

Chapter 2000 Duty of Disclosure; Striking of Applications

2001	Duty of Disclosure, Candor and Good Faith	2020.02	Typical Issues Present in Reissue Applications
2001.01	Who Has Duty To Disclose	2020.03	Identification of Issues and Referral to Office of Assistant Commissioner for Patents
2001.02	Extent of Duty To Disclose	2021	Initial Review and Treatment by Office of Assistant Commissioner for Patents
2001.03	To Whom Duty of Disclosure is Owed	2021.01	Deferral of Decisions on Petitions to Strike Under 37 CFR 1.56(d)
2001.04	Information Under 37 CFR 1.56(a)	2021.02	Suspension of Action Because of Litigation
2001.05	Materiality Under 37 CFR 1.56(a)	2021.03	Returning Application to Group Director for Examination
2001.06	Sources of Information	2021.04	Requirements for Information
2001.06(a)	Prior Art Cited in Related Foreign Applications	2022	Examination by the Examiner After Return From the Office of the Assistant Commissioner
2001.06(b)	Information Relating to or From Copending U.S. Patent Applications	2022.01	Examiner Notation and Deferral of Additional Issues of Fraud or Violation of the Duty of Disclosure
2001.06(c)	Information From Related Litigation	2022.02	Claims and Application not Allowable Until "Fraud" or Duty of Disclosure Issues Resolved
2002	Disclosure—By Whom and How Made	2022.03	Close of Prosecution and Forwarding of Applications to Office of Assistant Commissioner for Patents After Completion of Examination
2002.01	By Whom Made	2022.04	Application Abandoned During Prosecution Before Examiner
2002.02	Must be in Writing	2022.05	Determination of "Error Without any Deceptive Intention"
2002.03	Prior Art Statement	2030	Examination as to Issues of "Fraud" or Violation of the Duty of Disclosure Requirement for Information
2002.03(a)	Updating of Prior Art Statement	2031	Form of Response
2002.04	Foreign Patents and Publications	2031.01	Time for Response
2003	Disclosure—When Made	2032	Order to Show Cause
2003.01	Disclosure After Patent is Granted	2032.01	Time for Response
2004	Aids to Compliance With Duty of Disclosure	2032.02	Effect of Failure to Respond
2005	Alterations or Partly Filling in Applications After Execution	2040	Striking Applications
2006	Applications Signed or Sworn to in Blank or Without Actual Inspection	2040.01	Standard of Proof
2006.01	International Applications Filed Under the Patent Cooperation Treaty	2040.02	Collateral Estoppel
2010	Fraud; Inequitable Conduct Equivalent to Fraud	2050	Decision Striking Application Under 37 CFR 1.56 or Refusing Action Under 37 CFR 1.56
2010.01	The Elements of "Technical" or "Affirmative" Fraud	2051	Action After Resolution of Issues of Fraud or Violation of Duty of Disclosure in Favor of Patentability
2010.02	Inequitable Conduct; Unclean Hands	2052	Action After Application is Stricken; or Abandoned With Issues of Fraud or Violation of the Duty of Disclosure Unresolved
2011	Exemplary Grounds Upon Which Findings of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure Have Been Made	2053	Published Office Decisions Relating to 37 CFR 1.56
2012	Reissue Applications Involving Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure		
2012.01	Collateral Estoppel		
2013	Protests and Petitions to Strike Involving Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure		
2020	Examination of Applications Having Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of the Duty of Disclosure		
2020.01	Typical Issues Present in Original Applications		

This Chapter deals with the duties owed toward the Patent and Trademark Office by the inventor and every other individual who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor or the inventor's assignee. These duties, of candor and good faith and disclosure have been codified in 37 CFR 1.56, as promulgated pursuant to carrying out the duties of the Commissioner under Sections 6 and 131 of Title 35 of the United States Code.

Also covered is subsection (c) of § 1.56 involving possible striking of an application where signed or sworn to in blank, or without actual inspection by the applicant, or where altered or partly filled in after being signed or sworn to.

This Chapter treats the striking by the Office under § 1.56(d) of an application where it is established that a "fraud" has been practiced or attempted to be practiced on the Office or where there has been any "violation of the duty of disclosure" through bad faith or gross negligence. The standard of proof required to establish "fraud" or "violation of duty of disclosure" is treated in this chapter. In addition, some aids to attorneys and agents for helping ensure compliance with the duty of disclosure are presented herein.

This Chapter covers examiner handling, including referral to the Office of the Assistant Commissioner for Patents, of applications containing information or allegations raising possible questions of "fraud", "inequitable conduct", or "violation of duty of disclosure." Sections are provided setting forth the handling of applications containing such questions by the Office of the Assistant Commissioner for Patents.

