IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ISCO INTERNATIONAL, INC.,	)	
Plaintiff	)	
v.	)	C.A. No. 01-487 GMS
CONDUCTUS, INC., AND SUPERCONDUCTOR TECHNOLOGIES, INC.,	)	
Defendants.	)	

MEMORANDUM AND ORDER

I. INTRODUCTION

The plaintiff, ISCO International, Inc. ("ISCO"), filed the above-captioned suit against Conductus, Inc. ("Conductus") and Superconductor Technologies, Inc. ("STI") (collectively "the defendants") on July 17, 2001. In its complaint, ISCO alleges that Conductus and STI are infringing U.S. Patent No. 6,263,215 ("the '215 patent"). Each defendant filed several counterclaims against the plaintiff. Presently before the court is ISCO's Motion for Summary Judgment to Dismiss Defendants' Counterclaims Alleging Unfair Competition and Interference with Business Relations (D.I. 198). For the reasons that follow, the court will deny the motion.

II. STANDARD OF REVIEW

Summary judgment is appropriate in patent suits as in other civil actions. *Rains v. Cascade Industries, Inc.*, 402 F.2d 241, 244 (3d. Cir. 1968). The court may grant summary judgment "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party

is entitled to judgment as a matter of law." FED. R. CIV. P. 56(c); *see also Boyle v. County of Allegheny Pa.*, 139 F.3d 386, 392 (3d Cir. 1998). Thus, summary judgment is appropriate only if the moving party shows there are no genuine issues of material fact that would permit a reasonable jury to find for the non-moving party. *Boyle*, 139 F.3d at 392. A fact is material if it might affect the outcome of the suit. *Id*. (citing *Anderson v. Liberty Lobby*, *Inc.,* 477 U.S. 242, 247-248 (1986)). An issue is genuine if a reasonable jury could possibly find in favor of the non-moving party with regard to that issue. *Id*. In deciding the motion, the court must construe all facts and inferences in the light most favorable to the non-moving party. *Id*.; *see also Assaf v. Fields*, 178 F.3d 170, 173-74 (3d Cir. 1999).

III. DISCUSSION

ISCO moves to dismiss Counterclaims II, III IV, V, VI, and VII asserted by Conductus, and Counterclaims III, IV, V, VI, VII, and VIII asserted by STI. These counterclaims assert identical claims, namely, a violation of Section 43(a) of the Lanham Act; tortious interference with prospective economic advantage; tortious interference with contractual relations; and unfair competition pursuant to California and Illinois law. ISCO moves to dismiss these counterclaims on the ground that they require a showing of bad faith, an element, ISCO urges, the defendants have not stated sufficiently.

All of the counterclaims at issue rely, essentially, upon the same set of allegations. The defendants contend that: ISCO acted in bad faith by issuing a press release regarding the enforcement of the '215 patent despite their knowledge that the patent is unenforceable. Specifically, they knew of a relevant prior art reference that disclosed the invention of the '215 patent and, had it been disclosed to the PTO, would have prevented the patent from issuing. Dr.

Yandrofski, one of the named inventors on the ‘215 patent and then-CEO of Superconducting Core Technologies, whose intellectual property assets ISCO acquired, knew of the prior art publication, but did not disclose it during prosecution of the patent. Dr. Calhoun, then-CEO of ISCO, also was aware of the reference. Both of these men knew of the implications of the reference, *i.e.*, that it disclosed the invention of the ‘215 patent and therefore compromised the validity of the patent. Nevertheless, Calhoun authorized a press release announcing the present patent infringement suit and stating that it would not offer licenses to the defendants' customers for products bought after a certain date. The defendants have pointed to deposition testimony and other evidence in support of these allegations. For purposes of this motion, the court accepts the allegations as true.

"A clear case of bad faith representations is made out ‘if the patentee knows that the patent is invalid, unenforceable, or not infringed, yet represents to the marketplace that a competitor is infringing the patent.'" *Allen v. Howmedica Leibinger, Inc.*, 197 F. Supp. 2d 101, 110 (D. Del. 2002) (quoting *Zenith Electronics Corp. v. Exzec*, 182 F.3d 1340, 1354 (Fed. Cir. 1999)).[1] With this standard in mind, it is clear that ISCO has not shown that there is no question of material fact as to

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[1] It is important to note that in *Allen*, "Plaintiff's entire argument [was] premised on the assumption that Defendants' knowledge of the German Patent's revocation equates to knowledge of the [patent's] invalidity." *Allen*, 197 F. Supp. 2d at 110. Because the Federal Circuit has rejected the argument that a United States court should necessarily adopt the conclusion of a foreign tribunal regarding patent rights, knowledge by the defendants that their patent was revoked in Germany could not support a claim that they had knowledge of the patent's invalidity. *Id.* Thus, the plaintiff in that case could not show bad faith based upon those facts only. The present case, of course, presents an entirely different context for the defendants' counterclaims alleging bad faith. The plaintiff's reliance upon *Allen*, therefore, is somewhat misplaced.

whether its marketplace representations were made in bad faith. The parties dispute, among other things, the significance of the allegedly withheld prior art reference, the exact timeline of events leading up to the press release, and the meaning of the cited passages of deposition testimony. If their allegations are true, the defendants will have shown that bad faith existed. ISCO is not entitled to judgment as a matter of law.

IV. CONCLUSION

Based on the evidence before it, the court concludes that summary judgment is inappropriate. For the foregoing reasons, IT IS HEREBY ORDERED that:

1. ISCO's Motion for Summary Judgment of to Dismiss Defendants' Counterclaims Alleging Unfair Competition and Interference with Business Relations (D.I. 198) is DENIED.

Date: February 10, 2003

Gregory M. Sleet
UNITED STATES DISTRICT JUDGE