

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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

Plaintiff-Appellants,

v.

BECTON, DICKINSON AND COMPANY,
and NOVA BIOMEDICAL CORPORATION,

Defendants-Appellees,

and

BAYER HEALTHCARE LLC.

Defendant-Appellee.

**BRIEF OF *AMICUS CURIAE* SAP AMERICA, INC.
IN SUPPORT OF NEITHER PARTY**

August 2, 2010

Attorney for Amicus Curiae,
SAP America, Inc.

James R. Batchelder
HOWREY LLP
1950 University Ave, 4th Floor
East Palo Alto, CA 94303
(650) 798-3500

CERTIFICATE OF INTEREST

Counsel for Amicus Curiae, SAP America, Inc., certifies the following:

1. The full name of the party or amicus represented by me is:

SAP America, Inc.

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:

Not applicable

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:

SAP AG

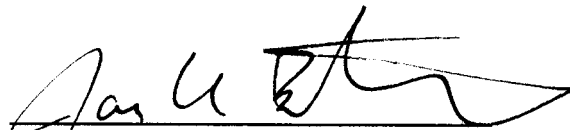
4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

HOWREY LLP
James R. Batchelder

Dated: August 2, 2010

For the Amicus Curiae,
SAP America, Inc.

By:



James R. Batchelder
HOWREY LLP
1950 University Ave, 4th Floor
East Palo Alto, CA 94303
(650) 798-3500

TABLE OF CONTENTS

I. STATEMENT OF AMICUS CURIAE.....1

 A. Identification of Amicus Curiae.....1

 B. Interest of Amicus Curiae1

II. AUTHORITY TO FILE1

III. QUESTION PRESENTED.....2

IV. SUMMARY OF ARGUMENT.....2

V. ARGUMENT.....4

 A. Introduction4

 B. Applicant’s Duty of Candor Frames the Intent Determination.....6

 C. This Court Should Articulate an Objective Framework for
 Assessing Whether Applicant has Credibly Explained the
 Withholding or Misrepresentation of Material Information9

VI. CONCLUSION.....17

TABLE OF AUTHORITIES

Cases

<i>Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.</i> , 607 F.3d 817 (Fed. Cir. June 11, 2010).....	12, 18
<i>Agfa Corp. v. Creo Prods. Inc.</i> , 451 F.3d 1366 (Fed. Cir. 2006)	15
<i>Avid Identification Sys., Inc. v. Crystal Imp. Corp.</i> , 603 F.3d 967 (Fed. Cir. 2010)	7
<i>Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.</i> , 394 F.3d 1348 (Fed. Cir. 2005)	8, 11
<i>Cargill, Inc. v. Canbra Foods, Ltd.</i> , 476 F.3d 1359 (Fed. Cir. 2007)	10, 16
<i>Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.</i> , 120 F.3d 1253 (Fed. Cir. 1997)	14, 17
<i>Digital Control, Inc. v. Charles Mach. Works</i> , 437 F.3d 1309 (Fed. Cir. 2006)	14
<i>Ferring B.V. v. Barr Labs., Inc.</i> , 437 F.3d 1181 (Fed. Cir. 2006)	9, 10, 17
<i>FMC Corp. v. Manitowoc Co.</i> , 835 F.2d 1411 (Fed. Cir. 1987)	14
<i>Gen. Electro Music Corp. v. Samick Music Corp.</i> , 19 F.3d 1405 (Fed. Cir. 1994)	12
<i>GFI, Inc. v. Franklin Corp.</i> , 265 F.3d 1268 (Fed. Cir. 2001)	11, 13, 15
<i>Halliburton Co. v. Schlumberger Tech. Corp.</i> , 925 F. 2d 1435 (Fed. Cir. 1991)	14

