

No. 17-1616

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In the  
Supreme Court of the United States

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REGENERON PHARMACEUTICALS, INC.,  
*Petitioner,*

v.

MERUS N.V.,  
*Respondent.*

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On Petition for a Writ of Certiorari to the  
United States Court of Appeals for the Federal Circuit

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**BRIEF OF THE INTELLECTUAL PROPERTY LAW  
ASSOCIATION OF CHICAGO AS AMICUS CURIAE ON  
PETITION FOR WRIT OF CERTIORARI IN SUPPORT  
OF PETITIONER**

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**QUESTION PRESENTED**

Whether a patent right can be fully extinguished based on misconduct committed by the patentee's counsel during federal district court litigation to enforce the patent right. In other words, whether a finding of intent to deceive the patent office by "adverse inference" as a penalty for the tactics of litigation counsel is a departure from past inequitable conduct jurisprudence of such gravity that this Court should consider this issue.

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## I. INTEREST OF *AMICUS CURIAE*

Founded in 1884, the Intellectual Property Law Association of Chicago (“IPLAC”) is a voluntary bar association of over 1,000 members who practice law in the areas of patents, trademarks, copyrights, trade secrets, and the legal issues they present.<sup>1,2,3</sup> Located in Chicago, a principal forum for U.S. patent litigation, IPLAC is the country’s oldest bar association devoted exclusively to intellectual property matters. Its members include attorneys in

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<sup>1</sup> Pursuant to Supreme Court Rule 37.6, no counsel for a party authored this brief in whole or in any part or made a monetary contribution intended to fund preparation or submission of the brief, and no person other than the *amicus curiae*, its members, or its counsel, made such a monetary contribution.

<sup>2</sup> In addition to the required statement of footnote 1, IPLAC adds that after reasonable investigation, IPLAC believes that (a) no member of its Board or Amicus Committee who voted to prepare this brief, or any attorney in the law firm or corporation of such a member, represents a party to this litigation in this matter, (b) no representative of any party to this litigation participated in the authorship of this brief, and (c) no one other than IPLAC, or its members who authored this brief and their law firms or employers, made a monetary contribution to the preparation or submission of this brief.

<sup>3</sup> On Jun 1, 2018, respondent Merus N.V. waived its right to respond to the petition, but on June 8, the Court nonetheless requested a response. On June 20, 2018, on Merus’ motion, the Court extended the time to file a response to and including August 8, 2018. Pursuant to Supreme Court Rule 37.2, counsel of record received timely notice of the intent to file this brief under the Rule and consent was granted.

private and corporate practices before federal bars throughout the United States, as well as before the U.S. Patent and Trademark Office and the U.S. Copyright Office. IPLAC represents both patent holders and other innovators in roughly equal measure. In litigation, IPLAC's members are split roughly equally between plaintiffs and defendants. As part of its central objectives, IPLAC is dedicated to aiding in developing intellectual property law, especially in the federal courts.<sup>4</sup>

IPLAC has previously supported Petitioner in requesting that the Federal Circuit rehear *en banc* the panel's split decision to affirm the District Court. On December 26, 2017, the Federal Circuit denied the petition for rehearing. Pet. App. 197a.

## II. SUMMARY OF ARGUMENT

IPLAC supports Petitioner's request to grant *certiorari* so that this Court may clarify the standards under which a patent right granted pursuant to Congressional power to promote the progress of the useful arts can be nullified by a federal district court on the grounds of inequitable conduct. The question is of paramount practical importance to district court judges, patent holders, patent prosecutors, and patent litigators for both plaintiffs and defendants.

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<sup>4</sup> Although over 30 federal judges are honorary members of IPLAC, none of them was consulted or participated in any way regarding this brief.