2001 Duty of Disclosure, Candor, and Good Faith [R-2]

37 CFR § 1.56. Duty of disclosure; striking of applications. (a) 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.

(b) Disclosures pursuant to this section may be made to the Office through an attorney or agent having

responsibility for the preparation or prosecution of the application or through an inventor who is acting in his own behalf. Disclosure to such an attorney, agent, or inventor shall satisfy the duty, with respect to the information disclosed, of any other individual. Such an attorney, agent, or inventor has no duty to transmit information which is not material to the examination of the application.

(c) Any application may be stricken from the files if (1) Signed or sworn to in blank or without actual inspection by the applicant; or (2) Altered or partly filled in after being signed or sworn to.

(d) An application shall be stricken from the files if it is established by clear and convincing evidence that any fraud was practiced or attempted on the Office in connection with it or that there was any violation of the duty of disclosure through bad faith or gross negligence.

37 CFR 1.56 defines the duty to disclose information to the Office and the criteria for striking an application when that duty is violated.

Subsection 1.56(a) provides that a duty of candor and good faith toward the Office rests on the inventor, on each attorney and agent who prepares or prosecutes the application and every other individual who is substantively involved in the application and is associated with the inventor or the inventor's assignee. Section 1.56 also provides that each such inventor, attorney, agent, and individual has a duty to disclose to the Office information they are aware of which is material to the examination of the application.

Subsection 1.56(b) describes how disclosures pursuant to subsection 1.56(a) may be made to the Office.

Section 1.56, as amended in 1977, represents a mere codification of the existing Office policy and is consistent with the prevailing case law in the federal courts.

The Court of Appeals in *True Temper Corp. v. CF&I Steel Corp.*, 202 USPQ 412, 419 (10th Cir. 1979) noted

"that the fact that it was only on March 1, 1977 with the amendment of Patent Office Rule 56, that patent applicants were put under an express obligation by rule to disclose material information, is not dispositive as to plaintiff's duties as an applicant before that date. The amended rule merely represented a codification of existing case law on the obligation of applicants to disclose pertinent information or prior art, or face possible invalidation of the patent once issued. See *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U.S. 238, 61 USPQ 241 (Sup. Ct. 1944); *Admiral Corp. v. Zenith Radio Corp.*, 296 F.2d 708, 131 USPQ 456 (10th Cir. 1961)."

The Court in *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 544 (C.C.P.A. 1970) stated that

"[t]he ex parte prosecution and examination of a patent application must not be considered as an adversary proceeding and should not be limited to the standards required in inter partes proceedings."

Thus, the "highest degree of candor and good faith" is required of those participating in proceedings before the Office: *Kingsland v.*

↳ Dorsey, 338 U.S. 318, 83 USPQ 330 (Sup.Ct. 1949). An "uncompromising duty" rests on all who are parties to Office proceedings to report "all facts concerning possible fraud or inequity": Precision Instrument Manufacturing Co. v. Automotive Maintenance Machine Co., 324 U.S. 806, 65 USPQ 133 (1945).

1977 RULE CHANGES

The purpose of the rule changes in 1977, promulgated in the Federal Register Notice, 42 Fed. Reg. 5588 (Jan. 28, 1977), 955 O.G. 1054 (Feb. 22, 1977), was

"to improve the quality and reliability of issued patents."

The primary purpose of many of the provisions of the new rules is to place prior art before the Patent and Trademark Office for evaluation. This is the principal focus of the reissue provisions in § 1.175(a)(4), the protest provision in § 1.291, the duty of disclosure requirements in § 1.56, and the prior art statement provisions in §§ 1.97-1.99. Most patents that are invalidated by the courts are invalidated on the basis of prior art that was not before the Office during examination; see Koenig, "Patent Invalidity—A Statistical and Substantive Analysis," Clark Boardman Co., Ltd. (1976), Section 5.05(4). Patents have been rendered unenforceable for failure to submit prior art to the Office, even prior art which ultimately may not be applied to render claims unpatentable or invalid; for example, see Corning Glass Works v. Anchor Hocking Glass Corp., 253 F.Supp. 461, 149 USPQ 99 (D.Del. 1966). The presumption of validity is generally strong when prior art is before the Office, and weak when it is not; for example, see Bolkcom v. Carborundum Co., 523 F.2d 492, 498, 187 USPQ 466, 471, 472 (6th Cir. 1975); and John Deere Co. of Kansas City v. Graham, 333 F.2d 529, 530, 142 USPQ 243, 244-245 (8th Cir. 1964), affirmed 383 U.S. 1, 148 USPQ 459 (1966).

2001.01 Who Has Duty To Disclose [R-2]

37 CFR 1.56(a) provides that the "duty of candor and good faith" and "to disclose" material information

"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."

