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Patent Exclusions and Antitrust after *Therasense*

Herbert Hovenkamp*

Introduction

In its *Walker Process* decision the Supreme Court held that one who obtained a patent by defrauding the patent office (PTO) and subsequently filed an infringement suit in order to exclude a rival, could violate the antitrust laws.¹ In addition to the impropriety in obtaining the patent, the usual structural requirements for a monopolization or attempt to monopolize offense obtained as well. That is, there must be either market dominance or a dangerous probability that the use of the suit would create it.

Today, “fraud” on the PTO nearly always refers to inequitable conduct by the applicant during the patent application and prosecution process. But not every imperfection in a patent application process is sufficient to sustain an inequitable conduct charge or make a patent unenforceable. The Federal Circuit has set high standards for inequitable conduct, which require an actual intent to deceive the patent examiner, and a showing of “materiality.” The latter means that the examiner would very likely not have issued the patent or at least not approved certain claims had he or she known the truth. That court has also set high standards for establishing that a lawsuit on such a patent constitutes an antitrust violation.² In its *Therasense* decision the Federal Circuit *en banc* raised the bar for inequitable conduct even further.³ The implications for finding antitrust violations based on improper patent infringement lawsuits remain to be seen.

The inequitable conduct issue pertaining to the patent application process relates to but is not identical with the antitrust standard for filing improper infringement suits. The term “inequitable conduct” is concerned with pre-grant conduct that occurs during the patent application and prosecution process, typically when the patent application makes an important omission or misrepresentation on the patent application or related disclosures. By contrast, the antitrust violation most typically occurs at some later time, after the patent has issued, when the patentee or its assignee either files a patent infringement suit, threatens to file one, or perhaps takes some other kind of

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¹ [Walker Process Equipment Inc. v. Food Machinery and Chemical Corp.](#), 382 U.S. 172 (1965).

² See *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed.Cir.2007).

³ *Therasense, inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276 (Fed. Cir. 2011). For good commentary on *Therasense*, see Lee Petherbridge, Jason Rantanen and Ali Mojibi, *The Federal Circuit and Inequitable Conduct: an Empirical Assessment*, 84 S.Cal.L.Rev. ____ (2011), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1686102; Jason Rantanen and Lee Petherbridge, *Therasense v. Becton Dickinson: A First Impression* (SSRN June 8, 2011), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1859764 (criticizing *Therasense* for going too far in limiting infringement defendant’s objections to a patent).

enforcement action such as notifying a rival's customers that they are purchasing an infringing product. As a result, there can be a significant difference in time between the two events. Further, the requirement of bad faith in the application process differs in important ways from a bad faith requirement for filing an unmeritorious lawsuit.

Further, in its *Therasense* decision the Federal Circuit insisted that inequitable conduct be measured essentially by a subjective test. Objective "reasonable person" tests such as negligence or even gross negligence will not suffice. By contrast, the Supreme Court has insisted that the conduct giving rise to a wrongful infringement action for *antitrust* purposes be based initially on an objective test – whether a reasonable person knowing what he know would have brought this suit under these circumstances.⁴ If the plaintiff overcomes this hurdle, then it will be entitled to discovery as to the infringement plaintiff's intentions.

While *Walker Process* style antitrust claims are typically concerned with inequitable conduct, the improprieties qualifying as inequitable conduct is defined not by the antitrust laws but by the Patent Act, which sets forth the technical requirements for procuring a patent. Further, the ordinary Patent Act remedies inequitable conduct are substantial. These include, but are not necessarily limited to, invalidity or nonenforcement of the patent at issue.⁵ Indeed, "a finding of inequitable conduct in the acquisition of even a single claim of a patent renders the remaining claims of that patent unenforceable, even those without the taint of inequitable conduct."⁶ If the fraud or misrepresentation occurs in an application for a reissue patent, even the original patent

⁴ See *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49 (1993).

⁵ See, e.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed.Cir.2007); *Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.*, 324 U.S. 806 (1945) (barring enforcement of patent obtained by fraud); *J.P. Stevens & Co. v. Lex Tex, Ltd.*, 747 F.2d 1553 (Fed. Cir. 1984), cert. denied, 474 U.S. 822 (1922) (inequitable conduct in patent application process yields nonenforceability of patent). See 35 U.S.C. §282. Further, if the inequitable conduct occurs with respect to any significant claim in the patent application, the entire patent becomes unenforceable. *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867 (Fed. Cir. 1988).

⁶ *Pharmacia Corp. v. Par Pharmaceutical, Inc.*, 417 F.3d 1369, 1374-1375 (Fed. Cir. 2005). See also *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 877 (Fed. Cir. 1988) (en banc in pertinent part) ("When a court has finally determined that inequitable conduct occurred in relation to one or more claims during prosecution of the patent application, the entire patent is rendered unenforceable."). A concurring opinion in *Therasense* suggested that a district court may choose to render fewer than all claims unenforceable, may simply dismiss the action before it, or may fashion some other reasonable remedy, so long as the remedy imposed by the court is "commensurate with the violation." *Therasense*, 649 F.3d at 1292. He further explained that "a finding of inequitable conduct renders unenforceable all claims of the wrongly procured patent and, in certain circumstances, related patents, this singular remedy is neither compelled by statute, nor consistent with the equitable nature of the doctrine." *Therasense*, 649 F.3d at 1299.

may become unenforceable,⁷ or misrepresentation respecting one patent may render related patents invalid and unenforceable as well.⁸ In addition, the government may sue to cancel a patent obtained by fraud,⁹ and judgments of invalidity for fraud or misrepresentation are generally given nonmutual collateral estoppel effect in subsequent actions brought by other licensees.¹⁰ A licensee under a patent determined to be unenforceable for fraud or inequitable conduct may escape payment of future royalties¹¹ and, in cases of fraud, may recover previously paid royalties.¹² Finally, the licensee or infringement defendant who proves fraud or inequitable conduct may

⁷ *Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 882 F.2d 1556 (Fed. Cir. 1989), cert. denied, 493 U.S. 1076 (1990).

⁸ *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240 (1933); *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806 (1945). See also *Fox Indus v. Structural Preservation Sys.*, 922 F.2d 801, 803 (Fed. Cir. 1990) (“a breach of the duty of candor early in the prosecution may render unenforceable all claims which eventually issue from the same or a related application.”); *Consolidated Aluminum Corp. v. Foseco Intl. Ltd.*, 910 F.2d 804, 809-812 (Fed. Cir. 1990) (inequitable conduct in one application “permeated the prosecution” of related applications, rendering them unenforceable as well). But see *Pharmacia Corp. v. Par Pharmaceutical, Inc.*, 417 F.3d 1369 (Fed. Cir. 2005) (claims of inequitable conduct with respect to one patent did not serve to invalidate a different patent not acquired through inequitable conduct).

⁹ *United States v. American Bell Tel. Co.*, 128 U.S. 315 (1888).

¹⁰ See *Blonder-Tongue Labs., Inc. v. Univ. of Illinois Found.*, 402 U.S. 313 (1970). On nonmutual, or “offensive,” collateral estoppel in antitrust cases, see 3 Antitrust Law ¶318.

¹¹ *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969). The unclean hands cases of *Keystone*, *Hazel-Atlas*, and *Precision* formed the basis for a new doctrine of inequitable conduct that developed and evolved over time. Each of these unclean hands cases before the Supreme Court dealt with particularly egregious misconduct, including perjury, the manufacture of false evidence, and the suppression of evidence. See *Precision*, 324 U.S. at 816–20, *Hazel-Atlas*, 322 U.S. at 240; *Keystone*, 290 U.S. at 243. Moreover, they all involved “deliberately planned and carefully executed scheme[s] to defraud” not only the PTO but also the courts. *Hazel-Atlas*, 322 U.S. at 245. As the inequitable conduct doctrine evolved from these unclean hands cases, it came to embrace a broader scope of misconduct, including not only egregious affirmative acts of misconduct intended to deceive both the PTO and the courts but also the mere nondisclosure of information to the PTO. Inequitable conduct also diverged from the doctrine of unclean hands by adopting a different and more potent remedy—unenforceability of the entire patent rather than mere dismissal of the instant suit. See *Precision*, 324 U.S. at 819 (dismissing suit); *Hazel-Atlas*, 322 U.S. at 251 (noting that the remedy was limited to dismissal and did not render the patent unenforceable); *Keystone*, 290 U.S. at 247 (affirming dismissal of suit). See *Therasense*, 649 F.3d at 1285.

¹² *USM Corp. v. SPS Tech., Inc.*, 514 F. Supp. 213 (N.D. Ill. 1981), rev'd on other grounds, 694 F.2d 505 (7th Cir. 1982), cert. denied, 462 U.S. 1107 (1983); *Transitron Elect. Corp. v. Hughes Aircraft Co.*, 649 F.2d 871, 875-876 (1st Cir. 1981) (requiring knowing misrepresentation made to Patent Office at time of application).

receive Rule 11 sanctions or recover attorney's fees under the Patent Act itself.¹³ These remedies must be counted as significant, as intended by Congress to be appropriate to the harms in question, and to be the primary remedies for the injuries caused by improperly procured patents.

Inequitable Conduct and Scope of Prior Art; Uncertainties Brought About by KSR Decision

In its *KSR* decision the Supreme Court tightened the standards for proving “nonobvious” subject matter, a statutory requirement of patentability inserted into the 1952 Patent Act.¹⁴ Historically, patent applications were held to a mainly backward looking novelty, or anticipation, standard.¹⁵ The nonobviousness requirement is more forward looking, however, and asks whether the *increment* between the prior art and the claimed invention is sufficiently large that a person with ordinary skill in that art would not have anticipated it.¹⁶

¹³ See 35 U.S.C. §285 (permitting infringement defendant to recover attorney's fees from infringement plaintiff in exceptional circumstances). See *Eon-Net LP v. Flagstar Bancorp.* (Fed. Cir. July 29, 2011), which administered sanctions, and observed that:

Meritless cases like this one unnecessarily require the district court to engage in excessive claim construction analysis before it is able to see the lack of merit of the patentee's infringement allegations.... In this case, Flagstar expended over \$600,000 in attorney fees and costs to litigate this case through claim construction. Supplemental Order on Fees and Costs. Viewed against Eon-Net's \$25,000 to 75,000 settlement offer range, it becomes apparent why the vast majority of those that Eon-Net accused of infringement chose to settle early in the litigation rather than expend the resources required to demonstrate to a court that the asserted patents are limited to processing information that originates from a hard copy document. Thus, those low settlement offers—less than ten percent of the cost that Flagstar expended to defend suit—effectively ensured that Eon-Net's baseless infringement allegations remained unexposed, allowing Eon-Net to continue to collect additional nuisance value settlements.

See also *Evident Corp. v. Church Dwight, Inc.*, 399 F.3d 1310 (Fed. Cir. 2005) (approving recovery of attorney's fees by infringement defendant); [Bruno Independent Living Aids, Inc. v. Acorn Mobility Services, Ltd.](#), 394 F.3d 1348 (Fed. Cir. 2005) (similar); *Fox Indus. v. Structural Preservation Sys.*, 922 F.2d 801, 804 (Fed. Cir. 1990) (similar); [Monolith Portland Midwest Co. v. Kaiser Aluminum & Chem. Corp.](#), 407 F.2d 288 (9th Cir. 1969) (same). Contrast *Lighting World, Inc. v. Birchwood Lighting, Inc.*, 382 F.3d 1354, 1367 (Fed. Cir. 2004) (not every case involving inequitable conduct is “exceptional,” justifying an attorney's fee award).

¹⁴ *Ksr Int'l Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007).

¹⁵ Although the Supreme Court began requiring a form of nonobviousness already in the mid-nineteenth century. See *Hotchkiss v. Greenwood*, 52 U.S. 248, 267 (1850) (inventive step too small for doorknob whose only deviation from prior art was that it was made of clay rather than wood or metal). See CHRISTINA BOHANNAN/& HERBERT HOVENKAMP, *CREATION WITHOUT RESTRAINT: PROMOTING LIBERTY AND RIVALRY IN INNOVATION*, ch. 5 (2011); John Duffy, *Inventing Invention: A Case Study of Legal Innovation*, 86 *Tex.L.Rev.* 1 (2007)

¹⁶ See BOHANNAN & HOVENKAMP, *CREATION WITHOUT RESTRAINT*, *supra*, chs. 4 & 5.

Even prior to *KSR* it was clear that “prior art” referred not merely to previous patents and patent applications, but to the full range of knowledge that might have anticipated the subject matter that the patent application claimed as something new. *KSR* has additionally complicated this by adding a forward looking common sense requirement that requires even more inquiry into what is known in the industry. These requirements can become particularly burdensome to the examination process when a patent involves a fairly recent market such as internet commerce, where old ideas are often transported into new situations. For example, a patent for a particular process in internet purchasing may look novel if one limits the search to internet transacting, but they are in fact very old practices that have simply been transported from one environment to another. For example, for a photographer accustomed to taking photographs of sporting events and offering them for sale, and then seeing how easily internet sales of all kinds of goods can be accomplished via websites such as *Amazon.com* or *ebay.com*, a process of posting and selling photographs on the internet hardly seems like something that a person with ordinary skill in the art would not be able to foresee.¹⁷

But imposing additional obligations on the examiner necessarily imposes more obligation on the patentee, who is required to acknowledge known prior art on the patent applicant. Within the time frame allotted to them a patent examiner can search prior documents in the patent office’s prior art database, but she cannot search the entire universe. The patent applicant who has “borrowed” ideas from other fields of commerce has a special obligation to provide notice of prior art.¹⁸ Further, the less likely that the examiner will discover such art in a routine search, the greater the penalty for failure to disclose should be if the conduct is to be deterred.¹⁹

Inequitable Conduct Before *Therasense*

Inequitable conduct before the PTO requires a misrepresentation that was knowing,²⁰ intentional, and material.²¹ Even prior to *Therasense* the Federal Circuit was

¹⁷ Ibid.

¹⁸ See PTO, Manual of Patent Examining Procedure, 2141.01a, available at <http://www.uspto.gov/web/offices/pac/mpep/index.htm>:

The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. Under the correct analysis, any need or problem known in the field of endeavor at the time of the invention and addressed by the patent [or application at issue] can provide a reason for combining the elements in the manner claimed. (citing *KSR*). Thus a reference in a field different from that of applicant's endeavor may be reasonably pertinent if it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his or her invention as a whole.

¹⁹ *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1072 (Fed. Cir. 1998).

²⁰ See, e.g., *Jersey Asparagus Farms, Inc. v. Rutgers Univ.*, ___ F.Supp.2d ___, 2011 WL 2148631 (D.N.J. May 31, 2011) (rejecting Walker Process claim that failed to include allegation that patentee actually knew about alleged prior uses that would have barred the patent).

