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information was material to reexamination, there will be no need for a remand because the court has already addressed the question of intent.

[10] [11] Clear and convincing evidence is required to support an inference of culpable intent. *Id.* at 939. The information that the defendant alleges was withheld was submitted during reexamination of the '509 patent. Consequently, there was no intent to deceive the PTO by withholding this information.

[12] That the plaintiff chose not to apply for reissue cannot be taken as evidence of intent to deceive. In a 1988 opinion written by then-Chief Judge Markey, the Federal Circuit forcefully rejected this argument:

[A] suggestion that patentees should abandon their suits, or disclaim or reissue, in response to every charge of inequitable conduct raised by an alleged infringer would be nothing short of ridiculous. The right of patentees to resist such charges must not be chilled to extinction by fear that a failure to disclaim or reissue will be used against them as evidence that their original intent was deceitful... A requirement for disclaimer or reissue to *1375 avoid adverse inferences would merely encourage the present proliferation of inequitable conduct charges.

Kingsdown Medical, 863 F.2d at 875. This court finds that the defendant has failed to establish intent by clear and convincing evidence.

7. Defendant's Conduct During Reexamination

[13] Although the plaintiff's counsel did not withhold material information from the PTO during reexamination of the '408 and '509 patents, the same cannot be said for the defendant. The facts are not in dispute. On April 14, 1993, EPI filed reexamination request 09/003,030 with the PTO for reexamination of the '509.⁸ Exhibit 18 of this was an undated brochure entitled "Instructions for the

Installation of Hofit Chambers" (the "Hofit brochure") published by Hofit, a kibbutz located in the Jordan Valley of Israel. Across the bottom of the brochure was printed "Hofit, Kvutsat Kinneret, Jordan Valley, Israel. Tel: 06-759530/1/2, Fax: 06-75918." Exhibit B of this submission was a declaration signed by one E. Friedler, export manager of Hofit Plastic Products, indicating that the attached brochure "was published and distributed by HOFIT in 1980 on a non-confidential basis without restriction as to redistribution." In its request, defendant made the following representation:

Another prior art document which is submitted herewith is a printed publication identified herein as the HOFIT PRINTED PUBLICATION. Enclosed herewith as EXHIBIT B is a Declaration by an employee of HOFIT which sets forth the circumstances authenticating the HOFIT PRINTED PUBLICATION as being available in 1980, which is one year earlier than the earliest date to which the '509 PATENT would be entitled.

Reexamination File history of U.S. Patent 5,040,509, at 4. The PTO granted the request for reexamination on June 7, 1993. *Id.* at 151. An office action was mailed on July 19, 1993, rejecting all claims the '408 patent. *Id.* at 220.

Plaintiff's attorney responded on August 4, 1993. Included in this response were translations from the 1990 and the 1993 editions of "Golden Pages Kibbutzim Directory," Israeli telephone directories which plaintiff's attorney had examined in the Library of Congress. These directories indicated that the telephone number on the brochure was Hofit's number in 1993, but that Hofit's telephone number was different in 1990. *Id.* at 50-52.⁹ In an Office Action dated August 31, 1993, the PTO concluded that the Hofit brochure was not available as prior art under 35 U.S.C. § 102. *Id.* at 517.

While reexamination was pending, defendant received the following letter, dated October 29, 1993, from one Daniel Peremen, an EPI sales agent in Israel.

Further to your letter 10/14/1993, I visited yesterday the Hofit factory and met Mr. F[r]iedler and Mr. Stein—sales manager.

The Hofit factory is located near the Sea of Galilee and belongs to a kib [b]utz—a cooperative commune, unique to Israel, in which the members share all the property and all the labor. Most of the workers are rotated every few years to other jobs in the kib[b]utz and therefore it is very difficult to reconstruct information related to 1980 or even 1986.

Mr. F[r]iedler was very cooperative and spent a long time with me, searching through all the old files and records, but unfortunately all the records prior to 1987–1988 have been destroyed and it was impossible to find exact information on trade shows and correspondence with customers abroad, prior to those years.

We succeeded to find some old brochures, which we are sending to you, together *1376 with the declarations signed by Mr. Friedler. He left it to you to fill in the blanks.

It is impossible to identify the year in which the brochures were printed. However we can have some indication from the phone numbers specified in it. The phone numbers of Hofit were changed two times: Around 1986, the area code was changed from 067 to 06 (the 7 was added to the number) Therefore all brochures carrying phone number 067–56731/2 are prior to 1986/87. All brochures with 06–756731/2 were printed later. In 1993, the phone number was changed again to 06–759530/1/2.