↳ Individuals having a duty of disclosure are limited to those who are "substantively involved

in the preparation or prosecution of the application." This is intended to make clear that the duty does not extend to typists, clerks, and similar personnel who assist with an application. ←

This phrase, when taken with the last sentence of § 1.56(a), is believed to provide an adequate indication of the individuals who are covered by the duty of disclosure. The word "with" appears in the first sentence of § 1.56(a) before "the assignee" and before "anyone to whom there is an obligation to assign" to make clear that the duty applies only to individuals, not to organizations. For instance, the duty of disclosure would not apply to a corporation or institution as such. However, it would apply to individuals within the corporation or institution who were substantively involved in the preparation or prosecution of the application, and actions by such individuals may affect the rights of the corporation or institution. Corporate records or information which is known to, or reasonably should be known to, the individuals covered by § 1.56(a) falls within the duty of disclosure. Other corporate records or information not known to the individuals covered by § 1.56(a) does not fall within the duty of disclosure, unless such records or information reasonably should have been known to such individuals. See "Duty of Reasonable Inquiry" in § 2001.02.

Judge Frederick B. Lacey, in "A Federal District Judge's Views on Patent Reissue, Protest and Duty of Disclosure," 60 JPOS 529, 535 (Sept. 1978) has indicated that the 1977 rule changes, in defining the duty of disclosure in explicit terms in § 1.56, would lead many judges to expect more compliance from attorneys and to tend not to be so lenient.

2001.02 Extent of Duty To Disclose [R-2]

37 CFR 1.56(a) provides,

"the duty is commensurate with the degree of involvement in the preparation or prosecution of the application."

DUTY OF REASONABLE INQUIRY

Case law supports that there exists a duty of reasonable inquiry. In Chas. Pfizer & Co. v. Federal Trade Commission, 159 USPQ 193, 199 (6th Cir. 1968), certiorari denied 161 USPQ 832 (1969), the Court stated,

"We agree with the Hearing Examiner that if Cyanamid's patent representative did not know the true facts, he was nevertheless under a duty to know them and under a duty to reveal the truth to the patent examiner."

Similarly, in Chromalloy American Corp. v. Alloy Surfaces Co., 173 USPQ 295, 305 (D.Del. 1972) the Court held that ←

↪ "if the oath signers had any difficulty in understanding it, they certainly had a duty to inquire into its meaning or to rely upon their attorneys and accept the consequences."

Likewise, in *SCM Corp. v. Radio Corp. of America*, 167 USPQ 196, 206 (S.D.N.Y. 1970) the Court indicated,

"It was his [counsel's] duty to inform himself . . . He could not avoid responsibility by trying not to "see the details"."

As set forth in the promulgation of the Rules of Practice In Patent Cases, 42 Fed. Reg. 5588, 5589 (Jan. 28, 1977), 955 O.G. 1054 (Feb. 24, 1977) and as concurred with and stated by the Court in *True Temper Corp. v. CF&I Steel Corp.*, 202 USPQ 412, 419 (10th Cir. 1979), § 1.56 as amended in 1977

"merely represented a codification of existing case law on the obligation of applicants to disclose pertinent information or prior art. . . ."

Certainly the "duty of reasonable inquiry" such as represented by the above cited cases is an integral part of and included in the duty of disclosure. For instance, if an applicant or applicant's attorney is aware of facts which indicate a reasonable possibility that a bar to patenting or information material to examination may exist, they are expected to make reasonable inquiries to ascertain such information and to submit such to the Office.

2001.03 To Whom Duty of Disclosure is Owed [R-2]

37 CFR § 1.56(a) states that the "duty of candor and good faith" is owed "toward the Patent and Trademark Office" and that all such individuals have a "duty to disclose to the Office" material information. This duty "toward" and "to" the Office extends, of course, to all dealings which such individuals have with the Office, and is not limited to representations to or dealings with the examiner. For example, the duty would extend to proceedings before the Board of Appeals, the Board of Patent Interferences, the Office of the Assistant Commissioner for Patents, etc.

2001.04 Information Under 37 CFR 1.56(a) [R-2]

Subsection 1.56(a) sets forth

"a duty to disclose . . . information they are aware of which is material to the examination of the application" (emphasis added).

↪ The term "information" as used in § 1.56 means all of the kinds of information required to be disclosed under current case law and includes ↪ any information which is "material to the ex-

amination of the application." Materiality is defined in § 1.56(a) and discussed herein at § 2001.05. In addition to prior art such as patents and publications, § 1.56 includes, for example, information on possible prior public uses, sales, offers to sell, derived knowledge, prior invention by another, inventorship conflicts, and the like.

The term "information" is intended to be all encompassing similar to the scope of the term as discussed with respect to § 1.175(a)(4) (see § 1414.02(a)) and § 1.291(a) (see § 1901.02). However, as discussed in § 2001.05, § 1.56(a) is not limited to information which would render the claims unpatentable, but extends to any information "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."

