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# PATENT PRACTICE: STRATEGIES FOR SUBMITTING NEWLY DISCOVERED PRIOR ART AFTER ALLOWANCE OF AN APPLICATION

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## I. INTRODUCTION

Patent prosecutors<sup>1</sup> continually encounter the problem of treating material references<sup>2</sup> discovered late in the prosecution<sup>3</sup> of a patent application, particularly, the problem of treating references discovered after the claims<sup>4</sup> have been allowed<sup>5</sup> or after the application has issued<sup>6</sup> as a patent.

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1. As used herein, "patent prosecutor" refers to any of the individuals indicated in 37 C.F.R. § 1.31 (1990); that section provides: "An applicant for patent may file and prosecute his or her own case, or he or she may be represented by a registered attorney, registered agent, or other individual authorized to practice before the Patent and Trademark Office in patent cases."

2. See *infra* pp. 3-4.

3. As used herein, "prosecution" refers to the activities undertaken pursuant to 35 U.S.C. § 131 (1989); that section provides: "The Commissioner [of Patents] shall cause an examination to be made of the application [for patent] and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor."

4. "An applicant for a patent must include in his application one or more claims which set forth the parameters of the invention. These claims measure the invention for determining patentability both during examination and after issuance when validity is challenged. They also determine what constitutes infringement." 1 CHISUM, PATENTS, G1-3 (1989).

5. "If the examiner determines that a claim in a patent application meets the conditions of patentability, he so notifies the applicant. After final action on other claims, the application is in a condition for allowance and in due course will issue as a patent upon payment of the prescribed issue fee." 1 CHISUM, PATENTS, G1-1 (1989).

6. "If the examination procedure determines that one or more claims in a patent appli-

A patent prosecutor encounters these material references through a variety of means, not the least of which is through the art cited in a subsequently filed, corresponding European application.<sup>7</sup> Typically, this particular prior art will be cited by the European Patent Office approximately eighteen months after filing of the United States application. At this juncture, the United States counterpart application may be in condition for Allowance or may have issued as a patent. The patent prosecutor is thereby faced with a number of difficult questions.

This paper endeavors to explore the pragmatic options available to a patent prosecutor who has received a Notice of Allowance<sup>8</sup> or an issued United States patent and who subsequently encounters a reference which is material to the allowed or granted claims. The paper first sets forth the general parameters of the prosecutor's duty to disclose prior art as stipulated by 37 C.F.R. section 1.56 (hereinafter Rule 56); this section will also include consideration of possible forthcoming changes in the duty of disclosure under proposed Rule 57. Next, the paper will apply the present and proposed duty of disclosure to the period between receiving a Notice of Allowance and formal issuance of the application. Finally, attention will focus upon Reissue and Reexamination mechanisms as means for bringing material references to the attention of the Patent Office after a patent has issued; particularly, the pragmatic merits of each procedure will be examined in light of various factual circumstances.

## II. DUTY OF DISCLOSURE IN GENERAL

A patent is prosecuted in an *ex parte* proceeding before the United States Patent and Trademark Office.<sup>9</sup> Given the *ex parte* nature of the proceeding, there is an important public interest served by imposing upon a patent prosecutor a duty of candor in

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cation are allowable, the Patent and Trademark Office will upon payment of the issue fee issue the patent. On the issue date, the exclusive rights vest, and the seventeen-year term commences." 1 CHISUM, PATENTS, G1-12 (1989).

7. "Implemented in 1977, this convention [the European Patent Convention] establishes a European Patent Office (EPO) in Munich, Germany. An application filed with the EPO (which may be in English, French, or German) is searched and examined according to substantive and procedural rules established in the convention and implementing regulations. Once issued, a European patent acquires the status of a national patent in each of the member nations which the applicant designates. Thus, the convention eases the burden of filing parallel applications in a large number of countries." 1 CHISUM, PATENTS, G1-7, 8 (1989).

8. A Notice of Allowance is provided if an application meets the requirements of patentability; specifically, 37 C.F.R. § 1.311 provides that "If, on examination, it shall appear that the applicant is entitled to a patent under the law, a notice of allowance will be sent to applicant . . ."

9. See generally 3 CHISUM, PATENTS, § 11.00 (1989).

dealing with the Patent Office. A breach of this duty may occur through misrepresentation or omission of material information; a breach may also arise through bad faith or gross negligence.<sup>10</sup> A breach of this duty may result in the striking of an application from the files of the Patent Office, invalidity or unenforceability of the patent, a government suit to cancel the patent, an award of attorney's fees in an infringement suit, or liability under the antitrust laws, Federal Trade Commission Act or securities laws.<sup>11</sup>

### A. *Applicable Rules*

#### 1. 37 C.F.R. Section 1.56(a)

The general duty of the patent prosecutor to disclose material information is set forth in 37 C.F.R. section 1.56(a) (hereinafter Rule 56).<sup>12</sup> The rule establishes that information is material where there is a "[S]ubstantial likelihood that a reasonable Examiner would consider it important in deciding whether to allow the application to issue as a patent."

It should be emphasized that the rule does not impose a duty to search for relevant prior art; rather, it imposes a duty of disclosure only to that material which is known to the patent prosecutor or other individuals substantively involved in the preparation or prosecution of the application.<sup>13</sup> While a prudent patent prosecutor would generally like to perform a search prior to filing an application, circumstances may prevent him from doing so. For instance, in the computer software realm, to this juncture, relatively few pat-

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10. 4 CHISUM, PATENTS, § 19.03, at 19-47 (1989).

11. *Id.* at 19-47, 48.

12. In its entirety, 37 C.F.R. § 1.56(a) (1990) states:

A duty of candor and good faith toward the Patent and Trademark Office rests on the inventor, on each attorney or agent who prepares or prosecutes the application and on every other individual who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application. All such individuals have a duty to disclose to the Office information they are aware of which is material to the examination of the application. Such information is material where there is a substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent. The duty is commensurate with the degree of involvement in the preparation or prosecution of the application.

13. "Nor does an applicant for patent, who has no duty to conduct a prior art search, have an obligation to disclose any art of which, in the court's words, he 'reasonably should be aware.'" *American Hoist & Derrick Co. v. Sowa & Sons*, 725 F.2d 1350, 1362, 220 U.S.P.Q. (BNA) 763, 772 (Fed. Cir. 1984), *cert. denied*, 469 U.S. 821.

ents have issued.<sup>14</sup> Thus, a prior art search may not be fruitful and a patent prosecutor may intelligently decide not to undertake a search, particularly in an undeveloped niche of computer software. Also, as a practical matter, often there may be no time to conduct a search and/or there may not be sufficient financial resources for a search. Such circumstances often result in the discovery of relevant art after Notice of Allowance.

*a. Proposed Rule 57(b)*

The Patent Office has proposed a new rule, Rule 57(b), to serve as the standard for defining a patent prosecutor's duty of disclosure.<sup>15</sup> The proposed rule imposes a duty to disclose all information "[W]hich that individual knows or should have known would render unpatentable any pending claim."<sup>16</sup>

This proposed standard embraces a "but for" standard of materiality which requires a conclusion that a pending claim would not have been permitted to issue in a patent grant "but for" the misrepresentation, concealment, or otherwise culpable conduct with respect to any fact.<sup>17</sup> Whether the information meets the "but for" standard of materiality is different than the present standard of whether a reasonable Examiner would consider it important in deciding the question of patentability. Under the proposed rule, the inquiry focuses upon "[W]hether or not the information would make a difference in the patentability of the claims if the information had been properly disclosed and not misrepresented nor concealed."<sup>18</sup> The Patent Office believes that this "but for" standard of materiality "[S]hould result in a more predictable duty of disclosure

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14. See generally Soma, *Software Trends: Who's Getting How Many of What? 1978 to 1987*, 71 J. Pat. & Trademark Off. Soc'y 415 (1987).

15. See *Duty of Disclosure and Practitioner Misconduct*, 54 Fed. Reg. 11334 (March 17, 1989); reprinted in 37 Pat. Trademark & Copyright J. (BNA) No. 923 at 533 (March 23, 1989) [hereinafter 54 Fed. Reg.].

The Patent Office has decided not to issue proposed Rule 57 as a final rule, and is instead formulating a second proposal. Address of Commissioner Harry F. Manbeck, Jr. before the ABA's section of Patent, Trademark and Copyright Law, 40 Pat. Trademark & Copyright J. (BNA) 387, 388 (Aug. 30, 1990). Since this issue is still under consideration by the commissioner, a discussion of proposed Rule 57 is included in this paper.