<i>Hazel-Atlas Glass Co. v. Hartford-Empire Co.</i> , 322 U.S. 238 (1944).....	7
<i>IDEC Pharm. v. Corixa Corp.</i> , No. 01-1637-IEG(RBB), 2003 WL 24147449 (S.D. Cal. Oct. 14, 2003).....	17
<i>Kingsdown Med. Consultants, Ltd. v. Hollister Inc.</i> , 863 F.2d 867 (Fed. Cir. 1988)	2, 4, 10, 11, 12, 14, 16
<i>LaBounty Mfg., Inc. v. U.S. Int’l Trade Comm’n</i> , 958 F.2d 1066 (Fed. Cir. 1992)	15
<i>Larson Mfg. Co. of S.D., Inc. v. Aluminart Prods. Ltd.</i> , 559 F.3d 1317 (Fed. Cir. 2009)	11
<i>M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co., Inc.</i> , 439 F.3d 1335 (Fed. Cir. 2006)	11
<i>Manville Sales Corp. v. Paramount Sys. Inc.</i> , 917 F.2d 544 (Fed. Cir. 1990)	11
<i>McKesson Info. Solutions, Inc. v. Bridge Med., Inc.</i> , 487 F.3d 897 (Fed. Cir. 2007)	16
<i>Merck & Co., Inc. v. Danbury Pharmacal, Inc.</i> , 873 F.2d 1418 (Fed. Cir. 1989)	9, 10
<i>Monsanto Co. v. Bayer Bioscience N.V.</i> , 514 F.3d 1229 (Fed. Cir. 2008)	12, 18
<i>Norton v. Curtiss</i> , 433 F.2d 779 (C.C.P.A. 1970)	4, 7, 8, 19
<i>Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.</i> , 984 F.2d 1182 (Fed. Cir. 1993)	10, 17, 18
<i>Praxair, Inc. v. ATMI, Inc.</i> , 543 F.3d 1306 (Fed. Cir. 2008)	11

<i>Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.</i> , 324 U.S. 806 (1945).....	6, 8, 19
<i>Semiconductor Energy Lab. Co., Ltd. v. Samsung Elecs. Co., Ltd.</i> , 204 F.3d 1368 (Fed. Cir. 2000)	17
<i>Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.</i> , 537 F.3d 1357 (Fed. Cir. 2008)	9, 10, 11, 12, 13
<i>Taltech Ltd. v. Esquel Enters. Ltd.</i> , 604 F.3d 1324 (Fed. Cir. 2010)	9
Statutes	
37 C.F.R. § 1.56	7, 8, 12, 13, 14
Regulations	
56 Fed. Reg. 37321 (1991)	8

I. STATEMENT OF AMICUS CURIAE

A. Identification of Amicus Curiae

Amicus Curiae SAP America, Inc. is a corporation that specializes in providing business software. SAP AG is the parent corporation of SAP America, Inc. SAP AG has no parent corporation.

B. Interest of Amicus Curiae

Amicus Curiae SAP America, Inc., as a patent holder and industry leader in the area of business software, has an interest in the proper development and application of patent laws and in ensuring that patents are enforceable only where appropriately and fairly secured.

Amicus Curiae has no stake in any of the parties to this litigation. No part of this brief was authored by counsel for any party, person, or organization besides Amicus Curiae. No party to this appeal or their counsel have contributed monetarily to this brief or its preparation.

This is a neutral brief. Amicus Curiae does not advocate for either party.

II. AUTHORITY TO FILE

In its April 26, 2010 Order granting *en banc* review, this Court indicated that it would entertain briefs of amici curiae and that such briefs could be filed without seeking leave of court.¹

¹ See April 26, 2010 Order [D.N. 122] at 3.

III. QUESTION PRESENTED

Among the issues set for *en banc* review, this Court has asked “[u]nder what circumstances is it proper to infer intent from materiality? See *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867 (Fed. Cir. 1988) (en banc).”²

IV. SUMMARY OF ARGUMENT

The Supreme Court has explained that the inequitable conduct doctrine emanates from the recognition that the grant of patent rights involves the public’s interest in both the integrity of the patent grant and the integrity of the system under which that grant is obtained. When clear and convincing evidence establishes that material information has been withheld from or misrepresented to the Patent Office, and that applicant’s justification for its conduct is less credible than the evidence that applicant intended to deceive the Patent Office, those public interests have been betrayed and inequitable conduct should be found.