IPLAC understands that both the District Court and the Federal Circuit may have viewed the facts of this particular case – about which IPLAC expresses no opinion – as egregious, but egregious cases can lead to bad law. The opinions below interweave the realms of (and duties attending) patent prosecution and patent litigation to the detriment of both. If not clarified, these opinions may form the basis for unduly punishing patent prosecutors for the sins of patent litigators going forward, which would violate not only the Constitutional scheme but the most basic principles of agency law. The Federal Circuit’s decision also contradicts the Federal Circuit’s own case law.

The Court of Appeals having refused rehearing *en banc*, only this Court can now clarify these issues. For all these reasons, the Court should grant the petition.

### III. SUMMARY OF FACTS<sup>5</sup>

On March 11, 2014, Regeneron Pharmaceuticals, Inc. sued Merus B.V. (“Merus”) for allegedly infringing U.S. Patent No. 8,502,018 (“the ‘018 Patent”). Merus answered and counterclaimed, arguing that the ‘018 Patent was unenforceable due to Regeneron’s conduct during patent prosecution. Following the district court’s opinion on claim construction, Regeneron stipulated that its claim of infringement against Merus would fail if the Court’s constructions withstood challenge on appeal.

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<sup>5</sup> See generally, *Regeneron Pharmaceuticals, Inc., v. Merus N.V.*, 864 F. 3d. 1343, 1346-47 (2017).

*Regeneron Pharm., Inc. v. Merus B.V.*, 144 F.Supp.3d 530, 537 (S.D.N.Y. 2015) (“*Regeneron I*”).

The district court scheduled bench trials on Regeneron's inequitable conduct, bifurcated based on the two elements of inequitable conduct: materiality and specific intent to deceive the U. S. Patent and Trademark Office (“the Patent Office” or “the USPTO.”) See *Regeneron*, 864 F.3d at 1346, citing *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011) ) (en banc).

Following the first trial, the district court issued a lengthy opinion finding materiality of certain references withheld during the patent’s prosecution, *Regeneron I*, which had ended with issuance of the ‘018 Patent on August 6, 2013. Instead of holding the scheduled second trial on intent to deceive the Patent Office, however, the district court excluded Regeneron’s evidence on that issue. Based on what it found to be discovery misconduct throughout the 2014-2015 litigation, the district court simply drew an adverse inference of specific intent to deceive the PTO and entered judgment for Merus, even though prosecution counsel and trial counsel were not the same. *Regeneron I* at 595.

On July 27, 2017, the Federal Circuit affirmed the District Court, 864 F.3d 1343, and on December 26, 2017, the Federal Circuit denied a petition for rehearing *en banc*. *Regeneron Pharmaceuticals, Inc., v. Merus N.V.*, 878 F.3d 1041 (Fed. Cir. 2017).

#### IV.ARGUMENT

##### A. The Federal Circuit's Decision Offends The Purpose Of The Constitution's Patent And Copyright Clause.

The purpose of U. S. patent law is “to promote the Progress of Science and the Useful Arts ...” U.S. CONST., Art. I, Sec. 8, cl. 8. For limited times, therefore, U. S. patents allow owners to exclude others from practicing the claimed inventions, thereby permitting patent owners, if they can, to receive an appropriate reward via sales in the marketplace or from licensing the patented invention. The price for this protection is full and fair disclosure of the invention in the underlying patent application.

Each applicant for a patent and its agents therefore has a duty of candor and good faith. That includes the duty “to disclose to the [Patent Office] all information known to [the applicant] to be material to patentability.” 37 C.F.R. § 1.56(a). Such disclosures help ensure that the Patent Office grants patents only for claimed inventions that patentably distinguish over the prior art, as 35 U.S.C. §§ 102 and 103 require.

Accordingly, district courts have the power to declare a patent unenforceable based on the patent applicant's inequitable conduct, formerly known as “fraud on the Patent Office.” See *Therasense Inc. v. Becton Dickinson and Co.*, 649 F.3d 1276, 1288 ( Fed. Cir. 2011)(*en banc*); *Chromalloy American Corp. v. Alloy Surfaces Co.*, 339 F. Supp. 859 (D.Del. 1972) and *Strong v. General Electric Co.*, 305 F. Supp. 1084 (N.D. Ga. 1969), *aff'd*, 434 F.2d 1042 (5th Cir.

