

THIS OPINION WAS NOT WRITTEN FOR PUBLICATION

The opinion in support of the decision being entered today (1) was not written for publication in a law journal and (2) is not binding precedent of the Board.

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

XX,

Junior Party,

v.

YY,

Senior Party.

Patent Interference No. 1xx,xxx

Before: STONER, Chief Administrative Patent Judge,
and McKELVEY, Senior Administrative Patent Judge,
and SCHAFER Administrative Patent Judge.

McKELVEY, Senior Administrative Patent Judge

MEMORANDUM OPINION AND ORDER
(Decision on XX Preliminary Motion 1
alleging inequitable conduct on the part of YY)

A. Introduction

XX Preliminary Motion 1 (Paper 35) seeks entry of judgment (37 CFR § 1.633(a)) against YY based on alleged inequitable conduct.

As will become apparent, employees of OO Corporation (OO) conducted their respective affairs in such a manner that "material" information within the meaning of 37 CFR § 1.56 (**Rule 56**) was withheld from the Patent and Trademark Office. In other words, there was a violation of Rule 56. On this record, however, XX has not established by clear and convincing evidence intent to deceive--a necessary element for establishing a case of inequitable conduct.

B. Findings of fact and credibility determinations

The record supports the following findings of facts¹ by clear and convincing evidence:²

¹ It is our normal practice to support particular findings with citations to the record (most often by page and line of testimony or an exhibit). As will become apparent, we have not done so in this case. Additionally, the board normally does not have the benefit of live testimony of witnesses. In this case, however, two of the principal actors were cross examined in the presence of one of the members of this merits panel (XX Ex. 1074). Our findings of fact with respect to XX Preliminary Motion 1 are based on our overall impression of the entire record relevant to alleged inequitable conduct, including the transcript of cross examination (XX Ex. 1074), taking into account the demeanor of the witnesses.

² "Clear and convincing" evidence is evidence which produces in the mind of the trier of fact an abiding conviction that the truth of a factual contention is "highly probable"). Colorado v. New Mexico, 467 U.S. 310, 316, 104 S.Ct. 2433, 2437 (1983). See also Buildex, Inc. v. Kason Indus., Inc., 849 F.2d 1461, 1463, 7 USPQ2d 1325, 1327 (Fed. Cir. 1988).

1. XX Preliminary Motion 1 raises an issue of whether inequitable conduct occurred in connection with the prosecution of a YY patent application (**YY application**) which matured into the YY patent (**YY patent**) involved in this interference.

2. The real party in interest with respect to the YY application was, and is, OO.

3. The principal actors are all employees of OO:

a. SS, who at all times relevant to the events surrounding the inequitable conduct alleged by XX was employed as a practitioner in OO's Patent Department in AA_____. SS's status as a practitioner is based on her having been registered to practice before the PTO in patent cases. 35 U.S.C. § 31; 37 CFR § 10.1(r). SS was cross-examined before Senior Administrative Patent Judge Fred E. McKelvey (XX Ex. 1074).

b. Dr. DD is a named inventor in the YY application and is employed at OO's research facility in EE_____. Dr. DD was cross-examined before Senior Administrative Patent Judge Fred E. McKelvey (XX Ex. 1074).

c. Mr. HH was a laboratory assistant employed at OO's research facility in EE_____. Mr. HH is said to have assisted Dr. DD in carrying out certain experiments relevant to the issue of inequitable conduct raised by XX. Mr. HH was not called to testify.

4. There came a time when OO filed the YY application in the Patent and Trademark Office (**PTO**).

5. The YY application named Dr. DD as one of the inventors.

6. Dr. DD signed an oath (**§ 115 oath**), as required by 35 U.S.C. § 115, in connection with the filing and prosecution of the YY application.

7. The § 115 oath, which is usually in the form of a declaration, is different from a declaration under 37 CFR § 1.132 (**Rule 132**). As will become apparent, Dr. DD also signed a Rule 132 declaration in connection with the prosecution of the YY application.

