rule 12(b)(6)”); *see also In re Papst Licensing, GMBH Patent Litig.*, 174 F. Supp. 2d 447, 448 (E.D. La. 2001) (motion to strike under Rule 9(b) actually made under Rule 12). Motions to strike under Rule 9(b) must be timely as measured by Rule 12. *Raychem Corp. v. PSI Telecommunications, Inc.*, 1995 WL 108193, \*2 (N. D. Cal. Mar. 06, 1995).

Blackboard's failure to comply with Rule 12(b) requires dismissal of its Motion. As a Rule 12(b)(6) motion to dismiss, the Motion had to be made before Blackboard replied to the Counterclaim.<sup>1</sup> Blackboard filed its Answer to Desire2Learn's Counterclaims on September 19, 2006. Blackboard later moved to dismiss on September 20, 2006. Therefore, pursuant to Rule

---

<sup>1</sup> Even if Blackboard's Motion is treated as a Rule 12(e) motion for a more definite statement or Rule 12(f) motion to strike, the motion still needs to be made before filing of the responding pleading. Fed. R. Civ. P. 12(e) and 12(f). Additionally, Blackboard's Motion is also improper as Blackboard failed to meet and confer with Desire2Learn or file a Certificate of Conference as required by Local Rule CV-7(h).

12(b), Blackboard's Motion to dismiss Desire2Learn's inequitable conduct counterclaim is untimely.

## **II. Desire2Learn's Inequitable Conduct Counterclaim and Affirmative Defense Satisfy the Pleading Requirements of Rule 9(b).**

Desire2Learn properly pled inequitable conduct under Rule 9(b). While a claim or counterclaim raising inequitable conduct is subject to the heightened pleading standard of Rule 9(b),<sup>2</sup> it must be read in conjunction with Rule 8 of the Federal Rules of Civil Procedure which requires only a short and concise pleading. *DataQuill Ltd. v. Handspring, Inc.*, 2001 U.S. Dist. LEXIS 15832 at \*2-3, 60 USPQ2d 1920, 1921 (N.D. Ill. 2001).

Additionally, Blackboard's motion to strike Desire2Learn's affirmative defense of inequitable conduct has a high standard. Motions to strike affirmative defenses are disfavored and will not be granted "unless it appears to a certainty that plaintiffs would succeed despite any state of the facts which could be proved in support of the defense and are inferable from the pleadings." *DataQuill Ltd.*, 2001 U.S. Dist. LEXIS 15832 at \*2-3 (quoting *Williams v. Jader Fuel Co.*, 944 F.2d 1388, 1400 (7th Cir. 1991)). This is because motions to strike potentially serve as a dilatory tactic. Thus, an affirmative defense will not be stricken if it is sufficient as a matter of law or if it presents questions of law or fact. *Williams*, 944 F.2d at 1400.

While courts have enumerated a number of different pleading requirements for inequitable conduct claims, they all generally require a party to: (1) identify *who* failed to disclose prior art; (2) identify *when* that failure to disclose occurred; (3) identify *where* the

---

<sup>2</sup> Rule 9(b) provides: "In all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent, knowledge, and other condition of mind of a person may be averred generally."

disclosure was to be made; and (4) identify *what* should have been disclosed.<sup>3</sup> *DataQuill Ltd.*, 2001 U.S. Dist. LEXIS 15832 at \*2-3; (holding that Rule 9(b) is satisfied when the “who, what, when, and where” of the alleged fraud is articulated); *see also Williams v. Bell Helicopter Textron Inc.*, 417 F.3d 450, 453 (5th Cir. 2005). Other courts have phrased the test as requiring an identification of the “time, place, and content” of any alleged misrepresentations or omissions made to the Patent Office. *Tel-Phonic Services, Inc. v. TBS Int’l, Inc.*, 975 F.2d 1134, 1139 (5th Cir. 1992); *Sun-Flex Co. Inc. v. Softview Computer Prod. Corp.*, 750 F. Supp. 962, 963 (N.D. Ill. 1990). Blackboard has not taken issue with either item 2 - the “when” (during the prosecution of the ‘138 patent) or item 3 - the “where” (at the Patent Office). Instead, Blackboard contends that Desire2Learn did not sufficiently identify the “who” or the “what.” However, Desire2Learn particularly identified both the individuals involved and the material prior art that was not disclosed.

