

Docket Nos. 2008-1511, -1512, -1513, -1514, -1595. \_\_\_\_\_

---

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

---

THERASENSE, INC. (now known as Abbott Diabetes Care, Inc)  
and ABBOTT LABORATORIES,  
*Plaintiffs-Appellants,*

v.

BECTON, DICKINSON AND CO.  
and NOVA BIOMEDICAL CORP.,  
*Defendants-Appellees,*

and BAYER HEALTHCARE LLC  
*Defendant-Appellee,*

---

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF CALIFORNIA  
JUDGE WILLIAM H. ALSUP

---

*AMICUS* BRIEF OF PROFESSOR DAVID HRICIK  
IN SUPPORT OF NEITHER PARTY

Professor David Hricik  
Mercer University School of Law  
1021 Georgia Ave.  
Macon, GA 31207  
Tel: (478) 301-4154  
Fax: (478) 301-2259  
Email: hricik\_d@law.mercer.edu  
*Counsel for Himself*

July 14, 2010

## CERTIFICATE OF INTEREST

Counsel certifies the following:

1. The full name of every party or amicus represented by me is:\*

David Hricik  
Professor of Law  
Mercer University School of Law  
1021 Georgia Ave.  
Macon, GA 31207

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

None.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

None.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

Professor David Hricik  
Mercer University School of Law  
1021 Georgia Ave.  
Macon, GA 31207  
Tel: (478) 301-4154  
Fax: (478) 301-2259  
Email: hricik\_d@law.mercer.edu

---

\* Law school is for identification purposes, only.

## TABLE OF CONTENTS

CERTIFICATE OF INTEREST .....	i
TABLE OF AUTHORITIES .....	iii
STATEMENT OF INTEREST .....	1
ARGUMENT AND AUTHORITIES .....	1
A. Given that Congress Deliberately and Explicitly Narrowed the Circumstances Under Which Valid Claims Can be Unenforceable to Where Deceit Causes Issuance of an Invalid Claim, Implying the Broad “Inequitable Conduct Defense” into the Word “Unenforceability” Ignores the Plain Text of the Patent Act. ....	1
1. In Adopting the Patent Act, Congress Intentionally Narrowed the Circumstances in Which Valid Claims Can be Unenforceable.....	2
2. Not Only is there Nothing to Suggest that Congress Intended the Word “unenforceability” in Section 282(1) to Create a New Defense, Interpreting it to Do so Renders Section 288 Superfluous. ....	4
3. Is this Court Free to Reduce the Expansive Doctrine of Unenforceability Given Congressional Silence? .....	9
B. If “Inequitable Conduct” is a Statutory Defense, What Standards Should Define it?.....	11
1. Practitioners Should be Required to Disclose Known Material Information to the Office; the Problem is not with the Law, it is with its Application.....	11
2. Intent Should Be Inferred Precisely as it is In Other Areas of Federal Law	15
3. Because Congress Specifically Narrowed Section 288 to Provide that a Valid Claim is Unenforceable only if Deceit Causes Issuance of an Invalid Claim, Deceit that Does Not Do so Cannot Automatically Result in Unenforceability of Every Claim of a Valid Patent, but Equitable Relief Should be Available. ....	18
C. Conclusion .....	19
CERTIFICATE OF COMPLIANCE.....	22
CERTIFICATE OF SERVICE .....	23

## TABLE OF AUTHORITIES

### Cases

<i>Allen Archery, Inc. v. Jennings Compound Bow, Inc.</i> , 686 F.2d 780 (9th Cir. 1982) .....	2
<i>American Hoist &amp; Derrick Co. v. Sowa &amp; Sons</i> , 725 F.2d 1350 (Fed. Cir. 1984)..	14
<i>Brasseler U.S.A. I, L.P. v. Stryker Sales Corp.</i> , 267 F.3d 1370 (Fed. Cir. 2001). ..	12
<i>Corona Cord Tire Co. v. Dovan Chem. Corp.</i> , 276 U.S. 358 (1928).....	4
<i>Critikon Inc. v. Becton Dickinson Vascular Access, Inc.</i> , 120 F.3d 1253 (Fed. Cir. 1997).....	12
<i>Dippin ' Dots, Inc. v. Mosey</i> , 476 F.3d 1337 (Fed. Cir. 2007) .....	20
<i>Director of Revenue of Mo. v. CoBank, ACB</i> , 531 U.S. 316 (2001) .....	7
<i>Duncan v. Walker</i> , 533 U.S. 167 (2001).....	13
<i>eBay Inc v. MercExchange, L.L.C.</i> , 547 U.S. 388 (2006). .....	19
<i>Ferring B.V. v. Barr Labs., Inc.</i> , 437 F.3d 1181 (Fed. Cir. 2006).....	12
<i>Gemveto Jewelry Co. v. Lambert Bros., Inc.</i> , 542 F. Supp. 933 (S.D.N.Y. 1982)....	5
<i>Hazel-Atlas Glass Co. v. Hartford-Empire Co.</i> , 322 U.S. 238 (1944).....	4
<i>In re Clark</i> , 522 F.2d 623, 626 (CCPA 1975) .....	5
<i>In re Grause</i> , 245 B.R. 95 (8 <sup>th</sup> Cir. 2000).....	16
<i>J.P. Stevens Co. v. Lex Tex, Ltd.</i> , 747 F.2d 1553 (Fed. Cir. 1984).....	5, 14
<i>Keystone Driller Co. v. Gen'l Elec.</i> , 290 U.S. 240 (1933) .....	4
<i>Lex Tex Ltd. v. Skillman</i> , 5790 A.2d 244 (D.C. 1990).....	20
<i>McKesson Information Solutions, Inc. v. Bridge Medical, Inc.</i> , 487 F.3d 897 (Fed. Cir. 2007).....	12, 15
<i>Nilssen v. Osram Sylvania, Inc.</i> , 504 F.3d 1223 (Fed. Cir. 2007).....	12, 20