PX 129.¹⁰ None of the information contained in this letter was transmitted to the PTO.¹¹

On March 10, 1994, additional reexamination requests were submitted to the PTO. Copies of earlier Hofit brochures, some of which were in the files of the Association of Rotational Molders (“ARM”), a trade association located in Chicago, Illinois, were submitted to the PTO. Defendant made the following representation in this request: “Note specifically, the HOFIT PRINTED PUBLICATIONS that were received in June, 1985, by the Association of Rotational Molders (ARM) as shown by the date stamp on the Application by HOFIT.” Reexamination request 90/003,355 at 3. “Several of the HOFIT PRINTED PUBLICATIONS bearing 067–

56731–2 were received on or about June 21, 1985, sufficiently early to be an effective reference against the '509 PATENT and its critical date of October 1, 1987.” *Id.* at 4. “The ARM file clearly documents the receipt by that organization of the HOFIT PRINTED PUBLICATIONS enclosed therein in June, 1985.” *Id.* at 5. Because the defendant wanted to use the telephone numbers to establish the publication dates for these earlier brochures, a declaration signed by Peremen explaining the relevance of the telephone numbers was included in this submission. An affidavit from Friedler was also included.

At the time these representations were made to the PTO, EPI was aware of two facts that were not made known to the PTO: (1) ARM did not date-stamp its documents, so the date the documents had been received by ARM could not be determined, and (2) written authorization from Friedler had been required before ARM would release the Hofit file. NT–16:23:1–29:4. Thus, EPI knew there was nothing in the ARM file to support its representation that the ARM file clearly documented that ARM had received the brochures on or about June 1985. It was also aware that the brochures in the ARM file might not have been “publicly accessible” and thus might not qualify as printed publications under 35 U.S.C. § 102(b). *Constant v. Advanced Micro–Devices, Inc.*, 848 F.2d 1560, 1568 (Fed.Cir.1988), *cert. denied*, *1377 488 U.S. 892, 109 S.Ct. 228, 102 L.Ed.2d 218 (1988). These facts were not given to the PTO.

[14] The publication date of a printed publication determines whether it is prior art to the claims undergoing reexamination. 35 U.S.C. § 102(b); *Constant*, 848 F.2d at 1568. Dissemination and public accessibility are the keys to the legal determination whether a prior art reference was “published.” *Id.* Any information that would help to establish the publication date or the dissemination and public accessibility of an alleged printed publication is material to the reexamination. Thus, the withheld information was material to the reexamination proceedings.

Defendants' patent counsel conceded at trial that he had an “uncompromising duty” during the reexamination proceedings, and that he was aware of the withheld information. NT–15:89:20–23. This is a patent attorney with over thirty-five years experience in the preparation

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and prosecution of patent applications, who deals with the PTO “on a daily and weekly basis.” NT-15:78:11-13. He was certified to this court an expert witness on inequitable conduct and testified extensively how those who have matters pending before the PTO have an “uncompromising duty” to submit all facts relevant to such matters to the PTO. He knew or should have known of the materiality of the withheld information.

Intent to mislead is rarely admitted or obvious. It must be inferred in most cases from surrounding circumstances. *Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc.*, 984 F.2d 1182, 1191 (Fed.Cir.1993). At the time of the defendant filed the reexamination requests, the '408 and '509 patents had been asserted against it in this action. Defendant's obvious objective was to have the PTO cancel the claims of the '408 and '509 patents, thus mooting this action.

Defendant's patent counsel stated at trial that he had relied on the Friedler declaration in making his representations to the PTO that ARM had received the Hofit brochures on or about June 21, 1985. Friedler is a resident of Israel. ARM is located in Chicago. There is no evidence that Friedler had personal knowledge of the ARM files. Friedler's declaration does not represent that the brochures had been received by ARM before Oct. 1, 1987.¹² Counsel also knew that ARM did not date-stamp its documents.

From these circumstances, intent to mislead can be inferred. Consequently, the court finds that during the reexamination proceedings the defendant withheld material information from the PTO, that the information was known to defendant, that defendant's counsel knew or should have known the information was material to the reexamination proceedings, and that the information was withheld with the intent to mislead the PTO.

A third-party reexamination requestor is apparently not expressly required to exercise candor and good faith in its dealing with the PTO. 37 C.F.R. § 1.555(a), which deals with information material to patentability in reexamination proceedings, only applies to the patent owner and those associated with it.¹³ Although the defendant's conduct during the reexamination

proceedings does not conform with the duty of candor and good faith, there *1378 appears to be no legal requirement that it do so.

