

Are We Living in a Material World?: An Analysis of the Federal Circuit’s Materiality Standard Under the Patent Doctrine of Inequitable Conduct

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ABSTRACT: The patent doctrine of inequitable conduct dictates that any material information a patent applicant intentionally withholds from an examiner while obtaining a patent can render the applicant’s patent unenforceable. Yet, the standard for materiality under the doctrine of inequitable conduct has changed frequently over the past thirty years. Courts have shifted between applying narrower standards that would deem less information material to applying broader standards that would deem more information material. Recently, the Federal Circuit adopted a multifaceted approach that approves of the use of multiple standards. However, because of the significant impact that the standard of materiality has on the patent-procurement process and any subsequent litigation proceedings, the Federal Circuit should utilize one standard that encompasses basic policy considerations of inequitable conduct. In addition, the standard should be able to be applied fairly when and if an applicant’s burden increases with respect to what he or she must disclose. This Note suggests that the proper judicial standard is the narrower standard that the U.S. Patent and Trademark Office (“PTO”) uses to determine materiality—the “prima facie/inconsistent” standard. This standard best meets the policy goals of inequitable conduct and will be the best standard to use if future changes at the PTO require an applicant to bear a higher burden of disclosure than before.

I. INTRODUCTION.....	1522
II. OVERVIEW OF INEQUITABLE CONDUCT	1524

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A.	<i>AN APPLICANT'S DUTIES AT THE PTO</i>	1524
B.	<i>CONSEQUENCES OF INEQUITABLE CONDUCT</i>	1527
C.	<i>GENERAL ELEMENTS OF INEQUITABLE CONDUCT</i>	1527
III.	MATERIALITY STANDARDS: PAST, PRESENT, AND FUTURE	1530
A.	<i>THE WAY IT WAS: MATERIALITY BEFORE 1977</i>	1530
B.	<i>PTO STANDARDS OF MATERIALITY AFTER 1977</i>	1531
C.	<i>THE FEDERAL CIRCUIT'S APPROACH TO THE STANDARD FOR MATERIALITY</i>	1533
1.	<i>The Start of the Confusion: Dayco Products</i>	1533
2.	<i>A Hint of Clarity: Bruno Independent Living Aids</i>	1534
3.	<i>Throwing in a Wrench: Digital Control</i>	1536
D.	<i>CONGRESSIONAL PROPOSALS DEALING WITH THE MATERIALITY STANDARD</i>	1539
1.	<i>The Patent Reform Act of 2005</i>	1540
2.	<i>The Patent Reform Act of 2006</i>	1541
IV.	POLICIES AND CONSIDERATIONS INVOLVED IN DETERMINING THE PROPER MATERIALITY STANDARD	1542
A.	<i>POLICIES UNDERLYING THE VARIOUS MATERIALITY STANDARDS</i>	1543
1.	<i>Adequately Informing Examiners</i>	1544
2.	<i>Punishing "Bad" Applicants and Discouraging Others from Engaging in "Bad" Behavior</i>	1545
3.	<i>Reducing Overload on Examiners</i>	1546
4.	<i>Providing Predictability to the Applicant</i>	1547
B.	<i>ADDITIONAL CONSIDERATIONS FROM ONE POSSIBLE FUTURE CHANGE AT THE PTO: PLACING THE DUTY OF SEARCHING PRIOR ART ON THE PATENT APPLICANT</i>	1548
1.	<i>Accelerated Examination in Twelve Months and Its Impact on Inequitable Conduct and Materiality Determinations</i>	1549
V.	PROPOSED SUGGESTIONS TO CLARIFY THE MATERIALITY STANDARDS OF INEQUITABLE CONDUCT	1552
A.	<i>REJECTION OF THE MULTIFACETED APPROACH TO MATERIALITY</i>	1552
1.	<i>The Multifaceted Approach Does Not Offer Predictability to a Patent Applicant</i>	1553
2.	<i>The Multifaceted Approach Wastes Applicant and Judicial Resources</i>	1554
3.	<i>The Multifaceted Approach Induces Forum Shopping Between Lower Courts</i>	1555
4.	<i>Congressional Action Supports One Standard, Not a Multifaceted Approach</i>	1556

B. ADOPTION OF THE “PRIMA FACIE/INCONSISTENT” STANDARD TO DETERMINE MATERIALITY.....1557

1. The “Prima Facie/Inconsistent” Standard Meets the Policy Considerations of Inequitable Conduct and Addresses the Shortcomings of the Multifaceted Approach1558

2. The “Prima Facie/Inconsistent” Standard Is the Best Standard Under a System That Imposes a Duty on the Applicant to Conduct a Prior-Art Search1561

VI. CONCLUSION1564

I. INTRODUCTION

In patent law, as in many areas of law, courts engage in a legal analysis of the facts at hand, but supplement this legal analysis with equitable principles when policy and fairness require a different outcome than strict application of the law can provide. The primary use of equity in patent law is the doctrine of inequitable conduct. The doctrine focuses on the patent applicant's actions during the process of obtaining a patent.¹

The patent-application process entails filing an application with the U.S. Patent and Trademark Office ("PTO"), a government office that specializes in determining whether to grant patent protection for an applicant's alleged invention.² The application process involves the PTO and applicant only—without any influence or inquisition from outside sources.³ Because an issued patent creates a right to exclude others from making or using an invention, requiring an applicant to conduct himself equitably while obtaining that right ensures fairness in the patent system as a whole.⁴ Fairness is important because the patent community inherently trusts that a patent-holder rightfully obtained the patent because of his efforts and thus has a right to enjoy the economic advantages of the patented invention free from others' interference.⁵ Without the assurance of fairness, the protection afforded by a patent would be much less valuable. Therefore, the doctrine of inequitable conduct is a vital part of preserving the value that our patent system contributes to society.

This Note focuses on a critical aspect of the inequitable conduct doctrine: the standard that courts use to decide if unfair actions taken by an applicant while obtaining a patent are important or "material" enough to constitute inequitable conduct. In addition, the Note analyzes the past and current trends of this standard, as well as recent legislative proposals, policies, and considerations affecting the standard. The Note then reviews

1. See Robert J. Goldman, *Evolution of the Inequitable Conduct Defense in Patent Litigation*, 7 HARV. J.L. & TECH. 37, 37 (1993) (stating that the patent system "tries to define a standard of what constitutes honest, equitable conduct" by an applicant when obtaining a patent right to exclude others).

2. ROGER E. SCHECHTER & JOHN R. THOMAS, PRINCIPLES OF PATENT LAW 221, 225 (2004).

3. *Id.* at 225.

4. See Allison Pruitt, *Keeping Patent Applicants Honest: A Proposal to Apply Disgorgement Remedies to Findings of Inequitable Conduct During Patent Prosecution*, 13 J. INTELL. PROP. L. 465, 468 (2006) ("To emphasize the importance of this contribution of inventors' knowledge to society in exchange for the powerful monopolies granted to patent holders, U.S. Patent law expressly imposes a 'duty of candor and good faith' on everyone associated with the filing and prosecution of a patent application." (internal citations omitted)).

5. See Katherine Nolan-Stevaux, Note, *Inequitable Conduct Claims in the 21st Century: Combating the Plague*, 20 BERKELEY TECH. L.J. 147, 157 (2005) (discussing how an "improperly granted patent" comes at the "expense of the public" because the patentee can "exclude others from buying, making, or selling [the] product" and charge higher prices for it).

how possible PTO changes regarding the patent-examination procedure could affect the inequitable conduct doctrine and its “materiality” standard in the future. The Note concludes with recommendations for revising the current standards in light of these potential changes and general policy considerations to ensure clarity and equity under current and future patent regimes.

The following hypothetical example serves as a helpful reference for understanding the concepts in this Note and analyzing the basics of inequitable conduct and its “materiality” component. Let’s say Anne had been toying around with an idea for a new and improved retractable dog leash. She came up with a few drawings and sent them into a contest sponsored by a pet magazine. The magazine chose three winners, including Anne, and featured their designs in a three-page piece in its monthly publication.

After reading the article, Brad decides to create his own design of a new retractable leash, incorporating several elements from Anne’s leash into his design. Brad, thinking that the leash could be a real success, subsequently files a patent application with the PTO for the leash. He does not inform the PTO about the magazine article or Anne’s leash ideas. The PTO eventually grants Brad a patent, which gives Brad exclusive rights to exclude others from making or using his patented retractable leash.⁶

Five years later, Brad is walking through a pet store and sees a retractable leash made by a third designer, Chelsea. Brad thinks that the leash has features very similar to his and, seeing the price, realizes that Chelsea is making quite a profit from selling the leash. He decides to sue Chelsea for infringement, claiming that her leash violates his exclusive patent-protection rights.

In response to this accusation, Chelsea likely would engage in a two-step defense. First, she would argue that her leash does not infringe upon Brad’s patented leash under any theory of patent infringement.⁷ Next, Chelsea will argue that she has an affirmative defense even if her leash does infringe upon Brad’s patent. She would assert that Brad’s patent is unenforceable because, as she has discovered, he did not inform the PTO about Anne’s retractable leash idea that he read about in the magazine. This affirmative defense is an example of the defense of inequitable conduct. Thus, the

6. Rebecca S. Eisenberg, *Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 U. CHI. L. REV. 1017, 1017 (1989) (“The patent law confers exclusive rights in inventions and discoveries in furtherance of a constitutional purpose ‘To Promote the Progress of Science and useful Arts.’” (quoting U.S. CONST. art. I, § 8, cl. 8)).

7. A plaintiff can show that an accused device infringes by demonstrating literal copying of each element of an inventor’s patent claim or by showing that the accused device has substantially the same elements of the patent claim. SCHECHTER & THOMAS, *supra* note 2, at 296 (explaining that infringement can come from literal infringement, if the “accused product or process embodies every limitation of the claim” or from “the doctrine of equivalents, if the accused technology presents insubstantial differences from the claimed invention”).

viability of Chelsea's defense will largely depend on how the doctrine of inequitable conduct is interpreted and applied by the courts.

Part II of this Note describes the general doctrine of inequitable conduct as it applies to patent applicants prosecuting patents before the PTO.⁸ Part III explores the background of the "materiality" requirement—the requirement that a court can only find inequitable conduct if the information withheld from the PTO is material.⁹ This Part analyzes the history of the materiality doctrine and the recent cases that have addressed it.¹⁰ Part III also discusses current trends in legislative proposals that could shed light on the future of the materiality doctrine if Congress decides to create a statute addressing inequitable conduct.¹¹ Part IV analyzes the underlying policy considerations of the inequitable conduct doctrine against the different variations of the materiality standard.¹² Additionally, this Note explores a possible change the PTO could adopt regarding a patent applicant's duty while prosecuting patents.¹³ This change would affect the doctrine of inequitable conduct by increasing the burden of disclosure on an applicant, and Part IV explores which materiality standard would best meet that change.¹⁴ Finally, this Note concludes with suggestions for reforming the doctrine, taking into consideration the policies underlying the doctrine and the possible PTO changes.¹⁵

II. OVERVIEW OF INEQUITABLE CONDUCT

A. AN APPLICANT'S DUTIES AT THE PTO

The process for obtaining a patent in the United States is based on an ex parte system of evaluation.¹⁶ Those wishing to obtain a patent submit an

8. See *infra* Part II (discussing an applicant's duty to the PTO and general elements of inequitable conduct).

9. See *infra* Part III.A–B (discussing past materiality standards of inequitable conduct).

10. See *infra* Part III.C (discussing recent Federal Circuit cases analyzing the materiality element of inequitable conduct).

11. See *infra* Part III.D (discussing legislative proposals that pertain to the materiality element of inequitable conduct).

12. See *infra* Part IV.A (discussing policy considerations surrounding inequitable conduct considerations).

13. See *infra* Part IV.B (discussing a possible change at the PTO that would place the duty of searching prior-art references on applicants).

14. See *infra* Part IV.B.1 (discussing the impact that the materiality element of inequitable conduct will have on applicants if the possible PTO change goes into effect).

15. See *infra* Part V (suggesting a standard for materiality under inequitable conduct in light of the various policy considerations and the possible PTO change which requires an applicant to conduct a search of the prior art).

16. F. Scott Kieff, *The Case for Registering Patents and the Law and Economics of Present Patent-Obtaining Rules*, 45 B.C. L. REV. 55, 70–71 (2003) (describing that the exchange between an applicant and the PTO during the examination process is an ex parte exchange); Russell E.

application to the PTO, where examiners will undertake an evaluation to determine if the claimed invention is ripe for patent protection.¹⁷ Normally, a patent application involves multiple claims, each of which a patent owner can use to bring an infringement suit.¹⁸ During this period of evaluation, called "prosecution," the examiner will evaluate each *claim* of an application to determine if the invention meets the four requirements for patentability. To receive a patent, an alleged invention must be: (1) patentable subject matter,¹⁹ (2) useful,²⁰ (3) novel,²¹ and (4) nonobvious.²² The examiner engages in this analysis without any influence from the public or other parties interested in the invention.²³ During this examination, an examiner

Levine et al., *Ex Parte Patent Practice and the Rights of Third Parties*, 45 AM. U. L. REV. 1987, 1990–92 (1996) (describing the ex parte nature of obtaining a patent at the PTO).

17. See Levine et al., *supra* note 16, at 1993 (detailing the examination process that the examiner undertakes, including a study of the application and an investigation of the prior art, in order to determine patentability).

18. See SCHECHTER & THOMAS, *supra* note 2, at 200–01 (stating that "each claim presents a separate statement of the patented invention," and therefore "[i]ndividual claims . . . must be judged on their own merits").

19. The Patent Act lays out four categories of patentable subject matter. See 35 U.S.C. § 101 (2000) ("Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.").

20. *Id.* The Patent Act also requires that the applicant fully describe the essence and usefulness of the invention in the patent:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112 (2000).

21. The Patent Act states that:

A person shall be entitled to a patent unless—(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, . . . [or] (e) the invention was described in (1) an application for patent . . . filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, . . . [or (g)] (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it.

