Nixon Peabody LLP

Federal Circuit Patent Watch

SEPTEMBER 25, 2006

Kemin Foods, L.C. v. Pigmentos Vegetales del Centro S.A. de C.V.

Nos. 05-1479, -1480, 06-1002, Federal Circuit (Newman, Mayer, *Bryson*)

Even when a court finds that the patentee failed to disclose material information to the PTO and acted with deceptive intent, the court retains discretion to decide whether the patentee's conduct is sufficiently culpable to render the patent unenforceable.

On September 25, 2006, the Federal Circuit, *inter alia*, affirmed the district court's judgment that U.S. Patents No. 5,648,564 and No. 5,382,714, which related to the extraction of purified lutein from plants, were not unenforceable for inequitable conduct. The Federal Circuit stated:

> PIVEG next argues that the '714 patent should be held unenforceable for inequitable conduct. PIVEG's theory of inequitable conduct focuses on Dr. Christopher Nelson, who was the president of Kemin Foods during prosecution of the '714 patent. Although Dr. Nelson was not a named inventor on the '714 patent, he had previously been involved with Kemin's research on purified lutein. PIVEG's theory is that Dr. Nelson knew the Poultry Science article was material, that he was sufficiently involved in prosecution of the '714 patent to have a duty to disclose the reference, and that he withheld the article from the PTO with deceptive intent.…
>
> PIVEG has not pointed to any particular evidence or made any argument that would compel a finding of "high" materiality. Accordingly, we see no clear error in the district court's finding as to the level of materiality of the Poultry Science article.
>
> With respect to the issue of intent, the district court noted that the evidence of intent to deceive was "tenuous" and that the jury's conclusion on that prong of inequitable conduct was "reached on a shallow basis." Dr. Nelson testified that he did not believe the Poultry Science article was relevant to the prosecution of the '714 patent, because the '714 patent was directed to lutein fit for human consumption and the Poultry Science article did not contemplate preparing lutein for that purpose. In Dr. Nelson's view, the Poultry Science article was just "another paper that made crystals of lutein that nobody could eat." In light of the difficulties associated with removing toxic chemicals from lutein—a step that would be required before humans could

consume the lutein obtained by the method described in the Poultry Science article—the district court concluded that Dr. Nelson's testimony provided a plausible explanation for his belief that the article was not material.

PIVEG's evidence at trial focused on the fact that Dr. Nelson had previously experimented with the method described in the Poultry Science article. From that fact, PIVEG asked the district court to infer that Dr. Nelson acted with deceptive intent when he did not bring the article to the attention of the named inventors or the prosecuting attorneys so that they could disclose it to the PTO. The district court noted, however, that Dr. Nelson was only tangentially involved in prosecution of the '714 patent and that more than two years had passed between the time Dr. Nelson experimented with the method of the Poultry Science article and the time of the '714 prosecution. Because those facts can reasonably be viewed as militating against a finding of deceptive intent, we see no error in the district court's conclusion that PIVEG did not make a strong showing of intent to deceive the PTO.

Even when a court finds that the patentee failed to disclose material information to the PTO and acted with deceptive intent, the court retains discretion to decide whether the patentee's conduct is sufficiently culpable to render the patent unenforceable. In light of the district court's findings that the Poultry Science article was not highly material and that the showing of deceptive intent was not compelling, the court did not abuse its discretion when it declined to hold the '714 patent unenforceable.

For more information on these issues or other intellectual property law matters, please contact **Lawrence M. Sung, Ph.D.** at lsung@nixonpeabody.com or (202) 585-8221.

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