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### How a "Plague" of Inequitable Conduct Charges Curiously Became a "Scourge" and Why We Should Guard Against the Use of Pejorative Patent Terminology

Infectious disease terminology serves as the reigning metaphor in Federal Circuit cases decrying the rampant assertion of inequitable conduct defenses in patent litigation. The Federal Circuit's first use of the word *plague* in this context can be traced back to *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir.1988), when the court stated that "the habit of charging inequitable conduct in almost every major patent case has become an *absolute plague*." (Emphasis added.)



"Inequitable conduct" charges at one time were more commonly labeled as "fraud on the Patent Office" claims. Because the latter label was deemed "pejorative," it was dropped. But as the *Dayco* panel observed, "the change of name does make the thing itself smell any sweeter." *Id.*, at 1422.

Judge Pauline Newman is a frequent dissenter in Federal Circuit cases affirming the unenforceability of a patent based on an inventor's or patent attorney's alleged inequitable conduct. She describes the seeming proliferation of inequitable conduct defenses in patent litigation as follows:

"Inequitable conduct" in patent practice means misconduct by the patent applicant in dealings with the patent examiner, whereby the applicant or its attorney is found to have engaged in practices intended to deceive or mislead the examiner into granting the patent. It is a serious charge, and the effect is that an

otherwise valid and invariably valuable patent is rendered unenforceable, for the charge arises only as a defense to patent infringement.

As this litigation-driven issue evolved, the law came to demand a perfection that few could attain in the complexities of patent practice. The result was not simply the elimination of fraudulently obtained patents, when such situations existed. The consequences were disproportionately pernicious, for they went far beyond punishing improper practice. The defense was grossly misused, and with inequitable conduct charged in almost every case in litigation, judges came to believe that every inventor and every patent attorney wallowed in sharp practice.

*Ferring B.V. v. Barr Laboratories, Inc.* 437 F.3d 1181, 1195 (Fed. Cir. 2006)(dissenting opinion).

The Federal Circuit's *en banc* decision in *Kingsdown Medical Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed.Cir. 1988) was intended to curb the patent litigator's seemingly ravenous appetite for willy-nilly assertions of inequitable conduct. That case held that the intent element of inequitable conduct must be established by clear and convincing evidence of deceptive intent. Gross negligence is not supposed to suffice and "does not of itself justify an inference of an intent to deceive." *Id.*, at 872.

### **But the Kingsdown Fix Apparently Didn't Work**

By 2003, Judge Newman believed that errant Federal Circuit panels were again reviving a "misbegotten era" of metastasizing inequitable conduct claims and she bemoaned the resuscitation of this undesirable trend:

Litigation-induced assaults on the conduct of science and scientists, by aggressive advocates intent on destruction of reputation and property for private gain, produced the past "plague" of charges of "inequitable conduct." A successful attack on the inventor or his lawyer will destroy the patent, no matter how valid the patent and how sound the invention. The uncertainties of the processes of scientific research, the vagaries of the inductive method, the complexities of patent procedures, and the twists of hindsight, all provided grist for this pernicious mill. Indeed, the prevalence of accusations of inequitable conduct in patent cases led judges to suspect that all scientists are knaves and all patent attorneys jackals. Today this court revives that misbegotten era.

*Hoffmann-La Roche, Inc. v. Promega Corp.*, 323 F.3d 1354, 1372 (Fed. Cir. 2003)(dissenting opinion).

As the new millennium progressed, the frequency of inequitable conduct claims had not abated, leading Judge Newman to once again chastise a majority Federal Circuit panel for feeding this frenzy. This time, however, Judge Newman injected a new noun, "scourge," into the lexicon as a description for this recurrent pleading practice. In her dissent in the *Ferring* case, Judge Newman included a commentator's recitation of Federal Circuit history on the subject:

As is known, about 20 years ago inequitable conduct was frequently pleaded as a defense to patent infringement; a patent that is "unenforceable" due to a finding of inequitable conduct is dead. The defense was so misused by alleged infringers that the Federal Circuit once called this defense a "scourge" on U.S. patent litigation .... The famous Kingsdown seemed to put a stop to the defense of inequitable conduct.... Michael D. Kaminski, *Effective Management of U.S. Patent Litigation*, 18 *Intell. Prop. & Tech. L.J.* 13, 24 (2006) (footnote omitted) (citing *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867 (Fed.Cir.1988) (*en banc* in relevant part)).

While the commentator's quotation marks around the word *scourge* would suggest that the Federal Circuit had previously used that terminology in some prior decision, in fact, *scourge* was not a word the Federal Circuit had heretofore adopted to describe a perceived spate of inequitable conduct claims. A subtle switch from plague to scourge had taken place, *sub silentio*, as it were.