1970), *cert. denied*, 403 U.S. 906 (1971); *J. P. Stevens & Co. v. Lex Tex Ltd.*, 747 F.2d 1553, 1561 (Fed. Cir. 1984); see 35 U.S.C. § 282(b)(1).

The gravamen of the charge is that the patentee has failed to discharge the duty of dealing with the examiner in a manner free from the taint of “fraud or other inequitable conduct.” *Gemveto Jewelry Co. v. Lambert Bros., Inc.*, 542 F. Supp. 933, 943 (S. D. N. Y. 1984) (quoting Patent Law Perspectives, 1977 Developments, § G.1 [1]-189). But because unenforceability is a severe consequence, district courts may find inequitable conduct only when the challenger proves, by clear and convincing evidence, both materiality and intent to deceive. *Therasense*, 649 F.3d at 1287. Here, the district court found, and the Federal Circuit affirmed intent to deceive not based even on an evidentiary hearing, but as a “negative inference” based on the conduct of litigation counsel well after the patent had issued. *Regeneron Pharmaceuticals, Inc., v. Merus N.V.*, 144 F. Supp. 530, 595 (2015).

Once a court finds a patent unenforceable based on inequitable conduct, all the claims, not just those directly impacted by the withheld prior art, are unenforceable. See *generally*, cases collected in 4 Chisum, PATENTS, paragraph 19.03[6] at 19-85 n. 10 (1984). Inequitable conduct “goes to the patent right as a whole, independently of particular claims.” *In re Clark*, 522 F.2d 623, 626 (CCPA 1975).

In contrast, district court litigation sanctions may vary from an award to the litigation adversary of partial fees and costs incurred because of the misconduct, Fed. R. Civ. P. at 37(b)(2)(C), up to and including dismissal of a case or entry of a default

judgment. E.g., *id.* at 37(b)(2)(A)(v)(vi); 37(b)(2)(B); 37(c)(1)(C); 37(d)(3).<sup>6</sup> But insofar as they affect the patent itself – the time-limited right that promotes the “Progress of ... the useful Arts” by teaching the world how to make and use the claimed invention, see 35 U.S.C. § 112 – litigation sanctions apply solely to the case being litigated and not to the right itself.

Likewise, sanctions under Fed.R.Civ.P 37(b)(2)(C) are imposed against a party and its litigation counsel but not against its patent prosecution counsel unless such person also is the litigation counsel. *Id.* A declaration that a patent is unenforceable, however, renders that patent unenforceable for the duration of the patent. *Therasense*, 649 F.3d at 1288.

As such, declaring a patent unenforceable as a sanction, even in part, for bad litigation conduct – no matter how bad that conduct – ignores the distinction between litigation and prosecution counsel. Not only are the roles different, but the times when the actions occurred may be years apart. This sanction also undermines the Constitutional purpose of granting patents in the first place: to encourage inventors to disclose to the world how to

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<sup>6</sup> Indeed, on June 25, 2018, the district court ordered Regeneron to pay attorneys' fees to Merus for Regeneron's litigation misconduct and gave the parties until July 7 to propose any redactions to its fee award opinion, noting that the as-then-not-yet publicly filed opinion is of “particular public interest.” *See Regeneron Pharmaceuticals, Inc. v. Merus NV*, Case No. 1:14-cv-01650, Order dated June 25, 2018, Doc. No. 485 (S.D.N.Y.).

make and use their inventions. See 35 U.S.C. § 112. Instead, retroactively and through no fault of the patentee or the patent prosecutor, all rewards for the inventor's work to advance the progress of the useful arts are lost. By its very nature, this disincentivizes inventors and thus *retards* the "Progress of ... the useful Arts."

This Court should therefore grant *certiorari* to determine whether courts have the power to infer intent to deceive on the part of the prosecutor as a sanction for subsequent litigation conduct.

