
To: Members of the Community Patent Review Steering Committee
From: Matthew Cuttler
Re: Inequitable Conduct and Community Patent Review
Date: August 11, 2006

MEMORANDUM

Question Presented

Under 37 CFR 1.56, each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the United States Patent and Trademark Office (“USPTO”). This duty includes the obligation to disclose all information known to that individual to be material to patentability. Failure to disclose such information may constitute “inequitable conduct” and result in invalidity or unenforceability of the patent, a government suit to cancel the patent, an award of attorney’s fees in an infringement suit, or liability under the antitrust laws, Federal Trade Commission Act or securities laws. Donald S. Chisum, Chisum on Patents §19.03 (2006). Community Patent Review gives rise to the question: would an omission of prior art in a patent application that is subsequently uncovered by the Community Patent Review process constitute inequitable conduct?

Brief Answer

The existence of a database of submitted prior art will not give rise to enhanced liability for inequitable conduct. Patent applicants have no greater duty to disclose references to the patent examiner as a result of this process because the threshold requirements of materiality and intent, as they apply to traditional patent practice, would adequately regulate inequitable conduct in the Community Patent Review framework.

Facts

The Community Patent Review system would enable experts to submit prior art after publication of a patent application to a community review website. The experts then rate the prior art submissions and the top ten references are transmitted to the patent examiner. Therefore new issues arise regarding what a patent attorney is obligated to disclose to the USPTO after the review process, and to what liability the applicant and their attorney may be exposed.

Discussion

The rules governing inequitable conduct and the duty to disclose are found in 37 CFR 1.56 (2006) which states that: “[e]ach individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section...”

Individuals associated with the filing or prosecution of a patent application are defined as the inventor, each attorney or agent who prepares or prosecutes the application, and “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. Ibid.

35 USC §122(c) (2006) allows examiners to consult databases, however, they may not consult the public when searching for prior art. The statute also states that only prior art without commentary may be submitted. Ibid. In addition, MPEP §1134.01 (2005) provides that 3rd parties may submit prior art without commentary in response to a published but not-yet-granted application—within two months of publication—someone may submit no more than 10 patents and publications.

Inequitable conduct arises from an affirmative misrepresentation of a material fact, failing to disclose material information, or submission of false material information, coupled with an intent to deceive or mislead the PTO. Purdue Pharma LP v. Endo Pharmaceuticals, Inc., 483 F.3d 1123 (Fed. Cir. 2006). In FMC Corp. v. Manitowoc Co., 835 F.2d 1411 (Fed. Cir. 1987), the court held that a charge of inequitable conduct based on failure to disclose prior art may be sustained only if it is established that the patent applicant or his attorney had knowledge of the information *and* of its materiality and acted with an intent to mislead the PTO. Also, clear and convincing evidence must prove that an applicant had the specific intent to mislead or deceive the PTO. In a case involving nondisclosure of information, this clear and convincing evidence must show that the applicant made a deliberate decision to withhold a known material reference. Molins PLC v. Textron, 48 F.3d 1172 (Fed. Cir. 1995).

Community Patent Review presents new issues when placed over the framework of the traditional inequitable conduct doctrine. One of the main issues arises when relevant prior art is not disclosed in a patent application but later submitted during the review process and rated highly relevant by other experts in the field. However, in Nordberg v. Telesmith, 82 F.3d 394 (Fed. Cir. 1996), the court held that high materiality of prior art and apparent negligence cannot alone constitute inequitable conduct. Since applicant's attorneys could not have concealed a prior art reference of which they was not aware, the district court was correct in finding that they did not conceal the patent with the intent to mislead the PTO. Therefore, the existence of a highly rated material prior art reference that was not originally included in the application would not be dispositive on the issue of inequitable conduct without further evidence of intent to conceal or mislead the PTO.

Also, if relevant prior art that is deemed to be material is transmitted to the examiner after the Community Patent Review process, it is not likely an applicant would be held to have committed inequitable conduct unless intent is clearly found. In Molins PLC v. Textron, 48 F.3d 1172 (Fed. Cir. 1995), the court stated that when a reference was before an examiner, whether through the examiner's search or the applicant's disclosure, it cannot be deemed to have been withheld from the examiner. Failure of the attorneys to cite those references to the PTO did not constitute inequitable conduct. Therefore, if the top ten transmitted to the examiner is construed to be a supplemental part of the examiner's search, then failure of the attorney to cite that relevant prior art will not constitute inequitable conduct.