²¹ See Hovenkamp, Janis, Lemley, & Leslie, *IP/Antitrust* §2.2 (2d ed. 2011); and see [Elk Corp. v. GAF Bldg. Materials Corp.](#), 168 F.3d 28, 30 (Fed. Cir. 1999). See *Kaiser Found.*

Health Plan, Inc. v. Abbott Labs., Inc., 552 F.3d 1033 (9th Cir. 2009), remanded, 2009 WL 3877513 (C.D. Cal. Oct. 8, 2009) (patent applicant's failure to disclose to PTO (a) a judicial decision that there had been prior sales that would have violated the on sale bar; and (b) an English translation of a Japanese document that revealed prior art could have amounted to fraud in procurement of the patent sufficient to support a later *Walker Process* claim); *Fisher Tool Co., Inc. v. Gillet Outillage*, 530 F.3d 1063 (9th Cir. 2008) (where patentee brought infringement suit and lost after narrow claim construction, infringement defendant brought antitrust claim and claim that marketplace assertions of infringement violated Section 43(a) unfair competition provision of Lanham Act; the court found that neither was brought in bad faith and patentee had "abundant" probable cause to bring patent infringement claim); *ERBE Elektromedizin GmbH v. Canady Tech., LLC*, 629 F.3d 1278 (Fed. Cir. 2010) (rejecting antitrust claim when infringement plaintiff's suit was not objectively baseless even though patent had been found to be invalid); *Rochester Drug Co-operative, Inc. v. Braintree Labs*, 712 F. Supp. 2d 308 (D. Del. May 18, 2010) (pioneer may have violated antitrust laws by listing invalid patent in Orange Book and then filing infringement actions against generics); *Fresh Del Monte Pineapples Antitrust Litig.*, 2010-2 Trade Cas. ¶77,220 (S.D.N.Y. Sept. 30, 2009) (antitrust defendant's patent and trade secret litigation not a sham because it could have had a reasonable basis for thinking the claim to be valid). A later decision found no anticompetitive effect. *Fresh Del Monte Pineapples Antitrust Litig.*, 2010-2 Trade Cas. ¶77,221 (S.D.N.Y. Nov. 3, 2010). See also *Carefusion Corp. v. Medtronic, Inc.*, 2010-2 Trade Cas. ¶77,232 (N.D. Cal. Nov. 1, 2010) (defendant's patent acquisitions public statements that it intended to enforce them not unlawful; no sham litigation directed at rivals); *Wellbutrin SR Antitrust Litig.*, 2010-2 Trade Cas. ¶77,150, 2010 WL 3431707 (E.D. Pa. Aug. 31, 2010) (sustaining complaint that pioneer filed baseless suit even though at least one claim on one of two patents under suit was sustained; no requirement that entire lawsuit be a sham); *LG Elecs., Inc. v. Asko Appliances, Inc.*, 2010-1 Trade Cas. ¶76,978, 2010 WL 1377255 (D. Del. Mar. 29, 2010, unpublished) (plaintiff adequately alleged monopolization by filing of infringement actions on fraudulently obtained patents where claim was specific as to relevant market and also the particulars of the alleged fraud, mainly failure to disclose four prior art references on patent application; that the omission was made with intent to deceive and material to granting of the patent); *IGT v. Bally Gaming Intl., Inc.*, 2010-1 Trade Cas. ¶77,010, 2010 WL 1727388 (D. Del. Apr. 28, 2010) (where patent infringement plaintiff had survived summary judgment motion and won partial judgment of validity and infringement, its infringement action could not be considered baseless); *Somanetics Corp. v. CAS Medical Sys., Inc.*, 2010-1 Trade Cas. ¶77,032, 2010 WL 2178836 (E.D. Mich. May 26, 2010) (patentee who failed to disclose prior sales may have violated Sherman Act by filing infringement suit); *Varian Semiconductor Equipment Assocs., Inc. v. Advanced Ion Beam Tech., Inc.*, 2009 WL 2425849, 2009-2 Trade Cas. ¶76,714 (D. Mass. Aug. 4, 2009) (dismissing *Walker Process* action where counterclaimant failed to plead fraud with particularity and was ambiguous about its injury); *Gabapentin Patent Litig.*, 649 F. Supp. 2d 340 (D.N.J. 2009) (refusing to dismiss generic pharmaceutical manufacturer's misuse and antitrust counterclaims against pioneer's patent infringement suit, on theory that pioneer manipulated information and made exaggerated claims about its patents so as to delay launch of rival's generic launch); *Dicar, Inc. v. Stafford Corrugated Prods., Inc.*, 2009 WL 1796053, 2009-2 Trade Cas. ¶76,667 (D.N.J. June 22, 2009, unpublished) (refusing to dismiss *Walker Process* counterclaim for failure to allege injury to competition; counterclaimant adequately alleged relevant market and patentee's market

dominance, and power to exclude competition; did not need to make additional allegation concerning impact on interbrand competition); *Applera Corp. v. Mich. Diagnostics*, 594 F. Supp. 2d 150 (D. Mass. Jan. 27, 2009) (dismissing complaint that alleged that patentee's application ignored prior art involving its rival's co-founder dismissed because it did not identify which of many patents were obtained in this way, or which prior art was at issue; this failed to meet Rule 9(b)'s heightened pleading requirements); *Alternative Electrodes, LLC v. Empi, Inc.*, 597 F. Supp. 2d 322 (E.D.N.Y. Feb. 4, 2009) (refusing to dismiss claim that rival was injured by sham patent infringement suits and false statements about patents to plaintiff's customers; patent was allegedly invalid based on undisclosed prior art; sufficient that plaintiff alleged litigation costs as injury because the complaint also alleged that the conduct was having the effect of driving rivals out of the market); *Wellbutrin XL Antitrust Litig.*, 2009 WL 678631, 2009-1 Trade Cas. ¶76,605 (E.D. Pa. Mar. 13, 2009) (refusing to dismiss complaint of conspiracy by manufacturer and distributor of pioneer drug to restrain generic competition through filing of baseless infringement claims and manipulation of FDA approval processes); *Teva Pharm. USA, Inc. v. Abbott Labs.*, 580 F. Supp. 2d 345 (D. Del. Oct. 2, 2008) (pioneer drug manufacturer's patent infringement litigation could have been a sham, given that claim construction was both "incorrect and untenable"); *Daiichi Sankyo, Inc. v. Apotex, Inc.*, 2009 WL 1437815, 2009-1 Trade Cas. ¶76,630 (D.N.J. May 19, 2009) (patent infringement suit not unlawful when there was not clear and convincing evidence of inequitable conduct before PTO, even though patent was declared invalid as obvious); *ERBE Elektromedizin GmbH v. Canady Tech., LLC*, 529 F. Supp. 2d 577 (W.D. Pa. 2007) (patentee not shown to lack probable cause to bring mediation and infringement actions); *OxyContin Antitrust Litig.*, 530 F. Supp. 2d 554 (S.D.N.Y. 2008) (insufficient evidence of inequitable conduct before PTO to support *Walker Process* style claim; while there were some omissions in patent application process, most were not material and there was no showing of bad faith); *Catch Curve, Inc. v. Venall, Inc.*, 519 F. Supp. 2d 1028 (C.D. Cal. 2007) (sustaining complaint alleging infringement suit on fraudulently obtained patent, an 80 percent share of relevant market, and high entry barriers); *Hertz Corp. v. Enterprise Rent-A-Car*, 557 F. Supp. 2d 185 (D. Mass. 2008) (pre-issuance misconduct before PTO could be used just as much as post-issuance misconduct to sustain *Walker Process* antitrust claim; plaintiff met heightened pleading requirements of FRCP 9(b) for showing fraudulent misstatements to PTO in patent application process). See also *Garmin, Ltd. v. TomTom, Inc.*, 2007 WL 2903843, 2007-2 Trade Cas. ¶75,935 (E.D. Tex. Oct. 3, 2007) (plaintiff adequately alleged *Walker Process* violation based on assertion of fraudulently acquired patents invalidated by prior art and patents that had already been invalidated by other federal courts; accepting allegation of relevant market of "portable handheld navigation devices sold in the United States"). See also *SanDisk Corp. v. STMicroelec., Inc.*, 2009 WL 1404689, 2009-1 Trade Cas. ¶76,625 (N.D. Cal. May 19, 2009) (granting motion to bifurcate trial of inequitable conduct claim in patent infringement suit and antitrust counterclaim; a finding of no inequitable conduct could moot *Walker Process* suit, while a finding that inequitable conduct existed would still make a *Walker Process* suit necessary, given its more strenuous requirements). See also *AstraZeneca AB v. Mylan Labs., Inc.*, 2010-1 Trade Cas. ¶77,034 (S.D.N.Y. May 19, 2010) (pioneer drug patentee's infringement suit against generic not objectively baseless even though pioneer ultimately lost; rejecting antitrust plaintiff's claim that "automatic petitioning"—or the filing of claims indiscriminately against all entrants—operated as an exception to *Noerr* even when the petitioning may not have been baseless in the

strict about all three requirements. For example, gross negligence was found insufficient to make out a claim of inequitable conduct on the issues of knowledge and intent.²² Further, the infringement defendant or other person claiming inequitable conduct must plead it with “particularity,” meaning that it must provide specific facts about the nature of the claimed fraud or inequitable conduct. This may include naming of the individuals who engaged in the conduct²³ as well as specifics about the nature of the conduct, and which patent claims were affected by the conduct.²⁴

Inequitable conduct requires a “material” misrepresentation, which could mean a variety of things. A misrepresentation might be (1) an obvious and indisputable *sine qua non* for issuance of the patent, or (2) the critical factor in the mind of the patent examiner responsible for issuance of the patent, or (3) a factor that did in fact or would probably have influenced the examiner, or (4) a relevant and not unimportant factor in a judgment about patentability, or (5) a factor irrelevant to the issuance of the patent.²⁵

Which of these cases describes a “material” misrepresentation depends upon the reason for being concerned about “materiality.” If we are asking whether the patentee's

particular case; court expresses some doubt that *California Motor Transport's* “repetitive lawsuits” language remains viable after *Professional Real Estate* decision.

And see *DDAVP Direct Purchaser Antitrust Litigation*, 585 F.3d 677 (2d Cir. 2009), cert. denied, 130 S. Ct. 3505 (2010) (assessing whether a claim of inequitable conduct contained the “something more” required by the Federal Circuit’s decision in *Dippin’ Dots, Inc. v. Mosey*, 476 F.3d 1337, 1347 (Fed. Cir. 2007), discussed in the main text; refusing to dismiss at the pleading stage on this ground). On the “something more” required by *Dippin’ Dots*, see Christina Bohannon & Herbert Hovenkamp, IP and Antitrust: Reformation and Harm, 51 B.C. L. Rev. 905 (2010).

Cf. *Fiber Sys., Intl., Inc. v. Applied Optical Sys., Inc.* 2009-2 Trade Cas. ¶76,827, 2009 WL 3571350 (E.D. Tex. Dec. 7, 2009) (not permitting *Walker Process* claim to be joined with patent infringement claim at trial when combining the patent infringement issue and *Walker Process* issue might confuse the jury)

²² *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 877 (Fed. Cir. 1988) (en banc).

²³ See *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1329 (Fed. Cir. 2009), which rejected a complaint that the patentees “agents and/or attorneys” engaged in fraud but “fail[ed] to name the specific individual associated with the filing or prosecution of the application.... who knew the material information and deliberately withheld or misrepresented it.”

²⁴ *Id.* at 1329 (“Second, the pleading fails to identify which claims, and which limitations in those claims, the withheld references are relevant to, and where in those references the material information is found – i.e., the ‘what’ and ‘where’ of the material omissions.”)

²⁵ But see Christopher Anthony Cotropia, Mark A. Lemley & Bhaven N. Sampat, Do Applicant Patent Citations Matter? Implications for the Presumption of Validity (SSRN, working paper, Aug. 10, 2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1656568 (empirical evidence suggesting that patent examiners do not pay a great deal of attention to applicant-submitted prior art references, but rather rely on their own research).

discovery is sufficiently useful, novel, and inventive (nonobvious)²⁶ to warrant patent protection, the first case describes a representation that is material in the limited sense that its identification as false now settles the validity issue. In addition, the second case describes a misrepresentation that materially facilitated the issuance of the actual patent. To be sure, the patent might have been issued even without the misrepresentation if the examiner who thought the representation critical might have been overruled in the Patent Office or in the courts. Nevertheless, the applicant eased its way to a patent grant by the misrepresentation, which therefore contributed to its obtaining the legal power to exclude. The same is true in the third case, which dispenses with the need to decide long after the event what a particular patent examiner would have done in a hypothetical situation and in the light of a state of the art which may be quite different from that with which the examiner is currently working.²⁷ The fourth case, as a practical matter, differs little from the third. The fifth case, however, is qualitatively different. If an omitted piece of prior art would have had no bearing on the decision to grant or deny a patent application, then it could not have been “material” to the grant decision. We would define “material” for antitrust purposes to include all of the first four cases, provided that one can tailor the definition of “wilfulness” to the importance of the misrepresented fact or, in the alternative, that one can adopt a fairly conservative definition of “wilfulness”—an issue to which we now turn.

Defining “impropriety”; “willful” misrepresentation

Prior to *Therasence*, an impropriety in patent procurement could render a patent unenforceable, but only a knowing or “wilful” misrepresentation would support the claim of a §2 violation, and in some cases even that may be insufficient.²⁸ *Therasence* requires actual knowledge of a misrepresentation or omission and materiality for all cases finding inequitable conduct. Of course, omissions falling short of inequitable conduct could still serve to make a patent unenforceable. The antitrust standard need not be driven by the Patent Act standard. That is to say, one might have situations in which an omission or misrepresentation in the patent process fell short of inequitable conduct but nevertheless rendered the patent unenforceable. In such a case a subsequent infringement suit could constitute an antitrust violation.

Materiality Measured by Objective Test

²⁶ These are the basic criteria of patentability according to 35 U.S.C. §§101-103. When several applicants claim the same invention, relative priority will depend upon the dates of various experiments and constructions—matters peculiarly within the knowledge of each applicant.

²⁷ In *State of N.C. v. Charles Pfizer & Co., Inc.*, 384 F. Supp. 265 (E.D.N.C. 1974) aff'd, 537 F.2d 67 (4th Cir. 1976), the FTC determined that a misrepresentation was material on the basis of current testimony by an examiner about what he currently supposed he would have done had his question to the applicant been answered correctly.

²⁸ E.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007) (knowing, intentional sworn statement about disqualifying prior sales insufficient when there was no collateral evidence of improper conduct)

Consider the patent applicant who, without “knowing” that the representation was false, made a misrepresentation about its own work that was decisive in the sense that the true facts would bar patentability. The “inventor” might have misread records, or “forgotten” some experiment or result, or failed to view a particular experiment with reasonable care, or poorly informed those who prepared the patent application and otherwise responded to the patent examiner. Agency problems such as these are common, particularly in large firms where the correctness and completeness of a patent application depends on how fully and accurately information was communicated within the firm. In the case of the larger firm, it may be simply that necessary records were not examined or were destroyed before examination was possible. But the relevance of subjective ignorance is limited by objective considerations.