**B. The Decision Below Contravenes This Court's Jurisprudence.**

As Petitioner notes, the decision below appears to conflict with this Court's three foundational cases giving rise to the inequitable conduct defense: *Keystone Driller Co. v. Gen. Excavator Co.*, 290 U.S. 240 (1933); *Hazel-Atlas Glass Co. v. Hartford Empire Co.*, 322 U.S. 238 (1944); *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806 (1945); see Cert. Pet. at 12-14. None of these has ever been reversed or overturned. Instead, based on these and other cases, Congress in 1952 codified unenforceability as a panoply of equitable defenses<sup>7</sup> in 35 U.S.C. § 282(b)(1), which the America Invents Act, Public Law 112-29, 125 Stat. 284 through 125

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<sup>7</sup> P. J. Federico, "Commentary on the New Patent Act" 75 *J. Pat. & Trademark Off. Soc'y* 161, 194 (1993) (also printed at Title 35, United States Code Annotated (1954 Ed.)) states that the word "unenforceability...was added by amendment in the Senate for greater clarity... [and] would include the ... equitable defenses such as laches, estoppel and unclean hands."



Stat. 341 (2012), left unchanged. In none of those cases did this Court find an element of inequitable conduct based solely on the conduct of litigation counsel. E.g., *Hazel-Atlas* at 246 (finding the fraud was “a deliberately planned and carefully executed scheme to defraud not only the Patent Office but [also] the Circuit Court of Appeals”); *Keystone Driller* at 290 U.S. 245 (focus on remedying an “unconscionable act of one coming for relief [having an] immediate and necessary relation to the equity that he seeks in respect of the matter in litigation”); *Precision Instrument* at 324 U.S. 816 (“Larson’s application was admittedly based upon false data which destroyed whatever just claim it might otherwise have had to the status of a patent ...”).

The Federal Circuit’s decision here, if left undisturbed, risks conflating the two roles. As such, it is irreconcilable with this Court’s trilogy of controlling cases and the unenforceability defense of 35 U.S.C. § 282(b)(1).

### **C. The Decision Below Contradicts The Federal Circuit’s Own Holdings.**

The Federal Circuit’s decision below also contradicts that court’s own case law. In 2001, for example, the Federal Circuit held in *Aptix Corp. v. Quickturn Design Sys., Inc.*, 269 F.3d 1369, 1375 (Fed. Cir. 2001) that “[l]itigation misconduct, while serving as a basis to dismiss the wrongful litigant, does not infect, or even affect, the original grant of the property right.” *Aptix* therefore properly recognized that this Court’s precedents mandate that courts cannot “reach out to extinguish a property right based on misconduct during litigation to enforce the right.” *Id.* Despite the urging of

Petitioner and Circuit Judge Newman in dissent below, joined by IPLAC and many others, the Federal Circuit declined even to rehear the case *en banc*. Both in its majority panel decision and in denying rehearing *en banc*, therefore the majority ignored the Circuit's own controlling precedent. See Pet. App. 65a, 200a (Newman, J., dissenting).

Ignoring its own precedent effectively precludes review of the Federal Circuit's decision unless this Court grants *certiorari*. Since Congress enacted the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, Stat. 25, the Federal Circuit has had exclusive jurisdiction over, *inter alia*, all patent appeals from district courts nationwide. 28 U.S.C. §§ 1295(a)(1), (a)(4)(A), (a)(6); see Rochelle C. Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. Rev. 1, 6-7, n. 3 (1989). Because other circuits lack subject matter jurisdiction to reach a contrary result, no conflict among the circuits will ever arise on the issue now at bar.

That leaves this Court as the only tribunal that can resolve this question. See, *e.g.*, Stephen M. Shapiro et al., *Supreme Court Practice* § 4.21, at 289 (10th ed. 2013) (the "likelihood of Supreme Court review increases" when the Federal Circuit "departs from its own patent law precedents"); see *also Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997).