<i>Precision Instrument Mfg. Co. v. Automotive Maintenance Mach., Co.</i> , 324 U.S. 806 (1945).....	3
<i>Recklitis v. Commissioner</i> , 91 T.C. 874, 910, 1988 WL 116976 (1988).....	16
<i>Solomon v. Commissioner</i> , 732 F.2d 1459, 1461 (6th Cir.1984), <i>aff'g. per curiam</i> , T.C. Memo.1982-603 .....	16
<i>Spies v. U.S.</i> , 317 U.S. 492 (1943); .....	16
<i>Tellabs v. Makor Issues &amp; Rights, Ltd.</i> , 551 U.S. 308 (2007).....	18
<b>Other Authorities</b>	
54 Fed. Reg. 11334-01, 11335 (March 17, 1989). .....	20
Guido Calabresi, A COMMON LAW FOR THE AGE OF STATUTES (1982).....	10
David Hricik & Seth Trimble, <i>Congratulations on Your Hallucinations: Why the PTO's 1992 Amendment to § 1.56 is Irrelevant to Inequitable Conduct</i> , 38 Am. Intell. Prop. L.Q.J.1 (2010) .....	15
Linda D. Jellum & David Charles Hricik, MODERN STATUTORY INTERPRETATION: PROBLEMS, THEORIES, AND LAWYERING STRATEGIES (Carolina Academic Press, 2d. ed. 2009) .....	10, 14

## STATEMENT OF INTEREST

I have no interest in this case other than to assist the Court in properly construing the Patent Act and creating a workable inequitable conduct doctrine. I regularly advise practitioners on how to avoid inequitable conduct, and in doing so have had to deal with the day-to-day problems the doctrine creates for lawyers, clients, and the PTO. I also have written a book on statutory interpretation, and believe statutory interpretation has been an overlooked matter in this area.

I have no stake in any party to this appeal or the result. No party to the appeal or its counsel has contributed monetarily or otherwise to this brief or its preparation. I take no position as to what result, if any, this Court should reach on appeal in its application of law to the facts presented.

## ARGUMENT AND AUTHORITIES

- A. Given that Congress Deliberately and Explicitly Narrowed the Circumstances Under Which Valid Claims Can be Unenforceable to Where Deceit Causes Issuance of an Invalid Claim, Implying the Broad “Inequitable Conduct Defense” into the Word “Unenforceability” Ignores the Plain Text of the Patent Act.**

This Court is interpreting the text of the Patent Act, and in particular the word “unenforceability” in 35 U.S.C § 282(1). Because context for a statutory

enactment assists in understanding the plain text,<sup>1</sup> I begin with a brief description of the relevant law prior to adoption of the 1952 Patent Act along with related amendments to the 1952 Act.

That context shows that Congress narrowed the plain text of the prior patent statutes to provide that only if deceit causes issuance of an invalid claim can a court automatically deny enforcement of all other claims in a patent. The fact that Congress intentionally narrowed the circumstances in which valid claims can be unenforceable is critical to understanding why it is absurd to interpret the word “unenforceability” to create what we call “inequitable conduct.”

**1. In Adopting the Patent Act, Congress Intentionally Narrowed the Circumstances in Which Valid Claims Can be Unenforceable.**

Prior to 1952, the patent statutes provided that if one claim was invalid through neglect *or* deceit, the applicant had to disclaim that claim and all patentably indistinct claims or suit could not be maintained even on remaining valid, distinct claims.<sup>2</sup> In 1952, Congress deliberately *narrowed* those. Under Section 288 as amended, even gross negligence that causes issuance of an invalid claim cannot result in unenforceability of the other claims; only deceit can.