8. PTO rules require that the person making a § 115 oath must acknowledge "the duty to disclose to the Office all information known to the person to be material to patentability as defined in § 1.56." 37 CFR § 1.63(b)(3).

9. In the § 115 oath, Dr. DD acknowledged his duty under Rule 56 (XX Ex. 1007, page 030). The § 115 oath contains the following language:

We acknowledge the duty to disclose information which is material to the examination of this application in accordance with Title 37, Code of Federal Regulations, § 1.56(a).

10. There came a time during prosecution of the YY application before the PTO that an examiner entered an "office action."

11. A decision rejecting claims is communicated to a patent application, generally through the applicant's registered attorney, by way of a document known by its term of art as an "office action."

12. In the office action, the examiner rejected claims in the YY application.

13. The examiner's rejection was based on unpatentability under 35 U.S.C. § 103 over a patent issued to WW (**WW patent**).

14. In due course, a copy of the office action was received by SS, who as previously noted, was a patent practitioner employed by OO.

15. SS forwarded a copy of the office action to personnel at OO's EE_____ research facility.

16. SS suggested to personnel at the EE_____ research facility that some evidence might be necessary to distinguish the polymers described in the WW patent from the polymers claimed in the YY application.

17. Apparently as a result of SS's suggestion, Dr. DD caused certain experiments to be conducted.

18. The purpose of the experiments was to establish the patentability of the YY polymers vis-à-vis those described in the WW patent.

19. A first set of experiments was conducted.

20. The first set of experiments is said to have been conducted by Mr. HH (see, e.g., XX Ex. 1074, page 153).

21. According to Dr. DD, however, the results of the first set of experiments are not valid.

22. Supposedly Mr. HH used an incorrect temperature during preparation of catalysts.³

23. The results of the first set of experiments facially support the examiner's rejection.

24. A second set of experiments was conducted, again by Mr. HH.

25. As previously mentioned, the second set of experiments is said to have been necessary to overcome the use in the first set of experiments of a supposedly incorrect temperature to make catalysts.

26. The results of the second set of experiments, if valid, arguably support YY's position that the polymers claimed

³ We wish to make clear that on the record before us we decline to find, even by a preponderance of the evidence, that the temperature used by Mr. HH was in fact an incorrect temperature.

in the YY patent are patentably distinct from those described by the WW patent.

27. Dr. DD transmitted the results of the second set of experiments to SS.

28. Dr. DD did not transmit the results of the first set of experiments to SS.

29. Based in large part on the results of the second set of experiments, SS prepared "documents," including:

- a. a response amending some claims and containing an argument and
- b. a declaration (**Rule 132 declaration**) under Rule 132.

30. SS forwarded a draft of the Rule 132 declaration to Dr. DD for his review.

31. At no time did she ask Dr. DD if there were other experiments conducted in connection with the effort to overcome the examiner's rejection.

32. The purpose of the documents prepared by SS was to respond to the examiner's office action in an attempt to convince the examiner to allow claims in the YY application.

33. Dr. DD signed the Rule 132 declaration.

34. SS filed the documents, including the Rule 132 declaration, in the PTO.

35. SS intended for the examiner to rely on the results of the second set of experiments as set out in the Rule 132 declaration.

36. The documents filed in the PTO do not mention the results of the first set of experiments.

37. The results of the first set of experiments were not revealed to the PTO prior to the date the YY application issued as the YY patent.

38. SS has considerable experience as a patent practitioner registered to practice in patent cases before the PTO.

39. Upon receipt of the results of the second set of experiments from Dr. DD, and prior to filing the documents in the PTO responding to the examiner's office action, SS made no inquiry into, and did not specifically ask Dr. DD, whether any experiments beyond the second experiments had been conducted.