#### **D. The Decision Below Violates Basic Principles of Agency Law.**

By conflating responsibility for finding specific intent, the sanction imposed below violates basic agency principles. The ability to declare a patent unenforceable is intended to incentivize patentees to

disclose known material prior art and to disincentivize intentionally misleading the Patent Office in order to gain patent protection. 37 C.F.R. § 1.56(a). Imposing litigation costs and fees, dismissing a case, or awarding a default judgment, on the other hand, sanctions parties in litigation for violating rules designed to ensure the “just, speedy, and inexpensive determination of every action and proceeding.” F. R. Civ. P. 1. Each result ultimately affects the same litigation party principal, but each arises in different forums and focus on different conduct and on different agents of that principal.

The Rules of Civil Procedure governing sanctions are explicit on who may be sanctioned. Rule 37(b)(1), which governs sanctions in a district in which a deposition is taken, applies by its terms only to the “deponent” who fails to obey an order. Fed.R.Civ.P. 37(b)(1). Rule 37(b)(2), which deals with sanctions sought in the district where the action is pending, is equally precise. Sub-parts (b)(2)(A) and (b)(2)(D) limit sanctions against a party for failure to permit or to respond to discovery, or to obey an order, to the actions of a “party or a party’s officer, director, or managing agent—or a witness designated under Rule 30(b)(6) or 31(a)(4).” Fed.R.Civ.P. 37(b)(2)(A).

Similarly, the sanctions of Rule 37(b)(2)(B) (for failure to comply with Rule 35(a) by failing to produce a person for a medical examination) explicitly apply only to “a party who fails to comply.” *Id.* at 37(b)(2)(B). Likewise, under Rule 37(b)(2)(C), payment of reasonable expenses, including attorney’s fees, is limited to “the disobedient party, the attorney advising that party, or both” — but does not include other agents or attorneys for the party. Fed. R. Civ.

P. 37(b)(2)(C). While the sanction by the district court here is directed at the principal, the declaration that inequitable conduct occurred surely smears the patent prosecution attorney.

In contrast, the Code of Federal Regulations addresses the duties of persons actively engaged in the prosecution of the patents. 37 C.F.R. § 1.56. A finding of inequitable conduct results from a violation of that duty but requires a two-pronged inquiry into materiality and intent to deceive. *Therasense*, 649 F.3d at 1287. The district court never found that Regeneron's patent prosecution attorney acted with intent to deceive, but instead inferred such deceptive intent as a sanction based on litigation conduct while refusing to consider Regeneron's evidence concerning intent. *Regeneron I*, 144 F. Supp. 3d at 595.

The Federal Circuit's conflation of remedies violates basic principles of agency law by effectively branding one agent of a party [the patent prosecutor] culpable for the misconduct of another agent [litigation counsel] who acted in another arena at a later time. An agent of a disclosed principal can rightly bind the principal but not another agent. Here, in an effort to sanction the principal, the Federal Circuit has effectively sanctioned the first agent—the patent prosecutor—for the actions of a second agent—the patent litigator—for actions that were manifestly beyond the first agent's control. And the harm inflicted is far from trivial.

It may be true, as the panel majority below suggested, that Regeneron committed inequitable conduct *during* prosecution, *Regeneron Pharmaceuticals, Inc., v. Merus N.V.*, 864 F.3d 1343, 1364

(2017), on which IPLAC takes no position. Yet the district court held no hearing on this issue, *Regeneron I* at 595, and Judge Newman’s dissent below seriously questions whether clear and convincing evidence shows “but-for” materiality. (In a corresponding case, the European Technical Board of Appeals found the claims patentable even over the same references not disclosed here. 864 F.3d at 1373 (Newman, J., dissenting).)

Instead, the District Court drew an adverse evidentiary inference of “intent to deceive,” *id.* at 1346, from the conduct of Regeneron’s *litigation* attorneys, which the Federal Circuit affirmed. But as a logical matter, the conduct of the litigation attorney, post-prosecution, has no bearing on whether the prosecutor acted with maleficent intent during patent prosecution.