---

<sup>1</sup> *Dolan v. U.S. Postal Serv.*, 546 U.S. 481, 486 (2006) (“Interpretation of a word or phrase depends upon reading the whole statutory text, considering the purpose and context of the statute....”)

<sup>2</sup> *See Allen Archery, Inc. v. Jennings Compound Bow, Inc.*, 686 F.2d 780 (9th Cir. 1982) (discussing the law).

Specifically, 35 U.S.C. § 288, provides in pertinent part:

Whenever, without deceptive intention, a claim of a patent is invalid, an action may be maintained for the infringement of a claim of the patent which may be valid....

Prior to this amendment, negligence was sufficient. Thus, it is beyond debate that Congress eliminated the rule that invalidity of one claim affects others when it results from less than deceit. It is also clear that a court may not enforce a patent if even one claim is invalid due to deceit.

The case law also provides important context, since it shows that the Supreme Court had not adopted a defense that is broader than that now codified in Section 288. In this regard, there is critical misapprehension about then-existing Supreme Court precedent that needs to be addressed. Contrary to the arguments of some,<sup>3</sup> the Supreme Court had not in this time period held a patent unenforceable unless the deceit caused issuance of an invalid claim. The Supreme Court had addressed only whether the *combined* effect of deceit that caused issuance of an invalid claim *and* litigation misconduct made a patent unenforceable.<sup>4</sup> Thus, there

---

<sup>3</sup> See Amicus Brief of the American Bar Association filed in this case on June 18, 2010, at pages 13-14.

<sup>4</sup> *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach., Co.*, 324 U.S. 806, 819 (1945) (holding that plaintiff “has not displayed that standard of conduct requisite to the maintenance of this suit in equity” not only because deceit caused issuance of an invalid patent but because it “acted affirmatively to magnify and increase those effects” and so that “inequitable conduct impregnated” its “entire cause of action” for both breach of contract and patent infringement);

is *nothing* in these cases to suggest that, prior to 1952, a patent could be unenforceable unless a claim was invalid. Instead, Supreme Court precedent was consonant with the plain text of amended Section 288: deceit had caused issuance of an invalid claim, and so the entire patent was unenforceable.<sup>5</sup>

Against this backdrop, the question becomes: by adding the word “unenforceability” as a defense to patent infringement, did Congress intend to create what we call “inequitable conduct”?

**2. Not Only is there Nothing to Suggest that Congress Intended the Word “unenforceability” in Section 282(1) to Create a New Defense, Interpreting it to Do so Renders Section 288 Superfluous.**

At this juncture, I want to emphasize that neither this Court nor the Supreme Court has carefully analyzed whether the word “unenforceability” created a defense that allows a court to hold that a patent is unenforceable even if deceit that does not cause issuance of an invalid claim. Instead, in what seems to be the

---

*Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 246 (1944) (interpreting Fed. R. Civ. P. 60(b) to permit a court to set aside a judgment based not only on deceit that had caused an invalid patent to issue, but also “a deliberately planned and carefully executed scheme to defraud not only the Patent Office but the Circuit Court of Appeals.”); *Keystone Driller Co. v. Gen’l Elec.*, 290 U.S. 240 (1933) (patentee had hidden ostensibly invalidating prior public during litigation and so dismissed subsequent suit on same patent; art was ostensibly invalidating).

<sup>5</sup> See ABA Brief at 13-14. Cf. *Corona Cord Tire Co. v. Dovan Chem. Corp.*, 276 U.S. 358, 374 (1928) (holding that false evidence “would not invalidate the patent” and so allowing its enforcement).

earliest precedent for that rule in this Court, the *J.P. Stevens* panel reasoned that inequitable conduct was an “unclean hands” type defense that “fits best in the ‘unenforceability’ phrase of” Section 282(1).<sup>6</sup>

Without engaging in the careful statutory analysis demanded today, the panel in a single sentence eliminated the requirement – added by Congress when it amended Section 288 and factually present in the pre-1952 Supreme Court cases – that only deceit that causes issuance of an invalid claim can cause automatic unenforceability of all other claims. Further, it reached its conclusion that deceit requires automatic unenforceability even when all claims are valid even though every one of the lower court decisions the *J.P. Stevens* panel relied upon each found that deceit had caused issuance of an invalid claim.<sup>7</sup>

Accordingly, this Court should very carefully consider what meaning to give “unenforceability” under Section 282(1). Only that one word allowed the *J.P. Stevens* court to spawn a rule that patents are automatically unenforceable with proof of less than “but for” materiality. As things stand, existing interpretations of that word are more expansive than both the pre-1952 Supreme Court cases and the plain language of Section 288, and are inconsistent with Congressional intent as

---

<sup>6</sup> See *J.P. Stevens Co. v. Lex Tex, Ltd.*, 747 F.2d 1553, 1561 (Fed. Cir. 1984)

<sup>7</sup> See *id.*, citing *In re Clark*, 522 F.2d 623, 626 (CCPA 1975) (finding unenforceability arose in case where “that failure to disclose has resulted in the invalidating of the claims.”); *Gemveto Jewelry Co. v. Lambert Bros., Inc.*, 542 F. Supp. 933 (S.D.N.Y. 1982) (finding unenforceability where withheld reference “fully anticipated” claims).

evidenced by the narrowing of Section 288.