35 U.S.C. § 102 (2000).

22. In addition to requiring novelty, the Patent Act states that:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

35 U.S.C. § 103 (2000).

23. SCHECHTER & THOMAS, *supra* note 2, at 225.

reviews the application in light of a myriad of information, including previously created documents, prior patents, the inventor's statements, litigation that may involve the patent, other pending applications, and anything else that may affect one of the four patentability requirements.²⁴

Current PTO procedures do not require a patent applicant to disclose all possible information that the applicant knows of that may be related to the patent or to conduct a search of prior documents (called "prior art"²⁵) for unknown information that could contribute to the examiner's evaluation of the four patentability requirements.²⁶ However, because of the *ex parte* nature of patent prosecution and the valuable assets accruing from patent rights, the PTO imposes on applicants a "duty of candor and good faith" to adequately disclose known information that may prove to be important—or "material"—to the PTO's evaluation process.²⁷ If the PTO issues a patent after an applicant breaches the duty of good-faith disclosure, the applicant's patent will be susceptible to a future challenge. When the applicant attempts to enforce his or her patent rights against another in a subsequent infringement action, the accused infringer may successfully raise the defense of inequitable conduct, thereby preventing the patent holder from enforcing the patent against the accused infringer.²⁸

Applying this to the previously discussed hypothetical, while the PTO does not require Brad to search out all prior drawings of dog leashes to aid the examiner in determining if his leash meets the four patentability requirements, it does require Brad to use good faith by disclosing any prior art he knows is important. Thus, if the court found that Brad's intentional non-disclosure of Anne's drawings and the magazine article did not constitute good faith while his patent was pending, then the court in the infringement suit against Chelsea would deem his patent unenforceable under the doctrine of inequitable conduct.

24. See Levine et al., *supra* note 16, at 1993 ("The examiner reviews the application for compliance with the applicable statutes and rules, and determines the patentability of the invention.").

25. The determination of prior art is really an assessment of the "current state of the art . . . from the universe of available knowledge" and a "determination of which sources [from that universe] are pertinent" to determining patentability. SCHECHTER & THOMAS, *supra* note 2, at 74. The Patent Act defines these sources as "references" and the sources usually include documents such as "patents and publications, as well as evidence of actual uses or sales of a technology within the United States." *Id.*

26. Am. Hoist & Derrick Co. v. Sowa & Sons, Inc., 725 F.2d 1350, 1362 (Fed. Cir. 1984).

27. Molins PLC v. Textron, Inc., 48 F.3d 1172, 1178 (Fed. Cir. 1995); 37 C.F.R. § 1.56(a) (2006); Pruitt, *supra* note 4, at 468; see also Ferring B.V. v. Barr Labs., Inc., 437 F.3d 1181, 1187 (Fed. Cir. 2006) ("Given the *ex parte* nature of proceedings before the PTO, it is especially important that the examiner has all the information needed to determine whether and to what extent he should rely on declarations presented by the applicant."); Levine et al., *supra* note 16, at 1991–93 ("This duty of disclosure exists to ensure that the *ex parte* procedure functions in the public interest.").

28. Pruitt, *supra* note 4, at 470.

B. CONSEQUENCES OF INEQUITABLE CONDUCT

Before discussing the elements required to prove inequitable conduct or the background on current views of the materiality element of inequitable conduct, it is helpful to discuss the repercussions of engaging in inequitable conduct. A finding of inequitable conduct can render an entire patent unenforceable, even if the inequitable conduct affected only one or two of the patent's claims.²⁹ If there are related patents, even if held by different inventors, a court also may deem these patents susceptible to unenforceability based on principles of equity.³⁰ Courts rarely invoke other penalties, but punishment can include attorney's fees, liability under antitrust and securities laws, or disciplinary actions against the prosecuting attorney registered to practice before the PTO.³¹ Due to the severity of these sanctions, an applicant has an obvious interest in fully understanding what constitutes materiality under the doctrine of inequitable conduct before engaging in patent prosecution at the PTO.

C. GENERAL ELEMENTS OF INEQUITABLE CONDUCT

Inequitable conduct can arise in various situations during patent prosecution.³² First, an applicant may avoid disclosing prior art he or she knows is material or may disclose the prior art but hide it among immaterial information.³³ Second, inequitable conduct can also arise when an applicant affirmatively misrepresents an invention or falsifies the prior art associated with the invention.³⁴ This situation can be especially dangerous because patent examiners often rely on applicants and other parties to submit

29. 6 DONALD S. CHISUM, CHISUM ON PATENTS § 19.03[6][b][iii], at 19-366 (2005); Scott D. Anderson, *Inequitable Conduct: Persistent Problems and Recommended Solutions*, 82 MARQ. L. REV. 845, 861-62 (1999).

30. *Newell Window Furnishings Inc. v. Springs Window Fashions Div. Inc.*, 53 U.S.P.Q.2d (BNA) 1302, at 1332 (N.D. Ill. 1999) (stating that "inequitable conduct committed in the prosecution of one patent may taint other patents so as to render them unenforceable as well," if an "intimate relation" between the patents" is demonstrated (internal citations omitted)); CHISUM, *supra* note 29, § 19.03[6][b][iv], at 19-369.

31. CHISUM, *supra* note 29, § 19.03[6], at 19-353; James Cronin, Comment, *Inequitable Conduct and the Standard of Materiality: Why the Federal Circuit Should Use the Reasonable Patent Examiner Standard*, 50 ST. LOUIS U. L.J. 1327, 1337 (2006).

32. See CHISUM, *supra* note 29, § 19.03[2], at 19-162 (establishing that a court may find a breach of the duty of candor through "misrepresentation, a misleading statement, or even an omission").

33. See CHISUM, *supra* note 29, § 9.03[2][b][iii], at 19-186 to -191 (reviewing Federal Circuit decisions addressing the duty to "cite known material prior art" because the prior art affects inequitable conduct findings); *Id.* § 19.03[2][b][v], at 19-202 to -207 (reviewing cases finding that "burying" a material reference in a large amount of other references can constitute inequitable conduct).

34. See *Consol. Aluminum Corp. v. Foseco Int'l, Ltd.*, 910 F.2d 804, 809, 812 (Fed. Cir. 1990) (finding that the intentional concealment of a best mode for an invention coupled with the disclosure of a false mode constituted inequitable conduct).

affidavits about the scope of their inventions.³⁵ In addition, an applicant who fails to disclose information that could be material to the four patentability requirements of an invention may have engaged in inequitable conduct,³⁶ even if the applicant obtained the information after filing the application but before the patent issues.³⁷

While the doctrine of inequitable conduct arises from an applicant's interactions with the PTO during the patent's prosecution period, the PTO is not responsible for ensuring an applicant's candor. Thus, the doctrine usually does not surface—and is therefore not applied—until later litigation regarding infringement of the patent. This is because inequitable conduct arises as an accused infringer's defense to a charge of infringement: if an applicant prosecuted the patent inequitably or without regard to his or her duty of good faith, the patent is unenforceable against the defendant.³⁸

A party must prove two elements to sustain an inequitable conduct defense: materiality and intent.³⁹ “In order ‘[t]o prove inequitable conduct in the prosecution of a patent, [the party raising the defense to an infringement action] must have provided evidence of affirmative misrepresentations of a material fact, failure to disclose material information, or submission of false material information, coupled with an intent to deceive.’”⁴⁰ Thus, the party accused of infringing a patent must bear the burden of proving inequitable conduct by showing first that information was material to patentability and second that the patent holder

35. See 37 C.F.R. § 1.132 (2006) (“[A]ny evidence submitted [in response to a PTO objection or rejection] must be by way of an oath or declaration . . .”); CHISUM, *supra* note 29, § 19.03[2][c], at 19-208 (stating that the PTO normally accepts submitted affidavits as “sufficient on [their] face”).

36. CHISUM, *supra* note 29, § 19.03[2][b][ii], at 19-180.

37. Ronald C. Lundquist, *Prosecuting Patents That Hold Up in Litigation*, in PATENT LITIGATION 2007, at 1275, 1291–92 (PLI Patents, Copyrights, Trademarks, & Literary Prop. Practice, Course Handbook Series No. 11,589, 2007) (stating that “information to be submitted includes not only pre-filing date documents”).

38. CHISUM, *supra* note 29, § 19.03[1], at 19-149 (stating that the Supreme Court has “held that fraud and inequitable conduct [were defenses to an infringement suit] under the general doctrine of clean hands”); see also *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 815 (1945) (“[The requirement of an applicant’s duty of good faith] necessarily gives wide range to the equity court’s use of discretion in refusing to aid the unclean litigant.”), *reh’g denied*, 325 U.S. 893 (1945); *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240, 245 (1933) (stating that a party seeking to obtain a remedy from the courts must do so in good faith under equity principles or lose his or her right to have such a remedy).

39. *Kingsdown Med. Consultants, Ltd. v. Hollister, Inc.*, 863 F.2d 867, 872 (Fed. Cir. 1988) (“Inequitable conduct resides in failure to disclose material information, or submission of false material information, with an intent to deceive.” (citing *J.P. Stevens & Co. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985))).

40. *Dayco Prods., Inc. v. Total Containment, Inc.*, (*Dayco II*) 329 F.3d 1358, 1362 (Fed. Cir. 2003) (quoting *Purdue Pharma L.P. v. Boehringer Ingelheim GmbH*, 237 F.3d 1359, 1366 (Fed. Cir. 2001)).

purposefully misrepresented or failed to disclose material information.⁴¹ To do this, the party must present facts that prove the two elements of inequitable conduct by clear and convincing evidence.⁴²

Considering these requirements in our hypothetical, Chelsea will have the burden of proving that Brad engaged in inequitable conduct for her defense to be successful. To show a breach of good faith, she must prove by clear and convincing evidence that Anne's retractable leash drawings and the magazine article were material to the prosecution of Brad's patent, and that Brad intended to deceive the PTO by failing to disclose those pieces of information. If Chelsea can show these two elements, the court will find that Brad engaged in inequitable conduct and deem his entire patent unenforceable.

While the standard of intent a court applies will certainly have an impact on the result of an inequitable conduct claim, this Note focuses on the doctrine's materiality aspect. When evaluating inequitable conduct as a whole, the level of materiality must clear a certain threshold for a court to engage in an analysis of the intent element.⁴³ Further, once a party establishes both elements, a court will determine the culpability of an applicant by balancing the materiality of the information withheld or misrepresented against the applicant's intent to deceive in light of all of the evidence presented.⁴⁴ Therefore, it is important to understand precisely how a court will (and should) determine materiality in order to understand how a court will apply the entire inequitable conduct analysis in various situations.

41. Anderson, *supra* note 29, at 853 (citing *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995)).

42. *Purdue Pharma L.P. v. Endo Pharms. Inc.*, 438 F.3d 1123, 1128 (Fed. Cir. 2006) (citing *Kingsdown*, 863 F.2d at 872).

43. Marta E. Delsignore et al., *Selected Aspects of the Impact of Patent Prosecution on Patent Litigation Issues*, in *FUNDAMENTALS OF PATENT PROSECUTION 2005: A BOOT CAMP FOR CLAIM DRAFTING & AMENDMENT WRITING*, 241, 276 (PLI Patents, Copyrights, Trademarks, & Literary Prop. Practice, Course Handbook Series No. 6123, 2005) (stating that materiality must be "coupled with an intent to deceive" and that a "certain threshold level of both the materiality . . . and intent" must be shown to find inequitable conduct).

44. *Baxter Int'l, Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1327 (Fed. Cir. 1998) (stating that, after an applicant establishes threshold levels of materiality and intent, a court must balance "all the circumstances . . . [to] determine whether the applicant's conduct is so culpable that the patent should be held unenforceable"); *Afros S.P.A. v. Krauss-Maffei Corp.*, 671 F. Supp. 1402, 1433 (D. Del. 1987) (finding that "materiality . . . plays the central role" in determining inequitable conduct such that "[t]he more material information is, the less it can be considered reasonable to withhold it"), *aff'd*, 848 F.2d 1244 (Fed. Cir. 1988); see also Edward V. Filardi & Mark D. Baker, *Practitioner Perspectives on the Law of Inequitable Conduct, Claim Construction, and the Doctrine of Equivalents*, 54 CASE W. RES. L. REV. 823, 843 (2004) ("In making this [in]equitable determination . . . the showing of intent can be proportionally less when balanced against high materiality."); Pruitt, *supra* note 4, at 470-71 (stating that courts engage in weighing findings of materiality and intent in order to determine inequitable conduct).

III. MATERIALITY STANDARDS: PAST, PRESENT, AND FUTURE

A. *THE WAY IT WAS: MATERIALITY BEFORE 1977*

In 1977, the PTO developed a standard defining what constituted material omissions and misrepresentations during prosecution (referred to as a duty-to-disclose rule).⁴⁵ Circuit courts and, in turn, the Federal Circuit, gave deference to the PTO standard when determining whether a patent applicant had engaged in inequitable conduct.⁴⁶ Yet, before the PTO standard or the Federal Circuit existed, the circuit courts used three variations of a but-for test to determine if certain omissions or misrepresentations were material under the doctrine of inequitable conduct.⁴⁷

On one end of the spectrum, courts would find materiality only where the examiner would have rejected the patent application if the misrepresentation or non-disclosure of information had not happened, calling this the objective but-for test.⁴⁸ Thus, this test required not only that a claim at issue was unpatentable (or invalid) to begin with but also that the PTO had issued the claim improperly because of the misrepresentation. The middle ground for determining materiality involved a subjective but-for test, which deemed information material if the examiner actually relied upon it while granting the patent, whether or not it would have precluded the patent from issuing.⁴⁹ The third alternative, the but-it-may-have test, determined materiality based on whether the undisclosed information hypothetically might have had an effect on the examiner, regardless of whether the lack of information had an effect or whether it would have

45. See Cronin, *supra* note 31, at 1327–28 (explaining the PTO’s adoption of the standard, entitled “Duty to Disclose Information Material to Patentability”).

46. *Purdue Pharma*, 438 F.3d at 1129 (stating that the “court has consistently referred to the standard set forth [by the] PTO” in order to determine materiality); Cronin, *supra* note 31, at 1342 (stating that the PTO standard is the “appropriate starting point” for a judicial analysis of materiality).

47. See *In re Multidistrict Litig. Involving Frost Patent*, 398 F. Supp. 1353, 1368–69 (D. Del. 1975) (classifying and explaining the three judicially interpreted doctrines of materiality), *aff’d*, 540 F.2d 601 (3d Cir. 1976).

48. *Id.* at 1368. Under this test, once a court finds that an invention was “patentable over the prior art, as a legal proposition, [the] defendants’ allegations of fraud [or inequitable conduct] must fail.” *Id.* (quoting *Corning Glass Works v. Anchor Hocking Glass Corp.*, 253 F. Supp. 461, 469 (D. Del. 1966)).