In skeletal form, the rule's subsections provide:

- (a) Who has the duty to disclose;
- (b) What information is required to be disclosed;
- (c) Circumstances for action by the Office; and
- (d) Misconduct - lack of candor and good faith.

16. 54 Fed. Reg., *supra* note 15, at 11340.

17. 54 Fed. Reg., *supra* note 15, at 11336.

18. 54 Fed. Reg., *supra* note 15, at 11336.

because it is based on a statutory standard of patentability."<sup>19</sup>

While the proposed rule contemplates a greater degree of materiality, the Patent Office does not envision an anticipation standard: "The information which is misrepresented or concealed need not anticipate a pending claim to fall within the 'but for' standard of materiality, but must, when added to other facts of record . . . preclude the allowance of at least one pending claim in a patent."<sup>20</sup> It should be borne in mind that "[T]he proposed standard of materiality is included within the standard previously applied by the Office (i.e., if an individual complied with the former standard, that individual would comply with the proposed standard.)"<sup>21</sup> Finally, as under present practice,<sup>22</sup> under proposed Rule 57, "An individual is not obligated to conduct a prior art search nor furnish a negative information disclosure statement."<sup>23</sup>

## 2. 37 C.F.R. Section 1.97

Compliance with Rule 56 is facilitated through 37 C.F.R. section 1.97 (hereinafter Rule 97). Rule 97 *encourages* applicants to file an information disclosure statement at the time of filing the application or within the later of three months after the filing date of the application or two months after applicant receives the filing receipt.<sup>24</sup> This time frame is utilized to assure that the art is available for the initial examination of the application.<sup>25</sup>

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19. 54 Fed. Reg., *supra* note 15, at 11335. The test focuses on an objective standard of patentability as opposed to the Rule 56 standard of what a reasonable Examiner would consider important in deciding the issue of patentability.

20. 54 Fed. Reg., *supra* note 15, at 11337.

21. 54 Fed. Reg., *supra* note 15, at 11337.

22. *See supra* note 13.

23. 54 Fed. Reg., *supra* note 15, at 11338.

24. In its entirety, 37 C.F.R. § 1.97 states:

(a) As a means of complying with the duty of disclosure set forth in § 1.56, applicants are encouraged to file an information disclosure statement at the time of filing the application or within the later of three months after the filing date of the application or two months after applicant receives the filing receipt. If filed separately, the disclosure statement should, in addition to the identification of the application, include the Group Art Unit to which the application is assigned as indicated on the filing receipt. The disclosure statement may either be separate from the specification or may be incorporated therein.

(b) A disclosure statement filed in accordance with paragraph (a) of this section shall not be construed as a representation that a search has been made or that no other material information as defined in § 1.56(a) exists.

25. For a critical view of this requirement, *see generally* Wegner, *Inequitable Conduct and the Proper Roles of Patent Attorney and Examiner in an Era of International Patent Harmonization*, 16 AM. INTELL. PROP. L.A.Q.J. 38, 43-46 (1988).

*a. Proposed Amended Rule 97*

Under the Patent Office's proposed amended Rule 97, applicants would be *required* to file information disclosure statements within three months of the filing date of the application.<sup>26</sup> The rule would impose a fee of \$200 for any statement filed after three months.<sup>27</sup> This fee would be waived if an explanatory statement is filed indicating that the information disclosed was, within three months prior to the date the statement is filed in the Patent Office, either first cited by a foreign patent office in a counterpart foreign application or first came to the attention of any person charged with the duty of disclosure.<sup>28</sup> In other words, the applicant is given three months from the time of discovering a reference to file it with the Patent Office. Thus, in the case of a subsequently discovered reference by foreign prosecution: "The date on the action by the foreign patent office begins the three-month period in the same manner as the mailing of an Office action starts a three-month shortened statutory period for response."<sup>29</sup> This policy indicates that, "The Office is willing to absorb any additional cost in considering such information submitted three months after filing the application only when it is clear that an applicant is diligent in providing the information to the Office."<sup>30</sup>

3. 37 C.F.R. Section 1.98

The mechanics of filing an information disclosure statement are addressed in 37 C.F.R. section 1.98 (hereinafter Rule 98). Among other things, this rule enumerates that any disclosure statement should include: (1) a listing of patents, publications or other information; and (2) a concise explanation of the relevance of each listed item.<sup>31</sup> The Manual of Patent Examining Procedure

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26. 54 Fed. Reg., *supra* note 15, at 11334.

27. 54 Fed. Reg., *supra* note 15, at 11342.

28. 54 Fed. Reg., *supra* note 15, at 11342.

29. 54 Fed. Reg., *supra* note 15, at 11339.

30. 54 Fed. Reg., *supra* note 15, at 11339.

31. In its entirety, 37 C.F.R. § 1.98 states:

(a) Any disclosure statement filed under § 1.97 or § 1.99 shall include: (1) A listing of patents, publications or other information; and (2) A concise explanation of the relevance of each listed item. This disclosure statement shall be accompanied by a copy of each listed patent or publication or other item of information in written form or of at least the portions thereof considered by the person filing the disclosure statement to be pertinent. All United States patents listed should be identified by their patent numbers, patent dates and names of the patentees. Each foreign published application or patent should be cited by identifying the country or office which issued it, the document number and publication date indicated on the document. Each printed publication should

(MPEP)<sup>32</sup> indicates that a concise explanation of the relevance of each listed item:

may be nothing more than identification of the particular figure or paragraph of the patent or publication which has some relation to the claimed invention. It might be a simple statement pointing to similarities between the item of information and the claimed invention. . . . It is thought that the explanation of relevance will be useful to the Examiner and should not be significantly burdensome for the applicant to prepare.<sup>33</sup>

As a practical matter, it is useful to clearly distinguish the cited art. The MPEP provides, "It is permissible but not necessary to discuss differences between the cited information and the claims."<sup>34</sup> The MPEP guidelines indicate that the essence of the duty is merely the disclosure of the materials; the Examiner will rely upon his independent assessment of the relevance of the art.

*a. Proposed Amended Rule 98*

"Under the proposed revision of Section 1.98, the administrative details of supplying information to the Office are defined. For the most part, these details remain unchanged from current practice, but the format and wording has been modified to provide greater clarity."<sup>35</sup>

4. 37 C.F.R. Section 1.99

An information disclosure statement is updated pursuant to 37 C.F.R. section 1.99 (hereinafter Rule 99). The rule states that "[A]dditional information should be submitted to the Office with reasonable promptness."<sup>36</sup> The art may be included in a supple-

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be identified by author (if any), title of the publication, pages, date and place of publication. (b) When two or more patents or publications considered material are substantially identical, a copy of a representative one may be included in the statement and others merely listed. A translation of the pertinent portions of foreign language patents or publications considered material should be transmitted if an existing translation is readily available to the applicant.

32. UNITED STATES DEP'T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE (5th ed. 1983 rev. 1989) [hereinafter M.P.E.P.].

33. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, § 609(4), at 600-67.

34. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, § 609(4), at 600-67.

35. 54 Fed. Reg., *supra* note 15, at 11339.

36. In its entirety, 37 C.F.R. § 1.99 states:

If prior to issuance of a patent an applicant, pursuant to his or her duty of disclosure under § 1.56, wishes to bring to the attention of the Office additional patents, publications or other information not previously submitted, the additional information should be submitted to the Office with reasonable promptness. It may be included in a supplemental information disclosure statement or



mental information disclosure statement or may be incorporated into other communications to be considered by the Examiner.

It should be noted that the MPEP sanctions summary dismissal of nonmaterial references cited in corresponding foreign files: "A statement to the effect that an item is listed because it was cited during the prosecution of a counterpart foreign application and is not considered material to the examination of the U.S. application is to be considered as satisfying the concise explanation requirement of 37 C.F.R. Section 1.98(a)."<sup>37</sup> Conversely, this statement may be interpreted to impose a duty to at least disclose all foreign cited references. Thus, even when a United States application has been allowed, it is prudent to disclose prior art from a corresponding foreign application which was cited merely as background art.

