

Rothman v. Target Corp.

No. 08-1375, Fed. Cir. (Rader,* Friedman, Bryson)

“While the law prohibits genuine misrepresentations of material fact, a prosecuting attorney is free to present argument in favor of patentability without fear of committing inequitable conduct.”

On February 13, 2009, the Federal Circuit, inter alia, reversed the district court’s judgment from the jury verdict that U.S. Patent No. 6,855,029, which related to a nursing garment with invisible breast support for nursing mothers, was invalid, and vacated the judgment from the jury verdict that the ‘029 patent was unenforceable due to inequitable conduct. The Federal Circuit stated:

An applicant has no duty to disclose a reference to the PTO if it is cumulative of or less material than references already before the examiner. [I]n light of the uncontested similarities between Leading Lady style 438 and the numerous garments Mr. Jacobson disclosed to the PTO, as well as Mr. Burzynski’s testimony that those references were “just as relevant” to the patentability of the claimed invention as style 438, no reasonable jury could have found style 438 material. Therefore, no reasonable jury could have relied on that garment to support a finding of inequitable conduct.

Appellees also advance Glamourmom’s failure to disclose Leading Lady style 460 to the PTO as an alternative basis for the jury’s inequitable conduct verdict. Although style 460 is a nursing tank top similar to Ms. Rothman’s invention, no substantial evidence shows that Glamourmom withheld that garment from the PTO with deceptive intent. No reasonable jury could have found that Mr. Jacobson intended to deceive the PTO as to style 460 in light of Leading Lady’s sharp business practices and Mr. Jacobson’s submission of letters discussing style 460 to the PTO. Receipt of threatening letters containing vague descriptions of unsubstantiated prior art at the tail end of a souring business relationship does not create an automatic duty of disclosure. Otherwise, every potential patent licensee (and prospective infringer) could subject a patent applicant to the possibility of inequitable conduct sanctions on a whim. . . .

Leading Lady had Glamourmom’s sample product in its possession for a year before it ever informed Glamourmom of the existence of style 460. Indeed, even though style 460 is purportedly prior art to the ‘029 patent, Leading Lady nevertheless engaged Glamourmom in licensing negotiations for the rights to the ‘029 patent before it issued. Then, seemingly overnight, Leading Lady morphed from interested suitor offering favorable royalty terms and expressing assurance of “strong initial business” with a major retailer to a patent-eviscerating prior art holder. This course of conduct suggests, as Mr. Jacobson concluded, that Leading Lady acted in bad faith.

Based on Leading Lady's acknowledged conduct, no reasonable jury could attribute deceptive intent to Mr. Jacobson's decision not to disclose style 460 to the PTO. Indeed, as a threshold matter, there was nothing to disclose. Had Leading Lady supplied Glamourmom with more information than the simple declaration that Leading Lady had its own prior nursing tank top, Glamourmom might be charged with a duty to investigate further. However, in this case, Leading Lady simply informed Glamourmom—belatedly—of its proprietary design without sending a sample, photograph, drawing, or description. Glamourmom cannot be charged with “culpable intent in withholding information that [it] did not have.” The heightened duty to “look for and produce all relevant prior art” associated with a Petition to Make Special does not demand that the applicant somehow obtain proprietary information about unsubstantiated potential prior art that he believes in good faith is immaterial. [Thus,] the record contains no substantial evidence that Glamourmom intended to deceive the PTO in withholding Leading Lady style 460. Thus, no reasonable jury could base an inequitable conduct finding as to conduct regarding style 460 on this record.

The final grounds on which Appellees argue that the jury could have based its inequitable conduct verdict are purported misrepresentations of material fact contained in statements Mr. Jacobson made to the examiner during prosecution of the '029 patent. Because Mr. Jacobson's statements were legitimate attorney argument this court rejects that contention. . . . Appellees challenge the propriety of these statements because Mr. Jacobson did not have any prior experience with nursing garments when he made them and because he did not consult anyone knowledgeable in the field before submitting them to the examiner.

The boundaries on a patent attorney's conduct are not so narrow, however. While the law prohibits genuine misrepresentations of material fact, a prosecuting attorney is free to present argument in favor of patentability without fear of committing inequitable conduct. This court has little basis to find deceptive intent in the routine back and forth between examiner and applicant. Moreover, this court recognizes that the Patent Act gives the examiner the discretion to reject or accept an applicant's arguments based on the examiner's own conclusions regarding the prosecution record. . . . The examiner was free to analyze that conclusion based on the prior art and the nature of this predictable field. In any event, this type of conclusory analysis betrays no intent to deceive the PTO and obtain a patent with objectively false information. Rather, it is an attempt to characterize the prior art in a manner favorable to the attorney's client—far from deception. No reasonable jury could rely on Mr. Jacobson's statements as clear and convincing proof of inequitable conduct.

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