49. *Frost Patent*, 398 F. Supp. at 1368. “The proper focus in determining materiality of information misrepresented to or withheld from the [PTO] is on the *effect* of the misrepresentation of withholding upon the subjective considerations of the patent examiner.” *Pfizer, Inc. v. Int’l Rectifier Corp.*, 685 F.2d 357, 359 (9th Cir. 1982); see also *Norton v. Curtiss*, 433 F.2d 779, 795 (C.C.P.A. 1970) (finding that materiality should “include therein consideration of factors apart from the objective patentability of the claims at issue, particularly . . . the subjective considerations of the examiner and the applicant”).

precluded the patent from issuing.⁵⁰ While the three variations allowed the circuits to choose their standard of materiality, parties to a patent suit where the defense of inequitable conduct might arise could shop for a forum with a materiality standard suited to their needs.⁵¹

Thus, in our hypothetical, if Brad's suit against Chelsea had occurred prior to 1977, Chelsea's ability to prove that Anne's retractable-leash drawings and the magazine article were material to the PTO examination of Brad's patent would hinge on the particular circuit that heard the infringement suit. Depending on which of the three approaches the circuit chose, Chelsea's proof of materiality would have to show at least that the documents could have had an effect on the PTO examiner's conclusion (under the broader but-it-may-have test) or at most that the documents would have caused the examiner to deem Brad's patent application invalid instead of granting the patent (under the narrower, objective but-for test).

B. PTO STANDARDS OF MATERIALITY AFTER 1977

In 1977, the PTO developed the materiality component of its duty-to-disclose rule, which provided that any information would be material if there was a "substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent."⁵² Coining this the "reasonable examiner" standard, courts construed the rule to mean "not whether a reasonable examiner would want to be aware of a particular thing, but whether, after he was aware of it, he would 'consider it important' in deciding whether to reject one or more claims."⁵³ Apparently deriving the "reasonable examiner" standard from the Supreme Court's analysis of materiality in securities-fraud cases,⁵⁴ the PTO

50. *Frost Patent*, 398 F. Supp. at 1368–69. "A misrepresentation is material when its existence might have influenced a patent examiner." *Hercules Inc. v. Exxon Corp.*, 497 F. Supp. 661, 689 (D. Del. 1980).

51. *Court of Appeals for the Federal Circuit, 1981: Hearings on H.R. 2405 Before the Subcomm. on Courts, Civil Liberties, and the Administration of Justice of the H. Comm. on the Judiciary*, 97th Cong. 6 (1981) (statement of the Honorable Howard T. Markey, C.J., Court of Customs and Patent Appeals); Ellen E. Sward & Rodney F. Page, *The Federal Courts Improvement Act: A Practitioner's Perspective*, 33 AM. U. L. REV. 385, 387 (1984) (stating that "some circuits were seen as favoring the patent infringer and others as favoring the patentee," and that "these variations led to forum shopping and intense litigation over the choice of forum").

52. 37 C.F.R. § 1.56(a) (1991).

53. *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1362 n.2 (Fed. Cir. 1984); Anderson, *supra* note 29, at 855.

54. Kevin Mack, Note, *Reforming Inequitable Conduct to Improve Patent Quality: Cleansing Unclean Hands*, 21 BERKELEY TECH. L.J. 147, 153–54 (2006) (citing *Duty of Disclosure*, 42 Fed. Reg. 5589 (Jan. 27, 1977), which incorporates the materiality standard from a Supreme Court securities case, *TSC Industries v. Northway*, 426 U.S. 438 (1976)); see also Yvonne Ching Ling Lee, *The Elusive Concept of "Materiality" Under U.S. Federal Securities Laws*, 40 WILLAMETTE L. REV. 661, 662 (stating that a court looks to whether "there is a substantial likelihood that a reasonable shareholder would consider it important in deciding how to vote" when determining if

thought that this standard would “stabilize decisions in the [PTO]” by analogizing inequitable conduct to fraud.⁵⁵ The PTO’s “reasonable examiner” standard set forth a broader, hypothetical determination of materiality, similar to that of the but-it-may-have standard. The Federal Circuit adopted the “reasonable examiner” standard as the dominant materiality standard when Congress created the court in 1982.⁵⁶

However, in 1992, the PTO altered its definition of inequitable conduct. It revised the duty-to-disclose rule such that non-disclosed information is now material when “(1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or (2) It refutes, or is inconsistent with, a position [relied on by the PTO].”⁵⁷ The amendment’s purpose was to reveal a “more objective definition of what information the [PTO] considers material to patentability,”⁵⁸ but it “was not intended to constitute a significant substantive break with the previous standard.”⁵⁹ Yet, while the PTO standard changed to this “prima facie/inconsistent” standard, most courts continued to apply the “reasonable examiner” standard when defendants raised an inequitable conduct claim in litigation.⁶⁰ This was because the new standard only applied to “applications pending or filed after March 16, 1992,”⁶¹ and the patents in-suit had been granted before that date. The new rule was not retroactive because it would have been unfair to hold the actions of applicants to the new standard when they had tailored their prosecutions to the old standard. Thus, while the new, narrower standard did encourage the judicial system to shift to a more objective analysis, the new standard had little bite for many years after 1992 because courts rarely had the chance to choose to follow it.⁶²

corporate management has been inequitable in disclosing material information to shareholders (quoting *TSC Indus.*, 426 U.S. at 449)).

55. Mack, *supra* note 54, at 154.

56. See *Akzo N.V. v. U.S. Int’l Trade Comm’n*, 808 F.2d 1471, 1481 (Fed. Cir. 1986) (stating that the court’s “major standard” to determine materiality was the “reasonable examiner” standard—the same as the PTO standard).

57. 37 C.F.R. § 1.56(b)(1)–(2) (2004).

58. Duty of Disclosure, 57 Fed. Reg. 2021, 2024 (Jan. 17, 1992).

59. *Hoffmann-La Roche, Inc. v. Promega Corp.*, 323 F.3d 1354, 1368 n.2 (Fed. Cir. 2003); see also Duty of Disclosure, 57 Fed. Reg. at 2023 (explaining that “[t]he [PTO] does not anticipate any significant change” regarding the information disclosed after the 1992 amendment).

60. See, e.g., *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1380 (Fed. Cir. 2001) (applying a “reasonable examiner” standard of materiality); *Li Second Family L.P. v. Toshiba Corp.*, 231 F.3d 1373, 1379 (Fed. Cir. 2000) (same); *Baxter Int’l, Inc. v. McGaw, Inc.*, 149 F.3d 1321, 1327 (Fed. Cir. 1998) (same).

61. Duty of Disclosure, 57 Fed. Reg. at 2021.

62. See *Anderson*, *supra* note 29, at 855 (noting that, in 1992, the Federal Circuit had “not yet provided a substantive review of the new standard [because] the patents subject to the new rule [were] not those currently in litigation”).

Thus, referring to our hypothetical, if Brad had prosecuted his patent after 1977, the materiality standard that the PTO would consider applicable to Anne's drawings and the magazine article would seem to depend on when the PTO had issued Brad's patent. If the PTO issued Brad's patent before the 1992 amendment, then the PTO would determine materiality by analyzing whether a reasonable examiner would consider Anne's drawings important in determining the patentability of Brad's retractable leash. Because the courts accepted this same standard for patents issued before 1992, it is likely that a court also would find Brad's actions inequitable if they were material under the "reasonable examiner" standard and he had intent to deceive. If the PTO issued Brad's patent after the 1992 amendment, then the PTO would look to whether Anne's drawings would have revealed a *prima facie* question that Brad's leash was unpatentable, or would have been inconsistent with the view that the examiner relied upon to make the determination of patentability, in order to determine if the drawings were material.

In 2003, the Federal Circuit began to hear cases regarding patents prosecuted under the new PTO rule, and the court had its first real opportunity to evaluate its standard of review on the subject of materiality.⁶³ Rather than stating a clear rule of law or confidently accepting the PTO's standard, however, the Federal Circuit ultimately has created a no-wrong-approach standard,⁶⁴ leaving many unanswered questions about the proper standard of materiality for applicants like Brad whose patents issue after 1992.

C. THE FEDERAL CIRCUIT'S APPROACH TO THE STANDARD FOR MATERIALITY

1. The Start of the Confusion: *Dayco Products*

In 2001, Dayco Products, Inc. ("Dayco") brought an infringement suit against Total Containment, Inc. ("Total Containment") for infringement of several claims of Dayco's patents.⁶⁵ Dayco's patents had issue dates from April 1993 to January 1996 and related to flexible hoses used in underground gas-containment systems.⁶⁶ As a defense on appeal, Total Containment claimed that Dayco had engaged in inequitable conduct during the prosecution of the patents, and thus the patents were wholly unenforceable.⁶⁷ Total Containment based its inequitable conduct claim on

63. See cases discussed *infra* Part III.C.1–3.

64. See *infra* Part III.C.3 (discussing the Federal Circuit's decision in *Digital Control, Inc. v. Charles Machine Works*, 437 F.3d 1309 (Fed. Cir. 2006)).

65. *Dayco Prods., Inc. v. Total Containment, Inc. (Dayco I)*, 258 F.3d 1317, 1317 (Fed. Cir. 2001).

66. *Dayco Prods., Inc. v. Total Containment, Inc. (Dayco II)*, 329 F.3d 1358, 1360 (Fed. Cir. 2003).

67. *Id.* at 1362.

Dayco's applications for other patents that disclose "substantially similar" technology and its subsequent failure to notify the examiner of those other applications while prosecuting the patents at issue in the infringement suit.⁶⁸ In addition, the examiner of the other applications rejected those applications based on a piece of prior art that Dayco had known about, and Dayco had disclosed neither the prior art to the examiner of the patents-in-suit nor the rejection of those similar applications.⁶⁹

In considering the materiality component of Total Containment's inequitable conduct defense, the Federal Circuit noted that it had not officially chosen to follow the "prima facie/inconsistent" standard for applications prosecuted after the new rule's effective date, even in light of the fact that the court usually adhered to the applicable PTO standards.⁷⁰ However, the court then stated that "the outcome of [the case] would be the same under either materiality standard"⁷¹ and proceeded to analyze Dayco's actions under both the "reasonable examiner" and "the prima facie/inconsistent" standards.⁷²

Thus, in *Dayco*, the Federal Circuit did not take the opportunity to adopt a clear standard of analysis for materiality. The court did state, however, that it would continue to apply the "reasonable examiner" standard in cases involving patents that were prosecuted fully before the PTO's 1992 amendment to the duty-to-disclose rule.⁷³ Therefore, if, in our hypothetical, Brad's patent issued before the 1992 amendment and the court hearing the infringement case against Chelsea applied *Dayco*, it is likely that Chelsea would only have to prove that a reasonable examiner would have believed that Anne's drawings and the magazine article were important to patentability in order to show that Brad's omission was material. If Brad's patent issued after 1992 though, it would be unclear which standard the court would require Chelsea to meet to prove materiality on the basis of *Dayco*.

2. A Hint of Clarity: *Bruno Independent Living Aids*

A year and a half after the Federal Circuit decided *Dayco*, the court again addressed the standard for materiality of inequitable conduct in *Bruno Independent Living Aids, Inc. v. Acorn Mobility Services, Ltd.*⁷⁴ Bruno Independent Living Aids, Inc. ("Bruno") owned a patent issued in July 1993 that covered a device that assisted mobility-impaired persons in ascending

68. *Id.* at 1361–62.

69. *Id.*

70. *Id.* at 1364.

71. *Dayco II*, 329 F.3d at 1364.

72. *Id.* at 1364–68.

73. *Id.* at 1364.

74. *Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.*, 394 F.3d 1348 (Fed. Cir. 2005).

and descending staircases.⁷⁵ After Bruno alleged that Acorn Mobility Services Ltd. (“Acorn”) had infringed its patent, Acorn asserted that Bruno intentionally withheld prior art from the examiner during prosecution that would have invalidated the patent-in-suit.⁷⁶ During trial, the district court determined that Bruno disclosed the same prior art to the Food and Drug Administration during a proceeding that was concurrent with the patent’s prosecution, and thus it inferred Bruno had not disclosed the information due to deceptive intent.⁷⁷

On appeal, after finding that an inference of deceptive intent (the second element of inequitable conduct) was justified because Bruno “knew or should have known” the prior art was material, the Federal Circuit addressed how it would make the materiality determination.⁷⁸ The court stated that it had “consistently referred to the definition provided in 37 C.F.R. § 1.56, by which the PTO has promulgated the duty of disclosure.”⁷⁹ To analyze this case, the court said it would give “deference to the PTO’s formulation at the time an application [was] being prosecuted [because the PTO formulation represented the expected] standard of conduct . . . to be followed in proceedings [at the PTO].”⁸⁰ Therefore, the court followed the post-1992 standard of materiality defined by the PTO’s duty-to-disclose rule (the “prima facie/inconsistent” standard) and found that the prior art was material because it would have revealed the lack of novelty (a prima facie element of patentability) of one of Bruno’s claims, thereby preventing Bruno from asserting a patentability argument.⁸¹

Thus, after *Bruno*, it appeared that the Federal Circuit had decided that the judicial standard of materiality would defer to the PTO standard, and therefore courts would adopt the new “prima facie/inconsistent” standard for judicial cases involving patents prosecuted after the introduction of the 1992 standard. Indeed, a year after *Bruno*, the Federal Circuit applied the “prima facie/inconsistent” standard to a case involving patents prosecuted after 1992, citing *Bruno* as evidence that the “court has consistently referred to the standard set forth [by the PTO].”⁸² Therefore, under a *Bruno* analysis of our hypothetical, Chelsea’s ability to defend the infringement suit by asserting inequitable conduct may hinge on the date Brad’s retractable-leash patent issued, as a court likely would tailor the standard of materiality to that date.

75. *Id.* at 1350.

76. *Id.*

77. *Id.* at 1350–52.

78. *Id.* at 1352.

79. *Bruno*, 394 F.3d at 1352.

80. *Id.* at 1352–53.

81. *Id.*

82. *Purdue Pharma L.P. v. Endo Pharms. Inc.*, 438 F.3d 1123, 1129 (Fed. Cir. 2006).

By combining the judgments of *Bruno* and *Dayco*, it would seem as though a court would apply one standard to patent applications granted prior to the 1992 PTO amendment (the “reasonable examiner” standard) and another to patent applications granted after the amendment (the “prima facie/inconsistent” standard). Yet, seven days after reaffirming *Bruno*, the Federal Circuit announced a new decision that brought back confusion to the standard of materiality in inequitable conduct cases.⁸³

3. Throwing in a Wrench: *Digital Control*

In *Digital Control, Inc. v. Charles Machine Works*, the Federal Circuit added confusion to the materiality doctrine of inequitable conduct.⁸⁴ In that case, Digital Control, Inc. (“Digital Control”) owned patents involving devices that assisted in the drilling of horizontal bores to lay utility lines in the ground.⁸⁵ During the prosecution of the patent, and well after the PTO’s 1992 amendment of the materiality standard, the inventor of the patented devices engaged in three activities that raised issues of inequitable conduct. First, the inventor submitted a declaration to the patent examiner that his invention had been reduced to practice, when, in fact, he had not utilized the device underground.⁸⁶ This statement helped the inventor overcome several rejections of obviousness by the examiner.⁸⁷ Second, the inventor asked a colleague to submit a declaration to confirm the contents and truthfulness of his declaration of reduction to practice.⁸⁸ Lastly, while the inventor had disclosed several patents that named him as a co-inventor, he failed to disclose a patent as prior art that he had submitted during the prosecution of another application.⁸⁹ Under a subsequent infringement action brought against The Charles Machine Works, the district court granted summary judgment against Digital Control, holding that the patent was unenforceable due to inequitable conduct based on all three activities.⁹⁰ However, the district court determined the materiality required for inequitable conduct using the “reasonable examiner” standard,⁹¹ even though the patents had issued in 1993.