40. At the time SS was preparing the documents to respond to the examiner's office action, she knew that Rule 56 required that both favorable and unfavorable experimental results had to be submitted to the PTO.

41. SS co-authored a 1979 publication in which the following statement appears (XX Ex. 1076, pages 11-12):

Therefore, it is important to present all available facts. If applicant knows of facts which might tend to

contradict those which are favorable, he should present them.

42. At the time she was preparing the documents to respond to the examiner's office action, SS should have inquired of Dr. DD as to whether the results transmitted by Dr. DD to her represented all experimental work undertaken to overcome the examiner's action.

43. As noted earlier, at the time SS was preparing the response to the examiner's action, she made no inquiry with Dr. DD as to the existence of other experimentation which might have been undertaken to overcome the examiner's rejection.

44. Had SS inquired of Dr. DD whether additional experimentation (i.e., the first set of experiments) had been undertaken, Dr. DD probably would have advised SS of the first set of experiments and the results thereof.

45. On the record before us, a plausible "first" argument can be made that we should find that SS knowingly and/or willfully engaged in a pattern of conduct by which she deliberately refrained from asking OO employees with whom she interacted as to the existence of evidence required to be submitted to the PTO under Rule 56. Such a finding would be consistent with an intent to deceive. Most practitioners, but surely one with SS's background and experience, would know that such a pattern of conduct naturally and inevitably leads, sooner

or later, to Rule 56 evidence being improperly withheld from the PTO. In short, most practitioners with SS's background and experience would not adopt an "ostrich-type" attitude of burying their heads in the sand to avoid discovering evidence which might have to be turned over to the PTO.

46. It is also true that a plausible "second" argument can be made on the record before us that we should find that SS "trusted" the OO employees in the EE_____ research laboratory "to do the right thing." SS told us that so-called "Rule 56 training" had been given to the EE_____ research personnel. SS would reason, therefore, that EE_____ research personnel (including presumably Dr. DD) knew that all experimental work should be turned over to patent counsel for evaluation vis-à-vis Rule 56. As it turns out, however, Dr. DD apparently was under the impression at all times relevant to the events here involved, that he only had to turn over experimental work which he regarded to be "valid." Since Dr. DD regarded the first set of experiments to be "not valid," Dr. DD apparently reasons that he did not have to advise SS of the results of the first set of experiments. Dr. DD plainly usurped the function of the patent examiner. Perhaps Dr. DD did not attend "Rule 56" training or if he did he failed to understand its significance.

47. While there may be reason to suspect that the first argument is the more plausible, we cannot find that it is

more plausible under a clear and convincing evidence standard. Thus, we find that XX has failed to establish by clear and convincing evidence that SS acted with intent to deceive the PTO.⁴ We also are unable to find by clear and convincing evidence that Dr. DD intended to deceive the PTO.

48. When the inventor relies on and transmits to the practitioner the results of certain experimental work to overcome a rejection, a PTO practitioner probably acts in an incompetent manner when the practitioner fails to ask an inventor whether other experimentation was undertaken.

49. YY has called our attention to at least one SS declaration presented in an "after the fact" fashion following her cross-examination. The declaration purports to detail training she says she gave to EE_____ research laboratory personnel. Her inability to recall the details of "Rule 56" training during her cross-examination when juxtaposed with her ability to come up with a few details after her cross-examination makes her entire testimony, including cross-examination, suspicious. Thus, her "after the fact" testimony should give YY little comfort as to the accuracy of her testimony, including

⁴ We wish to emphasize that we are not finding that SS did not intend to deceive the PTO; rather, we find that XX has failed to establish that SS intended to deceive the PTO. There is a big difference. Whether additional discovery or evidence in a civil action under 35 U.S.C. § 146 would justify a conclusion different from the one we reach is not an issue which can be before us.

cross-examination. Moreover, the absence of copies of papers which might have been distributed by SS to EE_____ research laboratory personnel renders her "after the fact" declarations less than credible. We decline to give the declaration filed by SS after her cross-examination much weight to the extent that YY relies on the declaration in support of its opposition to XX Preliminary Motion 1.