It should be noted that the rules are *not* intended to require information *favorable* to patentability such as, for example, evidence of commercial success of the invention. Similarly, the rules are not intended to require, for example, disclosure of information concerning the level of skill in the art for purposes of determining obviousness.

2001.05 Materiality Under 37 CFR 1.56(a) [R-2]

Subsection 1.56(a) provides,

"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 (emphasis added)."

"Material" connotes something more than a trivial relationship. It appears commonly in court opinions. Subsection 1.56(a) elucidates,

"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."

This sentence paraphrases the definition of materiality used by the Supreme Court in *TSC Industries v. Northway*, 426 U.S. 438, 48 L.Ed. 2d 757, 96 S.Ct. 2126, 44 U.S.L.W. 4852 (1976). Although in that case the court was concerned with rules promulgated by the Securities and Exchange Commission, the Court's articulation of materiality is believed consistent with the prevailing concept that has been applied by lower courts in patent cases.

↪ The definition of materiality in § 1.56 has to be interpreted in the context of patent law rather than securities law. Principles followed by courts in securities cases should not be translated to patent cases automatically. It is noteworthy, however, that in formulating the ↪

definition of materiality in *TSC Industries* the Supreme Court noted that the standard of materiality should not be so low that persons would be "subjected to liability for insignificant omissions or misstatements," or so low that the fear of liability would cause management "simply to bury the shareholder in an avalanche of trivial information a result that it is hardly conducive to informed decision making."

Although the third sentence of § 1.56(a) refers to decision of an examiner, the duty of disclosure applies in the same manner in the less common instances where the official making a decision on a patent application is someone other than an examiner, e.g., a member of the Board of Patent Interferences or the Board of Appeals. This is implicit in the duty "of candor and good faith" toward the "Office" that is specified in the first sentence of § 1.56(a).

The Court in *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 544 (C.C.P.A. 1970) characterized "materiality" as being of "critical concern;" and indicated,

"[I]n patent cases, materiality has generally been interpreted to mean that if the Patent Office had been aware of the complete or true facts, the challenged claims would not have been allowed."

However, the court then indicated at page 545 of the USPQ citation its concern that "materiality" not be defined too narrowly by stating that

"the above test cannot be applied too narrowly if the relationship of confidence and trust between applicants and the Patent Office is to have any real meaning. Findings of materiality should not be limited only to those situations where there can be no dispute that the true facts, or the complete facts, if they had been known, would most likely have prevented the allowance of the particular claims at issue or alternatively, would provide a basis for holding those claims invalid."

"It is our view that a proper interpretation of the "materiality" element of fraud in this context must include therein consideration of factors apart from the objective patentability of the claims at issue, particularly (where possible) the subjective considerations of the examiner and the applicant. Indications in the record that the claims at issue *would* not have been allowed but for the challenged misrepresentations must not be overlooked due to any certainty on the part of the reviewing tribunal that the claimed invention, viewed objectively, *should* have been patented. If it can be determined that the claims would *not* have been allowed *but for* the misrepresentation, then the facts were material regardless of their effect on the objective question of patentability."

Other courts have also treated the question of "materiality." Thus, in *In re Multidistrict Litigation Involving Frost Patent*, 185 USPQ 729, 741 (D.Del. 1975), the court characterized the question of "materiality" as follows:

"Some variation of the so-called "but for" test has appeared in nearly every patent fraud case.

"In other words, a finding of fraud is warranted if, but for the misconduct of the patent applicant, the patent would not properly have issued. This is what has been referred to as an "objective but for test".

"The second "but for" test is the so-called "subjective test". This test requires a court to examine the effect which fraudulent representations had upon the examiner. If misrepresentations caused the examiner to issue the patent, then this kind of "but for fraud" will be found.

"The final "but for" test has been labeled "the but it may have" test, i.e., courts look to whether the misrepresentations made in the course of the patent prosecution may have had an effect on the examiner.

"Hence, in this Circuit, a misrepresentation which makes it "impossible for the Patent Office fairly to assess [the] application against the prevailing statutory criteria . . . will, given the requisite intent, lead to a finding of invalidity."

2001.06 Sources of Information [R-2]

All individuals covered by § 1.56 (see § 2001.01) have a duty to disclose to the Patent and Trademark Office all material information they are *aware* of, or reasonably should have been aware of (see § 2001.02), regardless of the source of or how they became aware of the information. Materiality controls whether information must be disclosed to the Office, not the circumstances under which or the source from which the information is obtained. If material, the information must be disclosed to the Office. The duty to disclose material information extends to information such individuals are aware of prior to or at the time of filing the application or become aware of during the prosecution thereof.

