How Far Do You Have To Look Under The Rock?
To What Extent Is There a Duty To Investigate Potentially Invalidating Prior Art?

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I. Introduction

Regarding a duty to investigate the prior art, the Court of Appeals for the Federal Circuit has stated,

> *As a general rule, there is no duty to conduct a prior art search, and thus there is no duty to disclose art of which an applicant could have been aware. However, one should not be able to cultivate ignorance, or disregard numerous warnings that material information or prior art may exist, merely to avoid actual knowledge of that information or prior art.*[1]

Regarding the extent of patent counsel's duty to investigate or inquire further about known information that may indicate the existence of material prior art, the Federal Circuit has stated,

> *There is no need for an attorney to pursue a fishing expedition to obtain information. Counsel can reasonably rely on information provided by the client,*[4] *unless, as here, there is reason to question the accuracy or completeness of the information or to doubt the adequacy of the client's own investigation into material facts. Thus, no duty to inquire arises unless counsel is on notice of the likelihood that specific, relevant, material information exists and should be disclosed.*[2]

These two statements by the Federal Circuit appear to state the current standard for determining whether there is any duty to investigate or further inquire about possible material prior art that is brought to the attention of a patent applicant or its counsel.

Consider the following scenario: Company A invents a new product and then sells the product in the United States. Nearly a year passes, and Company A decides to file a patent application on the invention. Under U.S. patent law, Company A has one year from the first sale to file the patent application with the PTO before it is precluded from obtaining patent protection under the "on-sale" bar of 35 U.S.C. § 102(b).[3] A representative of Company A instructs patent counsel to prepare and file an application as quickly as possible because of a possible impending on-sale bar date. The company representative also advises counsel about an earlier sale (more than one year earlier) by Company A of a similar (but supposedly different and irrelevant) product, provides counsel with an undated advertisement of a competitor showing a similar product to the one for which patent protection will be sought, and provides counsel with a list of prior art patents that may or may not be relevant to the patent application. What is patent counsel's duty to investigate or further inquire about 1) the potential on sale bar dates based on Company A's own sales activities, 2) the competitor's advertisement, and 3) the prior art patents shown on the list provided by the applicant's representative?

This article explores in detail the statutory and code provisions, Manual of Patent Examining Procedure ("MPEP") provisions, and significant case law relating to this topic.

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[1] *FMC Corp. v. Hennessy Industries, Inc.*, 836 F.2d 521, 526 n.6 (Fed. Cir. 1987) (internal citation omitted).
[2] *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1382-1383 (Fed. Cir. 2001).
[3] "A person shall be entitled to a patent unless . . . the invention was . . . in public use or on sale in this country more, than one year prior to the date of the application for patent in the United States." 35 USC § 102(b).

II. The Duty of Candor And Duty To Disclose Material Information To The PTO During Prosecution Of The Application

A patent applicant has a "duty of candor" to the PTO. The duty is set forth in 37 C.F.R. § 1.56(a) and is also discussed in §§ 2000-2022.05 of the MPEP.

A. The Duty To Disclose As Set Forth In 37 C.F.R. § 1.56

The duty to disclose is generally set forth in 37 C.F.R. § 1.56(a):

> Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.

Thus, each "individual" who is "associated" with the prosecution of the application is under a duty to disclose information known to him or her to be "material to patentability." Section 1.56(c) defines which individuals are associated with the filing:

> (c) Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:
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> > (1) Each inventor named in the application;
> >
> > (2) Each attorney or agent who prepares or prosecutes the application; and
> >
> > (3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application.

Thus, the inventors, the patent attorney or agent prosecuting the application, and anyone else who is "substantively involved" in the prosecution of the application is under a duty to disclose known material information.

Section 1.56(b) defines what information is "material" to patentability:

> Information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and
>
> > (1) [I]t establishes, by itself, or in combination with other information, a prima facie case of unpatentability of a claim; or
> >
> > (2) [I]t refutes, or is inconsistent with, a position the applicant takes in (i) Opposing an argument of unpatentability relied on by the Office, or (ii) Asserting an argument of patentability.

B. The MPEP's Discussion Of The Duty Of Disclosure

The MPEP discusses the duty of disclosure in §§ 2001 et seq. Section 2004 of the MPEP is entitled "Aids to Compliance With Duty of Disclosure" and suggests procedures to avoid duty of disclosure problems. As a preface, § 2004 states:

> While it is not appropriate to attempt to set forth procedures by which attorneys, agents, and other individuals may ensure compliance with the duty of disclosure, the items listed below are offered as examples of possible procedures which could help avoid problems with the duty of disclosure. Though compliance with these procedures may not be required, they are presented as helpful suggestions for avoiding duty of disclosure problems.

The suggested procedures in § 2004 include:

- providing a "questionnaire" to applicants and others involved in the filing and prosecution of applications inquiring about:

  — the origin of the invention and its point of departure from what was previously known in the prior art,

  — possible public uses and sales, and

  — prior publication, knowledge, patents, foreign patents, etc.;

- inquiring into inventorship and whether there might be any disputes about inventorship;

- questioning the inventor about the disclosure of the best mode to make sure that the best mode has been described in the patent application;

- making sure that the inventor, especially a foreign inventor, recognizes his or her responsibilities in signing the oath or declaration;

- asking specific questions about possible prior art which might be material in reference to the broadest claim or claims;

- "watch[ing] out" for information picked up by the inventors and others at conventions, plant visits, in-house reviews, etc.;

- making sure that all of the individuals who are subject to the duty of disclosure are informed of and fulfill their duty; and

- evaluating the materiality of prior art or other information from the viewpoint of whether it is the closest prior art or other information.