### **Why We Should Be Concerned About Pejorative Patent Labels**

As patent practice professionals, should we be concerned about whether proliferating inequitable conduct claims are more accurately characterized as a *scourge* or a *plague*? Given their synonymous nature, it is hard to quibble with the word choice. Both words refer to widespread afflictions. The word *plague* carries a connotation of the spread of infectious diseases or pestilence often associated with divine retribution; whereas *scourge* connotes destruction and devastation more often associated with warfare. The etymological roots of *scourge* are drawn in part from the Old French verb, *escorgier*, “to whip.” *The American Heritage College Dictionary*, at 1044, 1224 (3rd Ed. 1997).

The language of dissents is often intended to be colorful. In the case of associating the inequitable conduct defense with labels connoting widespread affliction, the Federal Circuit is driving home its perception that inequitable conduct charges had become an abusive litigation tactic resorted to by overzealous litigators.[1] Whether or not the Federal Circuit had formally used the word *scourge* before, Judge Newman’s inclusion of that word in her *Ferring* dissent captured the scorched earth spirit of the *absolute plague* label that was the *au courant* expression of an earlier decade of Federal Circuit decisions.

Putting aside their memorable nature compared to the typically dry language of case facts and holdings, the injection of pejorative labels into Federal Circuit decisions is usually not a good thing. They invariably become a cheap substitute for more penetrating analysis.

Because of the viral age in which we live, the “insta-analyses” of bloggers focus on sound bites, which dissents often provide in a more florid fashion than majority decisions. Indeed, *scourge* has already has taken on a viral life of its own in the patent blogosphere. See, e.g. [Measuring the Plague of Inequitable Conduct](#) and [CAFC Bad Actor Makes Bad Inequitable Conduct Law](#).

As the anticipation mounts for the oral argument in the *Therasense* case this November, we can expect more and more patent law commentators to incorporate the word *scourge* into their articles discussing how the *Therasense en banc* rehearing may change the landscape of inequitable conduct patent law. While the utterance of epithets may make one feel better, economic rationales probably far better explain the pervasive assertion of inequitable conduct defenses in patent litigation. Inventions as conceived, prosecuted and granted can often seem to bear little relation to the grandiose scope of alleged inventions pursued in litigation. Litigation creates its own “examination” dissonance, bringing much more prior art into play as the metes and bounds of a patented inventions are expanded doctrinally beyond their natural breaking points.

Coupled with the fact that inventions as disclosed often appear to judges and juries to be much far different from the scope of the inventions asserted in litigation, a growing presence of non-practicing entities as patent plaintiffs contributes to a healthy skepticism of the legitimacy of our patent process. Patents were classically perceived as a means to recover the fixed costs of invention. See W. Landes and R. Posner, *The Economic Structure of Intellectual Property Law* (2003), at 294 (“The conventional rationale for granting legal protection to inventions as expressive works is the difficulty that a producer may encounter in trying to recover the fixed costs of research and development when the product or process is readily copiable. A new product, for example, may require the developer to incur heavy costs before any commercial application can be implemented . . .”).

If the primary investment in a patent is a constructive reduction to practice—i.e., the preferred embodiment(s) disclosed in a patent application have never actually been produced as working prototypes—it becomes harder and harder to accept at face value the cherished, but perhaps nostalgic belief that patents are a leading indicator of the innovativeness of our economy. To the extent the worth of patents resides in their high nuisance value—e.g., as multi-defendant cases routinely filed in the Eastern District of Texas—the real innovation of our age appears to lie in how best to game our patent and court systems.

Rather than heap scorn on patent litigators for zealously exploring the dissonance between what was actually invented and disclosed versus what is sometimes cavalierly claimed in litigation, it would be refreshing to see some occasional, if faint praise in a Federal Circuit decision for litigators who ferret out patent abuses. The vigilance of such lawyers serves a larger public interest. As the Supreme Court stated in

*Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery*, 324 U.S. 806, 816 (1945), the “far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud and other inequitable conduct and that such monopolies are kept within their legitimate scope.”

While no one should probably hold their breath for words of praise from the Federal Circuit for patent litigators who successfully run the *Exergen*[2] gauntlet in pleading and proving inequitable conduct, the forthcoming *Therasense* decision would do well by at least dispensing with the urge to demonize an important patent unenforceability defense with inapplicable metaphors drawn from clouds of locusts and the blitzkriegs of war.

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[1] Judge Gajarsa’s dissent in *Taltech Ltd. v. Esquel Apparel, Inc.*, 604 F.3d 1324, 1335 (Fed. Cir. 2010), uses the word *pandemic* to describe the phenomenon of allegedly baseless inequitable conduct charges. That is more in keeping with the infectious disease metaphor that inaugurated the use of this type of language in the *Dayco* case.

[2] *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312 (Fed. Cir. 2009)

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