Blackboard’s contention that inequitable conduct must be proven by clear and convincing evidence is misleading and premature. At the pleading stage, it is sufficient merely to state the requisite facts giving rise to a claim of inequitable conduct; it is not necessary to plead evidence. *In re Papst Licensing, GMBH Patent Litig.*, 174 F. Supp. 2d 447, 448 (E.D. La. 2001). For the purposes of Blackboard’s Motion, all well-pleaded facts in Desire2Learn’s affirmative defenses and counterclaims are taken as true and construed in a light most favorable to Desire2Learn. *Walker Process Equip. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 174-75 (1965); *Piotrowski v. City of Houston*, 51 F.3d 512, 514 (5th Cir. 1995).

---

<sup>3</sup> While Blackboard asserts its own interpretation of the law to twice present “five precise issues,” Blackboard does so without any citation to any legal authority. (Blackboard Mot. at 2, 3). Regardless, as described herein, Desire2Learn’s Answer meets even Blackboard’s test.

**A. Desire2Learn Specifically Identifies the Individuals who Breached the Duty of Candor to the Patent Office**

An applicant for a patent has a duty of candor and good faith in dealing with the PTO during prosecution of a patent application. 37 C.F.R. § 1.56. This duty extends to any attorneys who prepared or prosecuted the application, as well as any other individuals who were substantively involved in the preparation or prosecution of the application. *Id.* A breach of that duty constitutes inequitable conduct.

In its answer, Desire2Learn states:

3. Blackboard had a continuing duty during the prosecution of the ‘138 patent to disclose all information Blackboard was aware of that was more material than and not merely cumulative over the prior art already before the Patent Office pursuant to 37 C.F.R. § 1.56.

4. More specifically, this duty of disclosure to the Patent Office was owed by (1) the purported inventors of the ‘138 patent (***Robert L. Alcorn; Daniel E. Cane; Michael L. Chasen; Timothy R. Chi; Stephen R. Gilfus; Scott Perian; and Matthew L. Pittinsky***), (2) each attorney or agent who prepared or prosecuted the application, including at least ***Wayne M. Kennard; Wilmer Cutler Pickering; Marc S. Kaufman; and Anthony R. Barkume***, and (3) every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee, or with anyone to whom there is an obligation to assign the application, including at least ***Matthew Small, Lisa Sotir, and Deborah Everhard***. See 37 C.F.R. § 1.56.

5. Upon information and belief, Blackboard, ***including every individual having a duty of disclosure***, disclosed *no prior art* to the Patent Office during the prosecution of ‘138 patent.

(Answer, 2nd Aff Def., at ¶¶ 3-5, emphasis added). Rule 9(b) requires that a claim for inequitable conduct identify the persons who failed to make the required disclosures to the PTO. *DataQuill*, 2001 U.S. Dist. LEXIS 15832 at \*6, 60 USPQ2d at 1922. Descriptions of the “who” as the “three inventors [] and their attorney” are sufficiently specific. *Id.* at \*6-7. Desire2Learn provides greater particularity in its pleading by specifically naming fourteen individuals.

None of the individuals listed disclosed a *single* piece of prior art to PTO during prosecution, including the material prior art of the seven acquired entities and the IMS Specification. (Answer, 2nd Aff Def., at ¶¶ 5, 6-12, 13-31). Bob Alcorn, a named inventor of the ‘138 patent, participated in the IMS technical team, providing input into the IMS Specification. (*Id.* at ¶¶ 15-16). He is a listed contributor from Blackboard on page 71 of the IMS Specification. (*Id.* at ¶¶ 15-16). Finally, Mathew Small, the General Counsel for Blackboard, stated to the Association of Learning Technology on August 23, 2006, that “Blackboard people, including Matthew Pittinsky [co-inventor and Chairman of the Board of Blackboard] and Michael Chasen [co-inventor and President and CEO of Blackboard] worked as consultants to IMS during the late 1990s prior to formation of Blackboard and the filing of the ‘138 patent application.” (*Id.* at ¶ 18).

Blackboard alleges two similar deficiencies in this identification of individuals: (1) that Desire2Learn used a shorthand of “Blackboard” to reference these fourteen individuals; and (2) that Desire2Learn did not specifically allege that each of the fourteen individuals failed to disclose the material prior art to the PTO.

