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Phone: +1 212 537 6331 | Fax: +1 212 537 6371 | customerservice@portfoliomedia.com

Hewlett-Packard To Pay \$141M To Settle Intergraph Patent Suit

By **Marius Meland**

Law360, New York (January 21, 2005) -- Computer maker Hewlett-Packard has agreed to pay \$141 million to settle patent disputes with software maker Intergraph, capping a series of patent lawsuits over the "Clipper" chip that have netted Intergraph \$860 million.

The companies said in separate statements that they would immediately dismiss, withdraw or terminate all pending lawsuits while reserving the right to reinstate them. Hewlett-Packard had been in litigation with Intergraph in both a U.S. federal court and in the European Union.

They also struck an agreement under which Hewlett-Packard is granted license to all Intergraph patents while Intergraph has license to all HP patents in fields covered by its current products.

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

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.

Intergraph contended that the chip companies and computer makers infringed on its designs, either in their chips or in computer systems that use those designs.

"As of this settlement, we have no further litigation in the computer industry," said Intergraph spokesman Reid French.

Intergraph said its lawsuits and other patent-protection efforts have generated \$860 million in pre-tax income since 2002. The company noted that it would continue considering potential litigation and licensing strategies as it relates to its patents.

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

In March, Intel agreed to pay \$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, AMD agreed to pay a maximum of \$25 million. In May, Gateway agreed to pay at least \$10 million.

Intergraph was represented in the litigation by the law firms of Robins, Kaplan, Miller & Ciresi, L.L.P.; McDermott, Will & Emery; Brown McCarroll; Alston & Bird; Ireland, Carroll & Kelley; Parker & Clayton; Richards, Layton and Finger; and Jones & Jones.

Hewlett-Packard was represented by Irell & Manella LLP; Clark Lea & Ainsworth; Gillam & Smith, L.L.P.; and Reed Intellectual Property Law Group.

The case is Intergraph Hardware Technologies Company V. Hewlett-Packard Company, case no. 6:04-cv-214, U.S. District Court for the Eastern District of Texas.