83. See *infra* Part III.C.3 (discussing the Federal Circuit’s decision in *Digital Control, Inc. v. Charles Machine Works*, 437 F.3d 1309 (Fed. Cir. 2006)).

84. *Digital Control*, 437 F.3d at 1309.

85. *Id.* at 1311.

86. *Id.* at 1312, 1317.

87. *Id.* at 1312–13.

88. *Id.*

89. *Digital Control*, 437 F.3d at 1313.

90. *Id.* at 1311; see also *Digital Control, Inc. v. Charles Mach. Works*, No. C03-0103P, 2004 U.S. Dist. LEXIS 29313 (W.D. Wash. June 9, 2004).

91. *Digital Control*, 437 F.3d at 1316.

On appeal and under de novo review, the Federal Circuit addressed the materiality standard in a completely new light.⁹² The Federal Circuit found that a court could use any of the previously articulated standards—the three variations of the but-for test, the “reasonable examiner” standard, or the new “prima facie/inconsistent” standard—in order to evaluate the materiality of misstatements or omissions by patent applicants.⁹³ Justifying its decision by citing references to past uses of more than one standard, the court rationalized that the PTO “reasonable examiner” standard was not intended to “replac[e] or supplant[] the existing case law addressing materiality.”⁹⁴ Thus, the “reasonable examiner standard was really a fourth ‘official standard’”⁹⁵—and it simply had evolved over time to become the “dominant standard invoked by [the] court.”⁹⁶ Under this rationale, the new “prima facie/inconsistent” standard had not replaced the “reasonable examiner” standard, but had simply added an alternative method of evaluation, and the district court was free to use the “reasonable examiner” standard to evaluate materiality⁹⁷ even though the patent issued after the PTO’s 1992 amendment. The court noted that “to the extent that one standard requires a higher showing of materiality than another,” it simply would apply a lower “requisite finding of intent” when determining inequitable conduct as a whole.⁹⁸ The Federal Circuit went on to apply the “reasonable examiner” standard as the district court had, finding that the declarations of the inventor and his colleague were material, but that questions of fact still existed as to the materiality of the nondisclosure of the prior-art patent, because the application for which the applicant had disclosed the patent was unrelated to the patent-at-issue.⁹⁹

Thus, *Digital Control* does not require courts to apply one specific standard when determining the materiality of any applicant misstatements or omissions during patent prosecution. In fact, the Federal Circuit and other authorities have cited the case for the proposition that multiple standards are acceptable.¹⁰⁰ Yet, it is unclear how to reconcile *Digital Control* with *Bruno*—*Bruno* suggested, in light of *Dayco*, that the court should defer to the PTO standard, applying a “reasonable examiner” standard only when a patent issued before the 1992 amendment date and otherwise applying the

92. *Id.* at 1313.

93. *Id.* at 1314–16.

94. *Id.* at 1315.

95. *Id.* (citing *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1362 (Fed. Cir. 1984)).

96. *Digital Control*, 437 F.3d at 1316.

97. *Id.* at 1315–16.

98. *Id.* at 1316.

99. *Id.* at 1318–19.

100. *McKesson Info. Solutions, Inc. v. Bridge Med., Inc.*, 487 F.3d 897, 919 (Fed. Cir. 2007).

new “prima facie/inconsistent” standard.¹⁰¹ In addition, the court failed to state when, if ever, a court should prefer one standard of materiality over another if multiple standards are acceptable. This has led to a lack of predictability, evident by the fact that since *Digital Control*, the Federal Circuit has not applied the multifaceted approach consistently. In some cases, the court has applied multiple standards and in others only one standard, with no apparent or sufficient justification.¹⁰² Moreover, the lower courts have struggled with how to apply the multifaceted approach. Some lower courts have cited *Digital Control*’s “reasonable examiner” standard as the correct standard since *Digital Control* actually applied that standard; therefore, these courts have not referenced the applicability of any other standard.¹⁰³ Even the Federal Circuit has applied this logic in determining the materiality standard.¹⁰⁴ Further, at least one lower court has declined to apply more than one standard, claiming that the outcome would have been the same under another standard.¹⁰⁵ Still other courts have recited the multifaceted approach and have arbitrarily chosen one standard to apply or never expressed which standard to apply at all.¹⁰⁶ Recently, the Federal

101. See *supra* Part III.C.2 (discussing the Federal Circuit’s decision in *Bruno Independent Living Aids*, which seemed to suggest that the materiality standard courts apply should “give deference to the PTO standard” at the time of prosecution).

102. Compare *Impax Labs., Inc. v. Aventis Pharms. Inc.*, 468 F.3d 1366, 1377 (Fed. Cir. 2006) (applying both the “reasonable examiner” standard and the “prima facie/inconsistent” standard to determine materiality), *with Dippin’ Dots, Inc. v. Mosey*, 476 F.3d 1337, 1345 (Fed. Cir. 2007) (applying only the “reasonable examiner” standard to determine materiality even though the patent issued after March 16, 1992), and *Cargill Inc., v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1365–66 (Fed. Cir. 2007) (giving deference to the district court’s use of the “reasonable examiner” standard and applying that standard even though the plaintiff had argued under the “prima facie/inconsistent” standard).

103. See, e.g., *Shen Wei (USA) Inc. v. Sempermed, Inc.*, No. 05 C 6004, 2007 U.S. Dist. LEXIS 7235, at *7 (N.D. Ill. Jan. 30, 2007) (citing the holding of *Digital Control* as providing that the “current test for materiality of prior art is whether ‘a reasonable [patent] examiner would have considered such prior art important in deciding whether to allow the . . . application’” (quoting *Digital Control*, 437 F.3d at 1314–16)); *McNeil-PPC, Inc. v. Perrigo Co.*, No. 05 Civ. 1321, 2007 U.S. Dist. LEXIS 2102, at *13 (S.D.N.Y. Jan. 12, 2007) (stating that *Digital Control* shows materiality is determined under the “reasonable examiner” standard, without mentioning any other standard).

104. See *eSpeed, Inc. v. Brokertec USA*, 480 F.3d 1129, 1136 (Fed. Cir. 2007) (stating and applying the “reasonable examiner” standard (citing *Digital Control*, 437 F.3d at 1316)).

105. See *Transocean Offshore Deepwater Drilling, Inc. v. GlobalSantaFe Corp.*, No. H-03-2910, 2006 U.S. Dist. LEXIS 57967, at *9 (S.D. Tex. Aug. 17, 2006) (applying the “prima facie/inconsistent” standard, and not the “reasonable examiner” standard, because the application was filed after the 1992 amendment, but stating that “the result would have been the same under either standard”).

106. See *Vae Nortrak N. Am., Inc. v. Progress Rail Servs. Corp.*, 459 F. Supp. 2d 1142, 1160–61 (D. Ala. 2006) (reviewing *Digital Control*’s various standards and deciding to use the “reasonable examiner” standard because the Federal Circuit chose to use it as well); *Diomed, Inc. v. Angiodynamics, Inc.*, 450 F. Supp. 2d 130, 146–48 (D. Mass. 2006) (noting that *Digital Control* allowed multiple definitions of materiality, but never clearly applying any standard).

Circuit has returned to applying only the “reasonable examiner” standard to patents, even those issued after 1992, without mentioning *Digital Control*.¹⁰⁷ In all of these cases, the Federal Circuit and lower courts never discuss adjusting the amount of intent required after choosing a materiality standard, which is what *Digital Control* had stated would make using multiple standards appropriate.¹⁰⁸ Thus, the Federal Circuit’s analysis in *Digital Control* left the standard for materiality in inequitable conduct cases in an abstract, disarrayed state.

If Brad brought his hypothetical suit against Chelsea after *Digital Control*, it appears that Chelsea could successfully defend her infringement case under any of the previous materiality standards of inequitable conduct, depending on how a court wished to analyze the issue. A showing by Chelsea that Anne’s drawings might have affected the examiner might suffice one day, if the court found a broader standard satisfactory. However, a court in a different circuit might require a narrower definition of materiality the next day (like the “prima facie/inconsistent” standard), in which case Chelsea would have to prove that Anne’s drawings would have prevented Brad’s patent from issuing had the examiner known about them. Once Chelsea met one of the standards, the court should evaluate whether Brad’s intent to deceive the PTO would suffice for that particular standard of materiality. Yet it is still unclear how the court would determine the level of intent required for each standard on a consistent basis. Moreover, depending on the court’s choice of materiality standard, the results from Chelsea’s inequitable conduct defense may or may not prevail, and the result would be independent from whether Brad’s patent was prosecuted before or after the 1992 PTO amendment. This inconsistency may leave the next infringement defendant unclear as to whether he or she should even raise an inequitable conduct defense, given the uncertainty as to which standard the court will follow.¹⁰⁹ In sum, this uncertainty leaves litigants without guidance as to how to structure their respective cases.

D. CONGRESSIONAL PROPOSALS DEALING WITH THE MATERIALITY STANDARD

While the specific requirements for the doctrine of inequitable conduct have been developing mainly in the judicial arena, murmurings from

107. *Honeywell Int’l, Inc. v. Universal Avionics Sys. Corp.*, 488 F.3d 982, 1000 (Fed. Cir. 2007) (utilizing the “reasonable examiner” standard for a patent issued in 1995 without mentioning the possibility of multiple standards).

108. See *supra* note 98 and accompanying text (discussing adjustment of the intent requirement for higher or lower levels of materiality).

109. This is particularly problematic because the federal courts require defendants to plead inequitable conduct claims with specificity. See *Shen Wei (USA) Inc. v. Sempermed, Inc.*, No. 05 C 6004, 2007 U.S. Dist. LEXIS 7235, at *7 (N.D. Ill. Jan. 30, 2007) (addressing the plaintiff’s argument that the defendant’s claim is defective).

Congress have recently surfaced through proposed statutory amendments.¹¹⁰ Although Congress did not subsequently adopt these proposals, understanding their implications on the determination of inequitable conduct could help reveal the materiality standards that Congress may eventually codify into patent law. Moreover, understanding these congressional proposals is especially helpful because the fundamentals of patent law in this country have consistently arisen from federal statutes.¹¹¹ This Note highlights two recent congressional proposals, designated as the Patent Reform Act of 2005 and the Patent Reform Act of 2006, in order to reveal Congress's intent for the doctrine of inequitable conduct and its materiality component.

1. The Patent Reform Act of 2005

The Patent Reform Act of 2005¹¹² involved a proposal that would reduce any subjective components of materiality for an inequitable conduct analysis in an attempt to reduce uncertainties in the patent-prosecution process.¹¹³ The proposal would require a court to find inequitable conduct (and subsequent patent unenforceability) if the PTO relied upon "misconduct" and if the PTO's reliance "resulted in" the patent issuing with invalid claims.¹¹⁴ Moreover, in order for an alleged infringer successfully to defend a suit on inequitable conduct grounds, he or she would have to show that (1) the validity of at least one claim was at issue, (2) at least one claim of the patent was actually found invalid, and (3) the PTO's reliance on the misconduct caused one claim to issue that the court subsequently invalidated.¹¹⁵ Thus, a finding of a material misrepresentation or omission under the Patent Reform Act of 2005 would require a similar analysis as the objective but-for standard employed prior to 1977. If the judicial system applied the Patent Reform Act of 2005, a misrepresentation or omission would be material under the inequitable conduct doctrine only if it actually caused an examiner to grant an unpatentable claim based on the examiner's reliance on the applicant's misrepresented disclosures.

If Congress passed the Patent Reform Act of 2005 in our hypothetical situation, Chelsea could successfully raise inequitable conduct as a defense only if she could show that (1) one of Brad's claims was invalid and (2) the

110. Patent Reform Act of 2006, S. 3818, 109th Cong. § 5 (2006) (describing Congress's proposed amendments to the inequitable conduct standards); Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 5 (2005) (same).

111. See *supra* notes 19–22 (reviewing the major statutory provisions of patent law in the United States).

112. H.R. 2795.

113. William C. Rooklidge, *Reform of the Patent Laws: Forging Legislation Addressing Disparate Interests*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 9, 9 (2006).

114. H.R. 2795 § 5(a) (adding § 136(d)(1)(A) to chapter 12 of title 35).

115. *Id.* (adding § 136(d)(2) to chapter 12 of title 35).

examiner of Brad's patent application would not have issued the patent or one of the patent's claims had Brad disclosed Anne's leash drawings.

One purpose behind the proposed changes to the doctrine of inequitable conduct was to reduce "frequent charges of inequitable conduct [that] have a detrimental effect on the patent system."¹¹⁶ To achieve this end, Congress directed the 2005 bill to address a growing concern in the courts and industry that infringement defendants were raising inequitable conduct too often in patent suits.¹¹⁷ By limiting the use of the inequitable conduct defense to circumstances where the patent would not have issued but for the misrepresentation, Congress's proposal would reduce the assertion of the defense from its status as a "matter of course" in the litigation process.¹¹⁸

2. The Patent Reform Act of 2006

Similar to the Patent Reform Act of 2005, the Patent Reform Act of 2006¹¹⁹ would reduce the subjective nature of the materiality standard in order to provide certainty to patent acquisition. Yet, the 2006 bill is not as stringent as the 2005 bill. While not defining exactly what would constitute a material omission or misrepresentation, the 2006 bill sets forth what must first exist in order to find a patent unenforceable because of inequitable conduct.¹²⁰ The bill requires that the court must have "determined [one] or more claims in the patent . . . to be invalid" in order to allow a misrepresentation to rise to the level of inequitable conduct.¹²¹ There is, however, no mention of a requirement that the examiner relied upon the misrepresentation such that the patent would not have issued otherwise.¹²² Therefore, a court may find a patent claim invalid for reasons other than discoveries made from the disclosure of the previously withheld prior art.¹²³

In our hypothetical case, if Congress passed the Patent Reform Act of 2006, the court would have to find that Brad's patent had at least one invalid claim in order for Chelsea's defense of inequitable conduct to be

116. Mack, *supra* note 54, at 162; *see also* Burlington Indus., Inc. v. Dayco Corp., 849 F.2d 1418, 1422 (Fed. Cir. 1988) (stating that "the habit of charging inequitable conduct in almost every major patent case has become an absolute plague").