The text of the statute is the starting point. Section 282(1) provides:

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded: (1) Noninfringement, absence of liability for infringement, or unenforceability...

Nothing in the word “unenforceability” suggests a broad defense. If Congress had wanted deceit to result in unenforceability without regard to its impact on validity, it could have simply said so. It did not. Further, given the context – Congress *limited* when valid claims are unenforceable by amending Section 288 – one would expect Congress to speak with special clarity and precision in creating this defense, since it weakens the claim-by-claim concept toward enforcement adopted in Section 288. Finally, as shown above then-contemporaneous Supreme Court precedent is in line with Section 288. Thus, nothing in the word “unenforceability” or textual context even hints at creating a broad and unprecedented defense.

The legislative history does not support this interpretation, either. The legislative history reveals that Section 282 was intended to state the “defenses to infringement” in “general terms” but “not materially change the substance.”<sup>8</sup> As noted above, the “substance” of the pertinent defense to infringement required that at least neglect cause issuance of an invalid claim, and Congress narrowed that

---

<sup>8</sup> S. Rep. No. 1979, 82d Cong. 2d. Sess. Amend. No 3 (1952).

defense to require that deceit cause invalidity.

Similarly, Federico's commentaries do not hint at the creation of a broad new defense, nor explicitly states that deceitfully obtaining a patent is part of "unenforceability" in Section 282:

Item 1 specifies "Noninfringement, absence of liability for infringement, or unenforceability" (the last word was added by amendment in the Senate for greater clarity); this would include the defenses such as that the patented invention has not been made, used or sold by the defendant; license; and equitable defenses such as laches, estoppel and unclean hands.<sup>9</sup>

Thus, the legislative history and even the contemporaneous commentary do not show any intent to create a broad new defense.

Furthermore, implying a broad defense undermines the narrowing amendment to Section 288. It would be incongruous for Congress to expand the protection for individual claims by allowing only deceit that causes invalidity to result in unenforceability, but yet *sub silentio* through the word "unenforceability" adopt an entirely new defense that requires deceit to automatically result in unenforceability without proof that deceit caused invalidity.<sup>10</sup>

For these reasons, it is clear that the plain text of Section 282(1) does not

---

<sup>9</sup> P.J. Federico, *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161, 215 (1993).

<sup>10</sup> *Director of Revenue of Mo. v. CoBank, ACB*, 531 U.S. 316, 323 (2001) ("it would be surprising, indeed," if Congress had effected a "radical" change "*sub silentio*" through "technical and conforming amendments").

create an expansive defense, one that is in tension with the amendment to Section 288 and unprecedented in the case law. Nor does the legislative history support this interpretation.

More troubling, perhaps, is that this interpretation of “unenforceability” resulted in a startling transfer of authority from the PTO to the courts to determine what information must be disclosed to the PTO to obtain a patent. This is a significant shift, and one that requires the Courts to make judgments that they otherwise are not authorized to make.

Specifically, courts under Section 288 must determine whether, if a claim is invalid, it is because of deceit. Courts are authorized, of course, to determine invalidity under various provisions of the patent act, and so Congress clearly authorized and empowered courts to determine invalidity. Courts are also, of course, well-equipped to determine when deceit exists, and the plain language of Section 288 authorizes them to do so.

Yet, the current interpretation of “unenforceability,” takes from the PTO and gives to the courts the authority to define what information that, while not invalidating, nonetheless would be important to an examiner. There is nothing in the text of the statute, its legislative history, or even policy that suggests that Congress believed that the judiciary was better-equipped than the PTO to define what information must be disclosed to the office. Yet, this strained interpretation

means that the courts define what information must be disclosed to the PTO.<sup>11</sup>

Finally, as a principle of statutory construction, interpreting “unenforceability” to mean that automatic unenforceability results even if deceit does not cause issuance of an invalid claim renders Section 288 largely superfluous: all deceit causes unenforceability of claims, even when invalidity is not the result. Congressional intent to allow valid claims to be enforced unless deceit caused invalidity is therefore frustrated.