Section 2004 lists these procedures as "suggestions," implying that they might not be requirements for compliance with the duty of disclosure.

Interestingly, earlier versions of the MPEP expressly included a duty of inquiry based on a "reasonable possibility" of the existence of material information. Beginning in 1980, § 2001.02, entitled "Duty of Reasonable Inquiry," stated that "if an applicant or applicant's attorney is aware of facts which indicate a reasonable possibility that a bar to patenting or information material to examination may exist, they are expected to make reasonable inquiries to ascertain such information and to submit such to the Office."[4] Section 2001.02 was eliminated beginning with the November 1992 edition of the MPEP.[5]

C. The Duty of Disclosure And Inequitable Conduct

In *Fiskars, Inc. v. Hunt Mfg. Co.*,[6] and numerous other cases, the Federal Circuit has stated that a finding of inequitable conduct requires that: (1) the applicant withheld material information from, or submitted material false information to the PTO, (2) and the applicant acted with the intent to deceive or mislead the PTO. "The omission must be made with the specific intent to mislead, not merely from carelessness in the performance of a duty."[7] Gross negligence alone is not sufficient to show intent.[8] Only after the threshold elements of materiality and intent are proven by clear and convincing evidence does the court then balance the findings "to determine whether the equities warrant a conclusion that inequitable conduct occurred."[9]

III. Evolution Of The Duty of Inquiry: *FMC v. Hennessy* and *Brasseler v. Stryker*

The "duty of inquiry" derives from the duty of disclosure required by 37 C.F.R. § 1.56(a).[10] While the duty of disclosure requires disclosure of information actually known to those involved in the prosecution of the patent application, the duty of inquiry, triggered by actual knowledge of certain information, requires further investigation to find out new information that is not actually known.

The Federal Circuit has addressed the circumstances that do not trigger a duty of inquiry, as well as the circumstances that do trigger a duty of inquiry. In *FMC v. Hennessy*, discussed further below, the Federal Circuit made it clear that patent applicants do not have a duty to conduct a prior art search.[11] However, the Court also stated that patent applicants cannot

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[4] MPEP § 2001.02, Edition 4, Revision 2, Apr. 1980.
[5] *See* MPEP, Edition 4, Revision 14, Nov. 1992.
[6] 221 F.3d 1318, 1326 (Fed. Cir. 2000).
[7] *Speedplay, Inc. v. Bebop, Inc.*, 211 F.3d 1245, 1259 (Fed. Cir. 2000).
[8] *Kingsdown Med. Consultants, Ltd., v. Hollister, Inc.*, 863 F.2d 867, 876 (Fed. Cir. 1988).
[9] *Molins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995).
[10] Section 10.18 of the C.F.R. states that by signing a document submitted to the PTO, the practitioner makes certain certifications regarding the document. One such certification is that "To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances, that . . . [t]he allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery . . . ." This code section may, in circumstances where a statement is made to the PTO regarding the party's knowledge of material information, trigger a duty to conduct a reasonable inquiry to confirm the accuracy of the statement.
[11] *FMC Corp. v. Hennessy Indust., Inc.* 836 F.2d 521, 526 n. 6 (Fed. Cir. 1987) (*citing American Hoist & Derrick Co. v. Sowa & Sons, Inc.,* 725 F.2d 1350, 1362 (Fed. Cir. 1984), *cert. denied,* 469 U.S. 821 (1984) ("Nor does an applicant for patent, who has no duty to conduct a prior art search, have an obligation to disclose any art of which, in the court's words, he 'reasonable should be aware.'")); *Cf.* While there is generally no duty to conduct a prior art search, if a patent applicant has petitioned the PTO to expedite examination of the application by filing a Petition to Make Special, then the applicant has a duty to conduct a prior art search: "The whole point of the PTO requirement that a petition to make special include a sworn statement that the applicant has (cont'd)

"cultivate ignorance" merely to avoid actual knowledge of material information. In *Nordberg v. Telsmith*,[12] the Federal Circuit confirmed a duty to investigate whether known information is material, and that a patent applicant must disclose information that it knows, or through reasonable investigation should know, to be material. Then, in *Brasseler v. Stryker*, the Federal Circuit held that the circumstances therein triggered a duty to inquire about a possible on sale bar, and the failure to make the inquiry resulted in a finding of inequitable conduct and award of attorneys' fees.[13] The evolution of this duty of inquiry in the Federal Circuit and the district courts is discussed below.