Missing from current inequitable conduct jurisprudence is a framework with which intent to deceive can be properly evaluated. That framework should make clear that intent to deceive cannot be inferred from a finding of materiality alone. That framework also must consist of highly probative, objective factors by which to correctly and consistently assess the credibility of applicant’s justification for its conduct when material information is withheld from or misrepresented to the

² *Id.*

Patent Office. When reconciling this Court's precedents, five factors most relevant to the credibility of an applicant's justification of its conduct surface: (1) the extent to which the information withheld or misrepresented by applicant was material to the issues of patentability pending before the Patent Office prior to patent issuance; (2) whether the materiality of the withheld or misrepresented information was underscored during prosecution; (3) whether applicant acted accidentally in withholding or falsely stating the information at issue; (4) whether applicant's explanation is inconsistent with other credible evidence; and (5) whether applicant's actions independently suggest an intent to deceive, such as by making a partial disclosure in such a way that information supporting patentability was disclosed while material information harmful to patentability was concealed. Thus, although it is not proper to infer intent from a finding of materiality alone, the recommended analytical framework does take into account the extent of the withheld/misrepresented information's materiality (factor 1), whether that materiality was underscored during prosecution (factor 3), and whether applicant concealed material information harmful to patentability while disclosing information supporting patentability (factor 5).

V. ARGUMENT

A. Introduction

The defense of patent unenforceability arising from inequitable conduct was created to protect the public’s interest in ensuring the integrity of both the patent grant and the system under which that grant is obtained.

As this Court held in *Kingsdown*, “[i]nequitable conduct resides in failure to disclose material information, or submission of false material information, with an intent to deceive,” with both elements—materiality and intent—proven by clear and convincing evidence.³ With respect to intent, this Court in *Kingsdown* held that “‘gross negligence’ does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive.”⁴

Just as a mere finding of “gross negligence” cannot compel an inference of intent to deceive the Patent Office, neither can a finding of materiality, standing alone, compel an inference of intent to deceive. However, when it has been proven by clear and convincing evidence that material information has been withheld from or misrepresented to the Patent Office, and that applicant’s proffered justification

³ *Kingsdown*, 863 F.2d at 872.

⁴ *Id.* at 876 (citing *Norton v. Curtiss*, 433 F.2d 779 (C.C.P.A. 1970)).

for its conduct is less credible than the evidence of an intent to deceive the Patent Office, then inequitable conduct should be found.

The credibility of an applicant's explanation should be assessed in the context of objective factors well established by this Court. Specifically, the five factors most relevant to the credibility of an applicant's explanation of its conduct are (1) the extent to which the information withheld or misrepresented by applicant was material to the issues of patentability pending before the Patent Office prior to patent issuance; (2) whether the materiality of the withheld or misrepresented information was underscored during prosecution; (3) whether applicant acted accidentally in withholding or falsely stating the material information; (4) whether applicant's explanation is inconsistent with other credible evidence; and (5) whether applicant's actions independently suggest an intent to deceive, such as by making a partial disclosure in such a way that information supporting patentability is disclosed while material information harmful to patentability is concealed.

These five factors are not exclusive, and courts must also consider all other evidence relevant to whether applicant acted in good faith when material information was withheld from or misrepresented to the Patent Office. These five factors, however, tend to be most probative of whether applicant acted in good faith in these situations. This Court therefore should identify them as such to provide courts with a disciplined framework with which to answer this question.

Doing so would enhance both the quality and consistency of inequitable conduct jurisprudence.

B. Applicant’s Duty of Candor Frames the Intent Determination

As explained by the Supreme Court in *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, the defense of unenforceability emanates from the public’s “paramount interest” in ensuring that patents “spring from backgrounds free from fraud or other inequitable conduct”:

A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the ‘Progress of Science and useful Arts.’ At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, ***give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct*** and that such monopolies are kept within their legitimate scope.⁵

The Supreme Court in *Precision* further held that those who seek to procure a patent owe an “uncompromising” duty of candor to the Patent Office regarding the applications they prosecute:

Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an uncompromising duty to report to it all facts concerning possible fraud or inequitableness underlying the applications in issue Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies. Only in

⁵ *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 815-16 (1945) (emphasis added).

that way can the Patent Office and the public escape from being classed among the ‘mute and helpless victims of deception and fraud.’⁶

Although it could be argued that the volume of information required to be disclosed under the duty of candor can be so large that it hinders the Patent Office in serving the public interest, the Patent Office has articulated the opposite conclusion in Rule 56:

