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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

The Enhanced Duty Of Candor Before The Patent Office

Law360, New York (April 24, 2013, 12:05 PM ET) -- All patent applicants know of the duty of candor that is required to practice before the U.S. Patent and Trademark Office. This duty compels applicants to provide information material to the patentability of patent applications to the USPTO for review during examination. Few, however, may know of a provision found in the Manual of Patent Examining Procedure (MPEP) that arguably broadens this duty.

MPEP 2001.06(c) requires the disclosure of information from related litigation: "Where the subject matter for which a patent is being sought is or has been involved in litigation, the existence of such litigation or any other material information arising therefrom must be brought to the attention of the U.S. Patent and Trademark Office."

This provision raises several issues that warrant the attention of patent applicants. First, the provision only requires disclosure of "related" litigation, meaning that applicants must understand what constitutes "related" litigation as laid out by the MPEP. Second, the examples provided in MPEP 2001.06(c) and case law interpreting the MPEP section, albeit limited, suggest that the provision requires disclosure of a broad set of information that goes beyond what is typical to disclose under Rule 56. This section of the MPEP should be given careful consideration, since the failure to disclose related litigation can result in harsh consequences, including a finding of invalidity of the resulting patent and inequitable conduct.

The first inquiry under the section involves a comparison of the subject matter being claimed in a patent application to litigation involving a granted patent. While this inquiry is not always straightforward, we will assume for the purpose of this article that the litigation is "related" as discussed in MPEP 2001.06(c). For close cases, it is better to error on the side of disclosure anyway.

Once a determination of related litigation is made, the second inquiry requires the patent applicant to ascertain what information must be given to the USPTO. This is also not always a straightforward inquiry, particularly for litigation that can encompass thousands or millions of documents. MPEP 2001.06(c) arguably encompasses material that expands the extent of information to be disclosed to the USPTO under Rule 56. For instance, one court determined that material information was withheld from the USPTO when pleadings from litigation, in which the judge had construed the meaning of terms in claims now before the examiner, were not disclosed. And another court found that a declaration from a professor stating that claims were not supported by an adequate written description was material, although not highly so.

Therefore, depending on the circumstances, it may not be sufficient to simply disclose that related litigation exists or to only disclose prior art from that related litigation. Of course, as noted by the court in *Carnegie Mellon Univ. v. Hoffman-La Roche Inc.*, "[i]n determining which documents in a large litigation record should be produced to an examiner, the prosecuting party must draw the

line somewhere. ... the PTO wants neither too little, nor too much, litigation material.” Thus, it is not only important to understand what must be disclosed but also to understand what need not be disclosed.

As mentioned above, the meaning of claim terms has been deemed material when those same claim terms are in front of the examiner; however, if the claim terms involved in the litigation and prosecution are not the same, then such information may not be material. Even the provision itself lists examples that would not immediately be identified as containing material information: “pleadings, admissions, discovery including interrogatories, depositions, and other documents and testimony.”

In a 2006 case, one party argued that any time an applicant used information learned during litigation involving a parent patent in order to amend a claim in a divisional or continuation patent application, then the source of the information was, as a matter of law, material and had to be disclosed. The court disagreed because, in part, the claim terms involved in the litigation and prosecution were not the same.

In the end, the court found that there was no failure to disclose material information based on not telling the examiner why claim terms were amended. Finally, testimony regarding anticipation would likely be material; however, at least one court found it not to be so based in part on the conclusion that the testimony was not inconsistent with the position taken regarding patentability during prosecution.

These cases highlight specific instances of what may or may not be material, but the general theme is that the materiality of information depends on the circumstances. An applicant should consider what litigation documents and information would materially affect the patentability or what litigation documents and information assert a position contrary to that taken in front of the USPTO examiner.