Because subjective knowledge is so easy to disclaim and so hard to prove, legal institutions often rely on objective standards of knowledge. A misrepresentation could be considered knowingly made when a reasonable person in the applicant's position would have known it to be false, although in *Therasense* the Federal Circuit largely rejected that view. Under an objective inquiry, the applicant who claims a failure of perception or recollection in using available information would be treated no more favorably than the reasonable person who would have known of the falsity. Where there are significant public implications, it is better to encourage reasonable care than to “reward” unreasonable ignorance.

Accordingly, we would not totally excuse the representation whose falsity was not known to the applicant but that would have been known to a reasonable researcher who had exercised due care in conducting his or her experiment, in recording the results, or in communicating within the organization pursuing the patent. We do not suggest that the courts should substitute their judgment for that of the researchers, but fairly clear carelessness leading to an indisputably material misrepresentation should itself be grounds for finding an exclusionary act, at least for equitable antitrust purposes. In the absence of such clarity, the defendant is not likely to be liable, because its failure “does not rise to the level of unfair, bad faith dealing.”²⁹

²⁹ Compare the *SCM* dictum, *SCM Corp. v. Xerox Corp.*, 645 F.2d 1195 (2d Cir. 1981), at 448-449, that wilful misrepresentation is necessary to violate §2, although less clearly fraudulent behavior may constitute a misuse sufficient to make a patent unenforceable. We agree that the lesser behavior should not constitute a §2 violation for the purpose of the private treble damage claim involved in that case.

The Federal Circuit appears to take a position that is somewhat more conservative than the one offered in the text, but the decisions seem to indicate that inequitable conduct will not be inferred from gross negligence alone, which means that it will not be inferred when the only evidence is that a significant omission is unexplained. See *Eli Lilly & Co. v. Zenith Goldline Pharmaceuticals, Inc.*, 471 F.3d 1369, 1382 (Fed.Cir. 2006):
Gross negligence alone is insufficient to justify an inference of intent to deceive the PTO. In a case involving an omission of a material reference to the PTO, the record must contain clear and convincing evidence that the applicant made a deliberate decision to withhold a known material reference.

Materiality, however, is a different matter. Whether a misrepresentation or omission would have been material to a decision about patent issuance or scope depends largely upon the knowledge and perceptions of the *examiner*, not the applicant. Further, the question is at least partially one of law to the extent it is driven by technical definitions of prior art. Further, the subsequent query is not into the state of mind of a particular patent examiner, but rather a “reasonable” patent examiner looking at the patent application in question. For example, an omitted prior art citation that is no more than cumulative of other citations that are themselves sufficient would not establish inequitable conduct.³⁰ By contrast, a decisive item of prior art might have precluded patentability had the examiner known of it.³¹

Prior to Therasense: balancing materiality and intent to deceive

Suppose that a patent applicant intentionally and knowingly omitted mentioning a particular piece of prior art on its patent application, but that it is somewhat doubtful that the patent examiner would have found this prior art decisive against the applicant. Or at the other extreme, suppose that the applicant was negligent or even grossly negligent in omitting a piece of non-patent prior art that a patent examiner would have been unlikely to discover, but that if the examiner had known about this prior art the patent application clearly would have been rejected. Do both of these cases involve inequitable conduct? Neither of them, because in each case one of the elements is too weak? Or should the courts try to balance strong conduct showings against weak materiality showings, or vice-versa. Prior to *Therasense* the courts generally balanced, or spoke of a “sliding scale” of conduct vs. materiality.³²

The argument against close appraisals of materiality depends in part on the degree

See also [M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co., Inc.](#), 439 F.3d 1335, 1341 (Fed. Cir. 2006) (nondisclosure, accompanied by lack of any reasonable explanation, insufficient to create intent to deceive PTO; however, court went on to say that intent could be proven by “indirect” evidence when other evidence, in addition to nondisclosure alone, was present); [Ferring B.V. v. Barr Laboratories, Inc.](#), 437 F.3d 1181, 1203 (Fed. Cir. 2006) (must consider evidence as a whole); [Digital Control, Inc. v. Charles Mach. Works](#), 437 F.3d 1309 (Fed. Cir. 2006); [Warner-Lambert Co. v. Teva Pharms. USA, Inc.](#), 418 F.3d 1326, 1348 (Fed. Cir. 2005); *Kingsdown Med. Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867 (Fed. Cir. 1988). And see [Novo Nordisk Pharmaceuticals, Inc. v. Bio-Technology](#), 424 F.3d 1347 (Fed. Cir. 2005) (finding inequitable conduct on the basis of objective evidence)

³⁰ See *Regents of the University of California v. Eli Lilly & Co.*, 119 F.3d 1559, 1574-1575 (Fed. Cir. 1997).

³¹ E.g., [Nobelpharma AB v. Implant Innovations](#), 141 F.3d 1059 (Fed. Cir.), cert. denied, 525 U.S. 876 (1998).

³² *Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350 (Fed. Cir. 1984) abrogated by *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (Before *Therasense*, a party alleging inequitable conduct had to prove by clear and convincing evidence that (1) material information was not disclosed to the PTO, and (2) the non-disclosure was done with the intent to deceive the PTO. After *Therasense*, intent and materiality are separate requirements. 649 F.3d at 1290.

of a knowing misrepresentation. It would be easy if one could clearly define a sliding scale in which less proof of materiality would be required as the carelessness was greater, but that cannot be done. For example, one could require “gross negligence” for anything other than misrepresentations vital to validity. Prior to *Therasense*, Federal Circuit held that materiality and intent to deceive the PTO must be balanced against one another: as the evidence of intent to deceive is greater, the evidence of materiality can be less:

A patent may be rendered unenforceable for inequitable conduct if an applicant, with intent to mislead or deceive the examiner, fails to disclose material information or submits materially false information to the PTO during prosecution. The party asserting inequitable conduct must prove a threshold level of materiality and intent by clear and convincing evidence. The court must then determine whether the questioned conduct amounts to inequitable conduct by balancing the levels of materiality and intent, “with a greater showing of one factor allowing a lesser showing of the other.”³³

Injury to competition is not and has never been a factor in the assessment of inequitable conduct, even though an invalid patent that creates or prolongs a monopoly is much more costly to society than one that is of negligible economic value. Accordingly, in situations where significant market power or a threat of monopoly is shown, we would permit a more relaxed set of requirements for inequitable conduct as an antitrust matter.³⁴ While the issue of monopoly or dangerous probability of success in achieving it would not ordinarily arise in a case involving inequitable conduct alone, it would be part of a lawsuit that included a counterclaim for an antitrust violation. The important factor is that the antitrust court need not be driven entirely by the definition of inequitable conduct in the patent sense, but only by the reasonableness of the infringement action or other exclusionary practice that occurred thereafter.

Scope of Disclosure Duty; Lack of candor

The existence and extent of any duty of affirmative disclosure is developed not only in reference to inequitable conduct, but also in the definition of antitrust claims and in the definition of the “misuse” that can deny the patentee its normal infringement

³³ *Digital Control, Digital Control, Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1313 (Fed. Cir. 2006) (quoting *Union Pac. Res. Co. v. Chesapeake Energy Corp.*, 236 F.3d 684, 693 (Fed. Cir. 2001); other citations omitted). See also *Novo Nordisk Pharma., Inc. v. Bio-Technology Gen. Corp.*, 424 F.3d at 1347, 1359 (Fed. Cir. 2005) (“when balanced against high materiality, the showing of intent can be proportionally less,” quoting *Bristol-Myers Squibb Co. v. Rhone-Poulenc Rorer, Inc.*, 326 F.3d 1226, 1234 (Fed. Cir. 2003); *Eli Lilly, Regents of the Univ. of California v. Eli Lilly & Co.*, 119 F.3d 1559 (Fed. Cir. 1997) (similar).

³⁴ Cf. *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007) where the Federal Circuit required a higher standard for proving that a material misrepresentation constituted an antitrust violation.

remedies.³⁵ The inquiries are not necessarily the same, because in a patent infringement suit the issue is what the patentee knew and should have disclosed at the time of a lawsuit, while the inequitable conduct inquiry focuses on pre-issuance conduct.

The courts have often distinguished “less than candid disclosure” from “wilful misrepresentation,”³⁶ but such a distinction is not fully consistent with the rationale for condemning affirmative misstatements. False statements subvert a government process depending heavily on the correctness of representations made by an applicant. Nor is there any offsetting social interest in protecting false statements or any solicitude for those who knowingly make them. These reasons apply with equal force to the nondisclosure of a fact that is known to be material in the sense that its disclosure would impede the issuance of a patent or preclude its subsequent enforcement. The nondisclosure of a clearly known fact that is clearly known to be material is indistinguishable from an affirmative misstatement of similar importance. The distinctive quality of nondisclosure, however, is the infinite universe of matters that might be known: it is obviously impossible for the applicant to know and disclose everything conceivably relevant to its application.

What was known?

As a legal term that which is “known” can have several meanings, ranging from subjective knowledge, to reason to know, to careless ignorance or indifference. A statement can be false yet innocent when the speaker did not know of the fact whose existence made the statement false. But once that fact is sufficiently known, the actor's moral dereliction is clear: everyone knows he should not lie, and the very making of the statement shows that the applicant understood it to be relevant.³⁷ In the case of an applicant's failure to speak, however, condemnation depends on the tribunal's satisfaction that both the relevant fact and the fact of its relevance were known. These must be proved with clarity before the materiality inquiry becomes appropriate, and the courts seem to require this through their insistence upon a showing of willfulness.³⁸

Prior art representations

Many although not all findings of inequitable conduct rest on failures to disclose prior art, in particular non-patent prior art that an examiner was not readily able to locate on her own. The very act of applying for a patent is, in a sense, a representation that the claimed invention is a sufficient advance over the prior art to be entitled to patent protection. A failure to cite prior art might occur because the applicant himself did not

³⁵ On misuse, see BOHANNAN & HOVENKAMP, *CREATION WITHOUT RESTRAINT*, ch.10.

³⁶ E.g., *SCM Corp. v. Xerox Corp.*, 645 F.2d 1195 (2d Cir. 1981).

³⁷ E.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007) (applicant obviously knew of some 800 prior sales that would have barred patentability but made sworn statement that no such sales had occurred; inequitable conduct sufficient to render patent unenforceable but not sufficient for *Walker Process* violation).

³⁸ See [Becton, Dickinson & Co. v. Sherwood Medical Indus.](#), 516 F.2d 514 (5th Cir. 1975); [Beckman Instruments v. Chemtronics](#), 428 F.2d 555, 565 (5th Cir.), cert. denied, 400 U.S. 956 (1970). Both decisions involved failures to disclose prior art.

know about it and could not have discovered it even with a reasonable search. However such an omission might be intentional, and the motive to fail to disclose is increased if the applicant believes that discovery would result in refusal to issue a patent or perhaps in the narrowing of its scope.

At the same time, applicants do not necessarily or even usually tell all they know and believe to be relevant about the prior art. Such an “implied misrepresentation” or “lack of candor” differs from that concerning the applicant's own work in important respects. *Published* prior art, like the law, is as accessible to the Patent Office and third parties as it is to the applicant. The examiner does not in fact rely on an applicant's belief that it is entitled to a patent. Rather, the PTO makes its own search and judgment about the prior art, and given the nature of the patentability issue, it would be unfair to put the applicant at his peril with respect to later judgments about what the applicant knew or should have known and considered relevant about the prior art. For these reasons, we would not think it wise to use antitrust doctrines to impose upon patent applicants any duty of general disclosure about the prior art beyond that which the patent system itself requires. However, applicants are properly charged under both patent and antitrust law to disclose prior public use or sale or other facts that they knew, and that would constitute a statutory bar.³⁹ Further, those later filing infringement actions are responsible for making objective good faith judgments about the validity and enforceability of the right they are claiming.

Inequitable Conduct Under *Therasense*

In *Therasense* a divided *en banc* panel of the Court of Appeals for the Federal Circuit tightened the standards for finding materiality and intent in resolving issues of inequitable conduct.⁴⁰ Before *Therasense*, a party alleging inequitable conduct had to prove by clear and convincing evidence that (1) material information was not disclosed to the PTO, and (2) the non-disclosure was done with the intent to deceive the PTO.⁴¹ Those two elements were then put on a sliding scale where a strong showing of one element, either materiality or intent, could override a weaker showing of the other.⁴²

However, because of concerns about the expansion of the use of an inequitable conduct allegation as a strategic tool, the Federal Circuit revisited and recrafted the requirements for a showing of inequitable conduct. The *en banc* court held that “the accused infringer must *prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.*”⁴³ The court also heightened the required showing for both materiality and intent to deceive, where a party alleging inequitable conduct must now show “but-for materiality”

³⁹ See, e.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007); *M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co., Inc.*, 439 F.3d 1335, 1341 (Fed. Cir. 2006); [Highway Equipment Co., Inc. v. FECO, Ltd.](#), 469 F.3d 1027 (Fed. Cir. 2006); [Flex-Rest, LLC v. Steelcase, Inc.](#), 455 F.3d 1351 (Fed. Cir. 2006).

⁴⁰ [Therasense, Inc. v. Becton, Dickinson and Co.](#), 649 F.3d 1276 (Fed. Cir. 2011).

⁴¹ *Id.* at 1287.

⁴² *Id.* at 1288.

⁴³ *Id.* at 1290 (emphasis added).

and that the intent to deceive is “the single most reasonable inference able to be drawn from the evidence.”⁴⁴ In only one instance may the court find materiality without the requisite “but-for” causation, when “the patentee has engaged in affirmative acts of egregious misconduct.”⁴⁵

Becton Dickinson sued Therasense and Abbott Laboratories (collectively “Abbott”) seeking a declaratory judgment of non-infringement of Abbott's patent for glucose blood test strips. Beyond arguing non-infringement, Becton Dickinson claimed that the patent in suit was void and unenforceable because of inequitable conduct committed during its prosecution. The actions alleged to constitute inequitable conduct arose from Abbott's prosecution of the patent in the United States and the position it took in that prosecution with respect to a prior patent prosecuted in Europe. The earlier European patent claimed another glucose test strip, preferably, it stated, with a membrane over the sensory electrode. When defending the instant patent in the United States, Abbott had to overcome an obviousness argument from the PTO which referenced the prior European patent. Abbott's attorney and the patent's inventor submitted affidavits to the PTO which stated that the previous patent only taught a glucose test strip with a membrane, while the instant patent specifically stated that a membrane was not used in the invention. However, in the earlier prosecution of the European patent, Abbott had argued that the European patent provided for a glucose test strip with or without a membrane. Abbott then did not disclose that previous position to the PTO in the prosecution of the new patent in the United States, an action Becton Dickinson claimed constituted inequitable conduct.

A central issue during the examination that led to the issuance of the '[551 patent](#)' was whether the prior art had taught that glucose sensors could be used to test whole blood without a protective membrane.⁴⁶ The examiner focused on whether the prior art '[382 patent](#)' taught the use of sensors without membranes.⁴⁷ On its face, the '[382 patent](#)' seemed to teach that sensors could be used without membranes when testing whole blood because the specification of the '[382 patent](#)', when discussing the use of sensors with whole blood, stated the following:

Optionally, but preferably when being used on live blood, a protective membrane surrounds both the enzyme and the mediator layers, permeable to water and glucose molecules.