As to the use of Blackboard-as-shorthand, Blackboard is the assignee of the ‘138 patent; Blackboard employed the inventors; one of the inventors was and is the President and CEO of Blackboard, another was and is the Chairman of the Board of Blackboard; Blackboard hired and directed the attorneys prosecuting the ‘138 patent; and Blackboard otherwise employed the other identified individuals. Blackboard relies on *McArdle* to assert that Desire2Learn’s pleading is insufficient. That reliance is misplaced. The Court in *McArdle*, held that “[t]he complaint alleges only that ‘Mattel’s representatives’ made false representations. Mattel is a large company and Rule 9(b) requires enough particularity to identify the person who committed

the fraud.” *McArdle v. Mattel, Inc.*, 2006 U.S. Dist. LEXIS 66406, \*27 (E.D. Tex. Aug. 14, 2006). In contrast, Desire2Learn provided the required particularity in Paragraph 4, which begins “More specifically” and goes on to identify each of the fourteen individuals by name. This type of pleading has been held to provide sufficient notice. *See Raychem Corp. v. PSI Telecommunications, Inc.*, 1995 WL 108193, \*2-3 (N. D. Cal. Mar. 06, 1995).

In *Raychem*, the Defendant pleaded generally that “Raychem” failed to disclose material prior art, specifically identifying an attorney as being aware of the prior art:

Raychem, as the assignee of the patent, during the prosecution of such patent failed to disclose to the USPTO material prior art in the form of the reference known as the Dobbin patent. Raychem’s in-house attorney was familiar with this reference through prosecution of the ‘746 patent, yet during the same time frame that such reference was brought to the attention of the Patent Office in connection with the ‘746 patent, Raychem failed to disclose this clearly material reference to the Patent Office in connection with the prosecution of the ‘058 patent.

*Id.* at \*2. Similarly, a case relied upon by Blackboard, the *Poly-America* case, held that an identification of the individuals as “the Defendant [a corporation] and its attorneys” was sufficiently particular to comply with Rule 9(b). *Poly-America, Inc. v. GSE Lining Tech., Inc.*, 1998 U.S. Dist. LEXIS 9996 at \*10 (N.D. Tex. June 29, 1998).

Blackboard’s suggestion that Desire2Learn did not specifically allege that each of the fourteen individuals did not disclose material prior art to the PTO is similarly misplaced. First, there is no such requirement in any of the cases cited by Blackboard or elsewhere. Second, Desire2Learn meets this requirement by stating “Blackboard, including every individual having a duty of disclosure, disclosed no prior art to the Patent Office during the prosecution of the ‘138 patent.” (Answer, Sec. Aff. Def., ¶ 5). The purpose of Rule 9(b) is to give Blackboard particularized notice of the individuals whom Desire2Learn alleges made the fraudulent omissions. Blackboard has particularized notice because Desire2Learn specifically identified the fourteen individuals.



**B. Desire2Learn Specifically Identifies the Material Prior Art that the Identified Fourteen Individuals Failed to Disclose to the PTO.**

Desire2Learn has *not* made vague, generalized allegations that Blackboard failed to disclose unnamed prior art in the hope of embarking on a discovery fishing expedition. *Chiron Corp. v. Abbott Labs.*, 156 F.R.D. 219, 221 (N.D. Cal. 1994) (commenting that Rule 9(b) is intended to prevent undertaking expansive discovery upon only limited allegations). Blackboard's calling the claims vague does not make them so. Desire2Learn's allegations are well supported and narrowly focused on two discrete sets of prior art known to exist but not disclosed by Blackboard: (1) the e-learning products offered by CourseInfo, MadDuck Technologies, AT&T Campuswide Access Solutions, CEI SpecialTeams, Prometheus, SA Cash division of Student Advantage, and WebCT (the "Undisclosed e-Learning Products") and (2) the April 29, 1998 publication entitled "EDUCOM/NLII Instructional Management Systems Specifications Document Version 0.5" (the "IMS Specification"). The Undisclosed e-Learning Products represent specific, tangible prior art in the e-learning field that was in existence more than one year prior to the filing date of the patent application. The IMS Specification represents a specific document.