#### *a. Proposed Amended Rule 99*

Under the Patent Office proposal, Rule 99 would be eliminated inasmuch as proposed Rule 97(f) would expand and revise the existing practice of filing supplemental information disclosure statements under present Rule 99.<sup>38</sup> Under the proposed Rule, any information disclosure after the original must be in accordance with proposed Rule 98.<sup>39</sup> Such a statement will not be deemed timely if it is filed after the mailing of an Examiner's final action or of a Notice of Allowance.<sup>40</sup> The Patent Office has explained that: "It is expected that an applicant will file a continuing application to have the Office consider pertinent prior art which comes to his or her attention after final action or Notice of Allowance has been mailed if the prior art affects the patentability of any claim."<sup>41</sup> This provision essentially eliminates after Allowance practice.<sup>42</sup>

### *B. Case Law Development*

#### *1. Genesis of Inequitable Conduct*

The Rule 56 affirmative duty to cite prior art is a relatively recent development. Traditionally, the Patent Office did not require

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may be incorporated into other communications to be considered by the examiner. Any transmittal of additional information shall be accompanied by explanations of relevance and by copies in accordance with the requirements of § 1.98.

37. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, § 609(4), at 600-67.

38. 54 Fed. Reg., *supra* note 15, at 11338.

39. 54 Fed. Reg., *supra* note 15, at 11342.

40. 54 Fed. Reg., *supra* note 15, at 11342.

41. 54 Fed. Reg., *supra* note 15, at 11339.

42. *See infra* pp. 21-22.

the applicant to disclose or cite prior art believed to be relevant to the patentability.<sup>43</sup>

The Supreme Court initially recognized a technical fraud defense for failure to cite material information in *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*<sup>44</sup> In *Precision Instrument* the patentee failed to disclose to the Patent Office information regarding possible perjury in connection with a settlement of an interference proceeding.<sup>45</sup> The patentee was barred from enforcing two patents as a result of this failure to disclose relevant information; this breach of duty may be viewed as analogous to failing to cite known relevant prior art.<sup>46</sup>

Since the decision in *Precision Instrument*, the Court of Customs and Patent Appeals and its predecessor the Federal Circuit, expanded the affirmative duty of disclosure of relevant prior information.<sup>47</sup> Then, in 1977, the Patent Office went a step further in promulgating Rule 56 which imposes a positive duty of disclosure of material information that a reasonable Examiner would consider important in deciding whether to allow the application to issue as a patent.<sup>48</sup> This stringent standard of materiality was not derived from prior case law on fraud and inequitable conduct, but was distilled from the law of securities regulation.<sup>49</sup> In securities regulation, a corporation soliciting proxies must disclose all information that a reasonable stockholder would consider important.<sup>50</sup> Application of this rule to the patent realm has been criticized to the extent that in securities applications such a harsh rule is justified to

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43. 4 CHISUM, PATENTS, § 19.03[2], at 19-67 (1989).

44. 324 U.S. 806 (1945).

45. "The Patent and Trademark Office may declare an interference when one patent application claims substantially the same patentable invention as is claimed in one or more other applications or issued patents. The purpose of an interference is to resolve the issue of priority of invention." 1 CHISUM, PATENTS, G1-10 (1989).

46. Cf. 4 CHISUM, PATENTS, § 19.03[2], at 19-68, n.11 (1989).

47. See Wegner, *Inequitable Conduct and the Proper Roles of Patent Attorney and Examiner in an Era of International Patent Harmonization*, 16 AM. INTELL. PROP. L.A.Q.J. 38, 52-54 (1988).

48. 37 C.F.R. § 1.56.

49. Lee, *Introduction: The Special Ad Hoc A.I.P.L.A. Committee on Rule 56 and the Evolution of Proposed Rule 57*, 16 AM. INTELL. PROP. L.A.Q.J. 1, 3 (1988). The court in *In re Harita*, 847 F.2d 801, 6 U.S.P.Q.2d (BNA) 1930 (Fed. Cir. 1988) makes clear that it is not operating under a traditional fraudulent procurement standard. The court indicated that it is a mischaracterization to call Rule 56 a "codification" because in fact it inaugurated an entirely new manner of prosecuting patent applications. It effectively made applicants and their attorneys partners with the Patent Office Examiners in producing a record of the prior art. *Id.* at 808, 6 U.S.P.Q.2d (BNA) at 1935.

50. Lee, *Introduction: The Special Ad Hoc A.I.P.L.A. Committee on Rule 56 and the Evolution of Proposed Rule 57*, 16 AM. INTELL. PROP. L.A.Q.J. 1, 3 (1988).

protect uninformed stockholders; by contrast, given the nature of their position, patent Examiners should be well informed, if not experts, on the matter before them.<sup>51</sup> Subsequent to enactment of Rule 56, the Federal Circuit in *J.P. Stevens & Co. v. Lex Tex, Ltd.*,<sup>52</sup> adopted the term "inequitable conduct." The same court entertained an evolving view that patent law involves notions of morality.<sup>53</sup>

The Federal Circuit's approach at that point in time was to balance materiality and scienter. The threshold of materiality was the Rule 56 standard of whether there is a substantial likelihood that a reasonable Examiner would consider the reference important in deciding whether to allow the application to issue as a patent.<sup>54</sup> The threshold of scienter was gross negligence.<sup>55</sup>

The questions of materiality and scienter were viewed as intertwined, "[S]o that a lesser showing of the materiality of withheld information may suffice when an intentional scheme to defraud is established, whereas a greater showing of the materiality of withheld information would necessarily create an inference that its non-disclosure was wrongful."<sup>56</sup> Thus, an intent to mislead was inferable from the materiality of the withheld reference.<sup>57</sup>

This standard encouraged a deluge of charges of inequitable conduct. Estimates indicate that the defense of inequitable conduct was raised in approximately 80% of all patent infringement cases.<sup>58</sup> The Federal Circuit has objected to the prevalent use of the fraudulent procurement defense, stating that fraud is a "[M]uch-abused and too often last-resort allegation"<sup>59</sup> and that it "is cluttering up

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51. *Id.*

52. 747 F.2d 1553, 223 U.S.P.Q. (BNA) 1089 (Fed. Cir. 1984), *cert. denied*, 474 U.S. 822 (1985).

53. See Chism, *Patent Law and the Presumption of Moral Regularity: A Critical Review of Recent Federal Circuit Decisions on Inequitable Conduct and Willful Infringement*, 69 J. PAT. & TRADEMARK OFF. SOC'Y 27 (1987).

54. *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1363, 220 U.S.P.Q. (BNA) 763 (Fed. Cir. 1984).

55. *W.L. Gore & Assoc. v. Garlock, Inc.*, 721 F.2d 1540, 1558, 220 U.S.P.Q. (BNA) 303, 317 (Fed. Cir. 1983).

56. *American Hoist & Derrick Co. v. Sowa & Sons Inc.*, 725 F.2d 1350, 1363, 220 U.S.P.Q. (BNA) 763, 773 (Fed. Cir. 1984).

57. *Argus Chemical Corp. v. Fibre Glass-Evercoat Co., Inc.*, 759 F.2d 10, 14, 225 U.S.P.Q. (BNA) 1100, 1103 (Fed. Cir. 1987).

58. Hoffman, *The Duty of Disclosure Requirements*, 16 AM. INTELL. PROP. L.A.Q.J. 124, 127 (1988).

59. *Preemption Devices, Inc. v. Minnesota Min. & Mfg. Co.*, 732 F.2d 903, 908, 221 U.S.P.Q. (BNA) 841, 844 (Fed. Cir. 1984).

the patent system.”<sup>60</sup>

As a result of these developments, the Patent Office has recently proposed a new standard of materiality and disclosure procedure.<sup>61</sup> Furthermore, in a Notice dated September 8, 1988, the Commissioner indicated that it would no longer investigate and reject original or Reissue applications under Rule 56.<sup>62</sup>

Thus, at present “[T]he court will scrutinize charges of fraud very closely and will be disinclined to uphold an inequitable conduct defense in the absence of truly egregious conduct, such as falsification of data, or an admission of intent to deceive.”<sup>63</sup>

## 2. Present Approach

The two-prong balancing of materiality and scienter has been modified with a test set forth by the Federal Circuit in *FMC Corp. v. Manitowoc Co., Inc.*<sup>64</sup> This prevailing test is articulated by the court as follows:

To be guilty of inequitable conduct, one must have intended to act inequitably. Thus, one who alleges a “failure to disclose” form of inequitable conduct must offer clear and convincing proof of: (1) prior art or information that is material; (2) knowledge chargeable to applicant of that prior art or information and of its materiality; and (3) failure of the applicant to disclose the art or information resulting from an intent to mislead the PTO. That proof may be rebutted by a showing that: (a) the prior art or information was not material (e.g., because it is less pertinent than or merely cumulative with prior art or information cited to or by the PTO); (b) if the prior art or information was material, a showing that applicant did not know of that art or information; (c) if applicant did know of that art or information, a showing that applicant did know of its materiality; (d) a showing that applicant’s failure to disclose art or information did not result from an intent to mislead the PTO. Thus, a balancing of overlapping considerations is involved, in view of all the circumstances, the presence or absence of inequitable conduct. The level of materiality may be high or low. . . . [A]n applicant must be chargeable with knowledge of the materiality of the art or information; yet an applicant who knew of the art or information cannot inten-

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60. *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1454, 223 U.S.P.Q. (BNA) 603 (Fed. Cir. 1984).