The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each 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.⁷

Disclosure of “all information known to [applicant] to be material to patentability” is also necessitated by the limited resources of the Patent Office. As explained by the C.C.P.A. in its 1970 case *Norton v. Curtiss*, the Patent Office inevitably relies on applicants to adhere to the highest standards of honesty and candor, particularly given the *ex parte* nature of patent prosecution:

With the seemingly ever-increasing number of applications before it, the Patent Office has a tremendous burden. While being a factfinding as well as an adjudicatory agency, it is necessarily limited in the time permitted to ascertain the facts necessary to adjudge the patentable merits of each

⁶ *Id.* at 818 (quoting *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 246 (1944)).

⁷ 37 C.F.R. § 1.56(a). *See also Avid Identification Sys., Inc. v. Crystal Imp. Corp.*, 603 F.3d 967, 973 (Fed. Cir. 2010) (“The duty of candor includes a duty to disclose to the PTO all information known to each individual that is material to the issue of patentability.”).

application. In addition, it has no testing facilities of its own. Clearly, it must rely on applicants for many of the facts upon which its decisions are based. The highest standards of honesty and candor on the part of applicants in presenting such facts to the office are thus necessary elements in a working patent system. We would go so far as to say they are essential.⁸

In amending Rule 56 to impose an express duty of candor on all patent applicants, the Patent Office explicitly cited and relied on the Supreme Court's decision in *Precision*:

Section 1.56(a), as proposed, sets forth some of the reasons which the Office considers important for insisting on candor and good faith on the part of individuals associated with the filing and prosecution of a patent application. A patent is affected with a public interest. *Precision Instrument Mfg. Co. v. Automatic Maintenance Machinery Co.*, 324 U.S. 806, 816 (1945). Patent examination by the Office, an ex parte proceeding, is most effective when the Office is aware of and evaluates the teachings of all information material to patentability before a patent is granted.⁹

The duty of candor, as explained and delineated by the Supreme Court, thus serves as the foundation for the inequitable conduct doctrine. The “intent to deceive” standard should provide district courts a framework of highly probative, objective factors by which to correctly and consistently determine whether an

⁸ *Norton*, 433 F.2d at 794. In the inequitable conduct context, a patent applicant includes not only the inventor, but anyone involved in the prosecution who thus has a duty to disclose material information. See, e.g., *Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.*, 394 F.3d 1348, 1351 n.3 (Fed. Cir. 2005) (“In the context of an inequitable conduct determination, the ‘applicant’ includes anyone under a duty to disclose material information to the PTO pursuant to 37 C.F.R. § 1.56, namely: the inventor, the prosecuting attorney or agent, and anyone associated with the inventor or the assignee who is substantively involved in the preparation or prosecution of the application.”).

⁹ 56 Fed. Reg. 37321, at 37323 (1991).

applicant has satisfied its duty of candor to the Patent Office and to the public it serves.

C. This Court Should Articulate an Objective Framework for Assessing Whether Applicant has Credibly Explained the Withholding or Misrepresentation of Material Information

Rarely, if ever, will the record contain “smoking gun” evidence of an intent to deceive the Patent Office.¹⁰ Circumstantial and indirect evidence is not only appropriate, but often the only evidence available to assess whether such intent existed.¹¹ Indeed, it is in precisely those cases where an intent to deceive actually exists that applicants will likely undertake careful efforts to conceal their intent.

¹⁰ See, e.g., *Taltech Ltd. v. Esquel Enters. Ltd.*, 604 F.3d 1324, 1332 (Fed. Cir. 2010) (“Proving intent does not require direct evidence; it can be inferred from indirect and circumstantial evidence.”) (citing *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008)); *Ferring B.V. v. Barr Labs., Inc.*, 437 F.3d 1181, 1191 (Fed. Cir. 2006) (“However, ‘[i]ntent need not, and rarely can, be proven by direct evidence.’” (quoting *Merck & Co., Inc. v. Danbury Pharmacal, Inc.*, 873 F.2d 1418, 1422 (Fed. Cir. 1989))); *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1189–190 (Fed. Cir. 1993) (“‘[S]moking gun’ evidence is not required in order to establish an intent to deceive. Rather, this element of inequitable conduct, must generally be inferred from the facts and circumstances surrounding the applicant’s overall conduct.” (citing *Merck* 873 F. 2d at 1422)).