Another issue arises when relevant prior art has been submitted but *not* voted into the top ten references and whether an applicant or their attorney therefore has a duty to disclose these references. In Tennant Co. v. Hako Minuteman, Inc., 651 F. Supp. 945 (N.D. Ill. 1986), the court stated that even if an applicant is aware of a particular prior art reference, a good faith error in judgment about its materiality that leads to its omission from the application is not inequitable conduct. The applicant is not required to predict which items of prior art will eventually be material in court, the question is rather if the omission was a conscious attempt to mislead the examiner, or grossly negligent toward his duty of candor. In addition, the court stated that the more reasonable persons could disagree about whether the reference was important enough to cite, the more the party seeking to establish inequitable conduct needs evidence of the applicant's actual intent to mislead the Examiner. Ibid.

In the Community Patent Review process, if a reference is not originally submitted by the applicant, and similarly not found by the examiner, nor voted into the top ten by the pool of experts, this would not seem to constitute "numerous warnings" of materiality and subsequently,

only strong evidence of an intent to mislead could turn the omission of one reference into inequitable conduct. Therefore, the existence of relevant prior art in the database that has not been voted into the top ten references would work against an inference of materiality and not necessarily confer a duty to disclose on the applicant or their attorney. Inequitable conduct would not be found without further evidence that the applicant knew of the prior art's materiality and intended to conceal the reference. In addition, a link to the references beyond the top ten could be sent to the examiners by default so that access to more prior art could be accessed easily and quickly. If knowledge of these references beyond the top ten is imputable to the attorney, then logically they should also be imputable to the examiner, which serves to override the possibility of inequitable conduct, short of additional evidence that an applicant tried to affirmatively mislead the USPTO.

There are also preemptive measures that may be taken to ensure against findings of inequitable conduct. It may be desirable to ensure by agreement that participation of the applicant in the P2P project does not alter the traditional duty to disclose/inequitable conduct standards. Limiting the examiner to the top ten prior art postings keeps the examination process in line with the current law. The current revision of the "Community Patent Code of Conduct" (June 16, 2006) has a provision that reads: "Patent applicants shall not... (3) be imputed to have knowledge of prior art references for the purpose of compliance with rule 37 CFR 1.56 merely because the prior art references were identified during community patent review unless patent applicants participated in community patent review for the same patent application and in doing so violated this Code of Conduct." This would be helpful to ensure patent attorneys do not fear the consequences of excluding references beyond the top ten, ultimately raising expenses to

applicants, costing attorneys business, and dissuading attorneys from participating in the Community Review Process for financial reasons.

The standard for inequitable conduct still remains very high—someone alleging inequitable conduct would have to prove that an attorney or applicant, in bad faith, intended to ignore prior art that is material and relevant to the claims by clear and convincing evidence. Also, courts rarely allow claims of inequitable conduct because it is commonly used as a defense in almost every patent infringement case. As one court pronounced in Burlington Industries, Inc. v. Dayco Corp., 849 F.2d at 1422 (Fed. Cir. 1988), “[t]he habit of charging inequitable conduct in almost every major patent case has become an absolute plague.”

Conclusion

Community Patent Review is fundamentally at odds with claims of inequitable conduct. The applicant is explicitly consenting to have their patent reviewed by a pool of experts in their class, acknowledging that they desire to transmit a complete and comprehensive file wrapper to the USPTO, thereby strengthening the patent application, and potentially, the granted patent. Participation in the review process should alone be sufficient evidence to preclude a finding of inequitable conduct for a patent applicant because the submission of top ten prior art by the pool of experts, who collectively constitute the “person having ordinary skill in the art,” would make it highly unlikely that any intent could be implied with respect to the art that is not actually transmitted to the USPTO.

Therefore, it is not likely that post-publication submission of relevant prior art by a pool of examiners would have a significant effect on the attorney and applicant liability for inequitable conduct during patent prosecution. Considering that the current law allows the submission of prior art after publication, it seems that the same standard would apply--any

subsequent material prior art would need to have been excluded in bad faith by the attorney, and intent would need to be shown by clear and convincing evidence. However, as the PTO stated in its Final Rulemaking Notice for Rule 56, an incentive remains for applicants and their attorneys to submit information to the Office because it will result in a strengthened patent and will avoid later questions of materiality and intent to deceive. Donald S. Chisum, Chisum on Patents §11.03 (2006). Regardless, the best choice for any applicant participating in the Community Patent Review is to err on the side of caution and disclose any prior art believed to be material to the claims.