### **3. Is this Court Free to Reduce the Expansive Doctrine of Unenforceability Given Congressional Silence?**

I believe that it is clear that Congress did not intend to allow courts to deny enforcement without proof of “but for” materiality and deceit. This Court could, therefore, hold that “unenforceability” includes the proof authorized by Section 288, laches, estoppel, unclean hands (such as those involving post-issuance litigation misconduct, involved in the pre-1952 Supreme Court cases) and other then-available equitable defenses – but nothing more. Had the *J.P. Stevens* panel done so years ago, the scope of the duty to disclose would have remained in the expert hands of the PTO, and not taken away by the courts.

---

<sup>11</sup> Many lawyers have complained to me that many examiners have actually *rejected* submissions of information – such as office actions from related cases – as improper. The lawyers have had to explain to the examiner that, whether the examiner believes it is important or not is irrelevant: this Court determines what examiners want.

On the other hand, there are important separation of powers and statutory interpretation principles. For decades this Court and its predecessor have held that “but for” materiality is not required, but still results in unenforceability of a patent. For many years, Congress has clearly known about this interpretation, and even considered changing it – but has not done so. For those reasons, it may be proper and prudent for this Court to conclude that only Congress can change the interpretation of “unenforceability.” As Guido Calabresi put it, “When a court says to a legislature: ‘You... meant X,’ it almost invites the legislature to answer: ‘We did not.’”<sup>12</sup> Congress has not yet said, “we did not.”

Is this Court free to reverse those decades of relatively consistent precedent? Arguing for the ability to do so is the fact that I believe the interpretation is wrong and adopted without careful foundation. And, the Supreme Court has on occasion overruled decades of consistent but incorrect statutory interpretation.<sup>13</sup> On the other hand, because Congress has long been aware of this Court’s interpretation “unenforceability” and yet has not changed it, separation of powers and respect for a co-equal branch counsel that Congress must make any change, not this Court.

---

<sup>12</sup> Guido Calabresi, A COMMON LAW FOR THE AGE OF STATUTES, 31-32 (1982). Indeed, in light of the separation of powers issues presented, some argue for an absolute rule of statutory *stare decisis*. See Linda D. Jellum & David Charles Hricik, MODERN STATUTORY INTERPRETATION: PROBLEMS, THEORIES, AND LAWYERING STRATEGIES, 255 (Carolina Academic Press, 2d. ed. 2009).

<sup>13</sup> See *Central Bank of Denver v. First Interstate Bank of Denver*, 511 U.S. 164, 191 (court overruled 60 year long history of permitting a private right of action).

This is a difficult, and close, question. Because this Court has never actually fully analyzed the statutory language, its context, and its legislative history, it probably continues to have the authority to eliminate the “inequitable conduct” defense. I believe it should.

**B. If “Inequitable Conduct” is a Statutory Defense, What Standards Should Define it?**

However, if this Court believes that *stare decisis* demands that it continue to recognize “inequitable conduct,” then the question of its scope remains.

In this territory unmoored to statutory text, the Court must consider what is “deceit” (for both Section 288 and Section 282(1)) and what “less” than information that results in invalidity is sufficient to justify some form of equitable relief. That is where I now turn.

**1. Practitioners Should be Required to Disclose Known Material Information to the Office; the Problem is not with the Law, it is with its Application.**

The current linguistic formulation of the “rule” is not the problem: it is its application. Rather than requiring proof that meets the rule, recent decisions of this Court have eroded the meaning of “knowledge,” “materiality” and “intent.” A few examples:

- Knowledge of materiality can be found by imputing legal knowledge from

lawyer to client and then presuming intent to deceive;<sup>14</sup>

- Information need not be actually known to be material, but instead “should have known” has been used as the standard;<sup>15</sup>
- The information itself need not be actually known, but instead there is a duty to investigate and even “implied notice” of information;<sup>16</sup> and
- “Material” information is broadly defined to include: the same examiner's allowance of similar claims;<sup>17</sup> claiming, after issuance, small entity status for maintenance fee payments;<sup>18</sup> and stating in a petition to make special that the applicant had conducted a formal search when he had only conducted an informal search.<sup>19</sup>

In some of these cases, the panels recognized there was no clear and convincing evidence that a lawyer intentionally deceived the office by withholding material information; instead, they found unenforceability when the evidence is he “should

---

<sup>14</sup> *Brasseler U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1380-81 (Fed. Cir. 2001).

<sup>15</sup> *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181, 1191 (Fed. Cir. 2006) (summary judgment of intent proper if court infers “the applicant knew or should have known of the materiality of the information”); *Critikon Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1256-57 (Fed. Cir. 1997) (holding inequitable conduct proper even though applicant failed to appreciate the legal significance of facts it did not disclose).

<sup>16</sup> *Brasseler*, 267 F.3d at 1381-82.

<sup>17</sup> *McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*, 487 F.3d 897, 924 (Fed. Cir. 2007).