A careful reading of Blackboard's Motion reveals that Blackboard does not allege anywhere that Desire2Learn has insufficiently identified the IMS Specification. (Dkt. No. 21 at 11-13). Further Blackboard does not allege that Desire2Learn has insufficiently identified the materiality of the IMS Specification. (*Id.*) Accordingly, dismissal of Desire2Learn's inequitable conduct claims, which include the IMS Specification, would be improper.

**1. Desire2Learn's Identification of the Prior Art is Sufficient.**

Desire2Learn's allegations are sufficiently particular to permit Blackboard to admit or deny, meeting the pleading requirements of Rule 9(b). Blackboard itself demonstrates

the sufficiency of Desire2Learn's identification: Blackboard was able to answer the Counterclaim it now alleges is insufficient. Blackboard's Motion is premised on the notion that Blackboard cannot defend against Desire2Learn's "vague" identification of prior art. In contrast, Blackboard's Answer demonstrates an understanding of the prior art identified by Desire2Learn. In fact, Blackboard affirmatively *admits* that CourseInfo, MadDuck Technologies, Prometheus, and WebCt "developed, marketed, and/or sold products that could be described as e-learning products." (Blackboard Answer, ¶ 7(f),(g)). Blackboard does not contend that it cannot identify the prior art, merely that Blackboard does not consider it material. (Blackboard Answer, ¶ 7(h)). While Desire2Learn identifies the products by company instead of name, such identification is sufficient where it adequately places Blackboard on notice as to omitted prior art. "Allegations of fraud [must be] specific enough to give defendants notice of the particular misconduct which is alleged to constitute the fraud charged so that they can defend against the charge and not just deny that they have done anything wrong." *Chiron*, 156 F.R.D. at 222 (*quoting Semegen v. Weidner*, 780 F.2d 727, 731 (9th Cir. 1985)).

Identification of the prior art is sufficient where it provides sufficient notice. Identification by the specific product name is not required. For example, in *DataQuill* the prior art was properly identified simply as "the EO Personal Communicator by AT&T." *DataQuill Ltd. v. Handspring, Inc.*, 2001 U.S. Dist. LEXIS 15832 at \*7-8, 60 USPQ2d at 1921. On the other hand, the identification of prior art in *Nortel*, which was found insufficient, was much more vague, asserting unidentified drafts, submissions, and literature:

. . . no [industry] standards or documentation thereof, such as drafts, committee submissions, or other technical literature relating to the standards development process, were cited to the USPTO during prosecution of the application issuing as the [patent], nor were any such documents or literature submitted to the USPTO in the form of an Information Disclosure Statement.

*Nortel Networks Ltd. v. Kyocera Wireless Corp.*, 2002 WL 31114077, \*4 (N.D. Tex. Sept. 20, 2002). Desire2Learn has not pleaded a “laundry list” of nondescript “documents, drafts, and other technical literature” that should have been disclosed by Blackboard. In contrast to *Nortel*, Desire2Learn specifies a finite set of products offered by a specific list of seven entities that were acquired by Blackboard. Accordingly, its pleading is in accordance with *DataQuill* and satisfies the requirements of Rule 9. *See DataQuill*, 2001 U.S. Dist. LEXIS 15832 at \*8, 60 USPQ2d at 1922.

Blackboard placed no prior art in front of the examiner. Because of this, each of the products offered by the e-learning companies was more material than the zero prior art furnished by Blackboard. Thus, they *each* should have been disclosed. (Answer, Sec. Aff. Def., ¶ 9). Blackboard claims that it cannot determine whether Desire2Learn is alleging that Blackboard should have disclosed some or all of the e-learning products offered by the seven identified companies. (Dkt. No. 21 at 11). Blackboard continues, “Surely [Desire2Learn] does not suggest that all e-learning products in existence at or before the filing of the application should have been disclosed.” (Dkt. No. 21 at 11). The answer is clear from Desire2Learn’s pleading. Blackboard did not disclose *any* prior art to the PTO during the prosecution of the ‘138 patent. (Answer, Sec. Aff. Def., ¶ 5). Had Blackboard submitted material e-learning prior art to the PTO, Blackboard would not have been obligated to submit other redundant or cumulative e-learning prior art. However, as Blackboard did not submit any prior art, each of the Undisclosed E-learning Products was material, and Blackboard admits it was aware of each of the Undisclosed E-Learning Products. Thus, Blackboard’s inequitable conduct arises from its failure to disclose each of them to the PTO.