117. James G. McEwen, *Is the Cure Worse Than the Disease? An Overview of the Patent Reform Act of 2005*, 5 J. MARSHALL REV. INTELL. PROP. L. 55, 74 (2005).

118. *Id.*

119. Patent Reform Act of 2006, S. 3818, 109th Cong. § 5 (2006) (amending § 282 to chapter 29 of title 35).

120. *Id.* § 5 (adding § 282(b)(2)(D) to chapter 29 of title 35).

121. *Id.* (amending § 282 of chapter 29 of title 35).

122. *Id.*

123. The House's Patent Reform Act of 2007 utilizes terms similar to the 2006 bill. Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 12(c) (2007).

successful.¹²⁴ Yet, a court could, for example, find Brad's one patent claim invalid because it was not patentable subject matter (something likely unrelated to Brad's nondisclosure of Anne's drawings). Then, Chelsea could successfully raise an inequitable conduct defense based on Brad's nondisclosure of Anne's drawings (if the court found the drawings were material) in order to make Brad's entire patent unenforceable, even though the invalidity had nothing to do with Anne's drawings.

While the 2006 bill does not require a claim to be invalid based on a misrepresentation or omission in order for an infringement defendant to bring a claim of inequitable conduct, it does require that a claim of the patent be invalid.¹²⁵ Moreover, the 2005 bill requires that the misrepresentation or omission be the cause of the improperly granted (but still invalid) claim.¹²⁶ Thus, it is clear that Congress is swaying towards a narrower, objective standard for the determination of what *types of activities* (and therefore the materiality of those activities) a court or the PTO should consider inequitable conduct.

IV. POLICIES AND CONSIDERATIONS INVOLVED IN DETERMINING THE PROPER MATERIALITY STANDARD

The application of the current Federal Circuit approach to our running hypothetical shows the need to clarify the materiality component under the inequitable conduct doctrine. Scholars have suggested several approaches to this problem, including readopting either the old "reasonable examiner" standard or a but-for standard, regardless of when the PTO issued a patent.¹²⁷ Before *Digital Control*, the Federal Circuit even seemed to suggest a clear standard: it applied the "reasonable examiner" standard to patents issued before the 1992 amendment date and the "prima facie/inconsistent" standard for all other patents.¹²⁸ In making their proposals, these authorities have balanced the policy factors behind the materiality requirement in order to choose a standard that best meets the current purposes of the

124. Patent invalidity involves invalidating a patent on a claim-by-claim analysis, and thus a court may still deem other claims valid in that same patent in which it has invalidated another claim. However, if Chelsea succeeded in proving that Brad engaged in inequitable conduct, the court would deem his patent unenforceable, thereby invalidating *all* of his claims. Thus, the punishment for inequitable conduct is considerably more stringent than normal patent-claim invalidation.

125. Patent Reform Act of 2006, S. 3818, 109th Cong. § 5 (2006) (adding § 282(b)(2)(D) to chapter 29 of title 35).

126. Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 5(a) (2005) (adding § 136(d)(2)(A) to chapter 12 of title 35).

127. See Cronin, *supra* note 31, at 1360 (concluding that the Federal Circuit should adopt the "reasonable examiner" standard even after the 1992 PTO amendment).

128. See *Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.*, 394 F.3d 1348, 1352 (Fed. Cir. 2005) (describing the two standards); see also *supra* Part III.C.2 (discussing the Federal Circuit's decision in *Bruno*, which seemed to suggest that the materiality standard courts apply should "give deference to the PTO standard" at the time of prosecution).

doctrine of inequitable conduct.¹²⁹ Yet, to create a consistent and reliable standard for patent applicants that will generate an adequate duty-to-disclose, it also may be helpful to look at how potential future changes in the patent system might affect the doctrine's purpose.

A. *POLICIES UNDERLYING THE VARIOUS MATERIALITY STANDARDS*

As discussed in Part III, the standards of materiality have ranged from encompassing a narrower range of information (the objective but-for standard) to a broader-ranging standard (the "reasonable examiner" standard) and back again to a more narrow standard (the "prima facie/inconsistent" standard).¹³⁰ The struggle to find a proper standard for materiality reveals the underlying policy tensions associated with the doctrine of inequitable conduct. One must understand these policy considerations before attempting to determine a proper materiality standard.

While the creation of a perfect standard that fully satisfies each consideration is unrealistic, the policies of inequitable conduct often are touchstones that underlie a court's rationale for finding materiality, regardless of the standard used.¹³¹ The policy considerations of inequitable conduct are fundamental to achieving one of the basic goals of patent law—patented inventions should substantially contribute to society as a whole because an issued patent grants a right to exclude others from use.¹³² Thus, the examination of patent applications must be thorough, and the parties involved in the examination (the examiner and the applicant) must act equitably.¹³³ This Note proposes that the principles underlying inequitable conduct generally can be divided into four categories: (1) providing adequate information of the applicant's knowledge to the examiner; (2) discouraging and/or punishing applicants who are trying to avoid full examination by concealing information; (3) avoiding overwhelming an

129. Cronin, *supra* note 31, at 1345.

130. See *supra* Part III.A–C (discussing the standards of materiality prior to the creation of the PTO, the standards the PTO employed after its creation, and the different standards the court systems have employed throughout the years).

131. See Cronin, *supra* note 31, at 1345 (“[I]t is important to look at the policies behind inequitable conduct to determine which [materiality] test best promotes the most important policies of inequitable conduct.”).

132. See Nolan-Stevaux, *supra* note 5, at 157 (stating that “improperly grant[ing] patents stifle[s] innovation,” and therefore “[g]ranted patents for such inventions that do not meet [patentability requirements] unjustly rewards patentees at the expense of the public, who will pay higher prices for products due to the opportunity to exclude others from buying, making, or selling [the patented] product”).

133. See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1527–28 (2001) (stating that “[p]atent litigation proceeds on the assumption that issued patents have been subjected to a thorough examination process” such that an examiner would not have been mistaken in determining validity based on information from the prior-art search and the applicant).

examiner with information that has little relevance; and (4) providing predictability to the applicant at the time of filing regarding what the PTO will and will not consider material information. These policy considerations encourage consistent, quality patent examinations that better ensure that the patent will contribute substantially to society in exchange for the inventor's exclusive rights.

1. Adequately Informing Examiners

When the PTO receives an application for a patent, the examiner analyzes the application as an agent of the public.¹³⁴ Courts have held that the public interest is involved in acquiring a patent because society views patents as exclusionary devices that are valuable tools to promote progress; therefore, society is damaged when the PTO grants patents that do not deserve patent protection because it may stifle others from attempting to help the progress of science by obtaining their own patents.¹³⁵ Thus, a foundation of patent law is that the government should grant patents with caution to ensure that the public receives something of value, and since patent examination is an *ex parte* proceeding, the examiner is like a gatekeeper who protects the public interest.¹³⁶ Therefore, it is important that an examiner is adequately informed about all known information that could influence the examiner's decision to grant a patent.

In light of this policy, a broader-ranging materiality standard is desirable. A standard that encompasses more information naturally would encourage applicants to disclose more information (e.g., prior art) in order to avoid inequitable conduct. Such a standard also would give the examiner the most control to determine if information is relevant to the patentability of an application, thereby allowing him to protect more fully the public's interest in issuing only qualified patents. When an applicant discloses more information to an examiner, the examiner is more adequately informed when accepting or declining a reference's influence on the determination of patentability.¹³⁷

134. See Jay P. Kesan & Marc Banik, *Patents as Incomplete Contracts: Aligning Incentives for R&D Investment with Incentives to Disclose Prior Art*, 2 WASH. U. J.L. & POL'Y 23, 24 (2000) (examining the prosecution process as obtaining a contract between the inventor and the public for the inventor's patented material where the PTO is "the public's agent").

135. *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 815 (1945) (referring to the proceeding as one that "concerns the public interest" as it has to do with "avert[ing] an injury to the public"), *reh'g denied*, 325 U.S. 893 (1945); 37 C.F.R. § 1.56(a) (2006) ("A patent by its very nature is affected with a public interest.").

136. Kulaniakae Fisher, Note, *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki, Ratcheting Down the Doctrine of Equivalents*, 17 BYU J. PUB. L. 345, 351 n.29 (2003) ("The examiners serve as gatekeepers in that they make efforts to assure that patents that issue are not found already in the public domain or the subject of previous patents.").

137. U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 2004.10 (8th ed., rev. 6 2007) [hereinafter MPEP], available at

2. Punishing “Bad” Applicants and Discouraging Others from Engaging in “Bad” Behavior

As mentioned previously, the concept of inequitable conduct derives from the idea that an applicant must come to litigation with “clean hands.”¹³⁸ One of the main policies underlying the doctrine is that courts should punish applicants who received patent protection through material omissions or misrepresentations.¹³⁹ Some authorities believe that this is the most important inequitable conduct policy,¹⁴⁰ because the duty of good faith in the application process is fundamental to the ex parte nature of patent prosecution.¹⁴¹

The policy rationale of punishing “bad” applicants would also support a broader definition of materiality.¹⁴² If an applicant has any knowledge of information relevant to the prosecution process, the applicant should disclose it. Under a broad standard, there would be no reason to withhold the information other than to influence the examiner’s decision about patentability. Thus, to discourage “bad” applicants—those who try to wrongly influence the examiner’s decision—the materiality standard may need a more expansive scope to increase the applicant’s fear of being charged with inequitable conduct.¹⁴³ Under a broader standard, an applicant would not have as much freedom to say that a borderline-material reference is not sufficiently important to disclose; thus, this standard would discourage someone who is attempting to obtain patent protection wrongfully from using that type of excuse.

<http://www.uspto.gov/web/offices/pac/mpep/mpep.htm> (stating that “[w]hen in doubt, it is desirable and safest to submit information” because the examiner is in the best position to answer questions of relevancy in close cases (internal citations omitted)).

138. See *supra* note 27 and accompanying text (explaining that the ex parte nature of patent prosecution requires applicants to have a duty of candor when disclosing information to the PTO).

139. See Christopher C. Smith, Comment, *The Submarine Defense System Misfires: Patent Prosecution Laches After Symbol Technology*, 40 GONZ. L. REV. 235, 257 (2004–2005) (stating that the idea that those “who have blatantly taken advantage of the patent system [should] be punished” is based on “good policy that should preserve the incentives typically associated with securing a patent”).

140. Cronin, *supra* note 31, at 1354 (stating that the “primary purpose of inequitable conduct is to punish applicants for misrepresenting, withholding, or falsifying material information”).

141. *Semiconductor Energy Lab. Co. v. Samsung Elecs. Co.*, 4 F. Supp. 2d 477, 480 (E.D. Va. 1998) (“It is fundamental that all applicants for patents have a duty to prosecute patent applications in the PTO with candor, good faith, and honesty.”).

142. Cronin, *supra* note 31, at 1360 (arguing that because inequitable conduct exists to punish misconduct, courts should use the broader “reasonable examiner” standard to determine materiality).

143. See *id.* (stating that courts would best serve the policy of punishing “bad” applicants under the “reasonable examiner” standard as “[i]t gives district courts broad discretion”).

3. Reducing Overload on Examiners

While examiners need adequate information during the prosecution process, too much information can overwhelm examiners and cause them to spend all of their time reviewing the information instead of examining the application.¹⁴⁴ Moreover, applicants also have an interest in avoiding exorbitant amounts of disclosure, as more disclosure requires more time and cost and increases the chances of an applicant being accused of hiding important information among a mountain of disclosures.¹⁴⁵ Further, the PTO has begun to propose stricter rules for disclosure of prior art, which would require applicants to fully explain each reference above a threshold amount.¹⁴⁶

Normally, authorities encourage applicants to disclose any possibly relevant information in order to avoid inequitable conduct claims.¹⁴⁷ But, given the problems above, it would seem that applicants should focus on providing PTO examiners with quality information, rather than a quantity of disclosures.¹⁴⁸ This becomes even more important in light of the backlog of patent applications that the PTO has experienced over the years¹⁴⁹—an examiner's time is even more precious than before.¹⁵⁰

144. See Shubha Ghosh & Jay Kesan, *What Do Patents Purchase? In Search of Optimal Ignorance in the Patent Office*, 40 HOUS. L. REV. 1219, 1225–26 (2004) (explaining that applicants may be able to “overwhelm the patent examiner” because examiners must “ration their time and knowledge in reviewing patents”).

145. See David Hricik, *Where the Bodies Are: Current Exemplars of Inequitable Conduct and How to Avoid Them*, 12 TEX. INTELL. PROP. L.J. 287, 289 (2004) (“It is tempting to state that there is no such thing as too much disclosure, but practical realities including the time pressure on attorneys, the need for efficient and economic prosecution, and the risk of being accused of burying the most material information demonstrate that it is not true.”).

146. Changes to Information Disclosure Statement Requirements and Other Related Matters, 71 Fed. Reg. 38,808 (July 10, 2006) (to be codified at 37 C.F.R. pt. 1); see also James Reed, *The Status Quo Between Patent Applicant and Examiner May Soon Change: The Proposed Rules Affecting Consideration of Prior Art by the U.S. Patent Office*, 17 FED. CIR. B.J. 31, 32–50 (2007) (explaining the impact of the proposed rules and the additional disclosure requirements).

147. Lundquist, *supra* note 37, at 1292 (advising applicants to submit a reference when there “is any doubt” of its importance); Phillip M. Pippenger, *Prosecuting Patents with an Eye Toward Enforcement*, in PATENT LITIGATION 2007, at 1239, 1257 (PLI Patents, Copyrights, Trademarks, & Literary Prop. Practice, Course Handbook Series No. 11,589, 2007) (stating that it is best to “err on the side of caution” and disclose more information).

148. See *Black & Decker Inc. v. Hoover Serv. Ctr.*, 765 F. Supp. 1129, 1137 (D. Conn. 1991) (stating that “presenting a patent examiner with a ‘mountain of largely irrelevant [material]” does not satisfy the duty of disclosure because “[i]t ignores the real world conditions under which examiners work” (quoting *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1573 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984))).