The district court found that the persons involved in prosecuting the '551 application made representations to the examiner that the pertinent passage in the '[382 patent](#)' should not be taken at face value.⁴⁸ In particular, the patentee's expert submitted a declaration in which he stated that even though the '[382 patent](#)' referred to the use of a protective membrane surrounding the enzyme and mediator layers of the glucose meter as “optionally, but preferably” present, “one skilled in the art would have felt that an

⁴⁴ *Id.* (citation and internal quotation marks omitted).

⁴⁵ *Id.* at 1292.

⁴⁶ *Id.* at 1317.

⁴⁷ *Id.*

⁴⁸ *Id.*

active electrode comprising an enzyme and a mediator would require a protective membrane if it were to be used with a whole blood sample.”⁴⁹ For that reason, he stated, he was “sure that one skilled in the art would not read [the ‘382 patent] to teach that the use of a protective membrane with a whole blood sample is optionally or merely preferred.”⁵⁰ The prosecuting attorney added his own remarks when submitting this declaration. He stated: “One skilled in the art would not have read the disclosure of the [‘382 patent] as teaching that the use of a protective membrane with whole blood samples was optional. He would not, especially in view of the working examples, have read the optionally, but preferably language ... as a technical teaching but rather mere patent phraseology.”⁵¹ The attorney added: “There is no teaching or suggestion of unprotected active electrodes for use with whole blood specimens in [the ‘382] patent or the other prior art of record in this application.”⁵² Shortly after those submissions were made, the examiner allowed the claims for a membraneless sensor.⁵³

The district court found that Abbott had made directly contradictory representations to the European Patent Office (“EPO”) concerning the teaching of the ‘382 patent in connection with the prosecution of a European patent application and had not disclosed those contradictory representations to the PTO.⁵⁴ Before the EPO, Abbott represented that the European counterpart to the ‘382 patent referred to a “protective membrane optionally utilized with the glucose sensor of the patent,” and that the membrane was “preferably to be used with in vivo measurements.”⁵⁵ With specific reference to the language from the patent reciting the use of the protective membrane “optionally, but preferably when being used on live blood,” Abbott told the EPO: “It is submitted that this disclosure is unequivocally clear. The protective membrane is optional, however, it is preferred when used on live blood in order to prevent the larger constituents of the blood, in particular erythrocytes from interfering with the electrode sensor.”⁵⁶

The district court found that Abbott’s representations to the EPO contradicted its representations to the PTO, made through the expert and the attorney.⁵⁷ The district court also found that Abbott’s failure to disclose to the examiner that it had made inconsistent statements to the EPO regarding the teaching of the ‘382 patent was highly material.⁵⁸ In particular, the court found that the failure to disclose the inconsistency in those statements was the kind of nondisclosure covered by PTO Rule 56, as being nondisclosure of information “inconsistent with a position the applicant takes in . . . [a]sserting an argument of patentability.”⁵⁹

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.* at 1318.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

The district court found that Abbott's failure to disclose material information was intentional, i.e., it was made with the specific intent to deceive the PTO.⁶⁰ The district court concluded that the patentee's efforts to justify their conduct were unpersuasive.⁶¹ The patentee's representatives had been aware of the contrary representations made to the EPO and consciously chose to withhold them from the PTO.⁶² The court discredited their explanation that he understood the term "unequivocally clear" in the EPO submission to relate to the permeability of the membrane, not to the text immediately following the words "unequivocally clear," where it is plainly stated that the membrane is optional.⁶³ The court was not persuaded by their statement that he believed "optionally, but preferably" meant, in the context of patents, "optionally, but always."⁶⁴

The district court then considered possible alternative reasons for the decision not to disclose the contradictory EPO statements, such as the possibility that the applicant had misunderstood the meaning of the terms "whole blood" and "live blood."⁶⁵ Ultimately, however, the district court could not identify any plausible reason for the nondisclosure and therefore found that the applicant had acted with deceptive intent.⁶⁶

As to the applicant's later testimony that it believed that statements made to the PTO did not contradict the statements made to the EPO, the court found that the applicant knew that a representation had been made to the EPO that the '326 patent did not require a membrane when used with whole blood.⁶⁷ Noting that the applicant's trial testimony had been impeached by his prior inconsistent statements on certain points, and finding that he exhibited an "unconvincing trial demeanor," the district court found that he acted with the requisite intent to deceive.⁶⁸

In clarifying the standard applicable to claims of inequitable conduct, the court expressed how the doctrine has been "overplayed, is appearing in nearly every patent suit, and is cluttering up the patent system."⁶⁹ The court reiterated that:

[T]he habit of charging inequitable conduct in almost every major patent case has become an absolute plague. Reputable lawyers seem to feel compelled to make

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.* at 1319.

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.* at 1289 (quoting *Kimberly-Clark Corp. v. Johnson & Johnson*, [745 F.2d 1437, 1454 \(Fed.Cir.1984\)](#)).

the charge against other reputable lawyers on the slenderest grounds, to represent their client's interests adequately, perhaps.⁷⁰

The majority lamented that the “overplayed” “inequitable conduct doctrine has plagued not only the courts but also the entire patent system.”⁷¹ The majority opinion expressed its displeasure that the reduced standards for intent and materiality have become a significant litigation strategy, burdening courts, increasing the complexity, duration and cost of patent infringement, discouraging settlement, and deflecting attention from the merits of validity and infringement issues.⁷² The court commented, “[w]hile honesty at the PTO is essential, low standards for intent and materiality have inadvertently led to many unintended consequences, among them, increased adjudication costs and complexity, reduced likelihood of settlement, burdened courts, strained PTO resources, increased PTO backlog, and impaired patent quality.”⁷³ The majority opinion then explained the proper standards:

To prevail on a claim of inequitable conduct, the accused infringer must prove that the patentee acted with the specific intent to deceive the PTO. A finding that the misrepresentation or omission amounts to gross negligence or negligence under a “should have known” standard does not satisfy this intent requirement. In a case involving nondisclosure of information, clear and convincing evidence must show that the applicant made a deliberate decision to withhold a known material reference. In other words, the accused infringer must prove by clear and convincing evidence that the applicant knew of the reference, knew that it was material, and made a deliberate decision to withhold it.⁷⁴

The majority opinion went on to explain that:

Intent and materiality are separate requirements. A district court should not use a “sliding scale,” where a weak showing of intent may be found sufficient based on a strong showing of materiality, and vice versa. Moreover, a district court may not infer intent solely from materiality. Instead, a court must weigh the evidence of intent to deceive independent of its analysis of materiality. Proving that the applicant knew of a reference, should have known of its materiality, and decided not to submit it to the PTO does not prove specific intent to deceive.

Because direct evidence of deceptive intent is rare, a district court may infer intent from indirect and circumstantial evidence. However, to meet the clear and convincing evidence standard, the specific intent to deceive must be the single most reasonable inference able to be drawn from the evidence. Indeed, the evidence must be sufficient to require a finding of deceitful intent in the light of all the circumstances. Hence, when there are multiple reasonable inferences that may be drawn, intent to deceive cannot be found.

⁷⁰ *Id.* (quoting *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988)).

⁷¹ *Id.*

⁷² *Id.* at 1288.

⁷³ *Id.* at 1290.

⁷⁴ *Id.*

...

The absence of a good faith explanation for withholding a material reference does not, by itself, prove intent to deceive.

...

This court holds that, as a general matter, the materiality required to establish inequitable conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. Hence, in assessing the materiality of a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of the undisclosed reference. In making this patentability determination, the court should apply the preponderance of the evidence standard and give claims their broadest reasonable construction.⁷⁵

On the intent prong in particular, the Federal Circuit held that courts may infer intent from direct and circumstantial evidence, but that such intent must be “the *single most reasonable inference* able to be drawn from the evidence.”⁷⁶ “When there are multiple reasonable inferences that may be drawn, intent to deceive cannot be found.”⁷⁷

For materiality, the court held that “the *materiality required* to establish inequitable conduct *is but-for materiality*.”⁷⁸ Thus, the court must determine “whether the [PTO] would have allowed the claim if it had been aware of the undisclosed reference.”⁷⁹ If the party challenging the patent shows each of these elements by clear and convincing evidence, the party defending the patent may offer a good faith defense.⁸⁰

The court did recognize one exception to the “but-for” causation required for materiality. When “the patentee has engaged in affirmative acts of egregious misconduct,” materiality may be assumed.⁸¹ Willfully filing a false affidavit is an example of such egregious misconduct. The court made clear, however, that “mere nondisclosure of prior art references to the PTO [or] failure to mention prior art references in an affidavit” does not constitute affirmative egregious misconduct. *Id.* The Federal Circuit approved of the egregious misconduct exception because its roots are in the original “unclean hands” cases and it allows for flexibility when a willful fraud is perpetrated upon the PTO.⁸²

Although all 11 judges agreed that intent and materiality are separate

⁷⁵ [Id.](#), at 1291-1292 (citations and internal quotation marks omitted).

⁷⁶ [Id.](#), at 1290 (emphasis added) (citation and internal quotation marks omitted).

⁷⁷ [Id.](#), at 1290-1291.

⁷⁸ [Id.](#), at 1291 (emphasis added).

⁷⁹ [Id.](#)

⁸⁰ [Id.](#) at 1292

⁸¹ [Id.](#)

⁸² [Id.](#)

elements,⁸³ they also agreed that the former needs to be specific.⁸⁴ But the Judges disagreed as to the proper test for materiality.⁸⁵

Because the district court applied the now-defunct standards of (1) materiality under PTO's Rule 56 and (2) intent based on the absence of a good-faith explanation, the court vacated those portions of its opinion and remanded for evaluation in light of the new standards. Judge O'Malley, while disagreeing with the majority's materiality standard, supported the decision to remand. The dissent, however, in an opinion authored by Judge Bryson, would have upheld the lower court's findings as to both materiality and intent, as it found the case "a compelling one for applying the principles of inequitable conduct."⁸⁶

Inequitable Conduct and Improper Infringement Actions

Wrongfully brought infringement actions can be based on patents obtained by inequitable conduct. In those cases the fraud or inequitable conduct in obtaining the patent generally suffices to establish the impropriety of the subsequent infringement action. One who acted fraudulently in obtaining a patent necessarily knows its patent is unenforceable.⁸⁷ But infringement actions can also be qualifying exclusionary practices under [§2](#) when they are based on valid patents that are known by the infringement

⁸³ *Id.*, at 1290 (majority opinion) [hereinafter majority] ("Intent and materiality are separate requirements."); *Id.*, at 1297 (O'Malley, J., concurring in part and dissenting in part). ("[I]ntent to deceive and materiality must be found separately."); *Id.*, at 1304 (Bryson, J., dissenting) [hereinafter dissent] ("Intent to mislead and materiality must be separately proved.").

⁸⁴ *Id.*, at 1290 (majority) ("[T]he accused infringer must prove that the patentee acted with the specific intent to deceive the PTO."); *Id.*, at 1297 (concurrence) ("[A] district court must find that the conduct at issue is of sufficient culpability to require a finding of intent to deceive") (internal citation and quotation marks omitted); *Id.*, at 1304 (dissent) ("Inequitable conduct requires proof, by clear and convincing evidence, that the applicant or attorney intended to mislead the PTO with respect to a material matter.").

⁸⁵ *Id.*, at 1291 (majority) ("[T]he materiality required to establish inequitable conduct is but-for materiality."); *Id.*, at 1300 (concurrence) (laying out three instances in which "conduct should be deemed material . . ."); *Id.*, at 1305 ("[T]he 'but for' standard for materiality is too restrictive to serve the purposes that the doctrine of inequitable conduct was designed to promote.").

⁸⁶ *Id.*, at 1319.

⁸⁷ See 3 Antitrust Law [¶705](#). Of course, principles of res judicata apply. See [Abbott Laboratories v. Mylan Pharmaceuticals, Inc., 2007-1 Trade Cas. ¶75,617](#) (N.D. Ill. Feb. 23, 2007) (infringement defendant/counterclaimant adequately alleged *Walker Process* violation; while the court could take judicial notice of another decision finding that patentee had not engaged in inequitable conduct before PTO [[Abbott v. Torpharm, 2006 WL 2458717](#) (N.D. Ill. 2004)], Mylan was not a party to that litigation, and thus the facts found there were not dispositive as to it; citing [GE Capital Corp. v. Lease Resolution Corp., 128 F.3d 1074](#), 1083 (7th Cir. 1997) (a court "cannot achieve through judicial notice what it cannot achieve through collateral estoppel" when the plaintiff in a subsequent action was not a party to the previous action and "has never been afforded an opportunity to present its evidence and arguments on the claim"))

plaintiff to be unenforceable as a result of other defects, or even on valid patents but where the infringement plaintiff knew or should have known that the infringement defendant was not an infringer.⁸⁸ Wrongfulness can also be established when the infringement plaintiff bases its cause of action on unreasonable and clearly incorrect interpretations of questions of law. For example, an action for contributory infringement is proper against one who sells a nonstaple good under circumstances where the buyer of the good must infringe the patent in order to make use of the good.⁸⁹ But an action against the manufacturer of a staple good with numerous noninfringing uses would be clearly contrary to law and thus presumably brought in bad faith.⁹⁰

The important difference between infringement actions based on fraudulently *procured* patents and other improper infringement actions is that for the latter the conduct in obtaining the patent does not in and of itself establish impropriety. Rather the antitrust plaintiff must establish that the enforcer knew or should have known at the *time of bringing the suit* that the patent was unenforceable under the circumstances in question. Nevertheless, this difference is readily exaggerated. The all-important question in either circumstance is whether the patentee has (1) committed an exclusionary act that is (2) not authorized by the patent law.

The exclusionary act is most generally a patent infringement suit, or in some cases another assertion of the patent's exclusionary power. As a result, the wrongfulness of the act must be assessed as of the time it is asserted. As a general proposition, merely obtaining a patent by fraud with no subsequent enforcement attempt, is not an exclusionary practice under §2.⁹¹ Once the infringement action is filed, the relevant question becomes whether the infringement plaintiff knew or should have known that the action is improper, and this can result from any deficiency, including but not limited to fraud or inequitable conduct before the PTO.

Typically, but not always, the antitrust claim is a compulsory counterclaim to the

⁸⁸ See, e.g., [United States v. Besser Mfg. Co.](#), 96 F. Supp. 304, 312 (E.D. Mich. 1951), aff'd, 343 U.S. 444 (1952) (lawsuits on machine alleged to infringe but that patentee had never examined); [Jarrow Formulas, Inc. v. International Nutrition Co.](#), 175 F. Supp. 2d 296, 313-314 (D. Conn. 2001) (antitrust claim survived motion to dismiss where it alleged that defendant's prior patent infringement action was objectively baseless because it did not reasonably have ownership of the patent in question). Suits for contributory infringement against those making products complementary to the patented product could also qualify as exclusionary practices. Such suits are authorized in 35 U.S.C. §271(d); §271(c) of that statute defines "contributory infringement."

