



I N E T S S D

Court upholds two-prong inequitable conduct test in patent cases

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In its recent holding in *RCT v. Microso* , the Court of Appeals for the Federal Circuit affirmed the two-prong standard for evaluating inequitable conduct in patent cases, strongly admonishing the District Court judge for his improper one-prong analysis.

In addition to reiterating the importance of considering both materiality and intent in the analysis, the Federal Circuit hinted at a possible future argument against an inequitable conduct challenge available to patent inventors who author publications, noting that the very act of publication is inconsistent with intent to deceive.

During patent litigation, the defense of inequitable conduct is a powerful weapon in any defendant's arsenal because it is typically less expensive and easier to assert than non-infringement of the patent itself. Furthermore, a finding of inequitable conduct results in complete unenforceability of the entire patent if successfully proven for even a single patent claim.

It is established law that a finding of inequitable conduct in a patent case requires clear and convincing evidence that the applicant: (1) made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false information; and (2) intended to deceive the U.S. Patent and Trademark Office (USPTO).

Thus, a finding of both materiality and in-

tent is required for unenforceability due to inequitable conduct.

However, in *RCT v. Microso* , the District Court judge inexplicably ignored what has been settled law for years and based his finding of inequitable conduct solely on the intent of the applicant, stating: I am not trying a patent case; I am trying a particular matter that has been presented to me having to do with candor and good faith.

The trial court's finding of inequitable conduct was based primarily on the fact that the inventors of the patented invention did not disclose certain published tests to the USPTO during prosecution of the patent application.

As noted by the Federal Circuit, the trial court erroneously failed to evaluate whether the published tests were material to patentability. The Federal Circuit found that proper consideration of materiality is a required element of the inequitable conduct analysis and went on to determine that the tests in question were, in fact, not material to the inventive activity. The Federal Circuit reasoned that because the tests in question were conducted after the patent application was filed, the inventors had no obligation to report them to the USPTO. Furthermore, the scientific subject of the test was not even mentioned in the patents at issue or necessary to practice the patented invention. Thus, the Federal Circuit held that the materiality prong of the analysis was not satisfied.

The Federal Circuit also held that the trial court's analysis of the intent prong was clearly erroneous, finding that it focused

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improperly on comments that the inventors made at trial regarding the purposes of the patented system, which are generally irrelevant to a proper determination of inequitable conduct.

In its ruling, the Federal Circuit not only reversed and remanded the District Court's holding, but also included instructions to reassign the case to a different judge for a proper determination on the merits, noting that the strongly expressed convictions of the trial court interfered with its objectivity. The Fed-

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