**2. Desire2Learn's Identification of the Materiality of the Prior Art is Sufficient.**

Blackboard disingenuously suggests that it is not on notice as to the materiality of the associated products. The Undisclosed e-Learning Products' materiality is shown by the scope of the e-learning market and the fact that Blackboard acquired each of these entities. Blackboard admits it acquired CourseInfo, LLC, MadDuck Technologies, Inc., Prometheus, and WebCT, Inc. and the entities developed, marketed, and/or sold e-learning products that were sold or offered for sale, publicly used, or described in a written publication more than one year before the filing date of the '138 patent. (Blackboard's Answer, ¶¶ 7(e-g)). Blackboard admits that it "did not invent e-learning" and that the "patent covers only specific features and functionality contained in the Blackboard system that were developed by the Blackboard team." (*Id.* at ¶ j). If Blackboard did not invent e-learning, the '138 patent can only represent an improvement on e-learning art then in existence. Accordingly, this art was material, and Blackboard had an affirmative duty to disclose it to the PTO. Instead, Blackboard identified *no* prior art to the PTO.

In these circumstances, where no prior art was cited to the PTO, courts significantly relax any requirement to plead materiality. *See Scripps Clinic & Research Found., v. Baxter Travenol Labs., Inc.*, 1988 U.S. Dist. LEXIS 1972, at \*3 (D. Del. March 9, 1988) ("[Defendant's] claim that [Plaintiff] did not file any prior art with its original application is a sufficient description of the 'circumstances' of [Defendant's] claim to meet Rule 9(b)'s strict requirements.") Other courts have held that the pleading requirements of materiality are very low. *See Raychem Corp.*, 1995 WL 108193, \*3 (finding the following pleading of materiality sufficient: "The Dobbin patent constituted material prior art relevant to the '058 patent prosecution"); *Poly-America, Inc.*, 1998 U.S. Dist. LEXIS 9996, at \*13-17 (alleging the prior art is "material" is sufficiently particular under Rule 9(b)).

Blackboard's reliance on *Poly-America, Inc.* is misplaced. The allegation of inequitable conduct regarding the inventorship dispute in *Poly-America* was far more general than the allegations in the case at bar. The court in *Poly-America* considered deficient the plaintiff's failure to identify the previous inventors, to provide a time period, and to specify the country in Europe where the inspection at issue had taken place. In contrast, Desire2Learn's counterclaim identifies the inventors and details the circumstances surrounding the failure to provide material prior art to the PTO. *See Davidson v. Yihai Cao*, 211 F. Supp. 2d 264, 286 (D. Mass. 2002) (denying plaintiffs' motion to dismiss defendants' counterclaim).

**C. Desire2Learn's General Allegation of Deceptive Intent is Sufficient Under Rule 9(b).**

The element of intent need only be generally alleged under Rule 9(b). Blackboard's Motion identifies the element of intent (which Blackboard further breaks down into (1) intent to deceive and (2) benefit to be obtained by deception) as an element that must be pled with particularity; however, Rule 9(b) does *not* require this specificity. *DataQuill*, 2001 U.S. Dist. LEXIS 15832 at \*8-9, 60 USPQ2d at 1922. The plain language of Rule 9(b) states that allegations of "[m]alice, intent, knowledge and other conditions of mind of a person may be averred generally." Fed. R. Civ. P. 9(b). A general statement that alleges that the failure to disclose information was knowing, willful, or done with an intent to deceive the Patent Office is sufficient. *Id.*; *J.P. Stevens & Co. v. Lex Tex Ltd.*, 747 F.2d 1553, 1560 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985). Likewise, the Fifth Circuit permits allegations of the condition of the mind to be pleaded generally. *Belli v. Orlando Daily Newspapers, Inc.*, 389 F.2d 579, 589 (5th Cir. 1967). The question of intent or actual knowledge of the prior art is a question of fact to be deduced at trial, not at this stage in the litigation. *FMC Corp. v. Manitowoc Co. Inc.*, 835

F.2d 1411, 1416 (Fed. Cir. 1987). Even the *Nortel* case, heavily relied on by Blackboard, holds that intent need only be plead generally. *Nortel Networks Ltd.*, 2002 WL 31114077 at \*4.