<sup>18</sup> *Nilssen v. Osram Sylvania, Inc.*, 504 F.3d 1223, 1231 (Fed. Cir. 2007).

<sup>19</sup> *Gen 'I Electro Music Corp. v. SamickMusic Corp.*, 19 F.3d 1405, 1411 (Fed. Cir. 1994).

have known” of the information, or when the information might relate to something of import to the office, but not to issuance of a valid claim. Thus, it is not the linguistics; it is the application.

There are three important legal limitations on how this Court can define “materiality.”

First, and to repeat: a court cannot automatically preclude suit on a valid claim in a patent even if some other claim were obtained through deceit, so long as the claim obtained through deceit is valid. Any other interpretation renders Section 288 superfluous: deceit always results in complete unenforceability even if the claim was valid.<sup>20</sup> If all deceit causes unenforceability, then the limitation in and intent behind the amendment to Section 288 are nullities.

Second, and somewhat conversely, the Court cannot adopt “but for” materiality as the measure because that is the measure used in Section 288. Because Congress specified that “but for” materiality causes unenforceability of all claims, the Court cannot hold that *only* “but for” materiality applies outside of Section 288. Doing so would render “unenforceability” superfluous since *only* information that causes issuance of an invalid claim would be material: Section

---

<sup>20</sup> See Jellum & Hricik at p. 161 (“It is a ‘cardinal principal of statutory construction’ that ‘a statute ough, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.’”), quoting *Duncan v. Walker*, 533 U.S. 167, 174 (2001).

288 already addresses that circumstance.

Third, the Court cannot hold that the PTO's 1992 amendment to Rule 1.56 as a matter of law controls the definition of "materiality."<sup>21</sup> The PTO lacks authority to change a statutory defense, and it repeatedly stated when amending its rule that it did not intend to do so.<sup>22</sup> Further, the PTO amended its rule, not because it believed the rule was too expansive, but to conserve PTO resources in investigating inequitable conduct.<sup>23</sup> Finally, this Court long ago stated that the "reasonable examiner" standard (ironically, as then applied by the PTO), was "the broadest and... it most closely aligns with how one ought to conduct business with the PTO."<sup>24</sup>

Within those important restraints, I again submit the word "material" and the definition of "important to a reasonable examiner in deciding whether to allow a claim" is not the flaw. The flaw is in the application of those words.

What is crucial to the practice is acknowledging that prior cases have gone too far. What this Court must do is to bring the word "material" in line with actual practice. This may require, for example, for courts to hear evidence on PTO

---

<sup>21</sup> See David Hricik & Seth Trimble, *Congratulations on Your Hallucinations: Why the PTO's 1992 Amendment to § 1.56 is Irrelevant to Inequitable Conduct*, 38 Am. Intell. Prop. L.Q.J.1 (2010).

<sup>22</sup> *Id.* at 14-15

<sup>23</sup> *Id.* at 16.

<sup>24</sup> *J.P. Stevens*, 747 F.2d at 1559, citing *American Hoist & Derrick Co. v. Sowa & Sons*, 725 F.2d 1350, 1367 (Fed. Cir. 1984).

practices and regulations (including the definition of “materiality” the office uses), as well as the standard of care, and actual practices of patent practitioners. But “material” information ought to be disclosed.

## **2. Intent Should Be Inferred Precisely as it is In Other Areas of Federal Law.**

*Kingsdown* mandated that intent to deceive must be established. Recent panel majorities, however, have rendered that holding a nullity, holding instead that a lawyer who, years after the fact, lacks a “plausible” explanation for a statement or omission is presumed to have the required intent to deceive.<sup>25</sup> Further, some panel majorities have held that if a practitioner does not submit “highly material” information, intent may be presumed.

The Court should hold that it is insufficient to infer intent, or require an explanation, solely because a lawyer intentionally withheld even highly material information. While intent to deceive may often be found under that circumstance, focusing only on materiality ignores the realities of patent practice and also elevates materiality too high, and is inconsistent with how courts approach this issue under somewhat analogous federal statutes.

When applying other federal statutes where courts must necessarily rely on inference to find malicious intent, the courts rely on myriad facts, and not just the

---

<sup>25</sup> *E.g., McKesson Information Solutions, Inc. v. Bridge Medical, Inc.*, 487 F.3d 897 (Fed. Cir. 2007).

importance of the matter. For example, in determining whether a taxpayer has an intent to defraud, the amount of tax owed is merely one factor: a person who pays far too little in taxes is not automatically presumed to have done so with bad intent.<sup>26</sup>

Instead of inferring intent from materiality, courts should look more broadly to real-world factors, such as:

- Whether there is clear proof the lawyer had known of the precise teaching or information later at issue, rather than simply the reference generally;
- The length of the reference as a whole;
- The lawyer's level of familiarity with the technology, since a practitioner less familiar with an area of technology is less likely to