⁸⁹ For the definition of "contributory infringement" and further explanation, see 10 Phillip E. Areeda & Herbert Hovenkamp, *Antitrust Law* ¶1781b (3d ed. 2011).

⁹⁰ See, e.g., [Dawson Chem. Co. v. Rohm & Haas Co.](#), 448 U.S. 176 (1980); and 35 U.S.C. §271(c), whose provision on contributory infringement expressly excludes "a staple article or commodity of commerce suitable for substantial non-infringing use...."

⁹¹ See 3 Antitrust ¶705e; and [Cygnus Therapeutic Systems v. ALZA Corp.](#), 92 F.3d 1153 (Fed. Cir. 1996). On the possibility of a proceeding under the FTC Act, see 3 Antitrust Law ¶705c.

underlying infringement suit.⁹² First, the patentee files its infringement action. Then the infringement defendant⁹³ answers that the asserted patent is invalid or unenforceable under the circumstances or that the infringement defendant's technology does not infringe. In addition, the infringement defendant counterclaims, alleging that the unwarranted infringement action is itself monopolization or an attempt to monopolize a market covered by or related to the patent in question.

In [Nobelpharma](#)⁹⁴ the Federal Circuit explored the relationship between the Supreme Court's *Professional Real Estate (PRE)* decision⁹⁵ and its earlier *Walker Process* conclusion⁹⁶ that obtaining a patent by fraud and then attempting to enforce it could constitute an antitrust violation. The infringement plaintiff had filed suit on a patent that was found to be invalid for failure to disclose the best mode for carrying out an invention. The main purpose of this requirement is to permit those examining the patent to learn the best mode for applying the invention without undue experimentation, thus facilitating the entry of the innovation into the public domain once the patent expires. In this case the Swedish patentee had additional information about the best mode for carrying out its invention, but that information was not disclosed and did not appear in the application for a United States patent. The jury concluded from this evidence that the patent had been obtained by fraud.⁹⁷

The court indicated that antitrust liability for an improperly brought patent infringement suit can be established by one of two alternative routes:

A patentee who brings an infringement suit may be subject to antitrust liability for the anti-competitive effects of that suit if the alleged infringer (the antitrust plaintiff) proves (1) that the asserted patent was obtained through knowing and willful fraud within the meaning of *Walker Process*..., or (2) that the infringement suit was “a mere sham to cover what is actually nothing more than an attempt to interfere directly with the business relationships of a competitor....”⁹⁸

⁹² See 3 Antitrust Law ¶705e.

⁹³ To simplify the exposition, we use the terms “infringement plaintiff” and “infringement defendant” to refer to the original parties to an infringement action; and “antitrust plaintiff” and “antitrust defendant” to refer to the parties with respect to the antitrust countersuit.

⁹⁴ [Nobelpharma AB v. Implant Innovations, 141 F.3d 1059](#) (Fed. Cir.), cert. denied, 525 U.S. 876 (1998) (vacating and withdrawing the previous panel opinion published at 129 F.3d 1463 (Fed. Cir. 1997).

⁹⁵ See [Professional Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc., 508 U.S. 49](#) (1993) (*PRE*); see also 1 Antitrust Law ¶205b.

⁹⁶ See *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059 (Fed. Cir. 1998).

⁹⁷ *Nobelpharma*, 141 F.3d at 1062.

⁹⁸ *Id.* at 1068, citing [Eastern R.R. Presidents Conference v. Noerr Motor Freight, Inc., 365 U.S. 127](#), 144 (1961), and [California Motor Transp. Co. v. Trucking Unlimited, 404 U.S. 508](#), 510 (1972); on the “sham” exception for badly founded litigation, see 1 Antitrust Law ¶¶204-208.

The court then noted Justice Harlan's *Walker Process* concurrence seeking to distinguish patents obtained by deliberate fraud from patents “rendered invalid or unenforceable for other reasons....”⁹⁹ He feared that permitting private antitrust challenges to

also reach monopolies practiced under patents that for one reason or another may turn out to be voidable under one or more of the numerous technicalities attending the issuance of a patent, might well chill the disclosure of inventions through the obtaining of a patent because of fear of the vexations or punitive consequences of treble-damage suits.

The Federal Circuit then observed that:

Consistent with the Supreme Court's analysis in *Walker Process*, as well as Justice Harlan's concurring opinion, we have distinguished “inequitable conduct” from *Walker Process* fraud, noting that inequitable conduct is a broader, more inclusive concept than the common law fraud needed to support a *Walker Process* counterclaim.¹⁰⁰

“Fraud” was then defined the in the common law sense as:

(1) a representation of a material fact, (2) the falsity of that representation, (3) the intent to deceive or, at least, a state of mind so reckless as to the consequences that it is held to be the equivalent of intent (scienter), (4) a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon, and (5) injury to the party deceived as a result of his reliance on the misrepresentation.¹⁰¹

Clearly, a patent might be invalid or unenforceable for reasons falling short of fraud in the common law sense. Further, an infringement action might be improper even though the patent is valid—such as, for example, when the patentee knows that the infringement defendant's technology does not infringe because none of the claims in the

⁹⁹ *Nobelpharma*, 41 F.3d at 1069, quoting, *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 179-180 (1965) (Harlan, J., concurring).

¹⁰⁰ *Nobelpharma*, 141 F.3d at 1069. See also [DDAVP Direct Purchaser Antitrust Litigation, 2007-1 Trade Cas. ¶75,726](#) (S.D.N.Y. Nov. 2, 2006) (mere inequitable conduct as opposed to fraud before PTO insufficient to create *Walker Process* claim on part of purchasers). Accord *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007).

¹⁰¹ *Nobelpharma*, 141 F.3d at 1069-1070. See also [Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.](#), 375 F.3d 1341, 1358 n.5 (Fed. Cir. 2004), rev'd on non-antitrust grounds, 546 U.S. 394 (2006) (repeating these requirements; ultimately rejecting antitrust claim for failure to show relevant market; on intent, the court stated that “a state of mind so reckless as to the consequences that it is held to be the equivalent of intent” will suffice to show fraud).

asserted patent cover it.¹⁰²

The court then addressed an issue left undecided by the Supreme Court in its *PRE* decision¹⁰³—namely, how “*Noerr* applies to the ex parte application process,” and, particularly, “how it applies to the *Walker Process* claim.”¹⁰⁴ The Federal Circuit itself had twice refused to resolve this issue.¹⁰⁵ The court then concluded:

PRE and *Walker Process* provide alternative legal grounds on which a patentee may be stripped of its immunity from the antitrust laws; both legal theories may be applied to the same conduct. Moreover, we need not find a way to merge these decisions. Each provides its own basis for depriving a patent owner of immunity from the antitrust laws; either or both may be applicable to a particular party's conduct in obtaining and enforcing a patent. The Supreme Court saw no need to merge these separate lines of cases and neither do we.¹⁰⁶

First, the court held, if the fraud elements of the *Walker Process* claim could be made out, as well as the “other criteria” for antitrust liability,¹⁰⁷ “such liability can be imposed without the additional sham inquiry required under *PRE*.”¹⁰⁸ That is, assuming the patent was procured by fraud and the other elements of an antitrust claim were met, an infringement suit based on that patent encountered automatic antitrust liability.

By contrast,

irrespective of the patent applicant's conduct before the PTO, an antitrust claim can also be based on a *PRE* allegation that a suit is baseless; in order to prove that a suit was within *Noerr*'s “sham” exception to immunity, an antitrust plaintiff must prove that the suit was both objectively baseless and subjectively motivated by a desire to impose collateral, anti-competitive injury rather than to

¹⁰² In the copyright context, see *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49 (1993) where the validity of the infringement plaintiff's copyright was not in dispute; rather, the antitrust counterclaim was based on the legal theory that the compensated playing of a videodisc in a hotel room was not an infringement of the copyright.

¹⁰³ See *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49 (1993).

¹⁰⁴ *Nobelpharma*, 141 F.3d at 1071, quoting district court opinion, 930 F. Supp. at 1253, which was in turn referring to *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. at 61 n.6.

¹⁰⁵ *Nobelpharma*, 141 F.3d at 1071, citing [FilmTec Corp. v. Hydranautics](#), 67 F.3d 931, 939 n.2 (Fed. Cir. 1995), cert. denied, 519 U.S. 814 (1996); [Carroll Touch, Inc. v. Electro Mech. Sys., Inc.](#), 15 F.3d 1573, 1583 n.10 (Fed. Cir. 1993).

¹⁰⁶ *Nobelpharma*, 141 F.3d at 1071.

¹⁰⁷ On these other requirements, see 1 Antitrust Law §208 (“sham” filings constitute only the conduct element of antitrust offense).

¹⁰⁸ *Nobelpharma*, 141 F.3d at 1071.

obtain a justifiable legal remedy.¹⁰⁹

As the court explained:

Thus, under *PRE*, a sham suit must be both subjectively brought in bad faith and based on a theory of either infringement or validity that is objectively baseless. Accordingly, if a suit is not objectively baseless, an antitrust defendant's subjective motivation is immaterial. In contrast with a *Walker Process* claim, a patentee's activities in procuring the patent are not necessarily at issue. *It is the bringing of the lawsuit* that is subjectively and objectively baseless that must be proved.¹¹⁰

In sum, in the Federal Circuit's conception, the "bringing of the lawsuit" was the relevant antitrust act for a *PRE*-style claim, while it was the patentee's actions in procuring its patent that were relevant to the *Walker Process* antitrust claim. To us, the two actions do not differ all that much, and the "bringing of the lawsuit" or similar exclusionary activity is in fact the gravamen of both offenses. That is, the antitrust claim must be tested by the conduct that is most relevant to antitrust, which is the bringing of the infringement claim or other post-issuance enforcement conduct.

In *Nobelpharma* the court found substantial evidence from which a jury could have reached factual conclusions that would "strip NP [the infringement plaintiff] of its immunity from antitrust liability."¹¹¹ This evidence indicated that the patentee had fraudulently failed to disclose information to the PTO that would have prevented the patent from being issued. Evidence in the record supported a finding of *Walker Process* fraud on all of the elements listed above. Further, there was evidence that the defendant brought its infringement suit with knowledge that the patent application had been fraudulent.¹¹²

Nevertheless, the distinctions between *Walker Process* antitrust liability and liability for "sham" infringement litigation are somewhat elusive. *First*, while *Walker Process* itself spoke as if "obtaining" a patent by fraud was the gravamen of the antitrust defense,¹¹³ the actual facts were that the patent holder was bringing an infringement action. Simply obtaining a patent fraudulently with no subsequent enforcement activity does not violate the Sherman Act, although it may violate the FTC Act.¹¹⁴ Of course,

¹⁰⁹ *Id.* at 1071, citing *PRE*, 508 U.S. at 60-61.

¹¹⁰ *Nobelpharma*, 141 F.3d at 1072.

¹¹¹ *Id.* at 1073.

¹¹² *Id.* at 1072.

¹¹³ See *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. at 174, sustaining an amended counterclaim alleging that the antitrust defendant "illegally monopolized interstate and foreign commerce by fraudulently and in bad faith obtaining and maintaining...its patent...well knowing that it had no basis for...a patent...."

¹¹⁴ See 3 Antitrust Law ¶705a-b; on FTC §5 liability, see 3 Antitrust Law ¶705c. The Federal Circuit recognizes this proposition. See *Cygnus case, In re Cygnus Telecommunications Tech., LLC, Patent Litig.*, 536 F.3d 1343 (Fed. Cir. 2008).

one might enforce a fraudulently obtained patent in other ways than by making or threatening infringement actions. For example, one might simply assert the patent and warn a potential rival to stay out of the market the patent assertedly covers; or one might insist on collecting a royalty for technology allegedly covered by such a patent. Clearly a patent obtained by fraud could be used in an anticompetitive way falling short of an infringement suit. Whether such practices are sufficiently exclusionary so as to violate the antitrust laws cannot be stated categorically.

Second, once an infringement action is brought or threatened¹¹⁵ then the “sham” issue is addressed first by considering whether the *lawsuit* is objectively baseless.¹¹⁶ A large number of defects could render a lawsuit objectively baseless, including but not limited to these: (1) the patent may have been procured by fraud in the *Walker Process* sense, and thus be invalid and unenforceable;¹¹⁷ (2) the patent may be rendered unenforceable by inequitable conduct before the PTO or by other knowledge or activities falling short of fraud; (3) The patent may have expired;¹¹⁸ (4) the patent may be valid and enforceable, but the infringement plaintiff may know or should have known that the infringement defendant's technology does not infringe the patent, perhaps because the asserted claim construction was unreasonable;¹¹⁹ (5) the infringement defendant's actions may be lawful as a result of a previously granted license;¹²⁰ (6) there may be a legal or jurisdictional rule that makes the infringement suit improper as a

¹¹⁵ On *Noerr* protection for threatened litigation, provided it is not a sham, see 3 Antitrust Law ¶205e. See also Christopher R. Leslie, *Patents of Damocles*, 84 Ind. L.J. (2008) (advocating antitrust remedy).

¹¹⁶ See 1 Antitrust Law ¶205b.

¹¹⁷ Cf. *Open LCR.Com, Inc. v. Rates Tech., Inc.*, 112 F. Supp. 2d 1223 (D. Colo. 2000) (plaintiff's allegations that patentee failed to disclose prior art to PTO and then threatened and brought infringement claims without realistic expectation of success on merits even after antitrust plaintiff documented the existence of the prior art were sufficient to support antitrust action).

¹¹⁸ See *International Tech. Consultants, Inc. v. Pilkington PLC*, 137 F.3d 1382 (9th Cir. 1998) (infringement suit based on expired patents a possible antitrust violation).

¹¹⁹ Cf. *Besser v. Walsh*, 601 F.3d 163 cert. denied, 131 S. Ct. 342 (2010) and vacated in part on reh'g en banc sub nom. *Portalatin v. Graham*, 624 F.3d 69 (2d Cir. 2010) cert. denied, 131 S. Ct. 1691 (2011) (infringement plaintiff did not have good reason to believe that infringement defendant's technology infringed); *Moore USA, Inc. v. Standard Register Co.*, 139 F. Supp. 2d 348 (W.D.N.Y. 2001) (refusing to dismiss *Sherman* §2 counterclaim allegation that patentee filed infringement claim while knowing that counterclaimant's product did not infringe because it did not incorporate an essential ingredient); *Ecrix Corp. v. Exabyte Corp.*, 95 F. Supp. 2d 1155 (D. Colo. 2000) (for purposes of filing antitrust claim, infringement defendant was entitled to discovery of factual basis for infringement plaintiff's allegations that former's technology infringed the latter's patent).