149. *Norton v. Curtiss*, 433 F.2d 779, 794 (C.C.P.A. 1970) (“With the seemingly ever-increasing number of applications before it, the [PTO] has a tremendous burden.”). The empirical data shows the ominous consequences of this backlog:

[T]he mushrooming number of filings is causing the backlog to swell out of control. According to PTO statistics, nearly 400,000 new applications were filed in 2005, and the current inventory of unexamined applications is more than

In sharp contrast to the first two policy rationales, the desire not to overload examiners with information supports a narrower standard for materiality. By only encompassing information that is essential to the patent-procurement process, the standard would allow applicants to avoid overloading examiners with information that, ultimately, would detract from the examiners' time rather than contribute to the determination of patentability. Instead, applicants would have to sift through their references, reevaluating a reference's worth and then disclosing only what is necessary. A narrower standard would also avoid the problem of "burying," where an applicant purposely attempts to overwhelm an examiner with large amounts of information, hoping to hide something that may negatively affect the applicant's evaluation.¹⁵¹ A narrower standard of materiality would discourage this practice by encompassing only information that truly was important to patentability and thus, on average, reduce the amount of disclosure compared with a broader standard.

4. Providing Predictability to the Applicant

Courts normally apply the doctrine of inequitable conduct well after the PTO grants a patent application.¹⁵² Thus, at the time of prosecuting a patent application, an applicant likely has no knowledge of whether someone will accuse him or her of inequitable conduct. Accordingly, courts should give applicants more predictability regarding the future outcome of any inequitable conduct proceedings during prosecution. Additionally, the law should be sufficiently predictable so that the uncertainty of being charged with inequitable conduct does not deter applicants from filing applications in the first place.

In order to provide more predictability, a narrower standard of materiality is desirable. If an applicant knows what information courts will

900,000—a number expected to grow. If no changes in current procedure are made, an application filed today will not be *initially* examined for anywhere from two to 10 years (in the case of business patent methods).

Stephen Becker, *Patent Pileup: The Patent Office Can't Clear its Backlog by Shifting Work to Inventors*, LEGAL TIMES, Apr. 3, 2006, available at <http://www.mwe.com/info/pubs/LegalTimes040306.pdf>.

150. *Norton*, 433 F.2d at 794 (stating that the PTO is "necessarily limited in the time permitted to ascertain the facts necessary to adjudge the patentable merits of each application"); see also Nolan-Stevaux, *supra* note 5, at 156 (stating that "[a]lthough patent filings have increased, the number of examiners per thousand patents had decreased approximately twenty percent since around 1999").

151. See *Golden Valley Microwave Foods, Inc. v. Weaver Popcorn Co., Inc.*, 837 F. Supp. 1444, 1477 (N.D. Ind. 1992) (holding that an applicant cannot "disclose a pertinent prior art patent reference to the examiner in such a way as to 'bury' it or its disclosures in a series of disclosures of less relevant prior art references").

152. See *supra* note 38 and accompanying text (noting that infringement defendants raise inequitable conduct as a defense and, thus, it is not normally an issue until after a patent issues).

consider to be material, he or she can better predict what disclosure is necessary to avoid a future accusation of inequitable conduct. A narrower standard would provide an applicant with the ability to feel more secure in the type of information he or she discloses and, in turn, more secure about how each reference will affect the outcome of his or her patent application and the possibility of any future litigation.¹⁵³

Based on these policy considerations, one can see why the PTO and courts have adopted many variations of the materiality standard through the years—two of the major policy considerations favor a broader standard while the other two favor a narrower standard. Thus, to determine which standard is best, this Note explores a possible future change at the PTO that may significantly impact the materiality standard.

B. ADDITIONAL CONSIDERATIONS FROM ONE POSSIBLE FUTURE CHANGE AT THE PTO: PLACING THE DUTY OF SEARCHING PRIOR ART ON THE PATENT APPLICANT

In addition to considering the four general policies underlying inequitable conduct to determine the proper materiality standard, it is also important to understand the impact future changes at the PTO may have on the determination of materiality. It is true that a prospective analysis is not based on the current state of affairs; however, crafting a standard for materiality with the foresight of future PTO changes could provide long-term stability in an otherwise unstable doctrine.¹⁵⁴

A potential future change of particular interest is that the PTO may require an applicant to engage in a prior-art search and disclose the findings to the PTO examiner at the time of an initial patent application.¹⁵⁵ As stated before, the PTO currently does not require the applicant to disclose information of which he or she has no knowledge.¹⁵⁶ While it is unlikely that this procedural change will happen any time soon for *all* applications processed at the PTO, the PTO has already adopted a special type of

153. Certainty in the materiality of a disclosure may become even more pertinent in the future, as a cloud of uncertainty has begun to surround the intent element of inequitable conduct. See Reed, *supra* note 146, at 31 (noting how the Federal Circuit's decisions have increased uncertainty of the intent element of inequitable conduct).

154. See *supra* Part III.A–C (analyzing the past and present materiality standards of the doctrine of inequitable conduct).

155. See U.S. PATENT & TRADEMARK OFFICE, U.S. DEP'T OF COMMERCE, THE 21ST CENTURY STRATEGIC PLAN 10 (Feb. 3, 2003), available at http://www.uspto.gov/web/offices/com/strat21/stratplan_03feb2003.pdf (outlining a plan that will involve examiners having “greater reliance on qualified patent search[es]” and “reducing their prior art search responsibilities”); see also WIGGIN & DANA LLP, USPTO 21ST CENTURY STRATEGIC PLAN 4 (2002), http://www.wiggin.com/db30/cgi-bin/pubs/USPTO_21st_Century_Strategic_Plan.pdf (discussing the plan proposed by the PTO, in which “[t]he major feature . . . is that examiners will no longer conduct primary searches” and revealing how applicants will bear the burden of prior-art searches under the proposal).

156. See *supra* text accompanying notes 25–26 (describing how an applicant does not have to disclose unknown information, regardless of its materiality).

application—an accelerated-examination procedure—that requires an applicant to perform a prior-art search.¹⁵⁷ Thus, one must fully understand the change's impact, as it is likely that this special application could be an indication of the future general procedures for all applications filed at the PTO.¹⁵⁸

The importance of performing a prior-art search is even more significant because the procedural context for obtaining a patent through the PTO has recently been under a critical lens.¹⁵⁹ This criticism is partly because of an ever-increasing backlog of patent applications at the PTO.¹⁶⁰ As the number of patent applications filed per year has increased enormously, PTO examiners have been under increasing pressure to process more applications.¹⁶¹ While the PTO has attempted to hire more examiners to process the additional applications, the supply has not been able to meet the demand adequately.¹⁶² Because of these problems, the PTO has begun proposing and implementing changes to its examination procedures, including the adoption of the special accelerated-examination procedure through a form called a “petition to make special.”¹⁶³

1. Accelerated Examination in Twelve Months and Its Impact on Inequitable Conduct and Materiality Determinations

On June 26, 2006, the PTO announced a change that created an accelerated-examination procedure for general patent applications.¹⁶⁴ Previously, the PTO reviewed and examined applications in the order in

157. See Changes to Practice for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. 36,323 (June 26, 2006) (describing the new procedures for the special application form).

158. Interview by Nerac with Lucy Akers, Intellectual Property Advisor, Nerac (June 30, 2006) [hereinafter Akers Interview], available at <http://www.nerac.com/2006/06/30/will-there-be-a-requirement-to-file-patentability-search-results-with-every-patent-application/> (“In essence the outsourcing of patent research and the changes to the procedures for [the accelerated examination] seem to be providing the patent office with a practice (small-scale) run for eventual implementation of these (or very similar) procedures and requirements to all patent applications!”).

159. See Becker, *supra* note 149 (stating that, among other things, the PTO is “drowning in paperwork” and “the quality of [the PTO’s] examination is poor”).

160. Norton v. Curtiss, 433 F.2d 779, 794 (C.C.P.A. 1970); see also sources cited *supra* note 149 (discussing the empirical data associated with the PTO backlog and its ramifications).

161. Akers Interview, *supra* note 158 (noting that the PTO “is encumbered with a tremendous backlog of nearly a million pending patent applications”).

162. See John R. Allison & Emerson H. Tiller, *The Business Method Patent Myth*, 18 BERKELEY TECH. L.J. 987, 1065 (2003) (noting that “there have been dramatic increases in the number of patent applications in recent years, straining the PTO’s resources and resulting in longer average pendency times in all technology areas”).

163. Changes to Practice for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. 36,323 (June 26, 2006) (outlining the petition to make special as a device used to accelerate the patent-procurement procedure).

164. *Id.*

which applicants filed them.¹⁶⁵ The PTO, however, now allows applicants to file a “petition to make special” with an application, which allows the application to advance out of turn and be examined sooner.¹⁶⁶ Beginning on August 25, 2006, the PTO ensured that examination would occur within twelve months of an applicant’s special application filing date, as long as the applicant met certain additional requirements.¹⁶⁷ It is these additional requirements that may have an effect on the doctrine of inequitable conduct and the standard of materiality.

The new, accelerated-examination procedure requires that applicants file their invention applications and “petitions to make special” electronically, to direct their applications to single inventions only, and to interview with the examiners of their applications.¹⁶⁸ However, the critical component of the new procedure is how it greatly increases the burden on the applicant to disclose information.¹⁶⁹ Unlike the normal PTO application procedure, where applicants must disclose only information they knew about at the time of application, an applicant under the new procedure must conduct a thorough prior-art search and affirmatively state a good-faith belief that the prior-art search was completed properly.¹⁷⁰

A proper prior-art search under the new procedure requires applicants to search all prior art in U.S. patents and published applications, foreign patents, and non-patent literature.¹⁷¹ The applicant must direct the prior-art search at the actual invention claimed and search within the invention’s specific field of art.¹⁷² Moreover, the applicant must specifically disclose each prior-art reference that is closely related to the claims of his or her invention and affirmatively show where the prior-art references disclose any elements claimed in the invention.¹⁷³ Then, the applicant must give a detailed

165. MPEP, *supra* note 137, § 708.02(a).

166. *Id.* § 708.02.

167. See U.S. PATENT & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, REVISED ACCELERATED EXAMINATION PROGRAM AND PETITION TO MAKE SPECIAL PROCEDURES, http://www.uspto.gov/web/offices/pac/dapp/opla/presentation/accelerated_exam.html (last visited Mar. 24, 2008) [hereinafter PTO PROGRAM AND PETITION] (“In order to meet the 12-month goal, an applicant will be required to provide additional information with the petition for [accelerated examination], and comply with revised procedures throughout the examination process, to assist the examiner in expeditiously arriving at a final disposition.”).

168. *Id.*

169. See *id.* (noting that the PTO now requires applicants to engage in prior-art searches, increasing their disclosure burden).

170. See *id.* (detailing that the filing requirements include a “statement that a pre-examination search was conducted” and an “accelerated examination support document,” which details the findings of the search).

171. Changes to Practice for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. 36,323, 36,324–25 (June 26, 2006).

172. PTO PROGRAM AND PETITION, *supra* note 167.

173. Changes to Practices for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. at 36,325.

explanation of how his or her invention still is patentable in light of the prior-art references.¹⁷⁴

As mentioned previously, the current application process does not require an applicant to disclose information if he or she is not aware of it.¹⁷⁵ Because presently there is no duty to conduct a prior-art search, an applicant's current duty to disclose does not encompass all prior art; therefore, a court cannot find inequitable conduct if the applicant did not know about or disclose pieces of prior art, even if they are material.¹⁷⁶ However, if an applicant files a new accelerated-examination application, he or she will be responsible for disclosing *any* material information, whether the applicant knew about it or not, because the PTO requires the applicant to conduct a prior-art search in this procedure.¹⁷⁷ This requirement greatly increases the burden on the applicant, and a court could find an applicant who does not adequately disclose material information guilty of inequitable conduct. As the amount and type of information that an applicant must disclose increases, and as the applicant reviews documents in a prior-art search, the applicant will focus on the standard of materiality more frequently to determine what he or she should disclose. This is especially true when an applicant must evaluate information and documents discovered in a prior-art search that the applicant has never seen before.

Applying these premises to our hypothetical situation demonstrates the implications of this new accelerated-examination procedure and how its requirement of a prior-art search impacts an applicant's disclosures. When Brad applied for his dog-leash patent, he would have had to file a petition to make special along with the application if he desired to receive a patent within twelve months. Assuming he did this, he then would have to engage in a search of all existing patents, foreign patents, and publications that had some relevance to his dog-leash invention. In addition, he would have to disclose any information that would be relevant to his patent application (including things like Anne's drawings and the magazine article) and adequately explain how his invention is patentable even in light of that information. This task would not only be extremely burdensome and time consuming but would also likely require the assistance of an attorney or expert in the field of patent prior-art searches. Moreover, the searching of documents of which one has no prior knowledge inevitably would create a situation where one could miss relevant documents, leaving applicants like

174. *Id.*

175. *See supra* note 26 and accompanying text (describing how an applicant does not have to disclose unknown information to the PTO, regardless of its materiality).

176. *See Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1362 (Fed. Cir. 1984) (finding that "an applicant for patent . . . has no duty to conduct a prior art search" nor an obligation to disclose information of which "he reasonably should be aware").

177. Changes to Practice for Petitions in Patent Applications to Make Special and for Accelerated Examination, 71 Fed. Reg. at 36,324-25.

Brad with a constant fear of not disclosing all material information, which could render his patent unenforceable. In light of this heavy burden, the standard of materiality for those documents under the doctrine of inequitable conduct should be crafted carefully to take into consideration the prior-art-search requirement of the accelerated-examination procedure, if this same requirement becomes a general PTO procedure.

V. PROPOSED SUGGESTIONS TO CLARIFY THE MATERIALITY STANDARDS OF INEQUITABLE CONDUCT

In light of the policy considerations and possible PTO changes that would place the burden of a prior-art search on the applicant, this Note suggests that the Federal Circuit should reject the multifaceted test applied in *Digital Control* and instead apply only the narrower standard currently embodied in the PTO's amended duty-to-disclose rule—the “prima facie/inconsistent” standard. This standard best conforms to several policy goals that drive the inequitable conduct doctrine while still being the most adaptable and appropriate standard if the PTO adopts an accelerated-examination procedure for its general applications. Yet, because this standard does not advance every policy consideration, courts should employ other judicial elements along with this standard in order to administer the doctrine of inequitable conduct effectively.

Before setting forth the justifications for use of the “prima facie/inconsistent” standard, one should observe that no approach will perfectly set out the requirements for disclosure as precisely and uniformly as possible.¹⁷⁸ Because each patent examination is based on the unique, and supposedly novel, concepts incorporated within the patent application, it is inherent in the examination process that the PTO must examine an application on a “case-by-case basis.”¹⁷⁹ Any attempt to develop a precise system to determine materiality certainly would produce both an overinclusive and underinclusive result.

A. REJECTION OF THE MULTIFACETED APPROACH TO MATERIALITY

The multifaceted approach that the Federal Circuit currently employs to determine materiality has several flaws and negative side effects. These flaws, discussed below, make it clear that continued application of this

178. See Goldman, *supra* note 1, at 88 (“As for uniformity, . . . the facts that present themselves in inequitable conduct cases are so diverse and so dependent on the reactions of the triers of fact to the witnesses and documents presented at trial, that true uniformity is simply not possible.”).