A. *FMC v. Hennessy*: The Federal Circuit's Warning Against Cultivating Ignorance Merely To Avoid Actual Knowledge Of Material Information

In *FMC v. Hennessy*, the Federal Circuit affirmed the decision of the district court that those involved in the prosecution of the patent-in-suit, including the assignee, the inventor, and the patent attorney, did not have a duty to inquire into a possible on-sale bar during prosecution of the patent application for the patent-in-suit.[14] The patent-in-suit related to powered tire changers which pry car tires from wheel rims.[15] FMC, the accused infringer, argued that the inventor of the patent-in-suit had offered for sale or publicly used material tire changers more than a year before the filing date of the patent-in-suit, and that those involved in the prosecution of the patent-in-suit failed to inquire into this on-sale bar and, thus, failed to disclose it to the PTO.[16]

The district court determined that a tire changer made by the inventor was already in public use and on sale before the critical date of the patent-in-suit.[17] The district court further determined that the claims of the patent-in-suit were obvious in light of that prior art device under §103.[18] The district court then considered FMC's argument that the patent-in-suit was unenforceable based on the inequitable conduct of the inventor and his counsel in failing to disclose to the PTO the prior public use and offer for sale.[19]

The district court observed that the inventor had only four or five years of schooling and English was not his first language. The district court further observed that the inventor had some experience and familiarity in the existence of statutory bars, but had no legal training in patent law and therefore did not recognize the materiality of the prior art tire changer he developed: "I am not at all persuaded that he recognized the relevance or even materiality of the [prior art] tire changer (and it was material) so that he knew he should have disclosed it."[20] The district court

made a *careful and thorough search* is that, in return for an applicant being put at the head of the examining line, he must make an extra effort to *look for* and produce all relevant prior art, in other words, to assist an examiner who is being asked to expedite examination." *Gen. Electro Music Corp. v. Samick Music Corp.*, 19 F.3d 1405, 1411 (Fed. Cir. 1994) (emphasis in original).

[12] *Nordberg, Inc. v. Telsmith, Inc.*, 82 F.3d 394, 397 (Fed. Cir. 1996).

[13] *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, 267 F.3d 1370, 1383 (Fed. Cir. 2001).

[14] *FMC*, 836 F.2d at 525-26.

[15] *Id.* at 522.

[16] *Id.* at 522-23.

[17] *FMC Corp. v. Hennessy Indust., Inc.*, 650 F.Supp. 688, 693 (N.D. Ill. 1986).

[18] *Id.*

[19] FMC sought attorneys' fees based on the defense of inequitable conduct. Therefore, even though the district court had concluded that the patent was invalid under §103, the district court proceeded to consider the inequitable conduct defense.

[20] *Id.* at 696.

considered the fact that the patent application could have been filed earlier, and that the inventor could have expressed an interest in filing the application earlier if he had understood that there was a bar date based on his earlier activities.[21]

Regarding the patent counsels' alleged inequitable conduct, the district court noted that had they known of a statutory bar, they could have completed the application earlier.[22] Moreover, the district court stated, "Those prosecuting the patent relied upon the inventor for information, as is surely customary, and nothing he told them created a duty to engage in the searching inquiry and investigation undertaken by [the accused infringer] twenty years later."[23] Therefore, the district court concluded that while it would have been desirable and appropriate for the patent attorneys to conduct a more extended inquiry of the inventor as to how the prior art tire changer was developed, publicly used, and sold, given the inventor's limited knowledge of the concept of a statutory bar, there was insufficient evidence to support a finding of inequitable conduct.[24] Thus, the district court excused a lack of inquiry by the patent counsel where the inventor expressed no need to rush to file the application and thus there was no apparent need to question the inventor in depth about his own prior on sale and public use activities.

On appeal, the Federal Circuit affirmed the district court's finding of no inequitable conduct. The Federal Circuit confirmed the general rule that "there is no duty to conduct a prior art search."[25] The Federal Circuit further stated that "[a]ssuming, without deciding, that there may be circumstances that would raise a duty to inquire," nothing known to those involved in the prosecution of the patent-in-suit created a duty to engage in a searching inquiry.[26] However, the Federal Circuit warned in a footnote that:

> As a general rule, there is no duty to conduct a prior art search, and thus there is no duty to disclose art of which an applicant could have been aware. However, one should not be able to cultivate ignorance, or disregard numerous warnings that material information or prior art may exist, merely to avoid actual knowledge of that information or prior art. When one does that, the 'should have known' factor becomes operative.

Therefore, in *FMC* v. *Hennessey*, the Federal Circuit did not decide whether there was a duty to inquire, but cautioned that material information cannot be ignored.

B. *Nordberg v. Telsmith*: The Duty To Inquire As To Materiality Of Known Information

In *Nordberg v. Telsmith*,[27] the Federal Circuit made clear that its reference to "should have known factors" in *FMC Corp. v. Manitowoc Co.,* 835 F.2d 1411, 1415 (Fed. Cir. 1987) related to materiality, and did not give rise to a duty to investigate prior art of which the

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[21] *Id.*
[22] *Id.*
[23] *Id.*
[24] *Id.* at 696-97.
[25] *FMC v. Hennessey*, 836 F.2d at 526, n. 6 (citing *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415-16 (Fed. Cir. 1987)).
[26] *Id.*
[27] *Nordberg, Inc. v. Telsmith, Inc.*, 82 F.3d 394, 396-397 (Fed. Cir. 1996).

applicant should have been aware. In *Nordberg*, the accused infringer argued that the patentee "knew or should have known of the [prior art] patent because [the patentee] owned the patent, and a copy of the patent was in its files, which [the patentee] allegedly routinely searched before filing patent applications." The Court disagreed with this contention because there was no evidence that the patentee actually searched the file and found a copy of the prior art. *Id.* Although the accused infringer argued that the patentee should have known of the prior art, the Court stated that it had already rejected the contention that a patentee is under a duty to disclose information that it should have known about. The Court explained that the discussion of the "should have known" standard in *FMC* was in connection with the issue of materiality: "an applicant who knew of the art or information cannot intentionally avoid learning of its materiality through gross negligence, i.e., it may be found that the applicant 'should have known' of that materiality." *Id.* Thus, the Federal Circuit confirmed that a patent applicant has a duty to disclose information which it knows or should know to be material, but need not do a prior art search, or even search its own files, to locate prior art.