¹²⁰ Cf. *Glass Equip. Dev. v. Besten*, 174 F.3d 1337 (Fed. Cir. 1999) (patentee sued for infringement; alleged infringer claimed it had an implied license to use the patented technology and filed antitrust counterclaim; court finds no implied license, which entails that infringement claim was well founded; thus no antitrust violation).

matter of law.¹²¹

Third, the *Nobelpharma* decision concluded that if the infringement defendant (antitrust plaintiff) shows that a patent was obtained by fraud, then the unreasonableness of the infringement suit has automatically been established. As a result no additional jury instructions under *PRE* or *Noerr* are required.¹²² The court did not indicate what these instructions would have been, but apparently they would have advised the jury that the right to bring an infringement suit is broad and cannot be limited except for a proven sham. But in that case the difference between a *Walker Process* fraud case and a *PRE*-style infringement action is small and revolves only around the necessity of bringing an additional jury instruction that, while unnecessary in the first, would have been advisable in any event, given that the jury might have failed to find fraud but might have found other conduct rendering the lawsuit a sham.

The *Nobelpharma* decision thus seems to exaggerate the difference between situations in which an infringement action is unwarranted because the patent was obtained by fraud and those where the action is unwarranted as a result of other defects that the infringement plaintiff clearly knew or (measured objectively) should have known. For antitrust purposes, the all-important question in both is whether a reasonable actor in the infringement plaintiff's position should have known *at the time of the lawsuit* that the infringement action or other exclusionary conduct was legally inappropriate under the circumstances. Fraud in obtaining a patent is only one of many circumstances rendering the infringement action inappropriate.¹²³

¹²¹ Cf. *PRE, Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 113 S. Ct. 1920, 123 L. Ed. 2d 611 (1993) (copyright infringement action not improperly brought where circuits were divided on a dispositive question of law and one had sided with the infringement plaintiff's position); *Mitek Surg. Prods., Inc. v. Arthrex, Inc.*, 230 F.3d 1383, 2000 WL 217637, 2000-1 Trade Cas. ¶72,803 (Fed. Cir. 2000, unpub.) (two different district courts had disagreed on claim construction of patent subject to infringement action; patentee entitled to bring infringement action relying on the favorable district court holding). As a general matter, claim construction presents a question of law. See also *Markman v. Westview Instr., Inc.*, 517 U.S. 370 (1996); *IMS Tech., Inc. v. Hass Automation, Inc.*, 206 F.3d 1422, 1429 (Fed. Cir. 2000), cert. dismissed, 530 U.S. 1299 (2000); *Vitronics Corp. v. Conceptoronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996). A lawsuit in one court based on a claim construction broader than that given in one or more other courts raises issues analogous to those in *PRE*. See Herbert Hovenkamp, Mark D. Janis, Mark A. Lemley, & Christopher R. Leslie, *Intellectual Property and Antitrust Law* §2.2c (2d. ed. 2010 & Supp.). Cf. *Goss Intl. Americas, Inc. v. MAN Roland, Inc.*, 2007-1 Trade Cas. ¶75,632 (D.N.H. Mar. 12, 2007) (denying *Walker Process* claim based on alleged inequitable conduct in procurement of a different patent than the one being enforced when it could not be shown that inequitable conduct in procurement of one patent would have invalidated the second patent).

¹²² See *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1073 (Fed. Cir. 1998).

¹²³ Consider the Supreme Court's decision in *KSR Intl. Co. v. Teleflex, Inc.*, 550 U.S. 398 (2007), which changed the patentability standard of obviousness, holding that the Federal Circuit had not been sufficiently strict in cases where someone reasonably skilled in the art could have anticipated the patent claim, even in a different field. At this writing it is too early to assess the

Further, while failing to require the *Noerr/PRE* instruction may have been harmless error in the case at hand, that would not always be so. First, if the jury found no fraud but found other reasons why the suit should not have been brought, failure to give the instruction might require a new trial. In such a case there must be a conclusion that the lawsuit was objectively baseless, and this question could be one of fact, depending on the circumstances. Second, there may be situations in which even an infringement lawsuit based on a fraudulently procured patent could not be the basis of an antitrust counterclaim. Consider, for example, the patentee who obtains its patent by fraud and then transfers it or gives an exclusive license to an innocent acquirer. The acquirer, not knowing of the fraud, believes its enforcement right to be valid and brings an infringement suit. In such a case it would be the infringement plaintiff's actual or objective knowledge at the time of the infringement suit that would establish its antitrust culpability.

Whatever the limits on unfounded suits generally, the monopolist burdening a rival with a bad faith suit clearly commits an exclusionary act. At the same time, however, even the monopolist is entitled to protect its property rights. Too expansive a conception of baselessness could turn many infringement actions into antitrust claims against the infringement plaintiff, thus putting the patent owner at peril even in defending its own property rights.¹²⁴

As noted before, some cases do not involve a filed infringement action at all; they involve only a threat to sue or communications to customers.¹²⁵ For example, consider the monopolist who—knowing its patent to be invalid—writes a letter to a rival's customers threatening infringement actions if they continue buying from the rival.ⁱ The customers are very likely in an even poorer position than the rival to know about the patent's invalidity. Further, the cost to a customer of switching its patronage may be far lower than the cost to the rival of defending any infringement action. Indeed, acting with uncertainty, the customers may switch rather than accept any apparent risk of litigating a costly infringement suit.¹²⁶

impact of *KSR* on antitrust challenges to infringement actions. Quite possibly, however, a certain class of patents previously thought valid will now be invalid under the *KSR* standard. One who brought suit on such a patent knowing of the almost certain invalidity might reasonably be subjected to an antitrust counterclaim. This would be an example of a change in a rule of law that subsequently rendered a certain class of patents invalid.

¹²⁴ Antitrust's *Noerr* doctrine generally deals with these issues. See Ch. 2A.

¹²⁵ See 1 Antitrust Law ¶205e; and *Virginia Panel Corp. v. MAC Panel Co.*, 133 F.3d 860 (Fed.Cir. 1997), cert. denied, 525 U.S. 815 (1998) ("The antitrust laws do not preclude patentees from putting suspected infringers on notice of suspected infringement).

¹²⁶ See *Goss Intl. Americas, Inc. v. MAN Roland, Inc.*, 2006 WL 1575287, 2006-2 Trade Cas. ¶75,392 (D.N.H. June 2, 2006) (*Walker Process* claim did not require that owner of fraudulently obtained patent actually file patent infringement suit; warning letters or other threats based on such a patent could suffice; relying on [Unitherm Food Sys., Inc. v. Swift-Eckrich, Inc.](#), 375 F.3d 1341, 1344-1345, 1357-1358 (Fed. Cir. 2004), rev'd in part on other grounds, 546 U.S. 394 (2006).

Inequitable Conduct and Antitrust Liability: Principal Distinction Temporal

The principal distinction between *Therasense* and *Walker Process* remains temporal, and this can cut in both directions. In general, inequitable conduct refers to actions and state of mind (under *Therasense*) that occur during the patent prosecution process. By contrast, *Walker Process* refers to actions and state of mind at the time a patent infringement action is filed, which can be many years after issuance (roughly 12 years, for example, in *Dippin' Dots*).¹²⁷ This has several implications.

First, there could be inequitable conduct under *Therasense* but relative innocence at the time of an infringement suit if (a) the patent has been assigned to an innocent recipient; or (b) the persons within the firm who were guilty of the inequitable conduct are no longer available and the persons who file the infringement suit are unsuspecting.

This is highly likely to be true for firms with thousands of patents, because the kinds of things that would yield inequitable conduct are often not disclosed on the record, given that they tend to be omissions. One conceptual difficulty of *Therasense* is that state of mind refers to persons, but large firms have many persons. Further, those filing an infringement suit on a ten year old patent have little incentive to dig too deeply in order to find out whether now departed patent prosecutors engaged in equitable conduct.

Second, a patent might have been obtained without inequitable conduct, but subsequent evidence of prior art or barring sales or use might emerge, and the person filing the infringement action might have knowledge of these things. In that case a *Walker Process* action should be permitted even though the person prosecuting the patent was innocent of inequitable conduct as *Therasense* defines it.

For Antitrust Purposes Baseless Enforcement Action Measured Initially by Objective Standard

Infringement claims can range from a bad faith suit actually known by its plaintiff to be groundless, to a “carelessly” brought action, to a reasonable but uncertain suit, or to one that is both sure and actually successful. Often reliable evidence about the infringement plaintiff's subjective mental state will be unavailable. In any event, in the case of valid claims, mental state is irrelevant, for the patentee, just like any other property owner, can enforce its rights no matter what its intent.¹²⁸

In any event, objective evidence about what is reasonable under the circumstances

¹²⁷ *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed.Cir.2007).

¹²⁸ See, e.g., *Independent Service Org. (ISO) Antitrust Litig.*, 203 F.3d 1322 (Fed. Cir. 2000), cert. denied, 531 U.S. 1143 (2001) (since validity of Xerox's patents had not been disputed, the attempt to enforce them via an infringement counterclaim could not be baseless).

often provides a basis for determining the reasonableness of the infringement claim. Requiring objective baselessness also encourages reasonable care in subjecting rivals to the burdens of an infringement action. Accordingly, a monopolist's careless challenges made without adequate inquiry into underlying facts or law should also be regarded as improper.

In *Professional Real Estate (PRE)*, the Supreme Court held that a copyright (not patent) infringement suit is immune from antitrust challenge unless it is baseless, with baselessness measured by an objective standard.¹²⁹ Significantly, the “baselessness” question in *PRE* referred entirely to the reasonableness of the infringement plaintiff's interpretation of the federal copyright statute as a matter of law. The decision expressly deferred the question of antitrust immunity if the infringement plaintiff engaged in “fraud or other misrepresentations” of fact.¹³⁰

The relevant points respecting *PRE* are these:

(1) If the disputed question in the patent infringement suit is entirely a question of law—such as, for example, whether the infringement plaintiff's interpretation of a particular patent doctrine is objectively reasonable¹³¹—then *PRE* immunizes any antitrust challenge to the infringement action when the infringement suit itself is objectively well founded. These are essentially the facts of the *PRE* case itself, except that it involved copyright rather than patent law.

(2) *PRE* does not explicitly apply to the more usual case where the question in the patent infringement suit involves a disputed matter of fact or complex mixed questions of law and fact.¹³² This could include issues such as whether the infringement defendant's conduct actually constitutes infringement or whether information in the infringement plaintiff's possession or infirmities in the patent application process renders the patent invalid or unenforceable—for example, where the patentee lied about

¹²⁹ See *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 113 S. Ct. 1920, 123 L. Ed. 2d 611 (1993), 508 U.S. 49. The case is discussed in greater detail in 1 Antitrust Law ¶205b. Cf. *B.V. Optische Industrie de Oude Delft v. Hologic, Inc.*, 909 F. Supp. 162 (S.D.N.Y. 1995) (fact that patent infringement suit was settled does not establish conclusively that it could not be an antitrust violation; to be sure, the cost of settling might be less than the cost of litigating, but one must query whether the infringement defendant's willingness to settle indicates that the suit must not have been objectively baseless).

¹³⁰ *PRE*, 508 U.S. at 61 n.6. The Court cited the majority's and Justice Harlan's concurring opinion in *Walker Process Equip., Inc. v. Food Mach. & Chem. Corp.*, 382 U.S. 172, 176-177, 179-180 (1965), both of which noted that unjustified claims made in patent infringement suits typically involve false allegations of fact rather than irrational theories of law.

¹³¹ E.g., *Mitek Surgical Products, Inc. v. Arthrex, Inc.*, 21 F. Supp. 2d 1309 (D. Utah 1998) aff'd, 230 F.3d 1383 (Fed. Cir. 2000), where the infringement claim depended on the claim construction given to the patent, which is a question of law.

¹³² E.g., *Carroll Touch, Inc. v. Electro Mech. Sys., Inc.*, 15 F.3d 1573 (Fed. Cir. 1993).

disqualifying prior sales.¹³³ But if the infringement plaintiff has made an objectively reasonable investigation and has an objectively reasonable basis for believing that its patent is valid, enforceable, and infringed under the circumstances, then its infringement suit enjoys antitrust immunity even if the court should subsequently disagree and find the patent invalid, unenforceable, or not infringed.¹³⁴

(3) If the patent infringement claim succeeds, antitrust immunity is automatic,¹³⁵ subject to one important exception: if it should subsequently be determined that the claim's success depended on information that the patentee knew or should have known at the time of presenting it to be false, then the suit could still be a “sham” and thus satisfy the conduct requirement for a §2 claim. Although some dicta in the *PRE* decision might be read to immunize *any* successful suit, the facts of that case involved only a disputed question of law, and the decision cannot be read to immunize a lawsuit that was successful only because of fraudulently made factual misrepresentations in the course of litigation.¹³⁶

(4) In *PRE* the Supreme Court also said this in dicta:

¹³³ E.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007), cert. denied, 128 S. Ct. 375 (2007) (applicant lied in application about disqualifying sales made more than one year prior to application).

¹³⁴ Note that as many as half of patents, once committed to litigation, are found to be invalid. See John R. Allison & Mark A. Lemley, *Empirical Evidence on the Validity of Litigated Patents*, 26 *AIPLA Q.J.* 185, 205 (1998) (finding about 46 percent of litigated patents to be invalid). Other studies finding higher percentages are discussed in 3 *Antitrust Law* ¶705a. Nevertheless, the Patent Act gives an issued patent a presumption of validity in litigation. See 35 U.S.C. §282. Further, the Supreme Court has held that this presumption can be defeated only by clear and convincing evidence, even if the patentee may have neglected to cite important prior art. See *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S.Ct. 2238 (2011).

¹³⁵ See *FilmTec Corp. v. Hydranautics*, 67 F.3d 931, 936 (Fed. Cir. 1995), [FULL CITE], 67 F.3d at 936. And see *Contour Chair Lounge Co. v. True-Fit Chair, Inc.*, 648 F. Supp. 704 (E.D. Mo. 1986) (antitrust liability for baseless infringement suit cannot obtain when the patent was found to be valid).

¹³⁶ To illustrate, the patentee whose patent was unenforceable because it swore to the PTO that there were no disqualifying prior sales when such sales had actually occurred, might succeed in a subsequent infringement suit if evidence of the prior sales was not exposed. But if exposed later, such evidence might serve both to invalidate the patent and support the antitrust claim. See the discussion of *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007).

See *Hydranautics v. Filmtec Corp.*, 224 Fed. Appx. 675, 2007-1 Trade Cas. ¶75,646 (9th Cir. Mar. 16, 2007, unpublished) (success in the underlying patent infringement suit created a presumption that the suit was properly brought, which could be rebutted only by a showing of fraud or perjury). See also *Hydranautics v. FilmTec Corp.*, 204 F.3d 880, 887 (9th Cir. 2000):

[T]he existence of probable cause to institute legal proceedings precludes a finding that an antitrust defendant has engaged in sham litigation.... Under our decision today, therefore, a proper probable cause determination irrefutably demonstrates that an antitrust plaintiff has not proved the objective prong of the sham exception and that the defendant is accordingly entitled to...immunity.

