

Keywords: inequitable conduct, duty of candor, false declarations

General: In correcting a false declaration, the Applicant must expressly advise the PTO of the misrepresentation's existence, stating specifically where the misrepresentation resides. It does not suffice that when an Applicant knows of misrepresentations, the Applicant merely supplies the PTO with accurate facts without calling his attention to the untrue assertions sought to be overcome.

Intellect Wireless, Inc. v. HTC Corp. and HTC America, Inc.

U.S. Court of Appeals Federal Circuit

No. 2012-1658

Decided October 9, 2013

I. Facts

Intellect Wireless, Inc. ("Intellect") brought suit against HTC Corporation and HTC America, Inc. ("HTC") for infringement of patents relating to wireless transmission of caller ID information. After a bench trial, the United States District Court for the Northern District of Illinois held the asserted patents unenforceable due to inequitable conduct by the sole inventor, Daniel Henderson.

During the course of prosecution for U.S. Patent Nos. 7,266,186 (the '186 patent) and 7,310,416 (the '416 patent), the sole inventor, Daniel Henderson, submitted a Rule 131 declaration to overcome a prior art reference. In the declaration, Henderson stated that "the claimed invention was actually reduced to practice and was demonstrated at a meeting ... in July of 1993." J.A. 7731 ¶ 9. Subsequently, in a revised Rule 131 declaration, Henderson implied that instead of relying on actual reduction to practice, he was relying on a constructive reduction to practice. The district court found that the claimed subject matter was never actually reduced to practice, and the court also found that there was no evidence that the false statements were withdrawn, specifically called to the attention of the United States Patent and Trademark Office (PTO), or fully corrected by the revised Rule 131 declaration and held the asserted patents unenforceable. Intellect appealed from the district court's judgment that the '186 and '416 patents are unenforceable due to inequitable conduct.

II. Issue

Did Henderson engage in inequitable conduct by (1) misrepresenting or omitting information material to patentability, and (2) doing so with specific intent to mislead or deceive the PTO?

III. Holding & Discussion

Yes. The court found that filing an unmistakably false affidavit constitutes misconduct material to patentability, and the court found that there is clear and convincing evidence to infer an intent to deceive the PTO.

The Federal Circuit's standard for finding inequitable conduct related to prosecuting a patent application was set forth in the en banc decision in *Therasense Inc. v. Becton Dickinson & Co.*, 649 F.3d 1276, 2011 BL 137835, 99 U.S.P.Q.2d 1065 (Fed. Cir. 2011). The Federal Circuit summarized its two pronged standard as requiring proof that the applicant (1) misrepresented or omitted information *material* to patentability and (2) did so with specific *intent* to deceive the patent office. Further, the court in *Therasense* stated that “[w]hen the patentee has engaged in affirmative acts of egregious misconduct, such as the filing of an unmistakably false affidavit, the misconduct is material.” *Id.* at 1292. The court held that there was the materiality and intent to find the patents unenforceable due to inequitable conduct.

i. Materiality

The court stated that it is undisputed that Henderson's original declaration was unmistakably false. From this, the court reasoned from the *Therasense* decision that absent curing, the false original declaration establishes materiality. Further, the court noted that the Federal Circuit's standard for curing a false declaration is to “expressly advise the PTO of [the misrepresentation's] existence, stating specifically wherein it resides ... [and] if the misrepresentation is of one or more facts, the PTO [must] be advised what the actual facts are.” *Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1572 (Fed. Cir. 1983). Additionally, the court stated that merely supplying the Examiner with accurate facts without calling to the Examiner's attention the misleading assertions do not constitute curing the false original declaration. *See id.*

In applying these standards, the court reasoned that the revised Rule 131 declaration did not cure the original declaration under the *Rohm & Haas* standard. Because the revised declaration did not expressly negate the false references to the actual reduction to practice in the original declaration, the court found that the revised declaration did not cure the misconduct. Additionally, as indicated in *Therasense*, the court concluded that filing the unmistakably false declaration absent a subsequent cure is a material act of misconduct.

ii. Intent

The court found that there was no clear error in the district court's fact finding on intent. The court reasoned that submission of the original Rule 131 declaration with false examples of actual reduction to practice to overcome a prior art reference strongly infers an intent to deceive. Further, the court added that Henderson engaged in a pattern of deceit during the prosecution of several other applications related to the '186 and '416 patents. The court reasoned that this pattern of deceit furthers the inference of intent to deceive.

Additionally, the court noted that the district court's finding of intent could be affirmed based on the content of the original Rule 131 declaration and the revised Rule 131 declaration

alone. Because the revised declaration did not expressly admit the false representations of the original declaration, but rather “dances around the truth,” the court reasoned that the district court did not clearly err in concluding that the most reasonable inference was that Henderson’s conduct was intended to deceive the PTO.

IV. Conclusion

The Federal Circuit affirmed the district court’s judgment that the ‘186 and ‘416 patents asserted against HTC are unenforceable due to inequitable conduct. Correction of a false declaration to the PTO requires the Applicant to expressly advise the PTO of the existence of the false declaration, stating specifically where the misrepresentation is located, and, if the misrepresentation concerns one or more facts, advising the PTO of what the actual facts that were misrepresented are.