However, the court cannot condone the defendants' conduct during reexamination. It is in the public interest that all parties involved in a reexamination make all information in their possession that is material to patentability available to the PTO.

A patent by its very nature is affected with a public interest. The public interest is best served, and the reexamination occurs when, at the time of reexamination proceeding is being conducted, the Office is aware of and evaluates the teachings of all information material to patentability in a reexamination proceeding.

37 C.F.R. § 1.555(a).

Failure of a reexamination requestor who is not the patent owner to comply with the duty of candor and good faith can be especially detrimental to the patent system. When a patent owner fails to exercise candor and good faith during a reexamination proceeding, this fact will almost inevitably be brought out during later litigation. However, when a reexamination requester other than the patent owner fails to exercise candor and good faith during a reexamination proceeding, the fact might never be discovered. If, by withholding material information, the requestor is successful in having the claims of its opponent's patent canceled, any pending litigation would be dismissed. The patent owner would not have an opportunity to discover the withheld information in subsequent litigation.

8. Conclusions

Defendants bear the burden of establishing inequitable conduct by offering “clear and convincing proof of the materiality of the prior art, knowledge chargeable to the applicant of the prior art and its materiality, and the applicant's failure to disclose the prior art, coupled with an intent to mislead the PTO.” *Molins*, 48 F.3d at 1178

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(Fed.Cir.1995). The court finds that the defendants have failed. The admissibility of the Bigbee steel document has not been established. They have not established that admissions of on-sale activity were made. They have not shown that the allegedly withheld information was material to reexamination. Intent to mislead the PTO has not been demonstrated. They have failed to establish that the information allegedly withheld during reexamination of the '509 patent was, if fact, withheld.

The court finds that during the reexamination proceedings the defendant knowingly withheld material information from the PTO with an intent to deceive.

C. Claims Added During Reexamination

1. Assignor Estoppel with Respect to the Claims Added During Reexamination

TCI has asserted twenty claims, ten of which were added during reexamination. The defendants assert that some of the claims added during reexamination are invalid because they violate 35 U.S.C. § 305. TCI argues that, in addition to preventing the defendant from attacking the validity of the original claims, assignor estoppel also prevents the defendant from attacking the validity of the claims added during reexamination.

[15] [16] 35 U.S.C. § 305, entitled “Conduct of Reexamination Proceedings,” states in relevant part that

[i]n any reexamination proceeding under this chapter, the patent owner will be permitted to propose any amendment to his patent and a new claim or claims thereto, in order to distinguish the invention as claimed from the prior art cited under the provisions of section 301 of this title, or in response to a decision adverse to the patentability of a claim of a patent. No proposed amendment or new claim enlarging the scope of a claim of the patent will be permitted in a reexamination proceeding under this chapter.

35 U.S.C. § 305. Amendment of claims during reexamination “must be seen in light of the fundamental purpose of reexamination—the determination of validity in light of a substantial new question of patentability.” *In re Freeman*, 30 F.3d 1459, 1468 (Fed.Cir.1994). Unlike litigation, reexamination affords the patent owner a chance to narrow the scope of its claims to avoid subsequently discovered prior art. *Id.* However, the *1379 statute prevents the patent owner from expanding the scope of the claims to include disclosed but previously unclaimed subject matter. Only reissue affords the patent owner an opportunity to expand the scope of its claims. 35 U.S.C. § 251. A claim that violates 35 U.S.C. § 305 is invalid. *Quantum Corp. v. Rodime PLC*, 851 F.Supp. 1382, 1389 (D.Minn.1994).

[17] Assignor estoppel prevents an assignor from attacking the validity of the patent.

Assignor estoppel is an equitable doctrine that prevents one who has assigned rights to a patent (or a patent application) from later contending that what was assigned is a nullity. The estoppel also operates to bar other parties in privity with the assignor, such as a corporation founded by the assignor. The estoppel historically has applied to invalidity challenges based on “novelty, utility, patentable invention, anticipatory matter, and state of the art.”

Diamond Scientific Co. v. Ambico, Inc., 848 F.2d 1220, 1224 (Fed.Cir.1988) (internal citation omitted). The doctrine prevents an injustice to the assignee.

[I]t is the implicit representation by the assignor that the patent rights he is assigning (presumably for value) are not worthless that sets the assignor apart from the rest of the world and can deprive him of the ability to challenge the validity of the patent. To allow the assignor to make that representation at the time of the assignment (to his advantage) and later repudiate it (again to his advantage) could work an injustice against the assignee.