Only if challenged litigation is objectively meritless may a court examine the litigant's subjective motivation. Under this second part of our definition of sham, the court should focus on whether the baseless lawsuit conceals “an attempt to interfere directly with the business relationships of a competitor...through the “use [of] the governmental process—as opposed to the outcome of that process—as an anticompetitive weapon.” This two-tiered process requires the plaintiff to disprove the challenged lawsuit's legal viability before the court will entertain evidence of the suit's economic viability. Of course, even a plaintiff who defeats the defendant's claim to *Noerr* immunity by demonstrating both the objective and the subjective components of a sham must still prove a substantive antitrust violation. Proof of a sham merely deprives the defendant of immunity; it does not relieve the plaintiff of the obligation to establish all other elements of his claim.¹³⁷

(5) The fact that the Supreme Court compels an objective test for baselessness in *PRE* is not necessarily inconsistent with the Federal Circuit's requirement in *Therasense* that inequitable conduct requires proof of actual intent to deceive.¹³⁸ However, it does suggest that the *Therasense* conclusion is too severe, given the exclusionary power of at least some patent and the potential for abuse. The *Therasense* court was justifiably concerned that inequitable conduct is raised in far too many patent infringement cases, but the better remedy for that is to penalize infringement defendants for making frivolous inequitable conduct claims, not to permit patent applicants to act carelessly or even with gross negligence in preparing patent applications.

This language quoted above from *PRE* suggests that the §2 claim includes a “subjective” as well as an “objective” element. These dicta should not be read to require inquiry into the infringement plaintiff's actual state of mind. Here, like anywhere else, intent can be inferred from sufficiently unambiguous conduct. Consider the patentee who himself made sales prior to the patent application that would have barred patentability if disclosed. The Patent Act's on sale bar prevents patenting of a product that was sold more than a year prior to the filing of the initial patent application in the United States.¹³⁹ The applicant signed a sworn statement to the PTO that no such sales had occurred and years later brings an infringement action on this patent. Such a case, if the facts are sufficiently unambiguous, would serve to establish both the objective and the “subjective” motivation necessary, even though there is no additional evidence of subjective intent such as a memorandum between company officials stating “we are bringing this lawsuit even though we know that the on sale bar renders this patent unenforceable.”

¹³⁷ *Profl Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60 (1993).

¹³⁸ *Therasense*, 649 F.3d at 1287.

¹³⁹ 35 U.S.C. §102(b).

In *Dippin' Dots* the Federal Circuit appeared to read the *PRE* language much more literally. The infringement plaintiff's patent was rendered unenforceable by some 800 retail sales that occurred more than a year before the initial patent application was filed.¹⁴⁰ The patentee neglected to disclose this information in its application, and the patentee's declaration contained a sworn statement that no such sales had occurred. Public sales made more than one year prior to filing bar patentability under §102(b) of the Patent Act, and also serve to make the patent "obvious" under §103.¹⁴¹ The court found that the information, if disclosed, would almost certainly have barred patentability and held the patent invalid.¹⁴²

The court nevertheless held that the degree of inequitable conduct necessary to invalidate the patent was not as great as the degree needed to support an antitrust claim. In this case the only evidence of the patentee's anticompetitive intent was the fact that it had made the 800 sales over a one-week period and then later swore to the PTO that the sales had not occurred. The patentee subsequently also filed a patent infringement suit against those offending one or more of the claims made in the patent. The Federal Circuit held that while this omission clearly qualified as inequitable conduct, it fell short of fraud in the *Walker Process* sense, which requires a stronger showing of both intent and materiality.¹⁴³ In order to support a *Walker Process* antitrust case "there must be evidence of intent separable from the simple fact of the omission."¹⁴⁴ The court observed:

It might be argued that because the omitted reference was so important to patentability, DDI [the patentee] must have known of its importance and must have made a conscious decision not to disclose it. That argument has some force, but to take it too far would be to allow the high materiality of the omission to be balanced against a lesser showing of deceptive intent by the patentee. Weighing intent and materiality together is appropriate when assessing whether the patentee's prosecution conduct was inequitable. However, when *Walker Process* claimants wield that conduct as a "sword" to obtain antitrust damages rather than as a mere "shield" against enforcement of the patent, they must prove

¹⁴⁰ *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007).

¹⁴¹ See 35 U.S.C. §§102(b), 103.

¹⁴² See 476 F.3d at 1346:

Absent explanation, the evidence of a knowing failure to disclose sales that bear all the earmarks of commercialization reasonably supports an inference that the inventor's attorney intended to mislead the PTO. The concealment of sales information can be particularly egregious because, unlike the applicant's failure to disclose, for example, a material patent reference, the examiner has no way of securing the information on his own.

¹⁴³ Relying on *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068-1069 (Fed. Cir. 1998).

¹⁴⁴ 476 F.3d at 1347 ("The difference in breadth between inequitable conduct and *Walker Process* fraud admits the possibility of a close case whose facts reach the level of inequitable conduct, but not of fraud before the PTO. This is such a case.").

deceptive intent independently.¹⁴⁵

This approach recreates some of the same difficulties of pre-*Matsushita* antitrust litigation under standards that make it difficult to grant summary judgment,¹⁴⁶ except in reverse. It requires extensive discovery through the patentee's documents for evidence of anticompetitive "intent" other than that manifested in the patent application itself. Further, it makes the infringement defendant's antitrust counterclaim dependent on the vagaries of the patentee's document retention policy or other efforts to suppress incriminating information, often attending pre-application activities that occurred many years prior to the litigation. For example, in *Dippin Dots* the sales found to invalidate the patent occurred in 1987. The subsequent patent infringement suit was filed in April 2000, some 13 years later.¹⁴⁷ By that time the evidence of disqualifying sales could very well have been suppressed unless it was available from sources other than the patentee.

Further, the improper conduct was not limited to the misrepresentation to the PTO about prior sales; it also consisted in the subsequent filing of a patent infringement lawsuit, presumably designed to exclude the infringement defendant in the hopes that the disqualifying sales would not be discovered. Certainly one who files a patent infringement suit with present knowledge that the patent is unenforceable has met §2's conduct requirement.

In any event, the *Dippin Dots* statement that the degree of inequitable conduct necessary to invalidate a patent is not as great as the degree needed to support an antitrust claim was very likely overruled by *Therasense's* requirement that even inequitable conduct involves actual knowledge and intent to deceive. Once the inequitable conduct doctrine is recast this way there seems to be no room for a finding of "greater" inequitable conduct in antitrust cases.

Patents of questionable validity or enforceability

As noted above, *PRE* does not fully resolve the question of how to determine when a patent infringement suit is a sham that itself violates [§2 of the Sherman Act](#). Patent infringement suits typically concern disputed issues of fact, most often going to patent validity, for which the "sham" analysis is different from what it is for questions of law.

¹⁴⁵ 476 F.3d at 1348 (internal citations omitted). The court added: While *Walker Process* intent may be inferred from the facts and circumstances of a case, "[a] mere failure to cite a reference to the PTO will not suffice." This is not to say that an omission always reduces to "mere failure to cite." We acknowledged in *Nobelpharma* "that omissions, as well as misrepresentations, may in limited circumstances support a finding of *Walker Process* fraud...because a fraudulent omission can be just as reprehensible as a fraudulent misrepresentation." We believe, though, that to find a prosecution omission fraudulent there must be evidence of intent separable from the simple fact of the omission.

(Citing and quoting *Nobelpharma*, 141 F.3d at 1070-1071).

¹⁴⁶ See 2 Antitrust Law ¶308.

¹⁴⁷ See *In re Dippin' Dots Patent Litigation*, 249 F. Supp. 2d 1346 (N.D. Ga. 2003) (docket entry).

Significantly, a complaint raising nothing more than a disputed question of law can frequently be disposed of without any discovery or trial. Disputes raising significant disputed fact issues often cannot be.¹⁴⁸

The lower courts have wrestled with this problem for some time and have developed strict requirements for any infringement defendant claiming that the infringement action violated the antitrust laws.¹⁴⁹ In *Handgards* the Ninth Circuit observed that an undue

¹⁴⁸ See *Kemin Foods, L.C. v. Pigmentos Vegetales del Centro S.A. de C.E.V.*, 464 F.3d 1339 (Fed. Cir. 2006) (rejecting antitrust counterclaim to patent infringement action based on claim that patentee falsely stated that certain of its products were covered by a particular patent claim when patentee had consistently maintained that they were covered and no court had adjudicated to the contrary; further, its legal position seemed plausible; also, antitrust counterclaimant alleged that patentee continued to warn former's customers of infringement even after counterclaimant notified patentee that it had changed its process so as to no longer infringe; patentee was entitled not to accept this notification at face value without proof); *Netflix, Inc. v. Blockbuster, Inc.*, 2006-2 Trade Cas. ¶75,484 (N.D. Cal. Aug. 22, 2006) (Blockbuster adequately alleged *Walker Process* violation in claim that Netflix committed fraud on PTO in acquiring business method patents and then filed bad faith infringement suit against rival; in particular, Netflix failed to reference preexisting patents held by a third party; that Netflix knew of these patents at the time it filed its own patent application; and that communication of the existence of these patents to examiner would have resulted in non-issuance of Netflix patents; court also concludes that Blockbuster adequately pled sham litigation as an "independent" basis for its antitrust lawsuit); *Synopsys, Inc. v. Magma Design Automation*, 2006 WL 1452803, 2006-1 Trade Cas. ¶75,320 (D. Del. May 25, 2006) (plaintiff adequately pled that defendant used fraudulently obtained patents and public accusations of infringement and other disparagement to drive plaintiff out of business; rejecting defendant's claim that antitrust injury was not adequately pled).

Cf. *Louisiana Wholesale Drug Co., Inc. v. Biovail Corp.*, 437 F. Supp. 2d 79 (D.D.C. 2006) (defendant pioneer drug manufacturer could have violated antitrust laws by listing patent in the government registry known as the "Orange Book" and announcing its own plans to make a generic version of its drug, thus ousting the plaintiff, a generic competitor, but then refusing to go ahead with the generic version; however, ultimately concluding that statute of limitations barred the claim); *General Physiotherapy, Inc., v. Sybaritic, Inc.*, 2006 WL 269991, 2006-1 Trade Cas. ¶75,121 (E.D. Mo. Feb. 1, 2006) (defendants' multiplication of trademarks and possible fraud in obtaining some of them could have violated §2; denying summary judgment); *Gardner v. Clark*, 101 F. Supp. 2d 468 (N.D. Miss. 2000) (trademark infringement claim not objectively baseless).

¹⁴⁹ See, e.g., *Dippin' Dots, Inc. v. Mosey*, 476 F.3d 1337 (Fed. Cir. 2007) *Honeywell Intl. Inc. v. Universal Avionics Systems Corp.*, 488 F.3d 982 (Fed. Cir. 2007) (dismissing antitrust counterclaim where patent infringement action not shown to be objectively baseless); *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F.3d 1295 (Fed. Cir. 2004) (antitrust defendant's patent infringement suit was not objectively baseless even though infringement claim failed; defendant's interpretation of the patent claim in question was a reasonable one, and defendant was not required to give weight to letters from accused infringers asserting the patent's invalidity); *BioTechnology General Corp. v. Genentech, Inc.*, 267 F.3d 1325 (Fed. Cir. 2001)

(underlying patent infringement suit found not to be baseless; as a result, antitrust counterclaim dismissed); *Proportion-Air, Inc. v. Buzmatics, Inc.*, 57 F.3d 1085, 1995-2 Trade Cas. ¶71,144 (Fed. Cir. unpub.) (same); *Repeat-O-Type Stencil Mfg. Corp. v. Hewlett-Packard Co.*, 141 F.3d 1178 (9th Cir. 1998, unpub.), cert. denied, 525 U.S. 930 (1998) (antitrust complaint dismissed where infringement suit found not to be objectively baseless); *Filmtec Corp. v. Hydranautics*, 67 F.3d 931 (Fed. Cir. 1995), cert. denied, 519 U.S. 814 (1999) (even though patentee lost infringement suit, its claim was not objectively baseless); *Carroll Touch*, [FULL CITE], 15 F.3d at 1582-1583 (same).

See also *Abbott Laboratories v. TEVA Pharmaceutical, Inc.*, 432 F. Supp. 2d 408 (D. Del. 2006) (rejecting motion to dismiss; pioneer's patent litigation against generics could have been a sham); *Wellbutrin SR Antitrust Litigation*, 2006 WL 616292, 2006-1 Trade Cas. ¶75,158 (E.D. Pa. Mar. 14, 2006) (under facts as alleged in complaint, pioneer's patent infringement lawsuits against generic producer based on doctrine of equivalence would have been known to be frivolous; thus *Walker Process* claim survived motion to dismiss); *Morton Grove Pharmaceuticals, Inc. v. Par Pharmaceuticals, Inc.*, 2006 WL 850873, 2006-1 Trade Cas. ¶75,179 (N.D. Ill. Mar. 28, 2006) (plaintiff adequately pled *Walker Process* claim based on knowing and willful failures to disclose prior art at time of antitrust defendant's patent application, including an allegation that but for the failures to disclose the patent would not have issued; also approving "sham" litigation claim); *Albert Hazelquist v. Guchi Moochie Tackle Co., Inc.*, 2004 WL 1599378, 2004-2 Trade Cas. 174,498 (W.D. Wash., May 12, 2004) (trade dress; patentee originally represented to patent office that fishing tackle device was purely ornamental when in fact it had a function; this was not fraud sufficient to make its subsequent infringement claim a *Walker Process* violation); *Honeywell Intl., Inc. v. Universal Avionics Sys. Corp.*, 343 F. Supp. 2d 272 (D. Del. 2004) (rejecting antitrust counterclaim where underlying patent infringement suit was not objectively baseless); *Applera Corp. v. MI Research, Inc.*, 303 F. Supp. 2d 130 (D. Conn. 2004) (evidence that patent owner had threatened infringement suits against other firms in order to obtain licenses and that its motives may have been anticompetitive was irrelevant if its current infringement action was not objectively baseless); *Terazosin Hydrochloride Antitrust Litigation*, 335 F. Supp. 2d 1336 (S.D. Fla. 2004) (brand-name manufacturer's attempts to enforce its pharmaceutical patents were not objectively baseless); *Bristol-Myers Squibb Co. v. Ben Venue Labs.*, 90 F. Supp. 2d 540 (D.N.J. 2000) (finding fact issue whether infringement plaintiff had obtained patent by fraud; denying summary judgment on antitrust counterclaim); *Ecrix* case, [FULL CITE] (requiring discovery on issue whether infringement plaintiff had reasonable basis for concluding that infringement defendant's technology actually infringed); *Hoffman-La Roche, Inc. v. Genpharm, Inc.*, 50 F. Supp. 2d 367 (D.N.J. 1999) (question whether patents allegedly infringed by defendant's suit were unenforceable and suit brought only to obtain infringement defendant's trade secrets could not be resolved on motion to dismiss); *Baxa Corp. v. McGaw, Inc.*, 996 F. Supp. 1044 (D. Col. 1998), aff'd, 185 F.3d 883 (Fed. Cir. 1999) (no antitrust violation where patent was not shown to be procured by either fraud or inequitable conduct before the Patent and Trademark Office); *Independent Serv. Org. Antitrust Litig.*, 964 F. Supp. 1479 (D. Kan. 1997) (filing of patent infringement counterclaims not an antitrust violation where the counterclaims could not be characterized as objectively baseless).