61. *See supra* pp. 3-8.

62. “Patent and Trademark Office Implementation of 37 C.F.R. 1.56” 1096 O.G. 16 (Oct. 16, 1988).

63. R. HARMON, *PATENTS AND THE FEDERAL CIRCUIT* 29 (1988).

64. 835 F.2d 1411, 5 U.S.P.Q.2d (BNA) 1112 (1987).

tionally avoid learning of its materiality through gross negligence, i.e., it may be found that the applicant "should have known" of that materiality.<sup>65</sup>

The *FMC* test utilizes familiar terminology: element (1) inquires into "material information," while element (2) queries as to "knowledge chargeable to applicant," and element (3) examines the applicant's "intent to mislead." Thus, element (1) embraces a materiality standard while elements (2) and (3) embrace the concept of scienter. Therefore, to illuminate the *FMC* test, consideration turns to how the court has previously interpreted the terms materiality and scienter.

### a. Materiality

The Federal Circuit has made clear that the guiding principle in determining materiality of a nondisclosed prior art reference is the Patent Office standard articulated in Rule 56: whether there is "[A] substantial likelihood that a reasonable Examiner would have considered the nondisclosed information important in deciding whether to allow the application to issue as a patent."<sup>66</sup> While the court starts at this point, in *FMC*<sup>67</sup> it indicated that materiality alone would not suffice to sustain a finding of inequitable conduct. Rather, the court required evidence of intent to mislead the Patent Office, in addition to evidence of the materiality of the withheld reference.<sup>68</sup>

Thus, the Court is presently requiring a relatively high level of materiality to sustain a finding of inequitable conduct. Moreover, if the Patent Office's proposed Rule 57 is adopted, the standard of materiality would be even higher.<sup>69</sup>

Mindful of the trend diminishing the import of a finding of materiality without intent, and the possibility of a new materiality standard, it is helpful to highlight prior interpretations of the materiality standard.

As a starting point, it is clear that a reference need not anticipate or render obvious the claimed invention for it to be material.<sup>70</sup> However, the superiority of the claimed invention in contrast to the

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65. *Id.* at 1415, 5 U.S.P.Q.2d (BNA) at 1115-16.

66. *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1363, 220 U.S.P.Q. (BNA) 763, 773 (Fed. Cir. 1984); *Akzo N.V. v. United States Int'l. Trade Comm'n.*, 808 F.2d 1471, 1481, 1 U.S.P.Q.2d (BNA) 1241, 1247 (Fed. Cir. 1986).

67. 835 F.2d 1411, 5 U.S.P.Q.2d (BNA) 1112 (Fed. Cir. 1987).

68. *Id.* at 1415, 5 U.S.P.Q.2d (BNA) at 1125.

69. *See supra* pp. 3-5.

70. *A.B. Dick Co. v. Burroughs Corp.*, 798 F.2d 1392, 1397, 230 U.S.P.Q. (BNA) 849,

withheld reference does not indicate that such a reference is nonmaterial.<sup>71</sup> Although a prior art reference is a "starting point" for a patented design and "may be some evidence of materiality," this is not enough to establish materiality where there are significant and nonobvious differences between the reference and the patented design.<sup>72</sup>

It is clearly established that cumulative references are not material.<sup>73</sup> However, a prior art device which is the only reference of record disclosing each of the structural elements of the claimed invention is not cumulative.<sup>74</sup>

Where one encounters a reference which is in a class previously searched by the Examiner, it cannot be presumed that the Examiner considered and discarded the reference as being nonmaterial.<sup>75</sup> Similarly, it is inappropriate for an applicant to dismiss a material reference on the assumption that the Examiner is cognizant of the reference because he had cited it during the examination of a prior patent.<sup>76</sup> Likewise, disclosure of material art in one application before the Patent Office does not negate gross negligence in failing to disclose that reference in another application.<sup>77</sup>

#### *b. Scierter*

*FMC* sets forth that one must establish knowledge chargeable to applicant of material prior art or information and an intent to mislead the Patent Office by not disclosing the art or information.<sup>78</sup> Thus, the court is divorcing itself from earlier decisions which infer intent from gross negligence.<sup>79</sup> The Federal Circuit sitting *en banc*

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853 (Fed. Cir. 1986). This would not change under the proposed rules. See *supra* note 21 and accompanying text.

71. *Merck & Co., Inc. v. Danbury Pharmacal, Inc.*, 873 F.2d 1418, 10 U.S.P.Q.2d (BNA) 1682 (Fed. Cir. 1989).

72. *Pacific Furniture Mfg. Co. v. Preview Furniture Corp.*, 800 F.2d 1111, 1114, 231 U.S.P.Q. (BNA) 67, 69 (Fed. Cir. 1986).

73. *J.P. Stevens & Co. v. E.I. du Pont de Nemours & Co.*, 747 F.2d 1553, 1559-60, 223 U.S.P.Q. (BNA) 1089, 1092 (Fed. Cir. 1984).

74. *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1214, 2 U.S.P.Q.2d (BNA) 2015, 2019-20 (Fed. Cir. 1987).

75. *Driscoll v. Cebalo*, 731 F.2d 878, 885, 221 U.S.P.Q. (BNA) 745, 751 (Fed. Cir. 1984).

76. *FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521, 5 U.S.P.Q.2d (BNA) 1272 (Fed. Cir. 1987).

77. *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1214-15, 2 U.S.P.Q.2d (BNA) 2015, 2020 (Fed. Cir. 1987).

78. See *supra* note 64 and accompanying text.

79. See *In re Jerabek*, 789 F.2d 886, 891, 229 U.S.P.Q. (BNA) 530, 533 (Fed. Cir. 1986).

has clarified some of its recent precedent and applied a more stringent standard for finding intent:

Some of our opinions have suggested that a finding of gross negligence compels a finding of an intent to deceive. . . . Others have indicated that gross negligence alone does not mandate a finding of intent to deceive. . . . 'Gross negligence' has been used as a label for various patterns of conduct. It is definable, however, only in terms of a particular act or acts viewed in light of all the circumstances. We adopt the view that a finding that particular conduct amounts to 'gross negligence' does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive.<sup>80</sup>

This language should serve as the touchstone in future cases. Nevertheless, certain principles from previous cases will remain. For instance, failure to cite a reference known to be material to a cancelled broader claim will likely be deemed gross negligence.<sup>81</sup> A finding of gross negligence is likely when an attorney fails to disclose a reference yet instructs a foreign associate prosecuting a corresponding foreign application to amend claims to avoid the same uncited reference.<sup>82</sup> Intent to mislead must be shown by clear and convincing evidence.<sup>83</sup>

### C. *Determining What References to Disclose*

Having set forth the applicable disclosure rules, their possible modifications, the development of the case law interpreting inequitable conduct, specific cases addressing recurring circumstances, and the developing approach of the Federal Circuit, the question still remains: what should be disclosed? Unfortunately there is no simple response to this inquiry. The decision is contingent upon the factual circumstances before the practitioner. During prosecution, when in doubt, disclose the reference. This rule is not so easily applied after receiving a Notice of Allowance. In this circumstance prosecution has formally ended and therefore the reference is not welcomed by the Examiner. Moreover, submittal of the reference

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80. *Kingsdown Medical Consultants, Ltd. v. Hollister Inc.*, 863 F.2d 867, 876, 9 U.S.P.Q.2d (BNA) 1384, 1392 (Fed. Cir. 1988).

81. *Driscoll v. Cebalo*, 731 F.2d 878, 884-85, 221 U.S.P.Q. (BNA) 745, 750-51 (Fed. Cir. 1984).

82. *In re Jerabek*, 789 F.2d 886, 891, 229 U.S.P.Q. (BNA) 530, 533-34 (Fed. Cir. 1986).