---

<sup>26</sup> Courts have developed a nonexclusive list of factors that demonstrate fraudulent intent. These “badges of fraud” include: (1) understating income; (2) maintaining inadequate records; (3) implausible or inconsistent explanations of behavior; (4) concealing income or assets; (5) failing to cooperate with tax authorities; (6) engaging in illegal activities; (7) an intent to mislead, which may be inferred from a pattern of conduct; (8) lack of credibility of the taxpayer's testimony; (9) filing false documents; (10) failing to file tax returns; and (11) dealing in cash. *Spies v. U.S.*, 317 U.S. 492, 499 (1943); *Recklitis v. Commissioner*, 91 T.C. 874, 910, 1988 WL 116976 (1988). Although no single factor is sufficient to establish fraud, the presence of several factors constitutes persuasive evidence. *Solomon v. Commissioner*, 732 F.2d 1459, 1461 (6th Cir.1984), *aff'g. per curiam*, T.C. Memo.1982-603.

Courts take a similar approach in other contexts. *E.g.*, *In re Grause*, 245 B.R. 95 (8<sup>th</sup> Cir. 2000) (amount of money involved merely one factor in determining whether to infer fraudulent intent).

fully appreciate and recall the significance of information;

- Whether there is one misrepresentation or omission, or a pattern of them;
- How recently the lawyer knew of the information before the alleged omission or misrepresentation occurred;
- The lawyer's familiarity with the art in the area;
- The materiality of the reference from the perspective of then-applicable PTO rules;
- Whether the lawyer recalls why he did what he did, or whether his failure to recall an explanation is reasonable under the circumstances;
- Whether the lawyer's explanation is corroborated by others, or is instead contradicted;
- The credibility of the practitioner including whether he had or had not been found to have committed inequitable conduct or engaged in other pertinent misconduct before a court or agency;
- Whether the lawyer had any motivation that would justify taking the risk to his registration, reputation, and career that committing inequitable conduct presents;
- The realities of the practitioner's work load at both times.

Similar factors would apply when the applicant but not the practitioner is accused

of inequitable conduct.

After looking at all factors, intent to deceive should be inferred only when courts do in analogous contexts: only after considering “whether all of the allegations, taken collectively, give rise to a strong inference of scienter” and whether, in comparison to “plausible opposing inferences,” the inference that Defendants acted with scienter is “at least as compelling as any opposing inference.”<sup>27</sup>

**3. Because Congress Specifically Narrowed Section 288 to Provide that a Valid Claim is Unenforceable only if Deceit Causes Issuance of an Invalid Claim, Deceit that Does Not Do so Cannot Automatically Result in Unenforceability of Every Claim of a Valid Patent, but Equitable Relief Should be Available.**

Congress adopted Section 288 to limit unenforceability of a valid claim only if deception caused issuance of an invalid claim. The current approach of holding that complete unenforceability results even when the information did not meet the “but for” standard renders the limitations in Section 288 superfluous: if all “deceit” causes total unenforceability, the language in Section 288 is superfluous: all inequitable conduct causes total unenforceability. Thus, as a matter of statutory interpretation, the Court’s long-standing approach is incorrect.

More fundamentally, the binary – enforceable or not – approach of

---

<sup>27</sup> *Tellabs v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 313 (2007).

inequitable conduct doctrine ignores the purported equitable nature of this defense. Under current doctrine, if the balance of materiality and intent weigh toward finding inequitable conduct, then the remedy is the same – whether the balance is slightly in favor of inequitable conduct or heavily so. It makes little sense for an equitable defense to treat a “close call” on inequitable conduct the same as a clear violation; it makes little sense for an automatic result in equity.<sup>28</sup>

The question is: because, in light of Section 288, total unenforceability is not proper absent “but for” causation, what remedy is available for “inequitable conduct”?

A range of equitable remedies ought to be available. For example, a valid claim obtained through deceit could be held unenforceable along, when proper, with any patentably indistinct claims. (That may, or may not, result in total unenforceability of the patent, depending on its scope). Or, the court could bar equitable relief on some or all claims. Or, injunctive relief might be unavailable. These are examples – a whole range of equitable relief ought to be available if inequitable defense is “unenforceability” in Section 282(1).

### **C. Conclusion**

The statutory defense of inequitable conduct is unique to the United States. A valid, infringed patent can be worthless, and its owner and the lawyer who

---

<sup>28</sup> Cf. *eBay Inc v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

prosecuted it can be sanctioned and even sued for seeking to enforce it. But the consequences of inequitable conduct doctrine do not end there, and they are exponentially exacerbated by a broad or poorly defined doctrine.