Unfortunately, the second inquiry does not always stop at the determination of what material is relevant to provide to the USPTO. In many circumstances, the material to be cited to the USPTO is the subject of confidentiality restrictions, such as protective orders from the related litigation. For example, internal memoranda, designated as confidential, describing material prior art may have been produced by a third party during the related litigation. In such an instance, the applicant is cornered — both bound by the confidentiality provisions, but also bound to satisfy the duty of candor before the USPTO.

Hiding behind the protective order as an excuse for not citing the material and ultimately doing nothing is not a viable option. A 2005 Federal Circuit decision affirmed the district court’s ruling, which found a patent unenforceable due to inequitable conduct. Of particular relevance, the district court explained that the party’s failure to alert the USPTO that related litigation existed suggested an intent to deceive. “That there was a protective order governing the Masimo I litigation ... could not save Masimo. ... Masimo could have requested the court to remove confidential information from the scope of the order to allow it to disclose remaining information to the PTO. But, Masimo neither did so nor alerted the PTO of the existence of the litigation.” However, seeking de-designation of information from the court is not the only option; there are several paths available to the applicant to satisfy its duty of candor.

A first option for the applicant is to build in a safety net at the beginning of litigation. If the applicant knows that prosecution of continuing patent applications is likely, the applicant can attempt to insert provisions into the protective order that allow the applicant to satisfy its duty of candor. For example, most protective orders have exceptions to confidentiality provisions, such as an exception for the production of confidential materials as required by law or a court. If the

applicant thinks ahead, the applicant can try to build one or more exceptions into the protective order for production to the USPTO. The other litigants may or may not be open to such an exception.

A second option would be to seek de-designation of the materials by the other party or the court, as noted above. In usual circumstances, the other party has little incentive to de-designate the materials (particularly if the application being prosecuted includes claims that implicate the third party), so this may not be a viable option. If the materials are clearly not confidential, then it may be possible to seek redress by having the court itself change the designation to allow the applicant to cite the material to the USPTO. This was the option suggested above by one district court, but seeking de-designation from the court can also become difficult, particularly if the litigation has already ended.

A third option is to file the material under seal at the USPTO. The USPTO has a process that allows material to be filed in confidence with the USPTO. Upon doing so, the USPTO examiner reviews the material. If the material is found to lack materiality or be cumulative to material already of record, the submitted material is returned to the applicant without official entry into the file history. In such an instance, the confidentiality of the material is maintained (except for the disclosure to the USPTO examiner). However if the USPTO examiner finds that the material is relevant to patentability, the material is entered into the file history and becomes publicly accessible. This process is therefore imperfect since it can lead to the disclosure of the material upon a finding of materiality by the USPTO examiner.

A final fourth option for the applicant is to locate public information that makes the confidential information cumulative. For example, if the confidential information describes a third-party prior art product, it may be possible, through a search, to locate information that is publicly accessible about the product. If this public information has the same or similar details to the confidential information, the patent applicant can simply file the public information to satisfy its duty of candor. This option, while not always possible, is usually the safest and most direct method for addressing the issue.

Having at least knowledge that MPEP 2001.06(c) exists is important since the patent applications at risk of running afoul of this provision usually protect the patent applicant's most important technologies that have already been the subject of litigation. In order to curtail allegations of invalidity and inequitable conduct for these assets, it is incumbent that material information from related litigation be disclosed.

As noted, this is a two-step process in which the applicant must first decide if the litigation is "related" litigation. Second, if such litigation is related, the applicant must ask if there is any information from the related litigation that is material. This second step should consider the materiality of information in light of the guidance provided by Rule 56. Upon determining that material information from the related litigation exists, the applicant may be faced with conflicting duties to disclose related litigation material on one hand and to comply with confidentiality restrictions on the other hand.

In order to meet these conflicting duties, an applicant can pursue one of several paths, and an applicant must consider the circumstances when deciding which option will ultimately result in the desired outcome. Only after undergoing this process can the applicant meet this arguably enhanced duty of candor.

--By Robert Kalinsky and Paige Stradley, Merchant & Gould PC

Robert Kalinsky is a partner and Paige Stradley is an associate in Merchant & Gould's Minneapolis

office.

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