C. *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*: The Federal Circuit Affirmatively Articulates That A Duty To Inquire Arises If Counsel Is On Notice Of The Likelihood That Specific, Relevant, Material Information Exists

In *Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp.*, the Federal Circuit stated that "no duty to inquire arises unless counsel is on notice of the likelihood that specific, relevant, material information exists and should be disclosed."[28] The Federal Circuit upheld the district court's finding that Brasseler's attorneys engaged in inequitable conduct for failing to investigate a potential on-sale bar date after being informed by their client that "a potentially barring event took place."[29] The Federal Circuit further articulated a "reasonable attorney" standard: "[a]ttorneys must conduct meaningful inquiries when the surrounding factual circumstances would cause a reasonable attorney to understand that relevant and questionable material information should be assessed."[30]

Brasseler, a company that markets medical equipment, developed a new surgical saw blade. Someone from the company contacted its patent counsel in April of 1993 and requested that counsel file a patent application.[31] Counsel was informed by someone from the company that a potential on-sale bar event had taken place, but the record was silent as to whether the exact bar date was disclosed.[32] On April 27, 1993, the supervising law firm partner instructed an associate to quickly prepare and file a patent application by April 30, 1993 to avoid "a potential on-sale bar of May 1992."[33] The associate filed the application on April 30, 1993 and the application eventually issued as a patent.[34] Neither the partner nor the associate investigated the circumstances of the potential on-sale bar or inquired as to the actual date of the sale.[35] The

[28] 267 F. 3d 1370, 1383 (Fed. Cir. 2001).
[29] *Id.* at 1382.
[30] *Id.* at 1385.
[31] *Id.*
[32] *Id.* at 1374.
[33] *Id.*
[34] *Id.*
[35] *Id.*

subsequent litigation uncovered a sale of a large number of saw blades made according the patented technology on April 13, 1992.[36] This was a barring event under 35 U.S.C. 102(b) because it occurred more than 1 year before the filing of the patent application.

Unfortunately for Brasseler and its attorneys, not only was its patent invalidated, but the district court also held that the patent was unenforceable because both of Brasseler's patent attorneys, as well as the inventors, committed inequitable conduct in connection with the prosecution of the patent.[37] The district court also held that it was an exceptional case under 35 U.S.C. §285 and ordered Brasseler to pay Stryker's attorneys fees.[38]

Regarding the conduct of the patent attorneys, the district court held that they "had notice that specific information existed which may have been material to [] patentability," and committed inequitable conduct by failing to comply with their duty to investigate the "facts necessary to determine the materiality of the event" and therefore failed to comply with the duty to disclose material information to the PTO.[39] In reaching this conclusion, the district court noted that following facts: (1) the associate attorney who drafted the application gave conflicting evidence during his deposition regarding whether it was the supervising partner or the client who gave him instructions to rush the filing of the application; (2) invoking attorney-client privilege, Brasseler did not proffer any trial testimony from the supervising partner to explain that he had a reasonable basis for failing to inquire about the bar date; (3) Brasseler failed to proffer any evidence explaining who at Brasseler contacted the supervising attorney, and what event prompted the rushed filing of the application; (4) the associate attorney was in direct contact with the inventors in the course of preparing the application, but could not recall having discussed any potential bar events; and (5) "[the associate attorney] tiptoe[d] around" the truth[40] in response to deposition questions regarding who instructed him to file the application, whether he knew what event gave rise to a bar, and why he did not know the date the event took place.

Based on the absence of testimony from the attorneys to suggest that the failure to investigate was in good faith, the district court reached the conclusion that the attorneys possessed the requisite intent to support a finding of inequitable conduct and an award of attorneys' fees.[41] The district court also concluded that someone at Brasseler knew of the bar date, but nevertheless instructed the attorneys to file the application.[42] The district court also noted that the supervising attorney decided to get the application quickly filed, and the associate attorney "'evidently picked up on the problem" yet failed to apprise himself of the specific details of the event which constituted an on-sale bar.[43]

Brasseler appealed the award of attorneys' fees, but did not challenge the holding of unenforceability based on inequitable conduct. The Federal Circuit affirmed the district court's award of attorneys fees based on the patent attorneys' "failure to investigate the details of the bar

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[36] *Id.*
[37] *Id.* at 1377-78.
[38] *Brasseler U.S.A., I., L.P. v. Stryker Sales Corp.*, 93 F. Supp. 2d 1255, 1265 (S.D. GA 1999).
[39] *Brasseler*, 267 F. 3d at 1382.
[40] *Id.* at 1377.
[41] *Id.*
[42] *Id.*
[43] *Id.* at 1376.

