

# Patent Law

Prof. Roger Ford  
Monday, November 21, 2016  
Class 21 – Inventorship;  
Inequitable conduct

## Recap

# Recap

- Secondary liability / indirect infringement
- Divided / joint infringement

Today's agenda

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- Inventorship
- Inequitable conduct
- Continuation practice and prosecution laches



**Inventorship**

**(post-AIA) 35 U.S.C. § 116 — Inventors**

**(a) Joint Inventions.**— When an invention is **made by two or more persons jointly**, they shall **apply for patent jointly** and each make the required oath, except as otherwise provided in this title. Inventors may apply for a patent jointly even though

- (1) they **did not physically work together** or at the same time,
- (2) each **did not make the same type or amount** of contribution, or
- (3) each did not make a contribution to the subject matter of **every claim** of the patent.

**(b) Omitted Inventor.**— If a joint inventor refuses to join in an application for patent or cannot be found or reached after diligent effort, the application may be **made by the other inventor on behalf of himself and the omitted inventor**. The Director, on proof of the pertinent facts and after such notice to the omitted inventor as he prescribes, may grant a patent to the inventor making the application, subject to the same rights which the omitted inventor would have had if he had been joined. **The omitted inventor may subsequently join in the application.**

**(c) Correction of Errors in Application.**— Whenever through error a person is named in an application for patent as the inventor, or through error **an inventor is not named** in an application, the Director may permit the application to be **amended accordingly**, under such terms as he prescribes.

## Priority of invention (class 9)

→ Invention has two steps:

- First, conception
- Second, reduction to practice

# *Brown v. Barbacid* (class 9)

- September 25, 1989 experiment:
  - Working embodiment of every claim
  - Reduction to practice is complete
- November 1989:
  - Inventor finally reviewed results and understood what was going on
  - Conception is complete

## Inventorship

- To count as an inventor, someone has to contribute to the conception of the invention

# *Burroughs Wellcome v. Barr Laboratories*

- How can a co-inventor serve as a defense to infringement liability?

# *Burroughs Wellcome v. Barr Laboratories*

- How can a co-inventor serve as a defense to infringement liability?
  - Absent a contract, each co-inventor has full rights to use the patent
  - So if you find someone who should have been an inventor, she can license you the patent (in return for money)
  - Express and implied contracts are common in many industries

# ***Burroughs Wellcome v. Barr Laboratories***

- Two groups of possible inventors:
  - Five Burroughs Wellcome inventors
  - Two NIH inventors (maybe)

# ***Burroughs Wellcome v. Barr Laboratories***

- Oct. 29, 1984: Murine screen identifies AZT and various other compounds as promising
- Dec. 5, 1984: BW inventors meet to discuss patenting AZT
- Feb. 4, 1985: BW sends AZT ("Compound S") to NIH for testing
- Feb. 6, 1985: BW has prepared draft patent application in UK
- Feb. 20, 1985: NIH informs BW of positive test
- Mar. 16, 1985: BW files UK patent application

# *Burroughs Wellcome v. Barr Laboratories*

→ When was the invention conceived?

# *Burroughs Wellcome v. Barr Laboratories*

→ When was the invention conceived?

- By Dec. 5, 1984
- Court: "The test for conception is whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention; the inventor must prove his conception by corroborating evidence."

# *Burroughs Wellcome v. Barr Laboratories*

- When was the invention reduced to practice?

# *Burroughs Wellcome v. Barr Laboratories*

- When was the invention reduced to practice?
  - By Feb. 20, 1985
  - Court: “[The NIH testing] was part of the reduction to practice and inured to the benefit of Burroughs Wellcome.”

# *Burroughs Wellcome v. Barr Laboratories*

- What could each side have done to avoid this dispute?
  - Burroughs Wellcome?
  - NIH?
- Why didn't they?

