“Intergraph has been building its portfolio of intellectual property for 30 years,” said Jim Taylor, the chief executive of Intergraph, Huntsville, Ala., in a statement. “We believe that this settlement demonstrates the validity and value of our patents. Now that we have resolved the Alabama litigation, we can realize additional value for our intellectual property through open licensing agreements with others in the computer and electronics industries.”
The legal tangle between the two companies goes back for several years and is also partly the basis for the Federal Trade Commission’s investigation of Intel for antitrust violations. The FTC later settled with Intel, requiring that Digital (later Compaq) retain the rights to the Alpha microprocessor. However, Intel acquired the Alpha processor from Compaq last year.

Intergraph’s original suit was filed in Alabama in 1997, and claimed that Intel had used its ability to withhold samples of its microprocessors to coerce Intergraph into licensing certain microprocessor-related patents which Intergraph acquired from Fairchild Semiconductor involving the so-called “Clipper” chip. Without those samples, Intergraph argued, the company was unable to compete against rivals which had access to the patents. Intergraph, once a manufacturer of graphics workstations, later exited the business. Intergraph’s suit against Intel charged it with antitrust violations—a charge later tossed out by a judge—as well as patent infringement and tort violations.

According to Intergraph, a second suit against Intel still remains to be decided in a Texas court. That suit also involves the ownership of the “Clipper” patents, a chip which allegedly used parallel-computing techniques later incorporated in Intel’s Itanium architecture. The Texas suit argues that Intel’s Itanium and “next-generation” IA-64 products illegally incorporate the Clipper patents.

It is unclear whether the Texas court will take into account in the now-settled Alabama case. Judge Edwin Nelson of the a U.S. district court in Alabama originally ruled that Intel did not have access to the Clipper patents. In 1999, he reversed that decision, arguing that National Semiconductor, which had acquired Fairchild, had indeed shared ownership of the Clipper patents. In the court’s view, National’s ownership of the patents made them eligible to be covered in a broad cross-licensing agreement Intel and National signed years later.
The Texas trial will occur as scheduled, beginning July 1, 2002, Intergraph said. The agreement announced Monday provides a range of damages in the Texas case, ranging from zero if Intel prevails to $150 million if Intergraph prevails at trial. Intergraph may also win an additional $100 million from Intel on appeal.
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