

Keywords: Inequitable conduct; declaration; summary judgment; declaratory judgment; enablement; collateral estoppel

General: Affidavit submitted by declaratory defendant raised factual issues, concerning truth of certain representations made to U.S. Patent and Trademark Office during prosecution of patents in suit, that precluded summary judgment holding defendant's patents unenforceable for inequitable conduct.

Monsanto Co. v. Bayer Bioscience N.V.
70 U.S.P.Q.2d 1257 (Fed. Cir. 2004)
Decided March 30, 2004

I. Facts

Monsanto filed an action for declaratory judgment that its transgenic corn products did not infringe four related Bayer patents, which claimed a variety of methods and products associated with inserting bacterial DNA into plants to give the plants resistance to certain insects. Monsanto further alleged that the four patents were unenforceable and invalid. Bayer counterclaimed that Monsanto infringed claims in each of the four patents.

In the district court, Monsanto filed motions for summary judgment of unenforceability, invalidity, and non-infringement. Specifically, Monsanto asserted that the four patents should be held unenforceable because of alleged inequitable conduct during prosecution of the parent application, which led to issuance of the four related patents. Specifically, Monsanto asserted that, during prosecution, Bayer overcame a rejection by submitting a declaration in which Stefan Jansens attested that *any* Bt gene could be expressed in generally *any plant* to provide an *insect controlling amount* of its encoded Bt polypeptide toxin. Monsanto further stressed that the declarant, Stefan Jansens, was aware of test results that were *inconsistent* with his declaration, and that the declarant intentionally withheld those test results from the PTO.

In response to these allegations, Bayer submitted an affidavit in which Stefan Jansens asserted that the foregoing test results were inconclusive. Jansens further asserted that, although some of these omitted tests failed to conclusively show *lethal* levels of toxins, the test results *at least showed growth inhibition* of the target insects. In Jansens' opinion, these tests were consistent with his declaration filed during prosecution of the parent application.

Despite Jansen's affidavit, the district court held that the omitted test results rendered Jansens' previous PTO declaration *false and misleading*. The district court also found that these omitted test results were *material* and would have been highly important to a reasonable Examiner, and the test results were so plainly material to infer intent to deceive the PTO. Accordingly, the district court held that the four patents were unenforceable due to inequitable conduct.

II. Issues

What is necessary to overcome a motion for summary judgment pertaining to a holding of unenforceability for inequitable conduct?

III. Discussion

A patent is unenforceable for inequitable conduct if a court finds, by clear and convincing evidence, that the applicant *omitted or misrepresented material facts* with the *intent to mislead or deceive* the patent examiner.

The instant court cited *Anderson v. Liberty Lobby*, which stated that “evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor.” In the present case, Jansens’ affidavit provided a detailed explanation as to why the test results were not submitted, and why they were believed to be consistent with the PTO declaration. Monsanto argued that Jansens’ affidavit was inconsistent with his deposition testimony during which Jansens failed to explain why he did not submit the omitted test results. Instead of believing Jansens’ affidavit and drawing favorable inferences, the district court sided with Monsanto and discounted or rejected Jansens’ affidavit.

In addition to the *Anderson* case, the instant court cited *Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*, stating that “in looking to the record for evidence of a genuine issue ... all of the circumstances, including those indicative of good faith, must be considered,” but that a genuine issue of material fact is not raised by the submission of “merely conclusory statements or completely insupportable, specious, or conflicting explanations or excuses.” In the *Paragon* case, the PTO submissions were undoubtedly false and material, so the only issue was one of intent. The *Paragon* court inferred intent from the patentee’s admittedly false PTO submissions, which skirted the truth and had the *natural consequence* of deceiving the Examiner. The *Paragon* court found that the affidavits submitted to explain the PTO submissions were either nonresponsive or lacked evidentiary support and, as such, amounted to nothing more than a *conclusory denial* insufficient to defeat the motion for summary judgment.

In the present case, the parties clearly disputed whether the PTO declaration was false and misleading and, also, whether the declarant intended to deceive the PTO. Jansens’ affidavit provided a *detailed explanation* (not a conclusory denial) of why the omitted test results were not false and misleading, and also why the results were not submitted (e.g., omitted test results were inconclusive and showed at least some growth inhibition of target insects). Accordingly, the instant court found that a factual dispute existed as to the truth of Jansens’ declaration filed with the PTO, and a factual dispute existed as to the falsity of Jansens’ affidavit that explained the test results omitted from the PTO declaration. For these reasons, the instant court remanded the case to the district court to weigh all of the evidence, direct and circumstantial, to determine whether Jansens’ declaration was false or misleading, and whether Jansens intended to deceive the Examiner.

IV. Conclusion

Thus, to overcome a motion for summary judgment pertaining to a holding of unenforceability for inequitable conduct, the nonmovant must present *sufficient* evidence of a genuine issue of material fact, e.g., *more than a conclusory denial* regarding the omission or misrepresentation of material facts and intent to mislead or deceive the patent Examiner.