# *University of Pittsburgh v. Hendrick (2009)*

- Patent: a method of creating stem cells from liposuction residue
  - Pittsburgh inventors: Katz & Lull (U. Pittsburgh researchers)
  - REBAR researchers: Hendrick, Benhaim, Lorenz, & Zhu (co-inventors that Pittsburgh wanted to remove)

# *University of Pittsburgh v. Hendrick (2009)*

- 1996: Katz & Lull begin research project
- Early 1997: Katz & Lull exploring “the idea that these cells could ‘transdifferentiate’ into lineages other than adipocyte cells, including bone, cartilage, and muscle”
  - “They recorded their observations ... contemporaneously in laboratory notebooks...”
- Mid 1997: Hendrick joins lab for a year
- Mid 1998: Hendrick goes back to UCLA, works with Benhaim & Lorenz on same general topic

# *University of Pittsburgh v. Hendrick (2009)*

- Early 1997: Katz & Lull believed invention would work, but were not “scientifically certain”
  - Almost certainly not yet patentable – at the very least, no reduction to practice
- 1997–2000: Hendrick and REBAR team confirm that the “highly speculative” suspicion of Katz & Lull was correct

# *University of Pittsburgh v. Hendrick (2009)*

→ So who is an inventor?

# *University of Pittsburgh v. Hendrick (2009)*

→ So who is an inventor?

→ Federal Circuit: Only Katz & Lull

- “Conception requires a definite and permanent idea of the operative invention, and ‘necessarily turns on the inventor’s ability to describe his invention.’ Proof that the invention works to a scientific certainty is reduction to practice.”

# University of Pittsburgh v. Hendrick (2009)

- So who is an inventor?
- Federal Circuit: Only Katz & Lull
  - Lab notebooks “sufficiently described to those skilled in the art how to isolate the cells from adipose-tissue ... [and] thus they had disclosed a ‘completed thought expressed in such clear terms as to enable those skilled in the art to make the invention.’”

## (post-AIA) 35 U.S.C. § 256 — Correction of named inventor

**(a) Correction.**— Whenever **through error a person is named in an issued patent as the inventor**, or through error an inventor is **not named in an issued patent**, the Director may, on application of **all the parties and assignees**, with **proof of the facts** and such other requirements as may be imposed, **issue a certificate correcting such error**.

**(b) Patent Valid if Error Corrected.**— The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question **may order correction of the patent on notice and hearing of all parties concerned** and the Director shall issue a certificate accordingly.

# Inequitable conduct

## (post-AIA) 35 U.S.C. § 282 — Presumption of validity; defenses

\* \* \*

**(b) Defenses.**— The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or **unenforceability**.

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with —

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

\* \* \*

# Inequitable conduct

- Patent examination is an *ex parte* proceeding
  - Can't rely on adversarial process to present complete information to the examiner
  - So the system relies on an applicant duty of candor and truthfulness to the PTO

# Inequitable conduct

- Duty of candor and truthfulness comes from two sources:
  - PTO Rule 56 (37 C.F.R. § 1.56)
  - Common law of inequitable conduct
- The two are not necessarily consistent

# Inequitable conduct

- Remedies under Rule 56:
  - Dismissal of the patent application (common)
  - Discipline of the patent prosecutor (rare)
- Remedy under inequitable-conduct doctrine:
  - Unenforceability

## *Therasense*

- Patent-in-suit: '551 patent
  - Test strip with sensor “configured to be exposed to said whole blood sample without an intervening membrane or other whole blood filtering member”
- Prior-art patent: '382 patent
  - “Optionally, but preferably when being used on live blood, a protective membrane surrounds both the enzyme and the mediator layers....”

# *Therasense*

- In prosecution of the '551 patent:
- “[O]ne skilled in the art **would not read** [the '382 patent] to teach that the use of a protective membrane with a whole blood sample **is optionally or merely preferred**. ... He [would have read it as] **mere patent phraseology....**”

# *Therasense*

- In prosecution of the European counterpart to the '382 patent:
- “It is submitted that this disclosure is **unequivocally clear**. The **protective membrane is optional....** This teaches the skilled artisan that ... the sensor electrode as claimed **does not have (and must not have) a semipermeable membrane** in the sense of D1.”

# *Therasense*

- What should the applicant have disclosed?
- Why would it have mattered?

# *Therasense*

- What should the applicant have disclosed?
  - M&D 1065: “the EPO briefs”
- Why would it have mattered?
  - It might have changed the examiner’s view of the prior-art reference

# ***Therasense***

- Do we think the examiner really would have considered the briefs?