83. *Under Sea Indus., Inc. v. Dacor Corp.*, 833 F.2d 1551, 1559, 4 U.S.P.Q.2d (BNA) 1772, 1777 (Fed. Cir. 1987).

may result in delay of the issuance of a client's valuable patent rights.

The patent prosecutor should bear in mind the background material developed in this section. The gravamen of the cases and proposed rules is to relax the possibility of liability being imposed for failing to disclose references. Nevertheless, from the client's standpoint it is preferable that the Patent Office have considered as much art as possible to discourage future challenges to the patent. On the other hand, this may lead to lengthy delays in the ultimate issuance of a patent.

The primary inquiry in determining whether to disclose a reference after Notice of Allowance is the materiality of the reference. Naturally, if the reference compels amendment to the claims, the reference must be brought to the attention of the Office. Similarly, if the reference represents a bar to patentability, it must be brought to the attention of the Office.

In those cases where the reference does not impose a duty to amend the claims one must consider whether the reference is cumulative. It seems that any uncited prior art reference that discloses a claimed feature or combination of features not previously disclosed in a reference of record must be brought to the Patent Office's attention, even if the claim or claims in question comprise a number of features not found in the cited reference or any of the prior art of record. Certainly a newly discovered reference that addresses a key feature of the invention not disclosed in the prior art of record must be disclosed, even if that means refiling the application. In short, the safest approach for the practitioner is to cite a particular newly discovered reference unless *all* of the claimed features in that single reference already appear in a single reference of record.

A reference which serves as the basis for a rejection in a corresponding foreign application should be cited to the Office. However, it should be borne in mind that the peculiarities of the patent laws of the foreign country may make the reference inapplicable under United States law.<sup>84</sup>

Any decision not to cite a reference which is included in your own file should be documented with a memo to the file articulating the particular reasons for not citing the reference.

The following section explores the mechanics of submitting art after Notice of Allowance. The guiding principle that emerges is

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84. See *supra* note 37 and accompanying text.



that the applicable procedure is contingent upon the materiality of the reference and the temporal proximity to issuance.

### III. DUTY OF DISCLOSURE AFTER NOTICE OF ALLOWANCE

#### A. *Compliance Prior to Paying Issue Fee*

The approach to be pursued in this time period, as the approach to be pursued in the time periods to be subsequently analyzed, is contingent upon the materiality of the newly discovered reference. The degree of materiality compels three different approaches to subsequent prosecution: (1) submission of the reference along with extensive amendments; (2) submission of the reference accompanied by minor amendments; and (3) submission of the reference without amendment.

When the materiality of the newly discovered reference dictates that the reference not only be submitted, but be submitted with extensive amendment to preserve the patentability of the allowed claims, then one will most likely be forced to pursue a File Wrapper Continuation Procedure pursuant to 37 C.F.R. section 1.62.<sup>85</sup> Under this procedure, examination on the merits of the invention will be reinitiated. In the best case, the client will be forced to wait, at a minimum, several months before the invention will once again be in a condition for Allowance. In a worst case scenario, the materiality and the resultant extensive amendments may altogether preclude Allowance of the claims.

In the case of a material reference compelling only minor amendment to the allowed claims, once again one may be forced to initiate a File Wrapper Continuation Procedure. Alternatively, if the issues presented by the reference are limited and particularized, there is a potential option. While not a matter of right, 37 C.F.R. section 1.312(a) (hereinafter Rule 312(a)) does provide that any amendment filed before payment of the issue fee may be entered on the recommendation of the Primary Examiner and upon approval of the Commissioner.<sup>86</sup>

It should be emphasized that any amendment changing the scope of the claims, as hypothesized herein, requires approval of the

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85. See generally M.P.E.P., *supra* note 32, *Types of Applications*, § 201.

86. 37 C.F.R. § 1.312(a) (1990) states:

No amendment may be made as a matter of right in an application after the mailing of the Notice of Allowance. Any amendment pursuant to this paragraph filed before the payment of the issue fee may be entered on the recommendation of the primary examiner, approved by the Commissioner, without withdrawing the case from issue.

Primary Examiner and the Commissioner.<sup>87</sup> Such approval is not generously meted out. Indeed, any amendment affecting the disclosure, the scope of any claim, or which adds a claim must be supplemented by a statement setting forth: (1) why the amendment is needed; (2) why the proposed amended or new claims require no additional search or examination; (3) why the claims are patentable; and (4) why they were not earlier presented.<sup>88</sup>

If the amendments are not obviously allowable, entry is unlikely. The Office will refuse entry of the amendment for any of the following reasons: (1) an additional search is required; (2) more than a cursory review of the record is necessary; or (3) the amendment would involve substantial additional work on the part of the Office.<sup>89</sup>

The Office is resistant to this procedure; however, it potentially leads to the most satisfactory result from the client's standpoint—prompt issuance of its patent. If the procedure fails, one must turn to the File Wrapper Continuation procedure as previously discussed.

In the final case, submission of a material reference without amendment, once again File Wrapper Continuation procedure may be employed, indeed may be necessary for a highly relevant reference; however, if the reference is not highly relevant, the File Wrapper Continuation procedure's concomitant shortcomings may be avoided by a cumbersome but effective alternative procedure. This procedure, which is set out in the MPEP,<sup>90</sup> stipulates that after claims have been allowed the Examiner is not required to consider any citation which is not accompanied by:

- (a) A proposed amendment cancelling or further restricting at least one independent claim and narrowing the scope of protection sought;
- (b) A timely affidavit under 37 CFR 1.131 with respect to the material cited; or
- (c) A statement by the applicant or his attorney or agent that, in the judgment of the person making the statement, the information cited (1) raises a serious question as to the patentability of the claimed subject matter, or (2) is closer than that of record, or (3) is material to the examination of the application as defined in 37 CFR 1.56(a) and is filed with an

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87. *Id.*

88. M.P.E.P., *supra* note 32, *Amendments After Notice of Allowance*, 37 CFR 1.312, § 714.16, at 700-73.

89. M.P.E.P., *supra* note 32, *Amendments After Notice of Allowance*, 37 CFR 1.312, § 714.16, at 700-73.

90. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, § 609(4), at 600.

explanation as to why the information disclosure statement was not earlier presented.

If the late submission is predicated upon element (a), the reference must be accompanied by a Rule 312(a) amendment, as previously discussed.

It should be emphasized that the reason for the delay in submission of the reference will be closely scrutinized. Any dilatory activity on the attorney's behalf will eliminate this option. Similarly, any dilatory activity by the attorney's foreign associate in bringing the reference to the attention of the applicant will also eliminate this option. Thus, a patent prosecutor is well advised to stress to foreign associates the importance of prompt communication of references cited in a foreign application. Similarly, one should have an expedited process in one's own office for promptly considering prior art cited in a corresponding foreign application. If one does not act with dispatch, this option may be eliminated and the applicant may be forced to submit the reference in a Continuation application.

In addition to adhering to the foregoing steps propounded by the Patent Office, as a practical matter, it is advisable to undertake the following informal steps. First, phone the Examiner and apprise him of the new reference and the circumstances surrounding its late discovery. Afterwards, make copies of the foregoing materials which were formally filed with the Patent Office along with copies of the application, amendments, office actions, and the original references. Once these materials are gathered, have them hand carried directly to the Examiner.

This additional informal procedure is undertaken for practical reasons. Once the application has been allowed, the file is not kept with the examining group.<sup>91</sup> As a result, the file is not readily accessible to the Examiner. By directly providing this information informally to the Examiner, he is in a more convenient position to expediently consider and enter the art before issuance of the patent.

It may be advisable to pay the issue fee only shortly before its due date. Prompt payment does not accelerate issuance of a patent which is mechanically issued with its assigned batch. By waiting, one may preserve the opportunity to cite subsequently discovered art. Also, as a practical matter, one should utilize a checklist of matters to be considered before paying the issue fee. Of course, one

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91. M.P.E.P., *supra* note 32, *Jurisdiction*, § 1305.

such matter should be to check foreign and companion cases for recently cited prior art.

**B. *Compliance After Payment of the Issue Fee but Prior to Issuance of a Patent Number and Issue Date***

The procedures for submitting newly discovered references are altered once the issue fee has been paid. These procedures are exercised in a limited time frame since a patent number and issue date are typically assigned to an application approximately two weeks after the issue fee is received in the Patent Office.<sup>92</sup> Thus, the approaches undertaken in this time period are relevant only for a few weeks. Once the issue date and patent number are assigned, still another approach is undertaken, as to be considered in the subsequent section.