179. Stephen G. Kunin et al., *Reach-Through Claims in the Age of Biotechnology*, 51 AM. U. L. REV. 609, 620 (2002) (“Determining compliance with the statutory requirements for patentability cannot be accomplished by applying *per se* rules. It is always done on a case-by-case basis.”).

multifaceted approach will lead to more problems than solutions within the inequitable conduct doctrine.

1. The Multifaceted Approach Does Not Offer Predictability to a Patent Applicant

The Federal Circuit's approval of the use of any of the materiality standards in *Digital Control* leads to more confusion than clarity when applying the doctrine of inequitable conduct. While the court may have been trying to harmonize past cases that approved of multiple standards,¹⁸⁰ the court neglected to address adequately the fact that it previously had held that courts should only employ certain standards based on the issuance date of the patent.¹⁸¹ These previous holdings based the judicial materiality standard on the relevant PTO standard because it offered the courts a clear guide to determine if an applicant deserved patent protection in the first place.¹⁸² An applicant would deserve continued patent rights if he or she attempted to follow the PTO's policies at the time the PTO processed his or her application. Thus, if an applicant prosecuted his or her patent after the 1992 amendment, the applicant should be able to conclude, based on the court's previous holdings, that he or she is free of inequitable conduct violations as long as his or her disclosure met the narrower "prima facie/inconsistent" standard.

Under this assumption and after disclosing all information that met that standard, an applicant likely would not further disclose information that would be material under the broader "reasonable examiner" standard, if the applicant was prosecuting a patent after 1992. Therefore, holding an applicant to a different standard after the fact would be unfair and inequitable itself and this would offer little to no predictability for applicants. Yet, after *Digital Control*, the court seemed to ignore that concern and sent a message to applicants that a court may hold them accountable under a broader standard, even if they had attempted to comply with the

180. See *Digital Control, Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1318–20 (Fed. Cir. 2006) (citing other cases that openly discussed the previous four tests of materiality).

181. See, e.g., *Purdue Pharma L.P. v. Endo Pharms., Inc.*, 438 F.3d 1123, 1129 (Fed. Cir. 2006) (stating that the court has "consistently referred to the standard set forth" by the PTO and applied a standard based on the date of prosecution); *Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.*, 394 F.3d 1348, 1352–53 (Fed. Cir. 2005) (same); *J.P. Stevens & Co. v. Lex Tex Ltd., Inc.*, 747 F.2d 1553, 1559 (Fed. Cir. 1984) (stating that "[t]he PTO standard is the appropriate starting point" for the determination of materiality).

182. See *Critikon, Inc. v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1257 (Fed. Cir. 1997) (stating that the court is justified in applying the current PTO standard because "applicants will continue to submit information for consideration by the [PTO] in applications rather than making and relying on their own determinations of materiality").

governing PTO standard when prosecuting their patents.¹⁸³ The court justified its holding by stating that the level of intent required to find inequitable conduct would vary based on the materiality standard that the court chose to employ; however, it did not provide a practical explanation as to how courts are to engage in that analysis.¹⁸⁴ Moreover, the cases since *Digital Control* have not applied its approach consistently or structured their intent analysis in light of their chosen materiality standard.¹⁸⁵ Thus, a future infringement defendant who is trying to determine whether to raise an inequitable conduct defense likely will engage in a guessing game as to what standard of materiality (and, in turn, standard of intent) a court will use to determine inequitable conduct. Further, defendants who are economically sound and not risk adverse will likely always raise a claim of inequitable conduct, continuing the cycle of overuse of the defense.¹⁸⁶

2. The Multifaceted Approach Wastes Applicant and Judicial Resources

In addition to causing confusion for applicants, the multifaceted standard also wastes considerable resources for both the applicant and the judiciary. In *Digital Control*, the plaintiff defended himself on the ground that his conduct had not reached the threshold of a more objective standard such as the “prima facie/inconsistent” standard, yet the court applied a completely different and broader standard in its analysis—the “reasonable examiner” standard.¹⁸⁷ This ruling suggests that attorneys and patent owners must be prepared to argue and defend inequitable conduct claims under any one of the standards because a court can choose any standard in any given case. In addition, a multifaceted approach could cause applicants to seek appeals more often on the basis that a court should have applied a different standard, which, in turn, would increase the number of cases involving inequitable conduct.¹⁸⁸ At the very least, the uncertainty of the multifaceted approach means that patent owners are likely to ensure that their actions, at a minimum, meet the broadest standard, which will take more time and resources to show during the prosecution stage and in future litigation.

183. See *supra* note 99 and accompanying text (discussing the Federal Circuit’s application of the “reasonable examiner” standard in *Digital Control* even though the patents had been issued after the PTO’s 1992 amendment to the “prima facie/inconsistent” standard).

184. *Digital Control*, 437 F.3d at 1316.

185. See *supra* notes 102–07 and accompanying text (examining several Federal Circuit and lower court cases since *Digital Control*).

186. See *supra* note 116 and accompanying text (discussing the overuse of the defense of inequitable conduct and that the courts viewed its overuse as a “plague”).

187. *Digital Control*, 437 F.3d at 1318.

188. Cf. *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988) (revealing how, through the years, the use of the inequitable conduct defense has arisen “in almost every major patent case”).

3. The Multifaceted Approach Induces Forum Shopping Between Lower Courts

By allowing a court to determine what standard of materiality it will apply, the Federal Circuit is creating a system that may be prone to forum shopping. While a multifaceted approach would not require a court to apply one certain standard, each circuit inevitably will tend to apply one or two standards on a more regular basis. As the district courts in that circuit become more familiar with the standard the circuit regularly applies, a “favored” standard will emerge in the case law. This standard will build momentum in the circuit as judges look to previous rulings to guide their decisions. Although applying other standards would still be a legal option for the lower courts, it may not be a realistic option as one standard becomes dominant among the rest. This likely will create a divide in the federal court system, with certain circuits following the broader standards and other ones following the narrower standards. Consequently, when a dispute arises about the materiality standard the lower district courts use, the losing party’s recourse is to appeal to the Federal Circuit, which likely will give deference to the lower court’s materiality standard because of its multifaceted approach.¹⁸⁹

The result of such a split will be that any party to a suit where questions of inequitable conduct may arise can “shop” for the circuit with the best standard. Yet, shopping for the best law is a practice that the U.S. court system has continually tried to prevent throughout the years.¹⁹⁰ Multiple materiality standards go against efforts to avoid forum shopping. Moreover, one of the purposes in creating the Federal Circuit was to “end forum-shopping by litigants for circuits” with varying views on the doctrines of patent law.¹⁹¹ Because circuits had varying views on patent law, “intense

189. See *supra* note 99 and accompanying text (describing how the court in *Digital Control* deferred to the district court’s application of the “reasonable examiner” standard); see also *Impax Labs., Inc. v. Aventis Pharms. Inc.*, 468 F.3d 1366, 1375 (Fed. Cir. 2006) (reviewing the “district court’s ultimate decision on a claim of inequitable conduct for an abuse of discretion and its threshold findings on materiality and intent for clear error”).

190. See *Erie R.R. v. Tompkins*, 304 U.S. 64, 73–74 (1938) (stating that a doctrine that allowed federal courts to have different substantive law than state courts in the same jurisdiction had “political and social” defects, as it would be unfair to allow a party to bring a suit in federal court simply to gain better law).

191. Goldman, *supra* note 1, at 67; see also Sward & Page, *supra* note 51, at 387–88 (stating that the Federal Circuit was created because “there was considerable variation in the [regional] courts’ interpretation of the patent law” which eventually “led to forum shopping”). Congress created the Federal Circuit to answer a “need for uniformity” in patent law, and “[i]t is clear . . . that the decisions concerning inequitable conduct were . . . disparate from circuit to circuit and even within the circuits.” Goldman, *supra* note 1, at 67–68. “By reducing from twelve to one the number of circuits trying to elucidate a standard of inequitable conduct, the Federal Circuit instantly brought more uniformity to the law.” *Id.*

litigation over the choice of forum” surrounded many patent cases before the Federal Circuit existed, and the court was created to unify the circuits.¹⁹²

For plaintiffs like Brad in our hypothetical who may know, or at least may be suspicious, that an infringement defendant like Chelsea will present an inequitable conduct defense, bringing suit in another jurisdiction where the circuit has applied a narrower standard of materiality would offer many advantages during trial. Moreover, plaintiffs who are nationwide industries may have little difficulty bringing these cases in circuits with a favorable materiality standard, while more restricted plaintiffs in cases with similar fact patterns may have to accept the standard of materiality in their own circuits. In some cases, this may mean the difference between the court finding a patent enforceable or unenforceable.

4. Congressional Action Supports One Standard, Not a Multifaceted Approach

Apart from creating uncertainty in the doctrine of inequitable conduct or creating a system where an actor may be able to choose a different circuit to obtain more favorable results, the multifaceted standard goes against Congress’s intent as revealed in its legislative proposals. As discussed above, Congress aimed the proposed Patent Reform Acts of 2005 and 2006 at reducing uncertainties for patent applicants.¹⁹³ Each proposal requires that, before a court upholds a claim of inequitable conduct, the court must also find a claim of the patent invalid (and thus the patent should not have passed the PTO examination in the first place).¹⁹⁴ Thus, Congress provided that having an invalid claim was an essential part of an inequitable conduct finding. Congress did not endorse an analysis that allowed for multiple standards of materiality, as did the *Digital Control* court. The pattern of these recent consecutive proposals reveals Congress’s intention to make inequitable conduct a more concrete analysis and to reduce the number of inequitable conduct claims that arise.¹⁹⁵ This intention does not support a multifaceted test for materiality under the doctrine of inequitable conduct.

192. Sward & Page, *supra* note 51, at 387.

193. See *supra* Parts III.D.1–2 (describing how each bill would have reduced the subjective components of materiality in inequitable conduct and brought more certainty to the patent process).

194. Patent Reform Act of 2006, S. 3818, 109th Cong. § 5 (2006) (amending § 282 of chapter 29 of title 35); Patent Reform Act of 2005, H.R. 2795, 109th Cong. § 5 (2005) (adding § 136(d)(2) to chapter 12 of title 35).

195. See *supra* note 116 and accompanying text (discussing how the purpose of the 2005 bill was to reduce “frequent charges of inequitable conduct” in the patent system).

B. ADOPTION OF THE "PRIMA FACIE/INCONSISTENT" STANDARD TO DETERMINE MATERIALITY

In light of the policy considerations and the impact an applicant-based prior-art search may have on inequitable conduct, the "prima facie/inconsistent" standard the PTO has adopted would offer the courts the best analytical structure under which to determine materiality. This standard addresses the above shortcomings of the multifaceted approach. The standard is more predictable, preserves judicial resources by focusing an applicant's disclosure on the quality of references instead of on the quantity of references, and discourages forum shopping for patent infringement suits in which the defense of inequitable conduct may arise. Moreover, this standard also would be the best standard to have in place when and if the applicant's burden increases to include a prior-art search similar to the present search requirements for accelerated examinations.¹⁹⁶

Further, besides addressing the general policy considerations of inequitable conduct, the "prima facie/inconsistent" standard is the first standard to address one of the major difficulties in setting a proper materiality standard during litigation—how to understand the applicant's actions from the prosecution period when that period has long passed. The "prima facie/inconsistent" standard adopts the perspective from the prosecution (front-end) viewpoint instead of a litigation (back-end) viewpoint. The objective but-for standard employs this back-end viewpoint, even though the standard is supposed to consider an applicant's actions during prosecution while engaged in a subsequent litigation setting. The "prima facie/inconsistent" standard does this by looking at whether—at the *time of prosecuting* a patent—certain information or prior art would be inconsistent with the "position the applicant takes in: (i) [o]pposing an argument of unpatentability . . . , or (ii) [a]sserting an argument of patentability."¹⁹⁷ This front-end viewpoint may avoid the risk of hindsight that the other standards, which ask whether an examiner *would have or may have* thought something was important, could inherently contain in their analysis. Thus, this front-end viewpoint is preferable because it addresses the applicant's behavior at the time of prosecuting a patent instead of, for example, focusing on whether a court ultimately deems a claim invalid later.

While some may view the "prima facie/inconsistent" standard as insufficient to punish a "bad" applicant who subsequently receives a patent, courts can address this policy consideration more adequately with other judicial measures.¹⁹⁸ Thus, this Note suggests that the Federal Circuit should

196. See *infra* Part V.B.2 (discussing a possible future change at the PTO that would require applicants to engage in prior-art searches).

197. 37 C.F.R. § 1.56(b)(2)(i)–(ii) (2004).

198. See *infra* notes 205–10 and accompanying text (discussing various judicial measures that courts could adopt to help deter "bad" applicants).

adopt the “prima facie/inconsistent” standard for any materiality question, regardless of whether the patent was prosecuted before or after 1992.¹⁹⁹

1. The “Prima Facie/Inconsistent” Standard Meets
the Policy Considerations of Inequitable Conduct and Addresses
the Shortcomings of the Multifaceted Approach

The “prima facie/inconsistent” standard, which finds inequitable conduct when non-disclosed information creates a prima facie case of unpatentability or is inconsistent with a position taken by the PTO,²⁰⁰ encourages applicants to disclose quality information that more adequately inform an examiner. While the “prima facie/inconsistent” standard is a narrow standard, it is not as narrow as the objective but-for standard of the past. Because the “prima facie/inconsistent” standard covers information that may show prima-facie unpatentability but, for some reason, does not make an invention unpatentable after adjudication in the legal system, it supplies more adequate information to the examiner than an objective but-for standard. The examiner would receive only references that could substantially affect the outcome of the prosecution, instead of any type of references that the applicant deemed important. Thus, this *concentrated disclosure* more adequately addresses the concerns at the heart of the patent system and therefore at the heart of inequitable conduct—whether someone should receive patent protection for an invention.

In addition, this “prima facie/inconsistent” standard does not compel an applicant to disclose every reference that possibly could be relevant, which could overwhelm an examiner. Because the standard covers less information than the broader “reasonable examiner” standard, applicants are less likely to try to protect themselves by sending in large amounts of information that only have a slight chance of influencing the outcome. This would ultimately ensure a more predictable process and avoid wasting an applicant’s resources unless the examiner clearly needs more information. In addition, an applicant who did send in massive amounts of information under this narrower standard would raise red flags that he or she was

199. Adopting this “prima facie/inconsistent” standard for all patents regardless of when they were prosecuted would not be unfair to applicants. If applicants prosecuted their patents before the 1992 amendment, a court would give them the benefit of a narrower materiality standard than the PTO required when they prosecuted their patents (as the PTO required the “reasonable examiner” standard at that time). Moreover, adoption of the narrower standard would not substantially harm society or the patent system because most applicants who prosecuted their patents pre-1992 would have attempted to abide by the broader standard, disclosing more information for examination than necessary under the “prima facie/inconsistent” standard. The adoption of one standard would also help stabilize this area of patent law and effectuate a more consistent analysis for inequitable conduct as, over the next few years, the number of unexpired patents brought into court that were prosecuted before 1992 will shrink to zero.