Such individuals may be or become aware of material information from various sources such as, for example, co-workers, tradeshow, communications from or with competitors, potential infringers or other third parties, related foreign applications (see § 2001.06(a)), prior or copending United States patent applications (see § 2001.06(b)), related litigation (see § 2001.06(c)) and preliminary examination searches.

2001.06(a) Prior Art Cited in Related Foreign Applications [R-2]

Applicants and other individuals, as set forth in § 1.56, have a duty to bring to the attention of the Office any material prior art or other information cited or brought to their attention in

any related foreign application. The inference that such prior art or other information is material is especially strong where it is the only prior art cited or where it has been used in rejecting the claims in the foreign application.

2001.06(b) Information Relating to or From Copending United States Patent Applications [R-2]

The individuals covered by 37 CFR 1.56(a) have a duty to bring to the attention of the examiner, or other Office official involved with the examination of a particular application, information within their knowledge as to other copending United States applications which are "material to the examination" of the application in question. As set forth by the court in *Armour & Co. v. Swift & Co.*, 175 USPQ 70, 79 (7th Cir. 1972),

"we think that it is unfair to the busy examiner, no matter how diligent and well informed he may be, to assume that he retains details of every pending file in his mind when he is reviewing a particular application. . . . [T]he applicant has the burden of presenting the examiner with a complete and accurate record to support the allowance of letters patent."

See, also § 2004 at No. 8.

Accordingly, the individuals covered by § 1.56(a) cannot assume that the examiner of a particular application is necessarily aware of other applications "material to the examination" of the application in question, but must instead bring such other applications to the attention of the examiner. For example, if a particular inventor has different applications pending in which patentably indistinct claims are present that fact must be disclosed to the examiner of each of the involved applications. Similarly, the prior art references from one application must be made of record in another copending application if such prior art references are "material to the examination" of the copending application.

Normally if the application under examination is identified as a continuation or continuation-in-part of an earlier application the examiner will consider the prior art cited in the earlier application. Accordingly, no separate citation of the same prior art need be made in the later application unless it becomes apparent that the examiner has overlooked the same.

2001.06(c) Information From Related Litigation [R-2]

Where the subject matter for which a patent is being sought is, or has been involved in litigation,

the existence of such litigation and any other material information arising therefrom must be brought to the attention of the Patent and Trademark Office; such as, for example, evidence of possible prior public use or sales, questions of inventorship, prior art, allegations of "fraud" or violation of duty of disclosure. Such information might arise during litigation in, for example, pleadings, admissions, discovery including interrogatories, depositions and other documents, and testimony.

Where a patent for which reissue is being sought is, or has been, involved in litigation which raised a question material to examination of the reissue application, such as the validity of the patent, or any allegation of "fraud" or "violation of duty of disclosure", the existence of such litigation must be brought to the attention of the Office by the applicant at the time of, or shortly after, filing the application, either in the reissue oath or declaration, or in a separate paper, preferably accompanying the application as filed. Litigation begun after filing of the reissue application should be promptly brought to the attention of the Office. The details and documents from the litigation, insofar as they are "material to the examination" of the reissue application as defined in 37 CFR 1.56(a), should accompany the application as filed, or be submitted as promptly thereafter as possible.

For example, the defenses raised against validity of the patent, or charges of "fraud" or "inequitable conduct" in the litigation, would normally be "material to the examination" of the reissue application. It would, in most situations, be appropriate to bring such defenses to the attention of the Office by filing in the reissue application a copy of the court papers raising such defenses. As a minimum, the applicant should call the attention of the Office to the litigation, the existence and the nature of any allegations relating to validity and/or "fraud" relating to the original patent, and the nature of litigation materials relating to these issues. Enough information should be submitted to clearly inform the Office of the nature of these issues so that the Office can intelligently evaluate the need for asking for further materials in the litigation. See § 1442.04.

2002 Disclosure—By Whom and How Made [R-2]

37 CFR 1.56(b) provides,

Disclosures pursuant to this section may be made to the Office through an attorney or agent having responsibility for the preparation or prosecution of the application or through an inventor who is acting in his own behalf. Disclosure to such an attorney, agent, or inventor shall satisfy the duty, with respect to the infor-

information disclosed, of any other individual. Such an attorney, agent, or inventor has no duty to transmit information which is not material to the examination of the application.

2002.01 By Whom Made [R-2]

37 CFR 1.56(b) makes clear that information may be disclosed to the Office through an attorney or agent of record or through a pro se inventor, and that other individuals may satisfy their duty of disclosure to the Office by disclosing information to such an attorney, agent, or inventor who then is responsible for disclosing the same to the Office. Information that is not material need not be passed along to the Office.