In the case of a material reference requiring extensive amendment, one must Petition for Withdrawal of the Issuance of the application pursuant to 37 C.F.R. section 1.313(a).<sup>93</sup> A Petition for Withdrawal pursuant to this section must be accompanied by a showing of good and sufficient reasons why the withdrawal is necessary and a fee.<sup>94</sup>

It is the explicit policy of the Patent Office to permit an application to be withdrawn from issue in order to file a Continuing application unless the application to be withdrawn is itself a Continuing application.<sup>95</sup> Thus, after the petition is filed, one may file a Continuation application and continue prosecution in light of the new reference.

In the case of a material reference requiring minor amendments to the allowed application, a number of steps are taken. First, one should immediately call the Issue Branch and request that the application not be assigned an issue date and patent number. This call should be immediately supplemented with a let-

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92. M.P.E.P., *supra* note 32, *Practice After Payment of Issue Fee*, § 1306.03.

93. 37 C.F.R. § 1.313(a) states:

Applications may be withdrawn from issue for further action at the initiative of the Office or upon petition by the applicant. Any such petition by the applicant must include a showing of good and sufficient reasons why withdrawal of the application is necessary and, if the reason for the withdrawal is not the fault of the Office, must be accompanied by the fee set forth in § 1.17(i)(1). If the application is withdrawn from issue, a new [N]otice of [A]llowance will be sent if the application is again allowed. Any amendment accompanying a petition to withdraw an application from issue must comply with the requirements of § 1.312.

94. *Id.* The fee under § 1.17(i)(1) is presently 120 dollars.

95. M.P.E.P., *supra* note 32, *Withdrawal From Issue*, § 1308.

ter reiterating the substance of the telephone conference. Finally, one proceeds pursuant to 37 C.F.R. section 1.312(b) (hereinafter Rule 312(b)), the post issue fee counterpart of Rule 312(a).<sup>96</sup> In addition to the requirements under Rule 312(a), as discussed above, under Rule 312(b) one must submit a fee and a showing of good and sufficient reasons why the amendment is necessary and was not earlier presented. If the petition and amendment are rejected, the applicant is forced to pursue the approach of the previous paragraph; that is, to Petition for Withdrawal under Rule 313(a) and file a Continuation application.

In the third case, a material reference which does not require amendment, the procedure is similar to that outlined in the previous section on Compliance Prior to Paying the Issue Fee. However, in addition, the information must also be accompanied by a petition under Rule 312(b) (which includes a fee) and a showing of good and sufficient reasons why the submission was not earlier submitted.<sup>97</sup>

According to the MPEP, "Such a petition, if granted, would result in review of the art by the Examiner and possible entry of the material."<sup>98</sup> If the material is not entered, it is believed that the attorney has nevertheless complied with his duty of disclosure. Whether such unentered art should be considered in a Reexamination proceeding will be subject to discussion in the following section.

### C. *Compliance After a Patent Number and Issue Date have been Assigned but Prior to Issuance*

As previously indicated, a patent number and issue date are generally assigned to an application approximately within two weeks after the issue fee is received in the Patent Office.<sup>99</sup> This event, in turn, starts a printing routine that takes about eight weeks.<sup>100</sup>

If, within this time frame, a material reference requiring substantial amendments of the allowed claims is discovered, the applicant's options are narrowly circumscribed. As set out in 37 C.F.R.

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96. 37 C.F.R. § 1.312(b) states:

Any amendment pursuant to paragraph (a) of this section [*supra* note 86] filed after the date the issue fee is paid must be accompanied by a petition including the fee set forth in § 1.17(i) and a showing of good and sufficient reasons why the amendment is necessary and was not earlier presented.

97. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, § 609(4).

98. M.P.E.P., *supra* note 32, *Information Disclosure Statement*, at 600-66.

99. See *supra* note 92 and accompanying text.

100. M.P.E.P., *supra* note 32, *Practice After Payment of Issue Fee*, § 1306.03.

section 1.313(b), in these circumstances a patent will not be withdrawn from issue for any reason except (1) mistake on the part of the Office; (2) violation of Rule 56 or illegality in the application; (3) unpatentability of one or more claims; or (4) for an interference.<sup>101</sup>

If one is able to meet one of these stringent standards a subsequent Continuation application may be filed. However, realistically, at this juncture the application has all but issued and the options are the same as those available in post issuance cases, which will be discussed in the next section.

When a material reference requiring minor amendments is discovered at this late juncture, the options are the same as those presented when extensive amendments are required. On the other hand, a material reference which does not require amendment may plausibly be entered up to several days before the actual issue date. In this case, one follows the analogous procedure for submitting a material reference without amendment, as set forth in the previous section addressing the procedure prior to assignment of a patent number and date.<sup>102</sup> It is important here, as before, to provide the Examiner with a duplicate set of documents, informally, so that he is not inconvenienced.

#### D. Compliance Under the Proposed Rules

The proposed rules, as set forth above,<sup>103</sup> will largely eliminate or drastically reduce the practice of having newly discovered prior art considered by the Examiner after Allowance. Thus, the various courses of action available under present practice will usually be replaced by a single option: filing of a File Wrapper Continuation application. Indeed, part of the proposed rules is an amendment to Rule 313(b) which would allow one to withdraw an application from issue after the issue fee has been paid for the express purpose of considering material information in a continuing application.<sup>104</sup>

Elimination of the option to submit art after Allowance, without filing of a Continuation application, is a dramatic change in pol-

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101. 37 C.F.R. § 1.313(b) states:

When the issue fee has been paid, and the patent to be issued has received its issue date and patent number, the application will not be withdrawn from issue for any reason except (1) mistake on the part of the Office, (2) a violation of § 1.56 or illegality in the application, (3) unpatentability of one or more claims, or (4) for interference.

102. See *supra* pp. 18-20.

103. See *supra* pp. 3-8.

104. 54 Fed. Reg., *supra* note 15, at 11343.

icy and is certain to cause hardship. On the other hand, if the higher standard of materiality is utilized, the practitioner will not be obliged to disclose as much art. That is, a reference of lower materiality which can be entered after Allowance under present procedure, may not have to be disclosed at all under the proposed rules. However, as a practical matter, most practitioners will likely continue to follow the Rule 56 requirements in order to "play it safe." Therefore, even a reference that is material under the present rule, but might not be under the proposed rule, may compel a File Wrapper Continuation procedure.

The rule prohibiting disclosures of references after Allowance is not absolute in terms. First, the Examiner may allow an additional time period to permit an applicant who has made a bona fide attempt to comply with Rule 98, to provide any information which was inadvertently omitted. For example, an Examiner may allow additional time to submit a single patent which has been accidentally omitted from an earlier disclosure statement.<sup>105</sup> The requirement for inadvertency, however, by its terms does not include art which is subsequently discovered during the post issuance period. Submission of art after Allowance is feasible, "In the event that a final Office action is withdrawn or a Notice of Allowance is rescinded, [in which case] any information disclosure statement that had not been filed in a timely manner would be acceptable if timely resubmitted and otherwise proper in form and content."<sup>106</sup> As a practical matter, this provision is of limited utility since the reason for withdrawal of the Notice of Allowance must be independent of the practitioner's discovery of material art.

From the authors' perspective, the patent bar is generally in favor of changing the standard of materiality to that which is promulgated in proposed Rule 57. On the other hand, concern has been voiced over the mandatory requirement of a disclosure statement within three months of the filing date and the fee of \$200 for any late statement. Similarly, the three month grace period from the time of the foreign office action has been the subject of concern since this period provides little time to obtain a translation, consider its materiality, and forward it to the Patent Office. Finally, there appears to be resistance to the evisceration of after Allowance practice.

There is also the consideration of whether the courts will even follow the higher materiality standard in the proposed rules. Evi-

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105. 54 Fed. Reg., *supra* note 15, at 11342.