To avoid confusing jurisprudence on such an important issue, the Court should grant the petition.

**E. The Importance to the Public, the Parties, and Practitioners Cries Out for *Certiorari*.**

With claim charts, claim constructions, validity and infringement contentions, multiple technical experts, damages experts, and the potential for an intervening *inter partes* review (IPR), *cf. Oil States Energy Services, LLC, v. Greene's Energy Group, LLC*, 584 U.S. \_\_\_, 137 S.Ct. 2239 (2017), patent litigation is already among the most time-consuming and expensive in the U. S. civil justice system. Many district judges view patent cases as challenges not only because of their perceived technical complexity but also because patent law is so dynamic that the

risk of reversal—and concomitant needless expenditure of judicial resources—is high.

The same is true at the Court of Appeals level: from 2004 through 2014, this Court reversed the Federal Circuit in 71% of the cases it reviewed, more than almost any other circuit. New York City Bar Association, Report of the Committee on Federal Courts, July 2015 at 4. For the October 2015 and 2016 terms, respectively, the figures were 75% and 86%. [http://www.scotusblog.com/wp-content/uploads/2016/06/SB\\_scorecard\\_OT15.pdf](http://www.scotusblog.com/wp-content/uploads/2016/06/SB_scorecard_OT15.pdf); [http://www.scotusblog.com/wp-content/uploads/2017/06/SB\\_scorecard\\_20170628.pdf](http://www.scotusblog.com/wp-content/uploads/2017/06/SB_scorecard_20170628.pdf), both visited June 11, 2018. Although patents comprise only 40% of the Federal Circuit’s docket, most of these reversals have been in patent cases. New York City Bar Ass’n, *supra*, at 4.<sup>8</sup>

These results are hardly surprising, for patent law is rife with rapid change and uncertainty. Solely on the subject of *inter partes* review (IPR), for example, this Court has only recently resolved whether IPRs violate Article III or the Seventh Amendment and has left open whether they may yet in some circumstances violate due process. *Oil States, supra* at \_\_\_\_ . Another issue resolved just this

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<sup>8</sup> Despite having one of the smallest dockets among the circuit courts as measured by the number of appeals filed, pending, and decided, a disproportionate number of decisions both reviewed and reversed by this Court originate with the Federal Circuit. See <http://www.scotusblog.com/reference/stat-pack/>; <http://www.uscourts.gov/statistics/table/na/federal-court-management-statistics/2014/12/31-0>; <http://www.cafc.uscourts.gov/the-court/statistics.html>.

term was whether the Patent Trial and Appeal Board must institute IPR on all challenged claims, *SAS Institute Inc. v. Iancu*, 584 U.S. \_\_\_\_ (2018).

Adding to the cost and uncertainty to the public and the parties in the realm of patent litigation is the frequent charge of inequitable conduct. See, e.g., *Intellect Wireless v. HTC Corp.*, 910 F. Supp.2d 1056 (N.D. Ill. 2012). Pleading inequitable conduct is already a common litigation tactic.<sup>9</sup> The cost to the party is a finding that the patent is unenforceable, but the cost to the patent practitioner may be personally devastating. A finding of inequitable conduct is the ultimate badge of shame for a patent prosecutor, as the underlying breach of candor is frequently associated with the prosecutor. A finding of inequitable conduct therefore brands that prosecutor as not trustworthy. Despite the change in name from “fraud on the patent office,” a finding of inequitable conduct denotes a finding by clear and convincing evidence that the prosecutor has knowingly withheld or misrepresented material information with intent to deceive the Patent Office. *Therasense*, 649 F.3d 1276. Indeed, the specific intent to deceive must be “the single most reasonable inference” to be drawn from the evidence, “which

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<sup>9</sup> *Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1289 (Fed. Cir. 2011) (the charge of “[i]nequitable conduct ‘... is appearing in nearly every patent suit, and is cluttering up the patent system,’” citing *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1454 (Fed. Cir. 1984)). Alleged infringers “make the charge against ... reputable lawyers on the slenderest grounds.” *Id.* citing *Burlington Indus., Inc. v. Dayco Corp.* 849 F.2d 1418, 1422 (Fed. Cir. 1988).