2002.02 Must be in Writing [R-2]

It is clear that the "disclosures . . . to the Office" under 37 CFR 1.56 must be in writing as prescribed by 37 CFR 1.2 which requires that

[a]ll business with the Patent and Trademark Office should be transacted in writing. * * * The action of the . . . Office will be based exclusively on the written record in the Office.

Further, as provided in 37 CFR 1.4(b),

Since each application file should be complete in itself, a separate copy of every paper to be filed in an application should be furnished for each application to which the paper pertains, even though the contents of the papers filed in two or more applications may be identical.

2002.03 Prior Art Statement [R-2]

As stated in 37 CFR 1.97(a),

As a means of complying with the duty of disclosure set forth in § 1.56, applicants are encouraged to file a prior art statement at the time of filing the application or within three months thereafter.

While prior art statements are a preferred and one of the safest ways to comply with the duty of disclosure, it is not necessarily essential to file prior art statements under 37 CFR 1.97-1.99 to comply with the duty of disclosure in 37 CFR 1.56: see 391 BNA/PTCJ A-11 (1978).

For example, not commenting on the relevance of prior art submitted, or not including a copy of the reference cited, will not necessarily constitute a failure to comply with the duty of disclosure. However, failure to comply with the duty of disclosure could result from non-submission of a copy of a reference, especially a foreign patent or literature item, which might be difficult for the examiner to readily obtain. Similarly, non-identification of an especially relevant passage buried in an otherwise less or non-relevant text could result in a holding of "violation of duty of disclosure;" see, for ex-

ample, *Penn Yan Boats, Inc. v. Sea Lark Boats, Inc.*, 359 F.Supp. 948, 175 USPQ 260 (S.D.Fla. 1972), affirmed 479 F.2d 1338, 178 USPQ 577 (5th Cir. 1973), certiorari denied 414 U.S. 874 (1974).

STATEMENT SERVES AS REPRESENTATION

37 CFR 1.97(b) includes the admonition that,

The statement shall serve as a representation that the prior art listed therein includes, in the opinion of the person filing it, the closest prior art of which that person is aware. . . .

STATEMENTS NOT LIMITED TO PRIOR ART DOCUMENTS

Prior art statements are, of course, not limited to prior art documents such as patents and publications. As provided in subsection 1.98(a) prior art statements may be used to bring "other information . . . considered by the person filing the statement to be pertinent" to the attention of the Office.

2002.03(a) Updating of Prior Art Statement [R-2]

Section 1.99 provides that if at anytime prior to issuance of a patent, an applicant, pursuant to his 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 with reasonable promptness. For example, applicants have a duty of bringing to the attention of the Office any material prior art or other information they become aware of from related United States applications, related foreign applications, related litigation (see § 2001.06(a), (b), & (c)), or which is otherwise brought to their attention. Applicants should keep the Office advised of the status of any related litigation.

2002.04 Foreign Patents and Publications [R-2]

Applicants should be aware that where the prior art being called to the Office's attention is a foreign patent or a publication, the relevance of such prior art may not be readily apparent or a copy readily available. It may be highly desirable if not necessary, in order to ensure compliance with the duty of disclosure and consideration of the prior art by the Office, to provide any translation available or explain the relevance of the art or provide a copy of the reference.

2003 Disclosure—When Made [R-2]

37 CFR 1.56 provides

All such individuals have a duty to disclose to the Office information they are aware of. . . .

As set forth in 37 CFR 1.97

applicants are encouraged to file a prior art statement at the time of filing or within three months thereafter.

In reissue applications, applicants are encouraged to file such statements at the time of filing or within two months of filing, since reissue applications are taken up "special": see §§ 1442 and 1442.03. However, in a reissue where waiver of the normal two month delay period of § 1.176 is being requested (see § 1441), the statement should be filed at the time of filing the application, or as soon thereafter as possible.

Clearly the "duty to disclose" "information they are aware of" implies that such disclosure should be made reasonably soon after they become aware of the information, e.g., with the response to an action if the information is discovered during the period for response thereto.

By submitting the information early in the examination process, i.e., before the Office acts on the application if possible, the submitting party ensures that the information will be considered by the Office in its determination of the patentability of the application. The presumption of validity is generally strong when prior art was before and considered by the Office and weak when it was not: *Bolkcom v. Carborundum Co.*, 523 F.2d 492, 498, 186 USPQ 466, 471, 472 (6th Cir. 1975).

37 CFR 1.99 provides that where

an applicant, pursuant to his duty of disclosure under § 1.56, wishes to bring to the attention of the Office additional . . . information not previously submitted, the additional information should be submitted . . . with *reasonable promptness* (emphasis added).