106. 54 Fed. Reg., *supra* note 15, at 11339.

dence suggests that the proposed standard would in fact be observed. The Federal Circuit adopted the present standard propounded by the Patent Office. Moreover, the objective "but for" test is closely intertwined with intent, an element in which that court has recently shown increased interest.<sup>107</sup> In other words, the Federal Circuit already appears to be moving toward the standard proposed by the Patent Office.<sup>108</sup>

#### IV. PROBLEMATIC PRIOR ART AFTER ISSUANCE

##### A. Reexamination

The Reexamination statute was promulgated in 1980 in order to revive the competitive position of United States industry by restoring "investor confidence in the certainty of patent rights."<sup>109</sup> The Reexamination procedure permits "[T]he owner of a patent to have the validity of his patent tested in the Patent Office where the most expert opinions exist and at a much reduced cost . . . and help[s] restore confidence in the effectiveness of our patent system."<sup>110</sup>

The Reexamination statute provides that any person may at any time cite to the Patent Office prior art consisting of patents or printed publications which are believed to bear on the patentability of any claims of an issued patent.<sup>111</sup> Within three months of a request for Reexamination, the Commissioner will determine whether "a substantial new question of patentability affecting any claim of the patent concerned is raised by the request."<sup>112</sup>

A negative determination serves as prima facie evidence that the cited art is not material.<sup>113</sup> A positive determination initiates an examination procedure which is undertaken with "special dispatch."<sup>114</sup> Generally, the Examiner who acted on the issuing patent presides over the Reexamination procedure.<sup>115</sup> Normally, the sec-

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107. See *supra* pp. 11-14.

108. *Id.*

109. 3 CHISUM, PATENTS, § 11.07[4], at 11-115 (1989).

110. *Id.*

111. See generally M.P.E.P., *supra* note 32, *Citation of Prior Art and Reexamination of Patents*, § 2200. There is also a procedure for citing prior art relevant to an issued patent. 37 C.F.R. § 1.501 (1990). However, this procedure does not result in the Patent Office's consideration of the art, only its entry into the File Wrapper. Consequently, it is of limited utility from the patentee's standpoint of insuring the validity of its patent in light of the reference.

112. 37 C.F.R. § 1.515(a).

113. *Custom Accessories, Inc. v. Jeffrey-Allan Indus. Inc.*, 807 F.2d 955, 1 U.S.P.Q.2d (BNA) 1196 (Fed. Cir. 1986).

114. M.P.E.P., *supra* note 32, *Special Status for Action*, § 2261.

115. "According to the statistics collected by the PTO through August 31, 1986, 54% of



ond action in a Reexamination proceeding is final.<sup>116</sup> Since there is no File Wrapper Continuation procedure, the final action is of greater import than in a Reissue proceeding.

The Patent Office will not undertake a Reexamination proceeding if the same reference was the subject of litigation.<sup>117</sup> Generally, a court will stay litigation to accommodate a Reexamination proceeding,<sup>118</sup> however, recently a district court refused to stay entry of its judgment on patentability to await the PTO determination in a Reexamination proceeding.<sup>119</sup> In a similar holding, the Federal Circuit refused to stay a Reexamination proceeding in the Patent Office in view of litigation involving the same patent and prior art.<sup>120</sup>

The issue of intervening rights arises in the context of Reexamination, as in Reissue.<sup>121</sup> Also common to both types of proceedings is a duty of disclosure.<sup>122</sup> Reexamination is especially helpful to the patentee if he is uncertain as to the materiality of a reference. The procedure allows the patentee to submit the reference to the Patent Office which can make the final determination as to its materiality. It should also be borne in mind that a third party may initiate a Reexamination proceeding.<sup>123</sup> By initiating the proceeding, the third party is entitled to make a statement regarding patentability.<sup>124</sup> To diminish the possibility of a third party enjoying this privilege, it may be prudent for the patentee to act promptly by initiating a Reexamination proceeding upon discovery of a material reference.<sup>125</sup>

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the Reexaminations in the PTO are conducted by the same examiner who was involved with the application upon which the patent issued." Speranza, *Reexamination - The Patent Challenger's View*, 15 AM. INTELL. PROP. L.A.Q.J. 85 (1987).

116. M.P.E.P., *supra* note 32, *Final Action*, § 2271.

117. M.P.E.P., *supra* note 32, *Reexamination and Relitigation Proceedings*, § 2286.

118. M.P.E.P., *supra* note 32, *Reexamination and Relitigation Proceedings*, § 2286.

119. *Du Pont v. Phillips*, 12 U.S.P.Q.2d (BNA) 1401, 1411-12 (D.C. Del. 1989).

120. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 7 U.S.P.Q.2d (BNA) 1152 (Fed. Cir. 1988).

121. 35 U.S.C. § 307(b) (1989).

122. M.P.E.P., *supra* note 32, *Information Disclosure Statement and Other Information*, § 1418 and *Duty of Disclosure in Reexamination Proceedings*, § 2280.

123. M.P.E.P., *supra* note 32, *Persons Who May File a Request*, § 2212.

124. M.P.E.P., *supra* note 32, *Statement Applying Prior Art*, § 2217.

125. Note that the third party may subsequently request a Reexamination as to the same art. See Lowin, *Comment: Reexamination "Catch 22,"* 14 AM. INTELL. PROP. L.A.Q.J. 226 (1986). However, as a practical matter, once the Patent Office has considered a particular reference, it is not likely that the same reference will subsequently raise a substantial question of patentability.

## B. *Reissue*

In 1977 the Patent Office promulgated 37 C.F.R. section 1.175(a)(4) (hereinafter Rule 175(a)(4)) to enable a patent owner to apply for a Reissue without the customary allegation of a defect in the issued patent and without the standard alteration of the claims and specification.<sup>126</sup> This resulted in a procedure tantamount to Reexamination. In 1982, two years after enactment of Reexamination procedures, the Patent Office eliminated Rule 175(a)(4), this so-called "no defect" Reissue application.

Thus, Reissue may be utilized as a method for securing Reexamination of patentability only where the patentee is willing to highlight some error or defect in the issued patent and makes amendments to address those errors or defects. The trend of the decisions is to read "error" liberally, including for example errors of judgment, law and fact.<sup>127</sup> However, discovery of an additional reference would not in itself constitute an error within the meaning of the statute.

The Reissue procedure is an important safety-valve in the case where one has inadvertently failed to claim priority or to reference a copending application. Correcting the patent in this context is imperative if a subsequently discovered reference would otherwise serve as a bar. Reexamination does not provide a comparable mechanism for correcting patents.

Reissue is broader in scope than Reexamination insofar as it is not limited to patents and printed publications; that is, any other possible obstacles the patentee wishes to test against his patent may be presented to the Patent Office in a Reissue proceeding. For instance, evidence as to on sale activity may be considered in a Reissue proceeding (assuming the other Reissue requirements are met) while such evidence is not presentable in a Reexamination proceeding.

Reissue may also be attractive to the patentee from a procedural standpoint. Reissue practice includes an option to file a File Wrapper Continuation application, such an option is not available in a Reexamination context.<sup>128</sup> Consequently, the patentee arguably has a better opportunity to secure the most appropriate claims. Of course, Reissue alone allows for the broadening of claims within two years from issuance.<sup>129</sup>

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126. 3 CHISUM, PATENTS, § 15.03[1][ii], at 15-39 (1989).

127. *Id.* § 15.03[1][e].

128. M.P.E.P., *supra* note 32, *After Final Practice*, § 2272.

129. 35 U.S.C. § 251.

It is unclear whether a patentee may obtain a Reissue to correct a defect based on prior art if he or his attorney were aware of the prior art during the original prosecution and failed to take advantage of a procedure or remedy available in the Patent Office to correct the defect.<sup>130</sup> For instance, it is unclear whether one may be precluded from filing for a Reissue in order to narrow claims in light of prior art discovered prior to issuance of the original patent when the patentee failed to have that art considered through a File Wrapper Continuation procedure. No such uncertainty exists with Reexamination.

There are a number of shortcomings associated with the Reissue procedure. First, the Reissue oath is burdensome and is often the subject of initial rejection and subsequent amendment. Next, the Reissue examination procedure is expedited by its special status, nevertheless it is not as rapid as its Reexamination counterpart.<sup>131</sup> Finally, since Reissue proceedings, unlike Reexamination proceedings, are not limited to specific patents and publications, all issues of patentability may be re-challenged. This may lead to protracted prosecution which invites opportunities for File Wrapper Estoppel.

Otherwise, the two examination procedures are very similar, for instance, under both procedures the original Examiner will probably be responsible for examination in the subsequent proceeding.<sup>132</sup> Also, the duty of disclosure is applicable in each proceeding<sup>133</sup> and the opportunities for staying litigation are generally consistent.<sup>134</sup> Likewise, intervening rights are equally applicable to both procedures.<sup>135</sup>

Under both procedures, the files are open to the public.<sup>136</sup> The Reexamination challenger is afforded the opportunity to submit a statement regarding patentability, and potentially an additional rebuttal statement.<sup>137</sup> Under Reissue procedure, the filing of Reissue applications are announced in the Official Gazette.<sup>138</sup> The an-

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130. 3 CHISUM, PATENTS, § 15.03[2][d], at 15-44.9 (1989).

