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INEQUITABLE *Conduct*

INVENTORS NEED TO TELL ALL

Patents can be jeopardized if applicants ignore duty of disclosure

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When securing a patent from the U.S. Patent and Trademark Office, each person involved has a duty to disclose information that may be material to the examination of the patent application. If this duty is not met, inequitable conduct may be found, which would render the resulting patent unenforceable.

This year, the Federal Circuit clarified a patent applicant's duty of disclosure with respect to similar co-pending applications in *McKesson Information Solutions Inc. v. Bridge Medical Inc.*, 487 F.3d 897 (Fed. Cir. 2007). McKesson sued Bridge Medical in the Eastern District of California for infringement of U.S. Patent No. 4,857,716 ("the '716 patent") directed to a patient identification system.

While prosecuting the application before the U.S. Patent and Trademark Office, McKesson's attorney was prosecuting another application for a similar invention by McKesson before another examiner. During this time, the prosecuting attorney failed to disclose three pieces of information. First, he did not disclose a prior art patent that was cited by the other examiner. Secondly, he did not disclose the rejections made by the other examiner. Finally, he did not disclose the allowance of similar claims in a third application.

Bridge Medical alleged that McKesson had committed inequitable conduct by not disclosing any of this information to the U.S. Patent and Trademark Office, and after a bench trial, the court agreed. Specifically, the court found that the prosecuting attorney's failure to disclose the patent cited in the other application, the claim rejections of the related co-pending application, and the allowance of claims in the third application were material omissions withheld with deceptive intent.

On appeal, the Federal Circuit examined each piece of information to determine whether the information was material to the examination and, if material, whether the nondisclosure was done with intent to deceive.

McKesson argued that the prosecuting attorney satisfied the duty of disclosure by merely disclosing the related co-pending application. In addition, the application that gave rise to the '716 patent was before the same examiner as the third application, so the prosecuting attorney did not believe disclosure was necessary.

Federal Circuit Affirms

After review, the Federal Circuit found that each instance of nondisclosure was material, non-cumulative, and done with deceptive intent, affirming the district court's finding of inequitable conduct in all three instances.

In its decision, the Federal Circuit repeatedly noted that the duty of disclosure in each instance was not being expanded; these duties have always applied to patents, rejections, and allowances from similar co-pending patent applications. Although it was understood that relevant patents and prior art from related co-pending applications should be disclosed, it was not thought necessary to disclose

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office actions and allowances in related applications.

Even though the Federal Circuit repeatedly emphasized that the duty of disclosure had not been expanded, the *McKesson* decision highlights the increased scope of information that is typically disclosed.

While the *McKesson* case may be considered unusual and limited to the particular facts of the case, it still serves as a reminder to both prosecuting attorneys and inventors to remain vigilant about their duty of disclosure. The situation in *McKesson* could have been avoided if the prosecuting attorney had provided additional disclosure from the co-pending applications. To be safe, prosecuting attorneys and inventors should be aware of the firmly stated duty of disclosure.

Furthermore, material information must be disclosed in a timely fashion. It is important for the inventor to notify the prosecuting attorney as soon as possible about material information to avoid the imposition of fees for late disclosures or the filing of a continuation application to ensure consideration of the disclosures by the examiner. New rules for patent applications limit the number of continuations that can be filed and, therefore, limit the time that a disclosure is accepted.

Cross-Reference Applications

This case also teaches the importance for both prosecuting attorneys and inventors to cross-reference all related pending applications. If one application is related to another, then a cross-reference system allows for checks to ensure that relevant prior art is cited in both applications.

During this time, the prosecuting attorney failed to disclose three pieces of information. First, he did not disclose a prior art patent that was cited by the other examiner. Secondly, he did not disclose the rejections made by the other examiner. Finally, he did not disclose the allowance of similar claims in a third application.

The facts of *McKesson* also serve as an example that co-pending applications being reviewed by the same examiner do not change the rules of full disclosure. Anyone with the duty of disclosure cannot assume that the rejections, arguments, and allowances made in one application will be known or recollected in another related application, even if both applications are in front of the same examiner.

In light of *McKesson* decision, inventors with co-pending applications that are being prosecuted by different attorneys must be especially diligent. The duty applies with respect to related co-pending applications even though each prosecuting attorney may be unaware of the other application. Here, the duty and burden of complying with the duty of disclosure falls directly on the inventor.

The holding of *McKesson* provides a valuable reminder of the duty of disclosure, but also emphasizes the scope of material information to be disclosed. Future cases may clarify whether *McKesson* was truly limited to its specific facts.

Until then, both prosecuting attorneys and inventors must be aware of and disclose information from related co-pending applications. Should nondisclosure meet the criteria of inequitable conduct, the patent is rendered unenforceable. To avoid this draconian result, erring on the side of caution in disclosure is recommended, no matter how burdensome it may seem. ■