¹¹ See, e.g., *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1364, 1366 (Fed. Cir. 2007) (“Intent rarely can be, and need not be, proven by direct evidence. Instead, an intent to deceive is usually inferred from the facts and circumstances surrounding the conduct at issue.” (citations omitted)) (affirming district court holding that patents were unenforceable for inequitable conduct where intent to deceive was demonstrated by circumstantial evidence, including “the repeated nature of the omission, the applicant’s motive to conceal, and the high materiality of the undisclosed information”); *Star Scientific*, 537 F.3d at 1366 (“We have also held that because direct evidence of deceptive intent is rarely available, such intent can be inferred from indirect and circumstantial evidence.”).

For these reasons, “[i]ntent need not, and rarely can, be proven by direct evidence.”¹²

In *Kingsdown*, this Court held that the challenged conduct of an applicant must be assessed in light of all the evidence to determine whether there is sufficient culpability to require a finding of intent to deceive.¹³ Because intent to deceive must be assessed from all facts and circumstances surrounding an applicant’s overall conduct,¹⁴ a finding of materiality, standing alone, cannot compel an inference of intent to deceive.¹⁵ However, when clear and convincing evidence establishes that material information has been withheld from or misrepresented to the Patent Office, and that applicant’s justification for its conduct is less credible than the evidence of an intent to deceive the Patent Office, an intent to deceive should be found.

¹² *Merck*, 873 F.2d at 1422; *see also, e.g., Ferring*, 437 F.3d at 1191 (“However, ‘[i]ntent need not, and rarely can, be proven by direct evidence.’” (quoting *Merck*, 873 F.2d at 1422)).

¹³ *Kingsdown*, 863 F.2d at 876.

¹⁴ *Bruno*, 394 F.3d at 1354.

¹⁵ *See, e.g., Larson Mfg. Co. of S.D., Inc. v. Aluminart Prods. Ltd.*, 559 F.3d 1317, 1340 (Fed. Cir. 2009) (“[M]ateriality does not presume intent, and nondisclosure, by itself, cannot satisfy the deceptive intent element.”); *Star Scientific*, 537 F.3d at 1366; *Praxair, Inc. v. ATMI, Inc.*, 543 F.3d 1306, 1313 (Fed. Cir. 2008) (“[A] showing of materiality alone does not give rise to a presumption of intent to deceive.”); *M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co., Inc.*, 439 F.3d 1335, 1340 (Fed. Cir. 2006); *GFI, Inc. v. Franklin Corp.*, 265 F.3d 1268, 1274 (Fed. Cir. 2001) (“[M]ateriality does not presume intent, which is a separate and essential component of inequitable conduct.” (quoting *Manville Sales Corp. v. Paramount Sys. Inc.*, 917 F.2d 544, 552 (Fed. Cir. 1990))).

The importance of objectively assessing the credibility of applicant’s explanation for the accused conduct cannot be overstated. If applicant can credibly explain that material information was withheld or misrepresented with justification, as with the ministerial accident in *Kingsdown* resulting in a patent claim being inadvertently mis-transcribed from one list to another, then no intent to deceive should be found. If, however, applicant’s explanation for why it was justified in withholding or misrepresenting material information is not credible, then intent to deceive should be found—as this Court has long recognized.¹⁶ Finding intent to deceive in these circumstances is consistent with *Star Scientific*, since an intent to deceive is the “single most reasonable inference” when

¹⁶ See, e.g., *Advanced Magnetic Closures, Inc. v. Rome Fastener Corp.*, 607 F.3d 817, 830, 832 (Fed. Cir. June 11, 2010) (affirming a holding of inequitable conduct, relying on the district court’s finding that applicant’s explanation for withholding material information from the Patent Office “bore clear indicia of fabrication,” and observing that the district “court needed to weigh conflicting testimony and based its finding of inequitable conduct in part on the witnesses’ credibility”); *Monsanto Co. v. Bayer Bioscience N.V.*, 514 F.3d 1229, 1241 (Fed. Cir. 2008) (affirming holding of inequitable conduct, noting: “The district court, however, found this explanation to lack credibility, particularly in light of [applicant’s] ability to testify with clarity and detail about the contents of the notes during her deposition. We find nothing clearly erroneous in the court’s credibility finding.”); *Gen. Electro Music Corp. v. Samick Music Corp.*, 19 F.3d 1405, 1410 (Fed. Cir. 1994) (affirming holding of inequitable conduct, noting: “The jury heard and observed the witnesses and we have no basis on which to disturb its credibility determinations. Based on the evidence before it, a reasonable jury could have chosen not to believe Samick’s story and concluded that Maxwell did not perform the search he said he did.”).