‘must be sufficient to *require* a finding of deceitful intent in the light of all the circumstances.’” (*Id.* at 1290, citations omitted, emphasis by the court.).

The USPTO Office of Enrollment and Discipline (OED) disciplinary proceedings that inevitably follow may initially result in only warnings, 37 C.F.R. § 11.21, or reprimands, 37 C.F.R. § 11.20, but can include censure, probation, suspension from practice, and even exclusion from practice before the USPTO and disbarment from reciprocal state bars. *See id.* Imposition of discipline includes publication of the fact of and reasons for the discipline and, unless otherwise ordered, notification to every relevant court and agency. 37 C.F.R. § 11.59. Final orders of discipline read like criminal convictions; see, *e.g.*, [https://efoia.uspto.gov/Foia/RetrievePdf?system=OED&flNm=0755\\_DIS\\_2014-01-08](https://efoia.uspto.gov/Foia/RetrievePdf?system=OED&flNm=0755_DIS_2014-01-08), and unless otherwise ordered are available to the public. 37 C.F.R. § 11.59. Even an OED request for information “typically triggers anxiety for the practitioner, may interfere with the practitioner’s practice, and may cause the practitioner to incur legal expenses in responding ... [and] stress, turmoil, and cost.” 77 Federal Register No. 3, January 5, 2012, at 458.

Meanwhile, absent personal sanctions by the court in which the litigation is pending, practitioners accused of inequitable conduct have no standing even to represent their own interests in the litigation. See, *e.g.*, *Nisus Corp. v. Perma-Chink Systems, Inc.*, 497 F.3d 1316, 1319 (Fed. Cir. 2007) (practitioner appeal of inequitable conduct decision dismissed and denial of motion to intervene in infringement litigation affirmed). Practitioners are left merely with the hope that in attendant future disciplinary proceedings



“they may be accorded an opportunity to make [a] case before any sanctions were imposed ....” *Id.* at 1322.

But published district court findings of inequitable conduct can take years to reverse on appeal. See *Outside the Box Innovations v. Travel Caddy*, 695 F.3d 1285, n.1 (Fed. Cir. 2012) (August 3, 2009, ruling of inequitable conduct not reversed until September 21, 2012). Practitioners can lose their clients in the interim, even if later vindicated. Compare *id.* at 1290 (practitioner “heavily involved” in district court) and *id.* at appearances of counsel (not even present in appeal).

Effectively, sanctioned practitioners can become unemployable. Suspended, excluded, and resigned practitioners may not even work as paralegals or perform other non-lay services for other practitioners without burdensome oversight. That includes direct supervision and assumption of full professional responsibility by other practitioners, direct salaried employment, and prohibitions against speaking or meeting with clients. 37 C.F.R. § 11.58 (e). They may also not meet with any USPTO employee, any person who is to sign any document at the USPTO, or anyone who will be a USPTO witness, either with or without another practitioner present. *Id.*

If not clarified now, therefore, the Federal Circuit’s decision, in much the same way as Rule 11 before the “safe harbor,” will doubtless spawn needless ancillary litigation involving charges of inequitable conduct based on litigation tactics. The perceived “benefit” of demonstrating litigation misconduct of the adversary—rendering the patent

unenforceable—will increase, while the cost of doing so will remain the same. Under basic economic analysis, the likelihood of its assertion will therefore also increase. Federal courts owe the public, the parties, and practitioners a more salutary result.

## V. CONCLUSION

This Court should grant *certiorari* to clarify that a ruling of unenforceability for inequitable conduct requires something different than litigation misconduct. It requires a careful consideration of the actions, knowledge, and intent of persons involved in the patent prosecution at the Patent Office. The wrong remedy was applied here.

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