at any time before or after the application was filed."[44] The Federal Circuit pointed out that 1) the patent attorneys were told that an event had occurred that might give rise to a bar, 2) the associate was instructed to file the application within three days, which he recognized to be a very short period of time, 3) the associate was in contact with the inventor who also was an owner of one of the corporations involved in the potentially barring sales transaction but the associate never asked about the transaction, and 4) both before and after the filing of the application, the patent attorneys never inquired about the potentially barring transaction.[45] The Federal Circuit distinguished its holding in *Hennessey* as follows:

> In *Hennessy*, we explained that a duty to investigate does not arise where there is no notice of the existence of material information. The mere possibility that material information may exist will not suffice to give rise to a duty to inquire; *sufficient information must be presented to the attorney to suggest the existence of specific information the materiality of which may be ascertained with reasonable inquiry.*[46] (Internal citation omitted; emphasis added.)
>
> The Federal Circuit further explained that:
>
> There is no need for an attorney to pursue a fishing expedition to obtain information. Counsel can reasonably rely on information provided by the client, unless, as here, there is reason to question the accuracy or completeness of the information or to doubt the adequacy of the client's own investigation into material facts. *Thus, no duty to inquire arises unless counsel is on notice of the likelihood that specific, relevant, material information exists and should be disclosed.* Here, [the attorneys] were aware that sales of the invention had been made approximately one year before the filing of the application and, in light of the questionable information given to them by "someone at Brasseler," they had a duty to investigate…Thus, notice of a possibly material event--a sale, public use, publication, issuance of a patent, occurring on or about one year before the application is filed--arises when information of which the attorney is aware suggests the existence of specific information that may be material.[47] (Internal citation omitted; emphasis added.)

Thus, the Federal Circuit stated that a duty of inquiry would be triggered only if counsel is on notice of a "likelihood" that "specific, relevant, material information" exists and should disclosed.[48] Regarding the duty to make inquiry about "a possibly material event—a sale, public use, publication, issuance of a patent," the Federal Circuit stated, "Given the limited number of events, the notice requirement that triggers this duty, and in light of the clear guidance on this issue offered by the PTO, we hardly find burdensome the actions required to comply with this duty."[49]

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[44] *Id.* at 1381.
[45] *Id.* at 1382.
[46] *Id.*
[47] *Id.* at 1382-3 (internal citation omitted).
[48] *Id.* at 1382.
[49] *Id.* at 1383, n. 5.

The Federal Circuit cited the practices listed in MPEP section 2004 as "recommended procedures that attorneys should follow in order to shield themselves from accusations that they failed to comply with their duty of disclosure."[50] The Federal Circuit suggested,

> [F]ill[ing] out checklists, or questionnaires, to ensure that the applicant has been informed of the duty of disclosure. This involves asking the inventors and assignees questions regarding: the origin of the invention, possible pre-filing sales and public uses, relevant publications, patents . . . etc."[51]

D. Federal Circuit Cases Applying The *Brasseler* Standard

1. *Frazier v. Roessel Cine Photo Tech Inc.*

In *Frazier v. Roessel Cine Photo Tech Inc.*,[52] the patent-in-suit related to a camera lens. During prosecution of the application, a vice-president of the assignee of the patent application obtained a copy of a competitor's advertisement of a similar camera lens and gave it to patent counsel.[53] However, patent counsel did not do a follow-up inquiry on the advertisement and did not disclose it to the PTO during prosecution of the patent application.[54]

In the subsequent litigation, the accused infringer argued that the patent attorney committed inequitable conduct in failing to inquire about the advertisement (which showed the accused infringer's product), which inquiry would have revealed that the competitor had a competing patent application which raised a significant question about prior inventorship and prior art under §102(a) and (g).[55] The district court agreed and held that the patent counsel committed inequitable conduct.

However, the Federal Circuit reversed and held that the assignee's employee and patent attorney were under no duty to investigate further into the competitor's advertisement of a similar camera lens. The Federal Circuit quoted from the *Brasseler* decision and stated that, "The mere possibility that material information may exist will not suffice to give rise to a duty to inquire …."[56]

The Federal Circuit noted that the materiality of the advertisement was not "readily determinable."[57] Although the patentee's vice-president had cut out the advertisement from a magazine, put it in a file, and showed it to the attorney, such conduct did not constitute clear and convincing evidence of materiality and intent.[58] The Court noted that one of ordinary skill in the art would not necessarily know that the lens depicted in the advertisement would contain certain limitations of the claimed subject matter.[59] Further, the lens in the advertisement apparently did

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[50] *Id.*
[51] *Id.* at 1383.
[52] 417 F.3d 1230, 1233 (Fed. Cir. 2005).
[53] *Id.*
[54] *Id.*
[55] *Id.* at 1237-38.
[56] *Id.* at 1238 (*citing Brasseler*, 267 F.3d at 1382).
[57] *Id.*
[58] *Id.*
[59] *Id.* at 1237.

not in fact have all the limitations required by the claimed invention.[60] The Federal Circuit noted that the examiner cited a patent owned by the same competitor directed to a camera lens similar to the one shown in the advertisement, but the examiner did not reject the claims based on that patent.[61]