131. M.P.E.P., *supra* note 32, *Special Status*, § 1442 and *Special Status for Action*, § 2261.

132. See M.P.E.P., *supra* note 32, *Examination of Reissue Application*, § 1440 and *supra* note 115.

133. 37 C.F.R. §§ 1.175(a)(7), 1.555.

134. M.P.E.P., *supra* note 32, *Special Status*, § 1442 and *Reexamination and Litigation Proceedings*, § 2286.

135. 35 U.S.C. § 307(b).

136. M.P.E.P., *supra* note 32, *Reissue Files Open to the Public and Notice of Filing Reissue Announced in Official Gazette*, § 1430 and *Public Access*, § 2232.

137. 37 C.F.R. §§ 1.510, 1.535.

138. 37 C.F.R. § 1.176.

nouncement serves to allow members of the public an opportunity to submit to the Examiner information pertinent to the patentability of the Reissue application.<sup>139</sup> Generally, the public has two months in which to submit such information, although a procedure is provided for waiving this time limitation.<sup>140</sup> This open ended invitation to the public encourages meddlesome interference with expedited examination. Information pertinent to the patentability of the Reissue application may occur in a variety of forms.<sup>141</sup> Thus, the patentee may be burdened by attempting to dismiss a plurality of attacks upon patentability which would otherwise not be presented in a request for Reexamination.

### C. *Reexamination/Reissue v. Litigation*

Art discovered after Allowance of claims may be utilized to challenge those claims in different forums. The art may be used in court as a challenge to validity. Alternatively, the art may be used before the Patent Office in a Reexamination or Reissue proceeding. This section explores Reexamination and Reissue as pre-litigation strategies.

A salient feature favoring Reexamination or Reissue over litigation is that it represents a relatively expedited and inexpensive mechanism to test patent validity.<sup>142</sup>

Another benefit of pursuing Reexamination or Reissue is the largely ex parte nature of the proceeding. As discussed, a patent challenger is entitled to limited participation in Reexamination and Reissue proceedings.<sup>143</sup> Absent the ex parte rigor of cross-examination and rebuttal affidavits, the patentee is placed in a favorable position. In addition, it is probable that the initial Examiner will be placed in charge of the Reexamination or Reissue proceeding.<sup>144</sup> The Examiner may not be inclined to invalidate a patent he once approved. As a practical matter, a patent which has withstood a Reexamination or which has been subject to dual prosecution as with a Reissue patent, enjoys a presumption of validity which is

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139. See M.P.E.P., *supra* note 32, *Two-Month Delay Period*, § 1441.

140. *Id.*

141. For example, 35 U.S.C. § 102(b) "On Sale" information, or 37 C.F.R. § 1.56(e) Petition to Strike Information, in addition to 35 U.S.C. § 103 prior art.

142. Speranza, *Reexamination - The Patent Challenger's View*, 15 AM. INTELL. PROP. L.A.Q.J. 85 (1987) provides an excellent analysis of Reexamination versus litigation issue and serves as the primary source of information in this section.

143. See *supra* pp. 23-27.

144. See *supra* note 115.

more difficult to overcome.<sup>145</sup>

A party which holds a patent on an invention which is deceptively simple may find it advisable to reinforce it through a Patent Office proceeding. The Patent Office is more likely to objectively assess the merits of the invention, as opposed to a jury which is likely to render a knee jerk reaction that "anyone could do that."<sup>146</sup> On the other hand, a complex invention is likely to fare much better before a jury which will be inclined to view something as patentable if it cannot understand it.<sup>147</sup>

A patentee may prefer to pursue a Patent Office proceeding if the nature of the case dictates consideration of an abstruse patent law concept. For instance, if there is a question of priority, with its concomitant ramifications of sufficiency of disclosure in the original application, this issue may be well-advised to be submitted to the Patent Office for resolution.<sup>148</sup> The Patent Office is a favorable forum to the extent that claims can be amended to avoid unpatentability.

A patentee must be cognizant of the advantages of a litigation proceeding, as opposed to a Patent Office proceeding. In court the patent is presumed valid.<sup>149</sup> If the patent is to be invalidated it must be done so by clear and convincing evidence.<sup>150</sup> Courts view claims narrowly to uphold their validity.<sup>151</sup> On the other hand, in the Patent Office there is no presumption of validity, and claims are interpreted as broadly as their language reasonably permits.<sup>152</sup>

In court, the patentee is entitled to initially present his case for patentability. On the other hand, in the Patent Office, a Reexamination challenger or a Reissue submittal may be the first statement considered by the Examiner.

Reexamination serves as a potent weapon to the patent challenger in establishing materiality of a reference. Reexamination is skewed toward finding materiality: Examiners are to find a "substantial new question" even if they would not necessarily reject

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145. *See Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 961, 1 U.S.P.Q.2d (BNA) 1196, 1200 (Fed. Cir. 1986).

146. Speranza, *Reexamination - The Patent Challenger's View*, 15 AM. INTELL. PROP. L.A.Q.J. 85 (1987).

147. *Id.*

148. *Id.*

149. 35 U.S.C. § 282.

150. *Carella v. Starlight Archery & Pro Line Co.*, 804 F.2d 135, 138, 231 U.S.P.Q. (BNA) 644, 646 (Fed. Cir. 1986).

151. *DeGeorge v. Bernier*, 768 F.2d 1318, 1322 n.2, 226 U.S.P.Q. (BNA) 758, 761 n.2 (Fed. Cir. 1985).

152. *In re Sneed*, 710 F.2d 1544, 1548, 218 U.S.P.Q. (BNA) 385, 388 (Fed. Cir. 1983).

claims over art.<sup>153</sup> The patentee is barred from comment during the decision on whether to reexamine,<sup>154</sup> a situation less favorable to the patentee than being in court.

The ordering of Reexamination is strong evidence of materiality. This presumption is strengthened if a claim is later rejected, and strengthened more if the claim is amended to overcome the rejection.<sup>155</sup> As a result, the patentee may wish to initiate the Reexamination to diffuse any inference of inequitable conduct; moreover, by initiating the procedure, the patentee precludes a hostile statement by the patent challenger becoming a part of the file wrapper.<sup>156</sup>

## V. CONCLUSION

Material prior art discovered after Allowance of claims in a patent application presents special problems to a patent prosecutor. In the case where the application has not yet issued into a patent, the prosecutor would like the art considered by the Examiner before the application issues, in order to avoid having to abandon the application in favor of a Continuation. Moreover, the prosecutor is bound to fulfill his or her duty of disclosure. In the case where the application has issued before the material art was discovered, while the prosecutor is not under a duty of disclosure, he or she may find it advantageous to disclose the newly discovered art in a Reexamination or Reissue proceeding.

The problems of subsequently discovered prior art have been explored in this paper in the context of the evolving nature of the patent prosecutor's duty of disclosure. The prosecutor's present duty of disclosure is defined by Rule 56 which requires disclosure of information which a reasonable Examiner would consider important in deciding whether to allow an application to issue as a patent. This standard, while stringent in its terms, has been increasingly interpreted by the courts as leading to a finding of inequitable conduct only after egregious conduct. This judicial trend has been coupled with a series of proposed rule changes. The proposed changes alter the duty of disclosure to an objective "but for" standard and mandate the filing of information disclosure statements. These pro-

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153. M.P.E.P., *supra* note 32, *Criteria for Deciding Request*, § 2242.

154. 37 C.F.R. § 1.530.

155. Speranza, *Reexamination - The Patent Challenger's View*, 15 AM. INTELL. PROP. L.A.Q.J. 85 (1988).

156. *Id.*

posals would also drastically limit after Allowance practice in the Patent Office.

The proposed rules have served to highlight the distinct nature of current post Allowance practice. Post Allowance practice before issuance of an application into a patent, as examined in this paper, involves a variety of procedural alternatives contingent upon the materiality of the reference and the temporal proximity to the application's issuance. These alternatives have been set forth in detail, while being augmented by pragmatic considerations and insights.

Post Allowance practice after issuance of the application into a patent was also explored in this paper. Attention focused upon practical and strategic considerations in choosing a Reissue or a Re-examination procedure as a vehicle for bringing a material reference to the attention of the Patent Office in lieu of testing the same reference in a litigation context.