200. 37 C.F.R. § 1.56(b) (2006).

attempting to “bury” the PTO examiner in order to have the examiner miss an important reference. Thus, when the PTO receives a large amount of information, it would be alerted to the possibility of less-than-good-faith efforts to supply material information.

The “prima facie/inconsistent” standard also supports the policy consideration of offering applicants predictability, as it is tailored to give applicants a solid understanding of what constitutes material information.²⁰¹ In fact, the courts have found that the PTO created the new “prima facie/inconsistent” standard in order to respond to “criticism concerning a perceived lack of certainty” under the older standard.²⁰² The “prima facie/inconsistent” standard does not involve a question of what some hypothetical examiner would have found important, which would be hard for an applicant to predict before the actual examiner had fully understood the application in light of his own prior-art search and before the PTO grants the application. Instead, this standard looks at the position taken by the actual examiner and whether the patent claims would be prima facie invalid. This offers a more concrete evaluation of materiality to the applicant, and, in turn, applicants would not have to be as concerned that many future defendants would allege they engaged in inequitable conduct. Moreover, Congress structured its proposals regarding inequitable conduct toward a concisely defined standard like the “prima facie/inconsistent” standard to help reduce the increasing number of inequitable conduct claims which arise, in part, because of a lack of clarity with the materiality standard. In addition, the adoption of one specific standard by the Federal Circuit would negate forum shopping, since a party would face the same standard in any jurisdiction because each circuit would follow the Federal Circuit’s standard.

While adoption of the “prima facie/inconsistent” standard supports predictability and quality disclosure without overwhelming an examiner, the standard may still cause some concern for the patent system. The policy of punishing “bad” applicants may be adversely affected, as this standard covers a narrower range of prior art and, thus, a “bad” applicant may get away with nondisclosure of certain semi-important information. Yet, while punishment is one of the main objectives of inequitable conduct, the desire to punish misbehaving applicants comes from the fact that the PTO leaves the ability to affect the outcome of the prosecution in an applicant’s hands.²⁰³ Under

201. See Reed, *supra* note 146, at 41 (noting the problem that proposed rules at the PTO would increase the “likelihood that material information is unintentionally withheld from an examiner”).

202. Duty of Disclosure, 57 Fed. Reg. 2021, 2023 (Jan. 17, 1992).

203. See Rene D. Tegtmeyer, *Evolution and Future of New Rule 56 and the Duty of Candor: A Refocusing on Inequitable Conduct in New Rule 56*, 20 AIPLA Q.J. 191, 192 (1992) (stating that the PTO’s new rules “preserve the benefits of the Duty of Disclosure to the examining process and the credibility of the patent system”).

the ex parte system, the PTO asks applicants to disclose information they believe could be relevant to the prosecution—in essence, the government gives applicants an uncheckable power. This is the power to influence the outcome of the patent prosecution and the examiner’s examination—the power to help determine if the PTO grants a patent right without being “checked” by any other interested parties.²⁰⁴ The duty of “clean hands” comes from the fact that an applicant has this uncheckable power. Thus, the rationale behind the policy of punishing misconduct stems from the fact that the government is going to grant a powerful patent right during prosecution, not from a desire to require a specific type of information disclosure. Therefore, tailoring the standards of inequitable conduct, like materiality, to the policy rationale of punishing the applicant would be similar to treating the symptoms instead of the underlying disease.

Instead of using the materiality standards to guarantee that courts punish all “bad” applicants (through a broader standard), courts should adopt other judicial devices to strengthen the punishment after inequitable conduct occurs. Currently, “[t]he most common effect of a finding of inequitable conduct is to render a patent unenforceable.”²⁰⁵ Courts have experimented with several other remedies but have not applied any on a consistent basis.²⁰⁶ In addition, the most recent Patent Reform Act has proposed the use of alternative remedies for findings of inequitable conduct, but these proposals have not yet been approved.²⁰⁷ This Note suggests that courts should begin to utilize these other measures more often in order to strengthen the force of an inequitable conduct finding against “bad” applicants. For example, courts could invoke the remedy of barring the applicant (or the attorney) from prosecuting patents at the PTO if found guilty of blatantly engaging in inequitable conduct.²⁰⁸ If courts frequently imposed this penalty, applicants would be more likely to disclose information that they knew could be relevant but did not believe would get them into trouble under a narrower standard if they did not disclose it.

204. This “unchecked” power comes from the patent system’s ex parte nature. Other areas of law that use ex parte proceedings also struggle with this power. *Cf.* *United States v. Remington*, 208 F.2d 567, 573 (2d Cir. 1953) (Hand, J., dissenting) (discussing that, in the context of a grand-jury proceeding, “[s]ave for torture, it would be hard to find a more effective tool of tyranny than the power of unlimited and unchecked ex parte examination”); James E. Moliterno, *The Administrative Judiciary’s Independence Myth*, 41 WAKE FOREST L. REV. 1191, 1201 (2006) (explaining that, in the context of ex parte proceedings in litigation, “ex parte communications . . . allow[] one party access to the decisionmaker in the absence of others” and noting that “[a] judge so exposed to the unchecked arguments of one party experiences a threat to the judge’s impartiality”).

205. Pruitt, *supra* note 4, at 473.

206. See CHISUM, *supra* note 29, § 19.03[6], at 19-353 (listing unenforceability, cancellation, attorney’s fees, antitrust damages, securities fraud damages, recovery of prior royalties, and disciplinary actions against attorneys practicing before the PTO as types of available damages).

207. Patent Reform Act of 2007, H.R. 1908, 110th Cong. § 12(c) (3) (2007).

208. CHISUM, *supra* note 29, § 19.03[6][j], at 19-405.

Another solution some authorities propose is for courts to apply disgorgement remedies for findings of inequitable conduct.²⁰⁹ Because patent holders often receive “ill-gotten gains . . . through sales or licensing royalties,” it would be more effective to take away those profits after a court has found inequitable conduct.²¹⁰ Thus, disgorgement remedies would punish applicants who omit or misrepresent information to the PTO by taking away any profits gained from the issued patent, in addition to making the patent unenforceable. This kind of restitution-like punishment would be an additional factor that would keep applicants from avoiding disclosure—most applicants would not seek to swindle the PTO if they knew that, if they were caught, they would gain nothing from their ill-gotten patents and have their investments hollowed out.

Because the goal of the punishment policy is designed to *react* to wrongful actions of applicants (by punishing “bad” applicants who engage in inequitable conduct) instead of *encourage* proper examinations and disclosures *from the beginning*—which is the intent of the other policy goals—it makes sense to treat the influence of the punishment policy on the materiality standard in a different light. The use of these additional judicial measures to ensure this policy goal is met (instead of adjusting the materiality standard) reflects this difference. By imposing consequences on “bad” applicants instead of adjusting the materiality standard for all applicants before they file their applications, these judicial measures of punishment, coupled with the narrower “prima facie/inconsistent” standard, would be a less paternalistic and more proactive way of encouraging applicants to submit the proper information so that the examiners can make informed patentability decisions.

2. The “Prima Facie/Inconsistent” Standard Is the Best Standard Under a System That Imposes a Duty on the Applicant to Conduct a Prior-Art Search

It is important to consider how a court would use the chosen standard of materiality in the context of the new PTO accelerated-examination proceedings, as the court’s use would be analogous to understanding how the PTO or a court would use the standard of materiality if the PTO ever requires an applicant to perform a prior-art search as a general procedure. Under the new PTO procedure, an applicant will disclose a greater number of prior-art references and information to the examiner.²¹¹ Thus, the applicant’s disclosure responsibility will increase significantly and the applicant will become more attentive to the standard of materiality. At the

209. See Pruitt, *supra* note 4, at 474–80 (discussing how courts use disgorgement as a judicial device in securities violations and copyright and trademark law).

210. *Id.* at 468.

211. See PTO PROGRAM AND PETITION, *supra* note 167 (describing how applicants will have a larger disclosure burden as the PTO requires them to engage in a prior-art search).

same time, the examiner will not be engaging in a substantial search of the prior art, relying instead on what the applicant submits to him.²¹² Thus, while a materiality standard that encourages applicants to disclose more information may not overwhelm examiners under the accelerated-examination procedure as much as under the current PTO examination procedures, such a standard would increase the applicant's temptation to bury information in his larger disclosure list. Moreover, because the examiner did not perform a prior-art search, the applicant's disclosed information is the only information the examiner can use to evaluate the invention in the context of what he already knows about the relevant prior art. In light of these issues, defendants in almost every infringement suit would find it easier to meet any broader materiality standard based on whether an examiner "could have relied" in almost every infringement suit. A defendant likely would raise the defense of inequitable conduct in every patent-infringement case if the Federal Circuit uses a broader standard. Therefore, the narrower standard of the "prima facie/inconsistent" standard would tailor the use of the inequitable conduct doctrine to situations where a reference would reveal a justified argument of unpatentability or where the non-disclosure would be inconsistent with beliefs the examiner relied upon.

It should be noted that applying a narrower standard likely would cause an applicant to disclose less information to an examiner, which may cause concern if a patent is issued and the examiner does not himself engage in a prior-art search. However, unlike the narrower standard previously used (the objective but-for standard), the "prima facie/inconsistent" standard encompasses any information that could create prima facie unpatentability or be inconsistent with a position an examiner relied upon.²¹³ This requirement should encompass more information than the previous narrower standards because a finding of prima facie unpatentability or inconsistency would not always mean that the claim is invalid (as required in the objective but-for analysis).

Moreover, the "prima facie/inconsistent" standard would also force applicants to consider thoroughly what pieces of information they would withhold. While this standard may cause examiners to be less informed, it compels applicants to take responsibility for their actions and disclosures to the dependent examiners. It would require applicants to think through their positions during prosecution to determine if any withheld information would be inconsistent with that position. Thus, the applicants would be engaging in their own examinations before the examiners receive their applications and disclosures. This additional level of examination should

212. See Akers Interview, *supra* note 158 (noting that having the applicant conduct a prior-art search is meant to help the backlog at the PTO "by reducing the amount of examiner time spent on searching and increasing the amount of time spent on patent examination").

213. 37 C.F.R. § 1.56(b) (2006).

relieve the risk that the lesser amount of information disclosed to an examiner under the narrower standard could have an adverse affect on the patentability of the invention application. Moreover, when the defense of inequitable conduct arises, an applicant who did not disclose a piece of information to the examiner because of the narrower standard would have to justify his choice of non-disclosure by referencing his prior investigation into patentability during prosecution.

In addition to the effect on the amount of disclosure under different materiality standards, any procedure where an applicant conducts his own prior-art search would reveal an increased need to offer predictability to the applicant. Under the new standard, the applicant, as the primary searcher of prior art, would need a more concrete standard of what would be material. An applicant, unlike an examiner, likely does not have daily experience in determining what is and is not material.²¹⁴ Even if an applicant were able to hire an organization that had more experience with materiality determinations (such as a law firm), the organization still would need predictability to assess the costs of a search or the probability that a given search would miss a material reference. Coupling this need for an increased amount of predictability with the costs associated with the increased burden to gather the prior-art and references further demonstrates the need for a narrower standard of inequitable conduct. The “prima facie/inconsistent” standard offers this predictability by restraining the reach of the inequitable conduct doctrine only to information that substantially would show unpatentability or would be inconsistent with a position that the examiner actually relied upon.²¹⁵ Therefore, an applicant or a firm conducting a prior-art search would feel more secure when determining which information to disclose to the PTO.

For the reasons stated above, the adoption of the “prima facie/inconsistent” standard would be the best standard for determining whether Brad engaged in inequitable conduct in our hypothetical. Under this standard, Brad would be able to predict, at the time he receives his patent, that any non-disclosure that would be inconsistent with the examiner’s position or show prima facie unpatentability may mean that he has engaged in inequitable conduct. Therefore, when he chooses not to disclose Anne’s drawings, he likely would have to have some justification that her drawings did not meet these two elements. Moreover, if the PTO required Brad to conduct a prior-art search, as the PTO requires under the accelerated-examination procedure, he may feel more secure in his disclosures and the costs associated with the search under the “prima

214. Cf. MPEP, *supra* note 137, § 2004.10 (stating “[w]hen in doubt, it is desirable and safest to submit information” because the examiner is in the best position to answer questions of relevancy in close cases (internal citations omitted)).

215. 37 C.F.R. § 1.56(b) (2006).

facie/inconsistent” standard if he had truly evaluated each possible reference for its compliance with the standard. If, in the litigation with Chelsea, a court discovers that Anne’s drawings did meet the elements of the “prima facie/inconsistent” standard, then Chelsea would have a valid defense of inequitable conduct without proving the narrow requirement that one of Brad’s claims was invalid, as she would have had to prove under an objective but-for standard. In addition, because Brad had knowledge of Anne’s drawings (or if he had also found Anne’s drawings in a possible prior-art search), he would have to show his rationale for not disclosing the drawings under the “prima facie/inconsistent” standard in order to avoid a finding of inequitable conduct.

VI. CONCLUSION

The standard for materiality under the doctrine of inequitable conduct has undergone much variation throughout the years. Yet, the most recent variation, the multifaceted test that the Federal Circuit adopted in *Digital Control*, creates vast uncertainty for future applicants when they prosecute patents at the PTO and when they consider how their present conduct and disclosures may affect future litigation. Moreover, the *Digital Control* test likely will use more applicant and judicial resources in the process of determining inequitable conduct. A multifaceted approach also will create a federal court system that is ripe for allowing parties to forum shop for the most favorable standard of materiality.

The policy goals of inequitable conduct, coupled with the possibility that applicants will experience increased burdens from searches of prior art, reveal the need for a more concrete standard of materiality. The “prima facie/inconsistent” standard meets this need because it offers a more tailored, narrower standard, while still approaching the problem from the front end of prosecution instead of looking back at whether a reference would have ultimately made a difference to the patentability of a claim. The Federal Circuit should adopt this new PTO standard to align the inequitable conduct doctrine in the court system with the policy goals of inequitable conduct, Congress’s intent, and possible future PTO application procedures where an applicant must disclose more examination information from a prior-art search.