### **III. Proper Remedy Is Not Dismissal But Leave to Amend.**

Blackboard's own Answer to Desire2Learn's Counterclaim demonstrates that Blackboard had particular notice of and understood the who, what, when, and where of Desire2Learn's inequitable conduct allegations. Nevertheless, should the Court find that Desire2Learn's pleading requires additional details, the appropriate remedy would be to allow Desire2Learn to amend its counterclaim and affirmative defense. *See Moore U.S.A., Inc. v. Standard Register Co.*, 139 F. Supp. 2d 348, 360 (W.D. N.Y. 2001) (reasoning that the failure to allege inequitable conduct with particularity warrants dismissal of the counter claims without prejudice); *Townshend v. Rockwell Int'l Corp.*, 55 U.S.P.Q.2d 1011, 1024 (N.D. Cal. 2000) (holding that it is appropriate to grant leave to amend in conjunction with a motion to strike allegations of inequitable conduct). Blackboard has not stated any basis for the Court to deny Desire2Learn leave to amend its Answer nor would Blackboard be prejudiced should an amendment to the pleading be deemed necessary.

### **CONCLUSION**

In sum, Blackboard's motion fails to meet the requirements of Rule 12, and Desire2Learn's counterclaim satisfies Rule 9(b). The pleading provides Blackboard with sufficient notice to prepare a meaningful response. Specifically, Desire2Learn's counterclaim places Blackboard on notice that the alleged misconduct was based on the failure of the inventors of the '138 patent to disclose to the PTO certain material prior art and disclose their participation in IMS Specification meetings. *Agere Sys. Guardian Corp. v. Proxim, Inc.*, 190 F. Supp. 2d 726, 734 (D. Del. 2002) (finding that Proxim's answer and counterclaims, as originally pled sufficiently specify the grounds for its inequitable conduct defense). Thus, Desire2Learn's

counterclaim is sufficiently specific to demonstrate that it is not filing frivolous allegations or submitting a groundless claim. Because the counterclaim complies with Rule 9(b), dismissal under Rule 12(b)(6) is appropriate. *Davidson*, 211 F. Supp. 2d at 287 (denying plaintiffs' motion to dismiss defendants' counterclaim).

WHEREFORE, the Court should deny Blackboard's Motion to Dismiss Desire2Learn's Inequitable Conduct Counterclaim and deny its Motion to Strike Desire2Learn's Second Affirmative Defense.

Dated: October 4, 2006

Respectfully submitted,

/s/ Jason J. Keener  
Jason J. Keener

Of Counsel  
Sharon R. Barner (Illinois Bar No. 6192569)  
Gregory S. Norrod (Illinois Bar No. 6199391)  
Jonathan R. Spivey (Texas Bar No. 24002989)  
Jason J. Keener (Illinois Bar No. 6280337)  
Foley & Lardner LLP  
321 North Clark Street, Suite 2800  
Chicago, Illinois 60610  
Telephone: (312) 832-4500  
Facsimile: (936) 832-4700

Jo Ben Whittenburg, Esq.  
[jbw@obt.com](mailto:jbw@obt.com)  
Attorney-In-Charge  
Texas Bar No. 21396700  
Orgain Bell & Tucker, LLP  
470 Orleans Street  
P.O. Box 1751  
Beaumont, Texas 77704-1751  
Telephone: (409) 838-6412  
Facsimile: (409) 838-6959

James J. Zeleskey  
Texas Bar No. 22257700  
5034-D Champions Drive  
Lufkin, Texas 75901  
Telephone: (936) 699-3516  
Facsimile: (936) 699-4054

Counsel for Defendant and Counterclaim  
Plaintiff Desire2Learn, Inc.

**Certificate of Service**

The undersigned certifies that a true and correct copy of **Desire2Learn's Response to Blackboard's Motion to Dismiss Desire2Learn's Counterclaim of Inequitable Conduct and to Strike Desire2Learn's Second Affirmative Defense** was filed electronically in compliance with Local Rule CV-5(a). As such, this document was served on all counsel who have consented to electronic service.

Dated: **October 4, 2006.**

/s/ Jason J. Keener  
Jason J. Keener