applicant's justification for its conduct is less credible than the evidence of intent to deceive.¹⁷

While there can be no hard and fast rules suitable for every case of inequitable conduct, the decisions of this Court, together with the principles embodied in 37 C.F.R. § 1.56, provide a clear and distinct legal framework by which to decide whether applicant has credibly explained its withholding, or misrepresentation, of material information. In particular, five objective factors have emerged as most probative of whether applicant's explanation is credible.

The first factor is the extent to which the information withheld or misrepresented by applicant is material to the issues of patentability pending before the Patent Office prior to patent issuance. Those issues of patentability are defined by the claims then in prosecution, the examiner's statements regarding the patentability of those claims, and the applicant's arguments in response. The higher the materiality of the withheld/misrepresented information to those issues of patentability, the more likely that applicant knew of or should have known of that materiality, and the more difficult it will be for applicant to credibly explain that the withholding or misrepresentation was done in good faith.¹⁸ Of course,

¹⁷ See *Star Scientific*, 537 F.3d at 1366.

¹⁸ See, e.g., *GFI*, 265 F.3d at 1274–75 (emphasis added) (citing *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1257 (Fed. Cir. 1997)); *Halliburton Co. v. Schlumberger Tech. Corp.*, 925 F.2d 1435, 1439 (Fed. Cir. 1991); *Kingsdown*, 863 F.2d at 873; *FMC Corp. v. Manitowoc Co.*, 835 F.2d

information that is merely cumulative of the information already before the Patent Office cannot be material, and need not be submitted.¹⁹

The second factor is whether the materiality of the withheld or misrepresented information was underscored during prosecution. Applicant's arguments to the examiner, for example, can underscore such materiality, such as where applicant knowingly withholds a material reference from the Patent Office while making an argument for patentability that could not have been made if the withheld art had been disclosed. In that circumstance, applicant knew or should have known of the information's materiality, and a finding of intent to deceive is amply supported.²⁰ This can hardly be denied by an applicant who knowingly

1411, 1416 (Fed. Cir. 1987) (“No single factor or combination of factors can be said always to require an inference of intent to mislead. Yet *a patentee facing a high level of materiality and clear proof that it knew or should have known of that materiality, can expect to find it difficult to establish ‘subjective good faith’ sufficient to prevent the drawing of an inference of intent to mislead..* A mere denial of intent to mislead (which would defeat every effort to establish inequitable conduct) will not suffice. We see no abuse of discretion in the district court’s conclusion that GFI’s conduct was sufficient to warrant a conclusion of unenforceability in light of all the circumstances, *especially considering the high degree of materiality* of the Durling references.” (emphasis added)).

¹⁹ See 37 C.F.R. § 1.56(b) (“[I]nformation is material to patentability when it is not cumulative to information already of record or being made of record in the application”); *Digital Control, Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1319 (Fed. Cir. 2006) (“However, a withheld otherwise material prior art reference is *not* material for the purposes of inequitable conduct if it is merely cumulative to that information considered by the examiner.”) (emphasis in original).

²⁰ See, e.g., *Agfa Corp. v. Creo Prods. Inc.*, 451 F.3d 1366, 1378 (Fed. Cir. 2006) (“Both the evidence and the law support the trial court’s intent determination. This court has held that a trial court may infer deceptive intent based on a showing that a patentee withheld references with which it was intimately familiar and which were inconsistent with its own patentability arguments to the PTO.”);

conceals such information, given that applicant's own arguments demonstrate the information's materiality under 37 C.F.R. § 1.56(b)(2).²¹ For another example, the materiality of the withheld/misrepresented information may be apparent from the examiner's statements about the claims, about why the claims were allowed, or about the state of the prior art.²² These examples confirm that, without first defining the issues of patentability then pending before the Patent Office at the time of the challenged conduct, a court cannot properly assess what evidence is probative of intent to deceive.