50. Based on a consideration of SS's live testimony and her declarations, very little if any weight is given to SS's testimony, at least to the extent that YY relies on her cross-examination and/or declaration in support of its opposition to XX Preliminary Motion 1.

- a. Her testimony was argumentative.
- b. Her demeanor bordered on belligerent.
- c. She declined to candidly answer XX's cross-examination often requiring XX to ask the same question repeatedly before she would eventually provide an answer.
- d. She repeatedly evaded attempts to clarify her position even on simple matters about which there ought not to have been a dispute.
- e. Her inability to remember certain facts--such as her co-authorship of the publication mentioned above--is simply not credible. Accordingly, her entire testimony is not credible.

f. To the extent that there is other evidence in the record which contradicts SS's testimony and/or declarations, or which implies a version of the facts different from those testified to by SS (including what she remembered or failed to remember), the merits panel has credited the other evidence, particularly when it helps XX's case.⁵ We have given virtually no weight to SS's testimony to the extent it helps YY's opposition.

51. The results of the first set of experiments were material to the examination of the application which matured into the YY patent.

52. The results of the second set of experiments was material to the examination of the application which matured into the YY patent.

C. Discussion

A violation of the duty of disclosure under 37 CFR § 1.56 occurred at OO. The principal culprit was SS, although Dr. DD is not necessarily free of blame. Material information in the form of the results of the first set of experiments was withheld from

⁵ To paraphrase the language of an opinion entered in the Eastern District of Virginia, "[i]n this regard, and indeed generally, the *** [merits panel] credits the *** [other evidence] over *** [SS] whenever there is a conflict." See Semiconductor Energy Laboratory v. Samsung Electronics, 46 USPQ2d 1874, 1879 n.8 (E.D. Va. 1998) (Ellis, J.) ("[i]n this regard, and indeed generally, the Court credits the testimony of Samsung's witnesses Dr. Fonash, Dr. Tsai, and Dr. Meyerson over SEL's witnesses Dr. Lucovsky and Dr. Yamazaki whenever there is a conflict.").

the PTO. The sole issue is whether XX has established by clear and convincing evidence that there was intent to deceive.

We start our analysis by observing that we cannot in any way approve of, or recommend, the modus operandi of OO's patent practitioner, SS, as remotely being an appropriate manner in which to conduct business before the Patent and Trademark Office.⁶ Nevertheless, XX Preliminary Motion 1 cannot be granted because XX has failed to establish by clear and convincing evidence the necessary intent on the part of OO employees to deceive the Patent and Trademark Office.

Dr. DD, of course, signed a declaration which would seem to indicate that he was made aware of his obligations under Rule 56. We will assume that he read the declaration, although we are not sure. Accordingly, Dr. DD is probably chargeable with constructive knowledge of the requirements of Rule 56, not only because Rule 56 is a federal regulation, but because he acknowledged his obligation when he signed the declaration in the YY application. However, we do not know, on this record, precisely what Dr. DD actually knew about the requirements of Rule 56 at the time he submitted the results of the second set of experiments to SS.

⁶ There is a possibility that SS handled prosecution of the YY application in an "incompetent" manner within the meaning of 35 U.S.C. § 32. We will refer the record to the Office of Enrollment and Discipline for such action as that office deems appropriate.

SS is a PTO practitioner with considerable experience. She is co-author of a publication which tells us that she knew she had to turn over to the PTO both favorable and unfavorable experimental results. If the preponderance of the evidence standard applied, we would feel compelled to find that she intentionally adopted as a modus operandi a practice of essentially refraining from asking laboratory personnel about unfavorable evidence.⁷ However, we are not governed by a preponderance of the evidence standard in an inequitable conduct matter. The Federal Circuit has plainly, and appropriately in our opinion, adopted the clear and convincing standard for inequitable conduct and other so-called fraud issues. On this record, we cannot make findings by clear and convincing evidence of that SS knowingly and willfully undertook a pattern of "ostrich-like" behavior vis-à-vis the PTO, notwithstanding any suspicion we might harbor. Nor can we find on this record any clear and convincing evidence that she intended to deceive in this particular case.