See § 2002.03 (a)

2003.01 Disclosure After Patent Is Granted [R-2]**BY CITATIONS OF PRIOR ART AND ANY RELATED PAPERS**

Where a patentee or any member of the public (including private persons, corporate entities, and government agencies) has information which the patentee or member of the public desires to have made of record in the patent file, patentee or such member of the public may file a citation of prior art and any papers related thereto with the Patent and Trademark Office pursuant to § 1.291(b). Such citations and papers will be entered without comment by the Office. The Office does not of course consider the

citation and papers but merely places them of record in the patent file. Information which may be filed under § 1.291(b) is not limited to prior art documents, such as patents and publications, but includes any material information which the submitting individual wishes to have made of record in the file. See §§ 1920-1922.

BY REISSUE

Where patentee has information patentee desires to have the Patent and Trademark Office consider after a patent has issued, the patentee or patentee's assignee may file an application for reissue of the patent (see 37 CFR 1.175(a) (4) and § 1414.02).

2004 Aids to Compliance With Duty of Disclosure [R-2]

While it is not appropriate to attempt to set forth procedures by which attorneys, agents, and other individuals may ensure compliance with the duty of disclosure, the following are offered as examples of possible procedures which could help avoid problems with the duty of disclosure:

1. Many attorneys, both corporate and private, are using letters and questionnaires for applicants and others involved with the filing and prosecution of the application and checklists for themselves and applicants to ensure compliance with the duty of disclosure. The letter generally explains the duty of disclosure and what it means to the inventor and assignee. The questionnaire asks the inventor and assignee questions about

- the origin of the invention and its point of departure from what was previously known and in the prior art,
- possible public uses and sales,
- prior publication, knowledge, patents, foreign patents, etc.

The checklist is used by the attorney to ensure that the applicant has been informed of the duty of disclosure and that the attorney has inquired of and cited material prior art.

The use of these types of aids would appear to be most helpful in identifying prior art and may well help the attorney and the client avoid or more easily explain a potentially embarrassing and harmful "fraud" allegation.

2. Ask questions about inventorship. Who is the proper inventor? Are there disputes or possible disputes about inventorship? If there are questions, call them to the attention of the Patent and Trademark Office.

3. Ask questions of the inventor about the disclosure of the best mode. Make sure that the best mode is described. The disclosure of the best

mode is becoming more and more important in litigation. See for example, Carlson "The Best Mode Disclosure Requirement in Patent Practice," Vol. 60, Journal of the Patent Office Society, page 171 (1978).

4. Make certain that the inventor, especially a foreign inventor, recognizes his or her responsibilities in signing the oath or declaration. Note that 37 CFR 1.69 requires that,

(a) Whenever an individual making an oath or declaration cannot understand English, the oath or declaration must be in a language that such individual can understand and shall state that such individual understands the content of any documents to which the oath or declaration relates.

5. Carefully evaluate and explain to the applicant and others involved the scope of the claims, particularly the broadest claims. Ask specific questions about possible prior art which might be material in reference to the broadest claim or claims. There is some tendency to mistakenly evaluate prior art in the light of the gist of what is regarded as the invention or narrower interpretations of the claims, rather than measuring the art against the broadest claim with all of its reasonable interpretations. Pick out the broadest claim or claims and measure the materiality of prior art against a reasonably broad interpretation of these claims.

6. Evaluate the materiality of prior art from the viewpoint whether it is the closest prior art. This will tend to put the prior art in better perspective. However, § 1.56 may still require the submission of prior art which is not as close as that of the record.

7. Care should be taken to see that prior art cited in a specification or in a prior art statement is properly described and that the prior art is not incorrectly or incompletely characterized. It is particularly important for an attorney or agent to review, before filing, an application which was prepared by someone else, e.g., a foreign application. It is also important that an attorney or agent make sure that foreign clients understand the requirements of the duty of disclosure, and that the U.S. attorney or agent review any prior art statements or citations to ensure that compliance with § 1.56 is present.

8. Care should be taken to see that inaccurate statements or inaccurate experiments are not introduced into the specification, either inadvertently or intentionally. For example, stating that an experiment "was run" or "was conducted" when in fact the experiment was not run or conducted is a misrepresentation of the facts. Also, misrepresentations can occur when experiments which were run or conducted are inaccurately reported in the specification, e.g. an experiment is changed by leaving out one or

more ingredients. See *Steierman v. Connelly et al.*, 192 USPQ 433 (PTO Bd. of Pat. Int. 1975); 192 USPQ 446 (PTO Bd. of Pat. Int. 1976).

9. Do not rely upon the examiner of a particular application to be aware of other applications belonging to the same applicant or assignee. Call such applications to the attention of the examiner if there is any question that they might be "material to the examination" of the application the examiner is considering. Be particularly careful that prior art in one application is cited to the examiner in other applications to which it would be material. Do not assume that an examiner will necessarily remember, when examining a particular application, other applications which the examiner is examining, or has examined. See *Armour & Co. v. Swift & Co.*, 175 USPQ 70, 79 (7th Cir. 1972).