GFI, 265 F.3d at 1275 (“We have held deceptive intent to be shown where a patentee withheld references and made an argument for patentability that could not have been made had the art been disclosed. Here, *GFI* specifically distinguished the disclosed references by arguing that none of them had console-mounted controls despite [applicant's] prior knowledge that Durling had built a model with center-mounted recliner controls prior to the filing of the '244 patent application. Beyond its arguments that the Durling references were not material, which we have rejected, *GFI* does little more than deny any intent to deceive the Patent and Trademark Office. The district court did not clearly err in finding that the threshold deceptive intent was proven by clear and convincing evidence for the Durling references.”) (citation omitted); *LaBounty Mfg., Inc. v. U.S. Int'l Trade Comm'n*, 958 F.2d 1066, 1076 (Fed. Cir. 1992) (“Thus, the evidence amply supports an inference that LaBounty acted with culpable intent to mislead or deceive the PTO by withholding its own known prior art devices and by making an argument for patentability which could not have been made had the art been disclosed.”).

²¹ See 37 C.F.R. § 1.56(b)(2) (Information is material where it is not cumulative and “[i]t 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 patentability.”).

²² See, e.g., *Cargill*, 476 F.3d at 1366 (intent inferred where examiner twice stated the importance of a specific ground for novelty and applicant withheld test data relevant to that ground); *McKesson Info. Solutions, Inc. v. Bridge Med., Inc.*, 487 F.3d 897, 909 (Fed. Cir. 2007) (intent inferred where examiner located a prior art patent and rejected claims based thereupon).

The third factor is whether applicant acted accidentally in withholding or misrepresenting the information at issue. An accidental failure to disclose or an accidental false statement, as in *Kingsdown*, does not reflect an intent to deceive. In contrast, as this Court noted in *Kingsdown*, “[a] knowing failure to disclose and knowingly false statements are always difficult to understand,”²³ an observation that is especially poignant in light of applicant’s duty of candor. Of course, in some cases a dispute arises as to whether applicant acted knowingly. The extent of applicant’s familiarity with the withheld or misrepresented information is relevant to whether applicant acted knowingly.²⁴ Factors 1-2 and 4-5 also can be useful in resolving such disputes.

The fourth factor is whether applicant acted in a way independently suggestive of intent to deceive, such as by making a partial disclosure in such a way that information supporting patentability was disclosed while material information harmful to patentability was concealed.²⁵ Such calculated

²³ *Kingsdown*, 863 F.2d at 875; *see also Cargill*, 476 F.3d at 1367–68 (“While we have recognized that subjective good faith can support a defense to inequitable conduct, there is no such thing as a good faith intent to deceive. When an applicant knows or obviously should know that information would be material to the examiner, as was true here, but the applicant **decides to withhold** that information, ‘good faith’ does not negate an intent to manipulate the evidence. Indeed, self-serving manipulation of highly material evidence can hardly be called ‘good faith.’” (emphasis added) (citations omitted)).

²⁴ *See, e.g., Critikon*, 120 F.3d at 1256 (in finding that the prosecuting attorney intended to deceive the Patent Office, noting the importance of the fact that the prosecuting attorney was “intimately familiar” with the withheld reference).

²⁵ *See, e.g., Ferring*, 437 F.3d at 1193-94 (intent inferred where declarations

concealment is consistent with intent to deceive, and will be difficult to credibly explain away.