# ***Therasense***

- Do we think the examiner really would have considered the briefs?
  - Maybe!
  - The examiner was already rejecting the claims on precisely this basis

# *Therasense*

→ New standard:

- Patentee acted with specific intent to deceive the PTO
- The withheld material must be material to patentability

# *Therasense*

→ Specific intent to deceive PTO:

- Gross negligence is insufficient
- Intent must be proved by clear and convincing evidence
- Can be inferred from indirect and circumstantial evidence, but only if it's "the single most reasonable inference" from the evidence

# *Therasense*

- Material to patentability:
- But-for materiality: only if PTO would not have allowed a claim had it been aware of the prior art
  - Concern: the incentive pre-*Therasense* was to flood the examiner with marginally relevant prior art

# *Therasense*

- No more sliding scale
- Before: a highly material reference could have minimal evidence of intent, and vice-versa

# *1st Media v. Electronic Arts (2012)*

→ '946 Patent: "System and Apparatus for Interactive Multimedia Entertainment"

- Covers an "entertainment system for use in purchasing and storing songs, videos, and multimedia karaoke information"
- Parallel applications in several foreign countries
- Parallel applications were rejected based on three prior-art references never disclosed to USPTO

# *1st Media v. Electronic Arts (2012)*

→ District court: Failure to disclose the three prior-art references was inequitable conduct

- References were highly material
- Attorney knew they were material
- Attorney never disclosed them
- Attorney's explanation was not credible

# *1st Media v. Electronic Arts (2012)*

→ Federal circuit reversed

- “A court **can no longer infer intent to deceive from non-disclosure of a reference solely because that reference was known and material.** Moreover, a patentee need not offer any good faith explanation for his conduct unless and until an accused infringer has **met his burden to prove an intent to deceive by clear and convincing evidence.**”

# *1st Media v. Electronic Arts (2012)*

→ Federal circuit reversed

- “[I]t is not enough to argue **carelessness, lack of attention, poor docketing or cross-referencing,** or anything else that might be considered negligent or even grossly negligent. To sustain a charge of inequitable conduct, clear and convincing evidence must show that the applicant made a **deliberate decision to withhold a known material reference.**”

# Inequitable conduct

- Knowing failure to disclose material prior art
- Deceitful statements in affidavits
- Dishonest inventor's oaths
- Misleading test results

# Inequitable conduct

- Heightened pleading burden!
  - FRCP 9(b): "In alleging fraud or mistake, a party must **state with particularity the circumstances constituting fraud or mistake**. Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally."

# Supplemental examination under the AIA

- Allows “patent inoculation”
  - PTO can “consider, reconsider, or correct information believed to be relevant to the patent”
  - That information then can’t be used to show unenforceability

**Continuations and prosecution laches**

# Continuation practice and patent families

- Several kinds of related applications:
  - Divisional application: When one application contains claims directed to two distinct inventions, and the inventor must choose one or split them into separate applications
  - Continuation application: Same disclosure as parent application; new claims
  - Continuation-in-part (CIP) application: Same disclosure as parent application, plus some new matter; new claims

# Continuation practice and patent families

- Continuations as timing extensions:
  - Continuations are sometimes used to buy time after a “final” rejection
  - Request for continuing examination (RCE): Pay a fee, get another round of examination on the same application

# Prosecution laches

- Can arise when the applicant unreasonably delays patent examination
  - The goal: extend the effective monopoly
  - Now: 20-year term starts at application, so this is less of a problem
  - But there are still a lot of old applications pending

# *Symbol Technologies*

- Requirements:
  - Unreasonable and unexplained delay
  - Prejudice to defendant

# *Symbol Technologies*

- Unreasonable and unexplained delay:
- *Symbol Technologies* prosecution lasted more than **40 years (!)**
  - Discretionary determination
  - But “should be used sparingly” and “only in egregious cases of misuse of the statutory patent system”

# *Symbol Technologies*

- Unreasonable and unexplained delay:
- Does not count: refiling “to present evidence of unexpected advantages of an invention when that evidence may not have existed at the time of an original rejection” or to “add subject matter in order to attempt to support broader claims”

# *Symbol Technologies*

→ Prejudice:

- Intervening rights: the defendant invested in the technology during the period of delay



Next time

# Next time

- Remedies: injunctive relief
- Have a wonderful Thanksgiving holiday!