Judge Bryson dissented on the grounds that he found the advertisement to be material to patentability because it disclosed many features disclosed in the patent, including the same features that the patentee argued made Frazier's lens patentable over the prior art.[62] Judge Bryson did not comment on the duty to investigate explicitly, but merely stated that the district court's holding that the advertisement was material was not clearly erroneous.[63]

2. *Flex-Rest, LLC v. Steelcase, Inc.*

In *Flex-Rest, LLC v. Steelcase, Inc.*,[64] the Federal Circuit held that it was not clear error for a district court to hold that a letter enclosing photographs of a competing keyboard support system sent to the patentee by a competitor did not trigger the duty to disclose or duty to investigate. In *Flex-Rest*, a competitor to a patent applicant sent a letter enclosing undated photographs of its competing keyboard support system to the patent attorney prosecuting the pending patent application.[65] The letter identified the product shown in the photographs as embodying a patent owned by the competitor.[66] The attorney for the patent applicant disclosed the competitor's patent in an IDS, but did not disclose the photographs.[67] In a Petition to Make Special filed during prosecution of the patent, the attorney stated that he "conducted a careful and thorough search of the prior art." After the patent application was allowed and a patent issued, the patentee sued to enforce the patent against Steelcase.

Steelcase argued that the patent attorney committed inequitable conduct by failing to investigate and disclose the photographs, and by submitting a false statement that he "conducted a careful and thorough search of the prior art."[68] However, the district court found that the attorney did not commit inequitable conduct because the photographs were "of uncertain import and reliability" and the attorney was justified in concluding they were cumulative of the patent on the same subject matter that was disclosed to the PTO.[69] The Federal Circuit affirmed based on the "deferential standard of review" governing review of inequitable conduct decisions and its finding that the district court did not abuse its discretion in finding no inequitable conduct. However, the Federal Circuit did note that when "the materiality of information is close—as it appears to be here with the Ergo photographs—a patent applicant should err on the side of disclosure."[70] Thus, the Federal Circuit indicated that the patent attorney should have disclosed

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[60] *Id.*
[61] *Id.* at 1233.
[62] *Id.* at 1240.
[63] *Id.* at 1241.
[64] 455 F.3d 1351, 1363 (Fed. Cir. 2006).
[65] *Id.*
[66] *Id.*
[67] *Id.*
[68] *Id.* at 1362.
[69] *Id*. at 1362.
[70] *Id*. (citing *Critikon v. Becton Dickinson Vascular Access, Inc.*, 120 F.3d 1253, 1257 (Fed. Cir. 1997)).

the photographs, but did not suggest that the patent attorney had a further duty to inquire about the date and reliability of the photographs.

3. *Rothman v. Target Corp.*

In *Rothman v. Target Corp.*, the Federal Circuit held that a patent attorney had no duty to investigate into a potential licensor's alleged prior art product when he was not provided with any details about that product to determine its materiality.[71] The patentee in *Rothman* was an independent inventor who made a nursing garment that incorporated a nursing bra into a tank top.[72] The inventor formed a company named Glamourmom, filed a patent application on the nursing tank top, and subsequently entered into licensing negotiations with Leading Lady, a lingerie manufacturer.[73] The negotiations eventually broke down and Leading Lady sent Glamourmom's counsel an undated sample nursing bra identified as "Leading Lady Style 438."[74] In a subsequent letter, Leading Lady asserted that it had produced its own prior art tank top with nursing bra (Style 460) that was "essentially the same product [as Style 438]. . .with only slight modifications."[75] Glamourmom's attorney wrote back noting that the Style 438 product was merely a "prior sports bra product" and disputed its relevance to the patentee's then pending application.[76]

Given these facts, the Federal Circuit stated:

> Based on Leading Lady's acknowledged conduct, no reasonable jury could attribute deceptive intent to [Glamourmom's attorney'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.[77]

The Court also addressed the duty to investigate triggered by filing a Petition to Make Special with the PTO:

> The heightened duty to "look for and produce all relevant prior art" associated with a Petition to Make Special, *Gen. Electro Music Corp. v. Samick Music Corp.*, 19 F.3d 1405, 1411 (Fed. Cir. 1994), does not demand that the applicant somehow obtain proprietary information about unsubstantiated potential prior art that he believes in good faith is immaterial. [Glamourmom's attorney's] letter to

[71] 556 F.3d 1310, 1327 (Fed. Cir. 2009).
[72] *Id.* at 1315.
[73] *Id.* at 1324.
[74] *Id.*
[75] *Id.*
[76] *Id.* at 1325.
[77] *Id.* at 1327 (internal quotation and citation omitted).

[Leading Lady's attorney] inviting further discussion regarding Leading Lady style 460 fully satisfied Glamourmom's investigatory and reporting duties.[78]

The Federal Circuit noted further that the evidence showed that Glamourmom's attorney had a good faith belief that style 460 was not material prior art, based on Leading Lady's own parallel patent application labeling Glamourmom's patent as prior art and Leading Lady's letter asserting that it had its own nursing tank top in August of 2002, almost two years after Glamourmom filed its provisional application.[79] Glamourmom's attorney also submitted Leading Lady's letters that discussed styles 438 and 460 to the PTO, which the Court considered to be further evidence of good faith.[80] Thus, the Court held that Glamourmom's attorney did not breach his duty to investigate.

