

The Duty of Candor at the USPTO -- How to Make, or Stay Out of, Trouble --

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37 CFR 1.56 (in part)

- Information is material to patentability when it is not cumulative to information already of record in the application, and
 1. It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or
 2. It refutes, or is inconsistent with, a position the applicant takes in:
 - i. Opposing an argument of unpatentability relied on by the Office, or
 - ii. Asserting an argument of unpatentability.

Ferring V. Barr 2005-1284

- Technology

Antidiuretic composition of:

1-deamino-8-D-arginine
with carrier

In solid oral dosage form for absorption in
the human gastrointestinal tract.

Ferring...

- The Prior Art

 - US Patent No. 3,497,491

Taught the use of the same compound for antidiuretic purposes for peroral application....

Ferring...

- The Rejection...

The Examiner was concerned that the '491 patent taught the oral administration of the same compound for gastrointestinal absorption....

The Applicant argued that the '491 patent taught oral administration for absorption through the walls of the mouth....

Ferring...

- Affidavit Evidence...

The Examiner "suggested that applicants obtain evidence from a noninventor" to support arguments concerning the term "*peroral*"...

The Applicant submitted Declaration evidence:

Dr. Myron Miller
Dr. Paul Czernichow
Dr. Vilhardt
Dr. Barth
Dr. Robinson

Ferring...

- Proceeding of the Prosecution...
 1. Rejection....
 2. Declarations filed....
 3. Further rejection....
 4. Applicant's Appealed...and Won....
 5. But the Posed a New Rejection....
 6. Applicants Filed Another Declaration....
 7. Patent Issued....

Ferring...

- Inequitable Conduct Analysis...

1. Does withheld information meet the threshold level of materiality and intent ?

2. Is the Applicant's conduct so culpable that the patent be held unenforceable as determined by a weighing of materiality and intent in view of the circumstances ?

Ferring...

DECLARATIONS ARE MATERIAL IF –

1. Declarants views on the underlying issues are material....
2. The past relationship to the Applicant was a significant one....

Ferring...

- Declarations...

- 1st Set of Declarations ... "peroral" does not mean "gastrointestinal" absorption

- 2nd Set of Declarations challenged the veracity of the Vavra reference

Ferring...

- Declarants...

1. Dr. Robinson – Research Director at Ferring...

2. Dr. Vilhardt – Research Consultant at Ferring...

3. Dr. Czernichow – Research Consultant at Ferring...

4. Dr. Barth – Ferring Funded his Research

Ferring...

- Intent....

Intent to deceive is generally inferred from the facts and circumstances surrounding a knowing failure to disclose material information....

Ferring...

- Intent....

That summary judgment is appropriate on the issue of intent if there has been a failure to supply highly material information and if the record establishes:

- 1.) the Applicant knew of the information,
- 2.) the Applicant knew or should have known the materiality of the information, and
- 3.) the Applicant has not provided a credible explanation for withholding....

Ferring...

[B]y presenting five separate declarations to the examiners, the applicants appeared to have a broad consensus of scientific support to overcome the Vavra reference. In actuality, four of the five declarations were submitted by scientists [associated with Ferring]....this stellar showing of support would have, at the very least, been tarnished....

Ferring...

- Judge Newman – the Dissent
 - So what is the problem ??
 - Non-inventor declarations....
 - Czernichow world renowned endocrinologist and pediatrician....
 - Barth world renowned biochemist with 25 years of experience....
 - Miller Chief of Geriatric Medicine at the New York VA – 111 scientific papers
 - Robinson Internationally regarded neurophysiologist

Ferring...

- Judge Newman – The Dissent

[T]he summary judgment record consists of declarations by four respected *non-inventor* scientists...and Dr. Vilhardt knew of only [one of the scientist's affiliations with Ferring]....

The finding of the panel majority that all of the affiants had “intimate ties” with [Ferring]...is a mischaracterization, and the inference that their scientific opinions may be biased and were submitted with deceptive intent is a travesty....

Flex-Rest LLC v. Steelcase Inc. 2005-1354

- Technology...

Computer keyboard positioning systems....

The claim language in question reads:

“ the keyboard may be oriented in a backward tilted position defined by the rear end of the keyboard being disposed below the front end of the keyboard....”

Flex–Rest...

- Declaration Evidence

1. Fox failed to disclose evidence of a third party key board support system; the Ergo Photographs....

2. Petition to Make Special – Fox had conducted a careful and thorough search of the prior art....

Flex-Rest...

- District Court...
 - Ergo Photographs were not credible given the nature and origin of the Photographs....
 - Declaration without photographs justified as photographs were cumulative of other prior art....

Flex-Rest...

"A very deferential standard of review,
however, governs inequitable
conduct determinations...."

Kao Corp. v. Unilever 2005-1038/1049

- Technology – Lets talk about zits !!

Removal of keratotic plugs or black heads

Relevant claim language:

“A method for removing...which comprises:
wetting the skin or said cosmetic article,
[slapping the stuff on the skin], and
peeling off said cosmetic article after
drying....”

Kao...

- Declaration Evidence...
- Unilever alleged at trial that Kao had provided the examiner with misleading test results for the claimed copolymer....

Kao...

- Declaration Evidence...
 - First Uemura Declaration used to overcome rejections, filed in the summer of 1998...
 - Late 1998 the application was facing rejection on multiple grounds...claims were not commensurate in scope with proofs of patentability to date...
 - Second Uemura Declaration submitted in May of 1999...