⁷ YY and OO call our attention to one case in which SS is said to have advised the PTO of Rule 56 when it was discovered sometime after a response had been filed in the PTO. The details of how she discovered the Rule 56 evidence are lacking on this record. Hence, her action in reporting the Rule 56 evidence may be due to the fact that it was called to her attention by EE_____ research laboratory personnel, perhaps after a "Rule 56" training session in the lab. We are not aware of any reliable evidence that she undertook to discover the evidence which had been withheld in the first instance.

In reaching our decision, we have not overlooked the proposition that a person who acts with reckless indifference to whether a representation is true or false is chargeable with knowledge of its falsity. Compare United States v. Beecroft, 608 F.2d 753, 757 (9th Cir. 1979) (invention promoter convicted of mail fraud by a beyond a reasonable doubt standard; one who acts with reckless indifference to whether a representation is true or false is chargeable with knowledge of its falsity). However, absent clear and convincing evidence that SS adopted a "do not inquire" pattern of conduct, we do not feel that we can make a "reckless indifference" finding.

In reaching our decision, we have also taken into account that Rule 56 may well be a meaningless federal regulation if it

can be freely violated with no consequence in the form of some reasonable sanction.⁸

We candidly acknowledge that we do not like what occurred here. We are relatively certain that the examiner would have further rejected the YY application even if he had been made aware of the first set of experiments. Dr. DD's explanation for believing the results of the first set of experiments is not particularly compelling. However we might feel about the situation, we are duty-bound to apply the law and Federal Circuit precedent to the facts established on this record. On this record, and notwithstanding all we have said, we hold that XX failed to establish by clear and convincing evidence the necessary intent to deceive. We voice no opinion, of course, as

⁸ We have not been able to determine a manner in which to sanction an applicant when the applicant or its attorney engages in conduct which violates the provisions of 37 CFR § 1.56, but where the necessary intent to deceive is not present to support a charge of inequitable conduct. The following sanctions might be considered.

If during prosecution the PTO finds that there has been a violation, it could apply a "Miranda" type exclusionary rule and decline to consider any further declaration on the subject of the Rule 56 violation.

An appropriate sanction in a civil action for infringement might be that the burden of proof of alleged invalidity of the patent could be lowered to preponderance of the evidence. However, the preponderance standard applies with respect to patentability issues in interferences. Bosies v. Benedict, 27 F.3d 539, 541-42, 30 USPQ2d 1862 (Fed. Cir. 1995). Accordingly, there is no occasion on this record to apply a lower standard of proof with respect to patentability issues.

Lastly, perhaps clients thinking about retaining the services of practitioners, like SS, who de facto or actually adopt a "do not inquire" policy might look elsewhere lest they too become involved in a proceedings such as that has been raised by XX Preliminary Motion 1.

to whether additional evidence before a different tribunal might lead the tribunal to reach a different result.

D. Decision

On the record before us, XX Preliminary Motion 1 must be denied.

E. Order

Upon consideration of XX Preliminary Motion 1 and all parts of the record relevant to that motion, and for the reasons given, it is

ORDERED that XX Preliminary Motion 1 is denied.

_____)	
BRUCE H. STONER, JR, Chief)	
Administrative Patent Judge)	
)	
)	
_____)	
FRED E. MCKELVEY, Senior)	BOARD OF PATENT
Administrative Patent Judge)	APPEALS AND
)	INTERFERENCES
)	
_____)	
RICHARD E. SCHAFER)	
Administrative Patent Judge)	

Arlington, VA