Federal Circuit Tightens Inequitable Conduct Standards in Patent Infringement Cases

by Ronald S. Wynn

On May 25, 2011, the Federal Circuit Court of Appeals materially changed the law of inequitable conduct in patent cases. Under the inequitable conduct doctrine, federal courts can hold patents unenforceable upon proof that the patentee misrepresented or withheld material information during prosecution of the patent in the Patent Office (PTO). Attempting to curb "problems created by the expansion and overuse of the inequitable conduct doctrine," the Federal Circuit raised the bar on inequitable conduct in several respects:

Intent To Deceive: While the doctrine always required "intent to deceive" the PTO, inequitable conduct now requires a "deliberate decision" to deceive: "clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it." If based on circumstantial evidence, intent to deceive must be the "single most reasonable inference."

Materiality: Before, misrepresented or concealed information was "material" to the PTO if "a reasonable examiner would have considered it important" to patentability, even if not invalidating. Now, the challenger must prove that the patent would not have issued "but for" the misrepresentation or concealment. There is one exception: inequitable conduct can still be based on "affirmative egregious misconduct," even if the patent would have issued despite the misconduct.

No Sliding Scale: Before, federal courts balanced evidence of intent to deceive and materiality on a "sliding scale:" strong evidence of materiality could compensate for weaker evidence of deceptive intent, and vice-versa. Now, "a court must weigh the evidence of intent to deceive independent of its analysis of materiality."

Unenforceability: As a general rule, the federal courts will now declare a patent unenforceable based on inequitable conduct only "where the patentee's conduct resulted in the unfair benefit of receiving an unwarranted claim."

The Federal Circuit decided this case "en banc" (an eleven judge panel), and was sharply divided (6-1-4). *Therasense, Inc. v. Becton, Dickson & Co.*, No. 2008-1511 (Fed. Cir. May 25, 2011).

The case is controversial; review likely will be sought in the United States Supreme Court; and the Federal Circuit's opinion may have significant ramifications for inequitable conduct defenses asserted in patent litigation nationwide.

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