4. *Exergen v. Wal-Mart*

In *Exergen Corp. v. Wal-Mart Stores, Inc.*,[81] the Federal Circuit discussed the duty to inquire standard of *Brasseler* in the context of the requirements of Federal Rule of Civil Procedure 9(b) for pleading inequitable conduct.

In *Exergen*, the Federal Circuit found that the district court correctly held that a defendant's pleading of inequitable conduct failed to satisfy the heightened pleading requirement of Federal Rule of Civil Procedure 9(b).[82] Federal Rule of Civil Procedure 9(b) requires that "[i]n allegations of fraud or mistake, a party must state with particularity the circumstances constituting fraud or mistake." "Inequitable conduct, while a broader concept than fraud, must be pled with particularity under Rule 9(b)."[83] The Court explained that "to plead the 'circumstances' of inequitable conduct with the requisite 'particularity' under Rule 9(b), the pleading must identify the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO."[84]

The defendant alleged that Exergen's patent attorney withheld material prior art patent references.[85] However, the Federal Circuit stated that the allegations were inadequate because there was no specific allegation as to which individual knew of the specific information in the patent references alleged to be material. The Court stated,

> A reference may be many pages long, and its various teachings may be relevant to different applications for different reasons. Thus, one cannot assume that an individual, who generally knew that a reference existed, also knew of the specific material <u>information</u> contained in that reference.[86]

[78] *Id.* at 1327-8.
[79] *Id.* at 1328.
[80] *Id.*
[81] *Exergen Corp. v. Wal-Mart Stores, Inc.*, 2009 U.S. App. LEXIS 17311 (Fed. Cir. Aug. 4, 2009).
[82] *Id*. at *2.
[83] *Id*. at *31 (citation omitted).
[84] *Id*. at 37.
[85] *Id.* at *27-29.
[86] *Id.* at *42 (emphasis added).

Thus, the Federal Circuit held that mere general knowledge of a prior patent reference, without specific knowledge of its contents, does not imply a duty to inquire as to the contents of the patent reference and does not create a duty to disclose what could have been known from reading the reference.

Regarding another of the defendant's inequitable conduct allegations that the patentee made a false statement to the PTO that was contradicted by a statement on the patentee's website, the Federal Circuit stated,

> No facts are alleged from which one can reasonably infer that, at the time of the allegedly false statement, the individual who made this statement was aware of an allegedly contradictory statement of Exergen's website. *See Brasseler, U.S.A. I, L.P. v. Stryker Sales, Corp.*, 267 F.3d 1370, 1382 (Fed. Cir. 2001) ("The mere possibility that that material information may exist will not suffice to give rise to a duty to inquire; sufficient information must be presented to the attorney to suggest the existence of specific information[,] the materiality of which may be ascertained with reasonable inquiry." (emphases added)); *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1362 (Fed. Cir. 1984) ("Nor does an applicant for patent, who has no duty to conduct a prior art search, have an obligation to disclose any art of which, in the [district] court's words, he 'reasonably should be aware.'").[87]

Thus, the Federal Circuit confirmed that there may a duty to inquire regarding the materiality of known information, but there is no duty to inquire about the materiality of information not known to the applicant.

E. District Court Cases Applying The Brasseler Test

In *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*,[88] the district court found that a patent agent engaged in inequitable conduct when, among other things, he participated in drafting and prosecuting patent claims that knew were too broad in light of an article written by the inventors indicating that there was no scientific basis for drafting such broad claims.

The article written by the inventors included two footnotes that reported experimental results that certain chemical reactions would not take place as described and claimed in the patent application.[89] The district courted stated that "[h]aving been advised of the U.S. duty of disclosure, [the patent agent] also must have known that he had a duty to ask the inventors about the meaning of footnotes 13 and 16."[90] In support of this finding, the district court cited to *Brasseler* and the 1989 version of §2001.02 of the version of the MPEP that included a duty of inquiry when there is a "reasonable possibility" that material information exists (see discussion of § 2001.02 above in Section II B).[91] The court found the patent agent's attempt at explaining his failure to ask the inventors about the article was not compelling in light of his floundering

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[87] *Id.* at *43-44.
[88] 2002 U.S. Dist. LEXIS 480, *58-59 (S.D.N.Y. Jan. 15, 2002).
[89] *Id.* at *6-7.
[90] *Id.* at *50, fn 25 (emphasis added).
[91] *Id.*

testimony and inconsistent explanations as to why the article and the patent claims were consistent.[92]

In another district court case, *DaimlerChrysler AG v. Fueling Advanced Techs., Inc.*,[93] the court found that a duty of inquiry was applicable, and that the patentee/inventor and his patent attorneys failed to comply with that duty and the duty of disclosure. The patents-in-suit related to valve and spark plug configurations for engines.[94] In earlier litigation, opposing counsel provided the patentee with copies of photographs showing valve and spark plug configurations and an accompanying letter explaining that the photographs were taken of a prior art motorcycle engine manufactured by Honda in the late-1980s.[95] The patentee did not disclose the photographs to the PTO during prosecution of two of the patents-in-suit that were then pending.[96]