Related decisions include *Marketing Displays, Inc. v. Traffix Devices, Inc.*, 200 F.3d 929 (6th Cir. 1999), rev'd on nonantitrust issue, 532 U.S. 23 (2001) (because trade dress rights can last

readiness to hold an infringement suit improper would diminish the protection afforded by patent grants, contrary to their purpose.¹⁵⁰ To avoid that danger, the court presumed that patent infringement actions are reasonably brought, and the antitrust plaintiff can defeat this presumption only by clear and convincing evidence.¹⁵¹ Similarly, the Federal Circuit emphasized that every patent enjoys a strong presumption of validity,¹⁵² and the

beyond the expiration of patent rights, bringing of a trade dress infringement suit after patent had expired was not a “sham”). Cf. [*Undersea Breathing Sys., Inc. v. Nitrox Tech., Inc.*, 985 F. Supp. 752](#) (N.D. Ill. 1997), appeal dismissed, 155 F.3d 1574 (Fed. Cir. 1998) (infringement defendant could not show that infringement action constituted patent misuse or antitrust violation where there was only weak evidence suggesting that patentee had failed to disclose all prior art at time of application; court ultimately found insufficient evidence that patent was invalid but also no infringement); [*Publications Intl. Ltd. v. West Publishing Co.*, 1994 WL 23008, 1994-1 Trade Cas. ¶70,540](#) (N.D. Ill. 1994) (monopolization possible if market-dominating patent obtained by fraud for nonpatentable invention but appearing to have sufficient “colorable validity” to intimidate actual or potential rivals; refusal to dismiss complaint even though plaintiff alleged relevant market of “electronic storybooks,” within which market there were apparently numerous noninfringing products); see also [*Agere Sys. Guardian Corp. v. Proxim, Inc.*, 190 F. Supp. 2d 726](#) (D. Del. Mar. 6, 2002) (antitrust counterclaimant sufficiently pled that infringement plaintiff was attempting to enforce patent obtained by fraud).

And see [*Andrx Pharmaceutical, Inc. v. Elan Corp., PLC*, 421 F.3d 1227](#) (11th Cir. 2005) (rejecting antitrust claim that patent infringement suit was fraudulent because patent was not enforceable due to on sale bar, where two other courts had already concluded that the on sale bar did not apply so as to defeat the patent); [*Porous Media Corp. v. Pall Corp.*, 186 F.3d 1077](#) (8th Cir. 1999) (*Noerr* and *PRE* protected filing of trademark and trade dress infringement counterclaims when these were found not to be objectively baseless); [*Novo Nordisk of N. America v. Genentech, Inc.*, 885 F. Supp. 522](#) (S.D.N.Y. 1995) (patentee's infringement claim before international agency not objectively baseless simply because the claim was ultimately dismissed for discovery-related misconduct; magistrate had found some evidence of infringement).

¹⁵⁰ [*Handgards, Inc. v. Ethicon, Inc. \(Handgards I\)*, 601 F.2d 986](#) (9th Cir. 1979), cert. denied, 444 U.S. 1025 (1980).

¹⁵¹ The antitrust plaintiff later succeeded in doing so. [*Handgards, Inc. v. Ethicon, Inc. \(Handgards II\)*, 743 F.2d 1282](#) (9th Cir. 1984), cert. denied, 469 U.S. 1190 (1985). Because proving the patentee's bad faith for this purpose necessarily proved a “sham” exception to *Noerr*'s privilege to sue, the court also held that requiring a jury instruction on the *Noerr* issue would be duplicative. *Id.* at 1295.

The Federal Circuit followed the Ninth Circuit in [*Loctite Corp. v. Ultraseal Ltd.*, 781 F.2d 861](#) (Fed. Cir. 1985). See also [*FMC Corp. v. The Manitowoc Co.*, 654 F. Supp. 915](#) (N.D. Ill.), *aff'd*, 835 F.2d 1411 (Fed. Cir. 1987) (requiring clear and convincing evidence); [*Tennant Co. v. Hako Minuteman*, 651 F. Supp. 945](#) (N.D. Ill. 1986) (same).

¹⁵² As provided by 35 U.S.C. §282 (providing that both patent as a whole and each individual claim made in a patent enjoys presumption of validity, even if another claim has proved to be invalid; burden of proof on person alleging invalidity). See [*Microsoft Corp. v. i4i Ltd. P'ship*](#), 131 S.Ct. 2238 (2011) (adhering to rule requiring clear and convincing evidence to defeat the

one seeking to show invalidity has the burden of proof.¹⁵³ The court further declared that one challenging an infringement action on an invalid patent as an antitrust violation must show specific intent, not merely negligence or even recklessness with respect to the invalidity of the patent.¹⁵⁴ That requirement seems consistent with the *PRE* requirement, discussed above, that the inquiry into “sham” consist of two parts. First, one must determine on the basis of objective information whether the infringement suit was unreasonable under the circumstances. Second, and “[o]nly if challenged litigation is objectively meritless may a court examine the litigant’s subjective motivation.”¹⁵⁵

The infringement plaintiff’s subjective knowledge that a patent is invalid or unenforceable would make an enforcement suit exclusionary, as would its knowledge that the patent is otherwise unenforceable because of the patentee’s misuse or some other equitable factor. However, the difficulty of knowing when a court will deem a valid patent unenforceable means that we can seldom find the infringement suit improper merely because a court refuses to enforce a valid patent. Thus the Eighth Circuit found no antitrust violation when a firm sued to enforce a patent that was valid but determined to be unenforceable because of the patentee’s “unfair” conduct.¹⁵⁶ Similarly, the antitrust defendant in *Argus* had engaged in inequitable conduct before the patent office by failing to disclose sales of the patented product that had been made more than one year before the application was filed.¹⁵⁷ The court declined to find an antitrust violation without proof of “knowing and willful patent fraud” that is “based on the use of an invalid patent to monopolize....”¹⁵⁸ And the *FMC* court held that “inequitable conduct” before the patent office is not enough, for negligent or even grossly negligent failure to disclose a material fact that might have led to nonissuance of a patent showed no more than

validity presumption, but permitting infringement defendant to request a jury instruction inviting consideration of omitted prior art).

¹⁵³ [American Hoist & Derrick Co. v. Sowa & Sons](#), 725 F.2d 1350, 1359 (Fed. Cir.), cert. denied, 469 U.S. 821 (1984). See also [Technicon Instruments Corp. v. Alpkem Corp.](#), 866 F.2d 417 (Fed. Cir. 1989) (mere bringing of a single infringement action on patent subsequently found invalid does not establish antitrust violation); [Carlisle Corp. v. Hayes](#), 635 F. Supp. 962 (S.D. Cal. 1986).

¹⁵⁴ *Sowa*, 725 F.2d at 1368.

¹⁵⁵ *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 113 S. Ct. 1920, 1928. See [Scientific Drilling Intl. v. Gyrodata Corp.](#), 215 F.3d 1351, 1999 WL 674511 (Fed. Cir. 1999, unpub.) (since it had not yet been determined whether infringement plaintiff’s suit was objectively baseless, it was premature to dismiss antitrust counterclaim); [Hunter Douglas, Inc. v. Comfortex Corp.](#), 44 F. Supp. 2d 145 (N.D.N.Y. 1999) (on pretrial motion, separating patent infringement trial from antitrust counterclaim trial, because patentee’s success on the first would make the second unnecessary). Accord [Ecrix Corp. v. Exabyte Corp.](#), 191 F.R.D. 611 (D. Colo. 2000).

¹⁵⁶ [DuPont v. Berkley & Co.](#), 620 F.2d 1247, 1273-1275 (8th Cir. 1980).

¹⁵⁷ [Argus Chem. Corp. v. Fibre Glass-Evercoat Co.](#), 812 F.2d 1381 (Fed. Cir. 1987); accord *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49 (1993).

¹⁵⁸ *Argus*, 812 F.3d at 1385, quoting [SSP Agric. Equip., Inc. v. Orchard-Rite Ltd.](#), 592 F.2d 1096, 1103-1104 (9th Cir. 1979).

“inequitable conduct.”¹⁵⁹ Fraud requires knowledge and specific intent to obtain an undeserved patent.

Clearly, however, if the antitrust defendant knew it was not entitled to relief because its patent was not enforceable, then its conduct could be both exclusionary and unprotected by either *Noerr*¹⁶⁰ or *PRE*. In sum, obtaining a patent by inequitable conduct falling short of fraud is not an antitrust violation, but bringing an infringement action with the subjective or readily discoverable knowledge that the patent is unenforceable may constitute a violation.

Finally, the antitrust defendant is entitled to summary judgment unless the evidence shows that the facts necessary to support the antitrust plaintiff's claim are more likely than not to be true.¹⁶¹ This means not merely that the evidence must be consistent with the defendant's possession of the requisite knowledge or intent, but also that the evidence justifies the conclusion that such possession was more probable than not. Nonetheless, some courts continue to be quite reluctant to grant summary judgment.¹⁶²

Patent valid but not infringed

The same considerations given previously also apply when the patent in question is

¹⁵⁹ *FMC Corp. v. Manitowoc Co., Inc.*, 835 F.2d at 1415 & n.9. See also *Korody-Colyer Corp. v. General Motors Corp.*, 828 F.2d 1572 (Fed. Cir. 1987); *Minnesota Mining & Mfg. v. Research Medical*, 691 F. Supp. 1305 (D. Utah 1988) (antitrust plaintiff must show “intentional fraud in the common law sense”: misrepresentation of a material fact going to the validity of the patent with knowledge of its falsity and reliance by the Patent Office on this misrepresentation in issuing the patent). Cf. *Glaverbel Society Anonyme v. Northlake Mktg. & Supply, Inc.*, 45 F.3d 1550 (Fed. Cir. 1995) (defendant did not procure patent fraudulently or even engage in inequitable conduct when its initial patent application failed to refer to two similar patents, but the initial application was not required to do so; and where the company subsequently narrowed the scope of its patent upon patent office's reexamination; none of this came close to proving intent to deceive by clear and convincing evidence).

¹⁶⁰ See 1A Antitrust Law ¶203.

¹⁶¹ See 2 Antitrust Law ¶308.

¹⁶² E.g., *Jerman v. Carlisle, McNellie, Rini, Kramer & Ulrich LPA*, 130 S. Ct. 1605, 176 L. Ed. 2d 519 (2010) at 965-967 (refusing summary judgment even though there was no evidence offered of fraud on the patent office by the antitrust defendant, but merely of some controversy as to the state of the prior art). See also *ID Security Systems Canada, Inc. v. Checkpoint Systems, Inc.*, 249 F. Supp. 2d 622 (E.D. Pa. 2003), amended by 268 F. Supp. 2d 448 (E.D. Pa. 2003) (troublesome dicta that evidence of patentee's previous patent infringement actions were admissible on question of anticompetitive intent even though there was no evidence that the infringement actions were improper; relying on *Kobe, Inc. v. Dempsey Pump Co.*, 198 F.2d 416, 425 (10th Cir. 1952), cert. denied, 344 U.S. 837 (1953); ultimately dismissing claim on market power grounds); *Applera Corp. v. MJ Research, Inc.*, 309 F. Supp. 2d 293 (D. Conn. 2004) (evidence that patent owner priced licenses for its two patents in a way that forced licensees to take both even if they only wanted one was admissible relevant to antitrust counterclaim to infringement action, as well as patent misuse defense).

of undisputed validity, but the infringement plaintiff took insufficient steps to ensure that the infringement defendant was actually an infringer.¹⁶³ Of course, the patentee may have been careless. But the monopolist might pursue a policy of protecting its market by launching a lawsuit against every rival product appearing on the scene, without regard to actual infringement, and simply to deter small rivals from entering.

The *PRE* objective standard asks mainly whether the patentee exercised reasonable care in determining the fact of infringement. Although we cannot discuss the many possibilities, a few illustrations and principles may be stated.

When the monopolist is vindicating a product patent, we can at least insist that it inspect the allegedly infringing article and draw a reasonable conclusion of infringement before filing its infringement suit or taking other actions, such as writing letters to customers, that might injure the alleged infringer's market position.¹⁶⁴ This restriction applies regardless of any sincere belief the monopolist might have about the impossibility of a noninfringing product in its field.¹⁶⁵

The product itself may not reveal the presence or absence of an infringed process patent. In that case, the monopolist should be compelled to request a reasonable opportunity to inspect the allegedly infringing process before attacking. Once these preliminaries have occurred, we hesitate to appraise too precisely the monopolist-patentee's judgment about infringement—especially in an infringement suit where the infringement defendant might want to divert the suit from the question of infringement to the plaintiff's reasonableness in suing. The patentee should not be forced to sue at its peril. Yet, neither should its discretion be completely immune from review. Accordingly, we conclude that a monopolist-patentee's judgment in attacking an infringer may be tested for reasonableness in any appropriate suit, but the alleged infringer must overcome a presumption of reasonableness in favor of a patentee whose behavior appears reasonable on its face. We emphasize that issues concerning the legal question of infringement and the facts that constitute it are to be addressed directly under the patent laws.

¹⁶³ The question of claim construction is closely related. In general, the scope of the “claim” made in the patent application presents a question of law. In such cases the infringement defendant may not be disputing the validity of the patent but alleges that it is not an infringer because the claim is to be construed more narrowly than the infringement plaintiff alleges.

¹⁶⁴ The court did so insist in *Kobe v. Dempsey Pump Co.*, 198 F.2d 416, 424 (10th Cir.), cert. denied, 344 U.S. 837 (1952). See also *Ecix Corp. v. Exabyte Corp.*, 95 F.Supp.2d 1155 (D.Colo. 2000) (permitting antitrust plaintiff discovery into factual basis for infringement plaintiff's allegation that former's technology infringed the latter's patent).

¹⁶⁵ Such a rule might be thought futile because antitrust law is not likely to interfere very effectively with a patentee's propensity to sue once it goes through the motions of inspecting the allegedly infringing article. But even if some patentees sue with undetected bad faith, encouraging proper forms of conduct can beneficially influence the substance of behavior. This limited intervention, moreover, may threaten an appraisal of the patentee's judgment in suing and thereby deter some undesirable conduct.

ⁱ See, e.g., [Johnson v. Con-Vey/Keystone, Inc., 856 F. Supp. 1443](#) (D. Or. 1994) (notifying rivals' customers concerning patent infringement suit not protected by *Noerr*). Compare [Oetiker v. Jurid Werke GmbH, 671 F.2d 596](#), 601 (D.C. Cir. 1982) (letter, ignored by plaintiff's suppliers, stating without bad faith that patent holder "would be forced to vindicate its patent right if no settlement proposal were received" constituted "neither a threat nor an enforcement sufficient to trigger the antitrust laws").