Kao...

- Declaration Evidence...

- Second Uemura Declaration:

1. High Molecular Weight PVA Solution Gantretz AN-169 had a removal ratio of 23.3 % when compared to 3.7 % for the prior art....
2. The examiner found that those results became the basis unexpected results which overcame Unilever's prima Facie case of obviousness....

Kao...

- Declaration Evidence...
 - The Second Uemura Declaration selectively disclosed only the most positive available data....
 - Gantretz AN-169, high molecular weight variant
 - Tested a lower molecular weight variant with a 14.4% removal rate for AN-119
 - Failed to disclose margins of error as high as 7.1% for AN-169

Kao...

- Declaration Evidence...
 - Omitted data for AN-119 was ultimately submitted more than a year after the Second Uemura Declaration....
 - Trial Court placed considerable weight on Kao's submission of MOST of the data to the Examiner....
 - No inequitable conduct....
 - Margins of Error Were Not Disclosed....

eSPEED et al. v. Brokertec, et al. 2006-1385

- Technology...
 - The technology involved the use of automated methods and systems for the trading of financial instruments...
 - The technology was intended to replace the “open outcry” method where voice brokers express various bids for a given instrument...

eSPEED...

- Technology...
 - Workup Rules allowed customers who initiate trade at a given price to be provided with the exclusive option to incrementally increase purchase volume....
 - Old Workup Rules v. New Workup Rules....
 - Old Workup Rules allowed few market participants to tie up the market....
 - Brokers engaged in side deals to avoid losing business....

eSPEED...

- Technology...
 - Cantor employees began to implement the New Workup Rules, Super System / CFTS2.0 was developed....
 - Super System used as early as 1993 by Cantor employees....
 - The patent application which mature into the patent in suit was filed on December 13, 1996....

eSPEED

- Prior Suits/File History....
 - Cantor submitted 3 declarations, over 1000 pages of paper during the prosecution of the patent application which matured into the patent in suit...
 - But Cantor did not disclose the Super System to the Examiner...
 - The Declarations provided offered confusion about prior art, the invention, and relevant duties...

eSPEED...

- Prior Suits/File History....
 - Declarants were inventors on the patent in suit...
 - One declaration offered confusion over the inclusion of new rules v. old rules...
 - Declarants did not realize that they were under a duty to disclose the Super System...

eSPEED...

- District Court....
 - Unenforceability – -- Two Grounds....
 - Use of the Super System more than 1 year before the filing of the patent application in question...
 - Material misrepresentations made in the three declarations submitted to the PTO...

eSPEED...

- On Appeal...
 - District Court; ultimate conclusion that a patent is unenforceable is an equitable decision committed to the discretion of the district court – reviewed for abuse of discretion...
 1. Clearly erroneous findings of fact...
 2. Misapplication of applicable law...
 3. Clear error of judgment by District Court...

eSPEED...

- Materiality...
 - Cantor argued that record did not indicate that brokers used the New Rules of trading when the Super System was deployed....
 - Cantor argued that the declarations and exhibits were “arguably” misrepresentative and thus immaterial....

eSPEED...

- Materiality....

“False statements are more likely material when embodied in declarations or affidavits submitted to the PTO....”

“Submission of a false affidavit may be determined to be ‘inherently material....’”

-- The Federal Circuit focused on the declarations...false statements and examiner misunderstanding....

eSPEED...

■ Intent....

- “[T]he involved conduct, viewed in light of all evidence, including evidence of good faith, must indicate sufficient culpability to require a finding of intent to deceive....”
- “An inference of intent may arise where material false statements are proffered in a declaration or other sworn statements submitted to the PTO....”

eSPEED

- Intent....
 - Materiality of the Statement
 - Mistatement of Facts
 - Submission of the Mistatement to the PTO
 - Inability of Examiner to Investigate the Facts

Kemin Foods v. Pigmentos et al. 2005-1479/2006-1002

- Technology involved use of Propylene Glycol in saponification reaction....
- Undisclosed prior art use of propylene glycol in poultry pigments....
- Elicited testimony indicated that inventor "had no idea" of identity and use of chemicals....

Atofina v. Great Lakes Chemical 2005-1359

- Technology involved the synthesis of DiFluoromethane....
- Applicant failed to submit full English translation of Japanese prior art patent....
- Failure to submit/Mischaracterization of reference found problematic by D. Court....
- NO Inequitable Conduct as mischaracterizations were not clear from reference or file history....

M. Eagles Tool v. Fisher Tooling 2005-1224/1228

- Technology involved portable vehicle adhesive remover....
- Examiner's Reasons for Allowance combined with nondisclosure of prior art device....
- Issue: whether a lack of good faith explanation for a nondisclosure of prior art, when nondisclosure is the only evidence of intent, is sufficient to support an inference of intent....
- No Inequitable Conduct....

Digital Control v. Charles Machine

2005-1128

- Federal Circuit took issue with finding of inequitable conduct on summary judgment due to failure to submit reference....
- Materiality of reference was a fact question – scope and content of the prior art....
- Also problems with linking of issues which were the basis of the judgment....

Purdue Pharma v. Endo

2004-1189/1347/1357

- Federal Circuit vacated District Court -- No inequitable conduct....
- Statements in the specification....
- Data submitted/excluded....

THANK YOU !!

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