The fifth factor is whether applicant's explanation is inconsistent with other credible evidence.²⁶

These five factors are not exclusive, and courts must also consider all other evidence relevant to whether applicant acted in good faith when material information was withheld from or misrepresented to the Patent Office.²⁷ But both the quality and consistency of inequitable conduct jurisprudence would be benefited by this Court's articulation of a disciplined framework that courts should

provided by applicant failed to disclose declarants' associations with patent assignee while disclosing other information about declarants); *Semiconductor Energy Lab. Co., Ltd. v. Samsung Elecs. Co., Ltd.*, 204 F.3d 1368, 1375-76 (Fed. Cir. 2000) (intent inferred where, through submission of a misleadingly partial translation, applicant disclosed only aspects of a reference that were benign and concealed aspects harmful to patentability); *Paragon*, 984 F.2d at 1191-92 (intent inferred where declarations provided by applicant contained information supportive of claim validity but failed to disclose consultant relationship with and financial stake in assignee); *IDEC Pharm. v. Corixa Corp.*, No. 01-1637-IEG(RBB), 2003 WL 24147449, at *22 (S.D. Cal. Oct. 14, 2003) (intent inferred where applicants' "artful description" of prior art failed to disclose material information, including a purported "point of novelty" repeatedly stressed by applicants during prosecution, while disclosing information not harmful to patentability).

²⁶ See, e.g., *Monsanto*, 514 F.3d at 1241 ("The district court, however, found this explanation to lack credibility, particularly in light of [applicant's] ability to testify with clarity and detail about the contents of the notes during her deposition. We find nothing clearly erroneous in the court's credibility finding."); *Paragon*, 984 F.2d at 1193 (patent prosecutor's "inconsistent justifications" formed part of "an overriding pattern of misconduct sufficient to support the district court's finding of culpable intent").

²⁷ See, e.g., *Advanced Magnetic*, 607 F.3d at 830 (affirming a holding of inequitable conduct, and noting: "In evaluating intent, a district court must weigh all the evidence, including evidence of good faith.").

apply to answer that question. Because these five factors tend to be most probative of whether applicant acted in good faith in these situations, they should be identified as such, with an admonition that all other relevant evidence must be considered as well.

Finally, the five factors described above, along with all other relevant evidence, must be examined through the lens of the duty of candor by which every applicant is bound in presenting and prosecuting applications for patent. Because the procurement of a patent involves a public interest, not only in the integrity of the patent grant, but also in the integrity of the system under which that grant is obtained, an applicant's duty of candor must always be considered when judging the state of mind underlying an applicant's conduct before the Patent Office.²⁸

VI. CONCLUSION

The grant of patent rights involves the public's interest in both the integrity of the patent grant and the integrity of the system under which that grant is obtained. Under *Precision*, the Patent Office must ensure that patents of appropriate scope are legitimately granted. This cannot occur if applicants are permitted to conceal or misrepresent material information. When an applicant does so, and its justification for that conduct is less credible than the evidence that applicant intended to deceive the Patent Office, then inequitable conduct should be

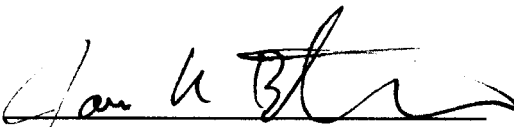
²⁸ *Precision*, 324 U.S. at 818; *Norton*, 433 F.2d at 795.

found. Based principally on the five factors identified above, this Court should articulate a disciplined framework for assessing the credibility of applicant's explanation that the duty of candor was met.

Respectfully submitted,

Dated: August 2, 2010

For the Amicus Curiae,
SAP America, Inc.

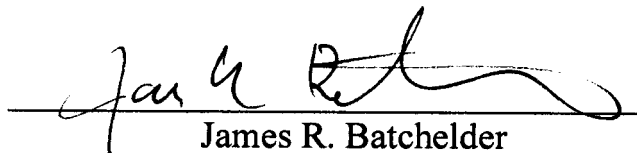
By: 
James R. Batchelder
HOWREY LLP
1950 University Ave, 4th Floor
East Palo Alto, CA 94303
(650) 798-3500

CERTIFICATE OF COMPLIANCE

I, James R. Batchelder, hereby certify under Federal Rules of Appellate Procedure 32(a)(7)(B) and 28.1(e)(2)(B) that the word count of the **BRIEF OF *AMICUS CURIAE* SAP AMERICA, INC.** is 3,031, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b) (table of contents, table of authorities, certificate of service, certificate of compliance, certificate of interest, and statement of related cases). Microsoft Word 2003 was used to calculate the word count for all relevant parts of the brief.

SAP's 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 a proportionally spaced typeface using Microsoft Word 2003 in 14-point, Times New Roman font.

For Amicus Curiae, SAP America, Inc.


James R. Batchelder