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Intergraph Strikes Deal In Microprocessor Patent Suit

By **Erin Coe**

Law360, New York (December 19, 2007) -- Intergraph Hardware Technologies Corp. has reached a settlement with Toshiba Corp. and its units in the technology company's patent suit over devices for a high-speed microprocessor system.

Judge Marilyn H. Patel on Monday dismissed the action with prejudice in the U.S. District Court for the Northern District of California, shutting the book on Intergraph's case that alleged the Japanese electronic manufacturer's computer products infringed its Clipper System patents.

"Counsel for the parties have agreed to settlement terms which obviate the need for this litigation," the stipulation said, adding that Intergraph and Toshiba had agreed to bear their own legal fees.

Lawyers for the companies did not return calls seeking comment on Wednesday.

The settlement comes about a year after Intergraph resolved its dispute with defendants NEC Corp. and the Japanese network solutions firm's subsidiaries. The parties also agreed to cover their own attorneys' costs in that dispute.

The Huntsville, Ala.-based company initially targeted Toshiba and NEC in a suit filed in June 2006, around the same time it tied IT company Fujitsu Siemens Computers into a separate suit in Hamburg, Germany. Both suits centered on Intergraph's Clipper System patents.

Patent litigation has been a cash cow for Intergraph, which has recently been on the receiving end of several multimillion-dollar settlement agreements.

Intergraph said in the beginning of 2005 that its lawsuits and other patent-protection efforts have generated \$860 million in pre-tax income since 2002.

Since the mid-1990s, Intergraph has sued to protect its patent portfolio and reached settlements with Advanced Micro Devices, Dell, Gateway, IBM and Intel for allegedly infringing on patents for its Clipper chip and a parallel instruction computing design known as PIC.

In January 2005, Hewlett-Packard agreed to pay \$141 million to settle patent disputes with software maker Intergraph that centered on Intergraph's Clipper chip.

Intergraph filed that suit in 2002, alleging that Hewlett-Packard, Dell and Gateway infringed patents related to systems using Intel chips.

In March 2004, Intel agreed to pay Intergraph \$225 million. Intel had the added liability of covering for Dell. Under the chip giant's indemnification agreement with Dell, it had to shield the manufacturer from any liability related to using its chips.

In April 2004, AMD paid Intergraph \$25 million to settle a patent dispute and receive a license to the Clipper patents. In May of that same year, Gateway agreed to shell out at least \$10 million to end a suit over the same technology.

In September 2003, Texas Instruments agreed to pay Intergraph \$18 million.

Patents related to Intergraph's Clipper microprocessor deal with a microprocessor's cache memory management, speeding up the performance of the microprocessor and the system by keeping RAM memory and cache memory in synch.

Intergraph employs about 3,500 people in 60 countries worldwide. About 2,000 of Intergraph's employees are in the United States. Intergraph has been a publicly traded company since 1981.

The patents at issue in this case are U.S. Patent Nos. 4,899,275; 4,933,835 and 5,091,846.

Intergraph is represented in this matter by Robins Kaplan Miller & Ciresi LLP and Reed Smith LLP. Toshiba Corp. is represented by Foley & Lardner LLP and Manatt Phelps & Phillips LLP.

The case is Intergraph Hardware Technologies Company v. Toshiba Corporation et al., case number 06-04018, in the U.S. District Court for the Northern District of California.

--Additional reporting by Ben James