Several consequences are legal and financial and flow from the doctrine. First, a broad definition of inequitable conduct allows for more cases to be pled. Unclear or broad case law increases discovery, motion practice, and the need for full-blown evidentiary trials -- all over a valid patent. Second, “infectious unenforceability” may render related patents worthless.<sup>29</sup> Third, the patentee may be forced to pay the accused infringer's attorneys' fees.<sup>30</sup> Fourth, *Walker Process* claims can be brought.<sup>31</sup> Fifth, a finding can result in a malpractice claim against the practitioner.<sup>32</sup> Sixth, the PTO’s Office of Enrollment and Discipline investigates whether to discipline a practitioner found to have committed inequitable conduct.<sup>33</sup> Seventh, it has a known but as-yet unmeasured impact on liquidity, and therefore value, of patents since a bona fide purchaser for value of a patent is still subject to the defense of inequitable conduct.

But the most important consequence of having an inequitable conduct doctrine that is overly broad or vague is on patent prosecution. It is clear that a

---

<sup>29</sup> *E.g., Nilssen*, 504 F.3d at 1230

<sup>30</sup> *E.g., id.*

<sup>31</sup> *See generally, Dippin ' Dots, Inc. v. Mosey*, 476 F.3d 1337, 1346 (Fed. Cir. 2007).

<sup>32</sup> *Lex Tex Ltd. v. Skillman*, 5790 A.2d 244 (D.C. 1990) (\$9m dispute).

<sup>33</sup> *See* 54 Fed. Reg. 11334-01, 11335 (March 17, 1989).

broad and unclear doctrine causes lawyers to over disclose to the office: that does no one any good.

This Court must balance the goals of the statutory duty of candor with collateral costs, lessened incentive to innovate, and unwieldy obligations to disclose. While some reforms may now be available only through Congressional action, text in the statutes of the Patent Act provide meaningful and clear answers to questions presented by the *en banc* Court.

For that reason, I respectfully submit this brief.

Respectfully submitted,

---

Professor David Hricik  
Ga. Bar No. 425605  
Mercer University School of Law  
1021 Georgia Ave.  
Macon, GA 31207  
Tel: (478) 301-4154; Fax: (478) 301-2259  
Email: hricik\_d@law.mercer.edu  
*Counsel for Himself*  
July 14, 2010

## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B) and 29(d). According to the word processing software used to prepare this brief, it contains 3,914 words, excluding the parts of the document that are exempted by Federal Rule of Appellate Procedure (32)(a)(7)(B)(iii) and Federal Circuit Rule 32(b).

This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This brief has been prepared in proportionally spaced typeface using Microsoft Word in Times New Roman 14 point font.

July 14, 2010.

---

David Hricik  
*Counsel for Himself*

## CERTIFICATE OF SERVICE

I certify that by first class mail 18 copies and an original of the foregoing Amicus Brief of Professor David Hricik in Support of Neither Party were sent to the Clerk of the Court and two copies to the following on July 14, 2010:

Rohit Kumar Singla  
Jason Rantanen  
Munger Tolles & Olson, LLP  
560 Mission St. 27<sup>th</sup> Floor  
San Francisco, CA 94105

Andrew W. Song  
Fred A. Rowley, Jr.  
Donald W. Ward  
Munger Tolles & Olson  
355 S. Grand Ave., 35<sup>th</sup> Floor  
LA, CA 90071

Rachel Krevans  
Parisa Jorjani  
Jason R. Bartlett  
Morrison & Foerster LLP  
425 Market St.  
San Francisco, CA 94105

Morton Amster  
Kenneth George  
Joseph Casino  
Amster Rothstein & Eenstein  
LLP  
90 Park Ave.  
NY, NY 10016

Brian M. Kramer  
Gregory Walter Reilly  
Morrison & Foerster  
12531 High Bluff Dr. Ste 100  
San Diego, CA 92130

Bradford J. Badke  
Sona de Gabrielle M. Ciuffreda  
Ropes & Gray LLP  
1211 Avenue of the Americas  
NY NY 10036

Cameron K. Weiffenbach  
Miles & Stockbridge, PC  
1751 Pinnacle Dr., Suite 500  
McLean, VA 22102-3833

Christian Mammen  
C/o UC Hastings College of  
Law  
200 McAllister ST.  
San Francisco, CA 94102

Leland Hutchinson, Jr.  
Jonathan Hill  
Matthew Kramer  
Freeborn & McPeters LLP  
311 S. Wacker Dr., Suite 3000  
Chicago, IL 60606

Richard Samp  
Daniel J. Popeo  
Washington Legal Foundation  
2009 Massachusetts Ave.,  
N.W.  
Washington, DC 20036

Carolyn B. Lamm  
President, ABA  
321 N. Clark St.  
Chicago, IL  
60610

---

David Hricik  
*Counsel for Himself*