The patentee argued that the photographs were too unreliable to trigger a duty to disclose anything to the PTO.[97] The court disagreed, stating: "[counsel] gave [the patentee's] attorneys more than mere photocopies. He also told them the name of the manufacturer, Honda, and the time frame in which the engine was sold, the late 1980's."[98] Citing *Brasseler*, the court found that that the patentee breached his duty of disclosure because he and his agents:

> had sufficient information in their possession to ascertain whether the engine depicted in the photocopies had actually been sold. All they had to do was call Honda and ask. Instead, they did nothing. They chose not to "investigate the facts necessary to determine whether the photocopies were material information in an effort to avoid complying with their duty to disclose."[99]

Thus, the court concluded that doubts about the reliability of the information were insufficient to excuse non-disclosure, particularly given that "[a]ll they had to do was call Honda and ask" if the engine had actually been sold.

IV. Factors Affecting When A Duty Of Inquiry Is Triggered

Based on an analysis of *Brasseler* and its progeny, numerous factors appear to influence whether the duty to inquire is triggered, including: notice of a possible barring "event," such as an offer for sale, public use, publication, or issuance of a patent; the specificity of the information known about that event; the client's desire to rush filing; the ease with which the inquiry could be made; whether the information in question comes from a third party; the sophistication of those having existing knowledge and whether those with such knowledge had a good faith basis for not inquiring further; and other circumstantial evidence showing good faith or the lack thereof.

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[92] *Id*. at *46.
[93] 276 F. Supp. 2d 1054, 1066 (S.D. Cal. 2003).
[94] *Id.* at 1056.
[95] *Id.* at 1059.
[96] *Id.*
[97] *Id.* at 1066.
[98] *Id.*
[99] *Id.* (internal citations omitted).

For example, in *Brasseler*, the client told of a particular event, *i.e.* a potential on sale bar involving the product embodying the claimed invention, further information from the client was easily obtainable, and the persons with such information included a vice president of the client. Further, there was a suspicious rush to file the application, yet no further inquiry was made in the years thereafter while the application was pending. Finally, the patentee and his counsel were less than forthright in disclosing what happened in the ensuing litigation.

In contrast to *Brasseler*, the Federal Circuit in *Frazier* held that the duty to investigate was not breached because the materiality of the prior art advertisement was not readily determinable.[100] The photo lens advertisement was issued by a competitor, it was an incomplete disclosure of the product wherein it did not show all claim limitations, and the district court determined that the competitor's issued patent showing the product in question did not raise any question of patentability.

Also, in contrast to *Brasseler*, the Federal Circuit in *Flex-Rest* held that there was no duty to investigate photographs of a competitor's similar product. The photographs were supplied by the competitor and were undated, raising a serious question as to their credibility. Further, the patent attorney cited the competitor's patent purporting to describe the same product, but in more detail, making the photographs merely cumulative.

Similarly, in *Rothman*, there were several mitigating factors that were not present in *Brasseler.* The information alleged to have triggered a duty of inquiry came from a competitor rather than from the patentee. Moreover, the reliability of the information was suspect. The competitor (Leading Lady) simply made a bald accusation that its product was prior art to the patentee's invention. This assertion came a year after the patentee sent a sample of its own product to the competitor for licensing discussions, and after the business relationship between the parties had soured.[101] The competitor also failed to send a sample, photographs, drawings or descriptions of the alleged prior art. Further, there was evidence that the patentee's attorney did not believe that the competitor's product was prior art because the competitor's provisional patent application listed the patentee's patent as prior art.[102] Also, the patentee's attorney submitted in an IDS the letters from the competitor's attorney. The patentee's attorney also responded in a letter to the competitor's attorney disputing their prior art claim and inviting further discussion. According to the Federal Circuit, this letter "fully satisfied Glamourmom's investigatory and reporting duties."[103]

V. Conclusion

While there is no duty to conduct a prior art search generally, there is a duty to inquire about the materiality of known information that may indicate, or likely indicate, a possible prior art bar. Where the client indicates a possible on sale or public use bar based on its own activities, a duty of inquiry and/or duty of disclosure likely exists. Where a competitor or other third party sends information about alleged prior art, a duty to inquire and/or disclose may exist

[100] *Frazier*, 417 F.3d at 1238.
[101] *Rothman*, 556 F.3d at 1327.
[102] *Id.* at 1328.
[103] *Id.*

depending on the good faith of the sender of the information, the specificity of the information given, and the ease of access to further information. Where there are patents in the files of the applicant or its counsel, there may be a duty to look through them for material information depending on the degree of knowledge of the specific subject matter of the patents.

So far, the Federal Circuit has looked at the totality of the circumstances on a case-by-case basis. While the Federal Circuit generally defers to the district courts on matters of evaluation of credibility and exercise of discretion, it has stepped in occasionally to overrule the district courts on the final determinations of whether a duty of inquiry or duty of disclosure exists or has been breached and whether inequitable conduct has occurred. Significant factors appear to include the specificity of known information, the credibility of the source of the known information, the client's apparent rush to file (or lack thereof), the ease of access to further information, whether the information sought is in the hands of a third party, the materiality of information that may reasonably be obtained, and the forthrightness of the applicant and his counsel in his dealings with the PTO and later in the courts.

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