10. When in doubt, submit prior art information. Even though the attorney, agent, or applicant doesn't consider it necessarily material, someone else may see it differently and embarrassing questions can be avoided.

11. Particularly submit information about prior uses and sales even if it appears that they may have been experimental, not involve the specifically claimed invention, or not encompass a completed invention.

12. Submit prior art promptly. An applicant, attorney or agent who is aware of prior art and its significance should submit same early in prosecution and not wait until after allowance.

13. Don't submit long lists of prior art if it can be avoided. Eliminate clearly irrelevant and marginally pertinent cumulative prior art. If a long list is submitted, highlight those references which may be of most significance. The decisions of the courts make clear the necessity for doing this; see *Penn Yan Boats, Inc. v. Sea Lark Boats, Inc.*, 359 F.Supp. 948, 175 USPQ 260 (S.D.Fla. 1972), affirmed, 479 F.2d 1338, 178 USPQ 577 (5th Cir. 1973), certiorari denied 414 U.S. 874 (1974).

14. Watch out for continuation-in-part applications where intervening prior art may exist; particularly watch out for foreign patents and publications related to the parent application and dated more than one year before the filing date of the CIP. These and other intervening references may be material prior art: In re *Ruscetta and Jenny*, 118 USPQ 101, 104 (C.C.P.A. 1958); In re *von Lagenhoven*, 458 F.2d 132, 173 USPQ 426 (C.C.P.A. 1972); *Chromalloy American Corp. v. Allov Surfaces Co., Inc.*, 339 F.Supp. 859, 173 USPQ 295 (D.Del. 1972).

15. Watch out for intervening prior art in late claiming situations under the Muncie gear doctrine: *Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Co.*, 315 U.S. 759, 53

USPQ 1, 5 (Sup.Ct. 1942); see also *Faulkner v. Baldwin Piano and Organ Co.*, 195 USPQ 410, 415 (7th Cir. 1977).

- 16. Watch out for information that might be deemed to be prior art under Section 102(f) and (g).

Section 102(f) of Title 35 United States Code may be combined with Section 103; see *Corning Glass Works v. Schuyler*, 169 USPQ 193 (D.D.C. 1971), *aff'd* in *Corning Glass Works v. Brenner* 175 USPQ 516, (D.C. Cir. 1975) where the District Court adopted defendant's post trial memorandum on 102(f) and 103; *Halliburton v. Dow Chemical*, 182 USPQ 178, 186 (N.D.Okla. 1974); *Dale Electronics v. R.C.L. Electronics*, 180 USPQ 225 (1st Cir. 1973).

Note also that prior invention under § 102(g), may be combined with Section 103, such as in *In re Bass*, 474 F.2d 1276, 177 USPQ 178 (C.C.P.A. 1973).

- 17. Watch out for information picked up by the inventors and others at conventions, plant visits, in-house reviews, etc.; see, for example, *Dale Electronics, Inc. v. R.C.L. Electronics, Inc.*, 180 USPQ 225, 228 (1st Cir. 1973).
- 18. Make sure that all of the individuals who are subject to the duty of disclosure, such as spelled out in § 1.56 are informed of and fulfill their duty.
- 19. Finally, if prior art was specifically considered and discarded as not material, this fact might be recorded in an attorney's file or applicant's file, including the reason for discarding it. If judgement might have been bad or something might have been overlooked inadvertently, a note made at the time of evaluation might be an invaluable aid in explaining that the mistake was honest and excusable. It could be helpful in recalling and explaining actions in the event of a question of "fraud" raised at a later time.
- [R-5]

2005 Alterations or Partly Filing in Applications After Execution [R-2]

Applications which have not been prepared and executed in accordance with the requirements of Title 35 of the United States Code and Title 37 of the Code of Federal Regulations may be denied a filing date as a complete application or may in appropriate circumstances, be stricken from the files as having been improperly executed and/or filed. Although the statute and the rules forbidding alteration after execution have been in existence for many years, the Office continues to receive a number of applications which have been improperly executed and/or filed. This problem appears particularly

prevalent in foreign origin applications. For instance the practice of completing or improving the text of a translation of a foreign application (for filing in the U.S.) after execution is not permitted without re-execution. There is no reason for alterations or insertions after execution which are not drawn to new matter. A preliminary amendment which does not introduce new matter may be used to make corrections after filing and it avoids any question as to what was properly in the application at the time of filing.

Section 111 of Title 35, United States Code requires that,

[t]he application must be signed by the applicant. . . .

The same requirement appears in 37 CFR 1.57 which specifies that the signature to the oath or declaration "will be accepted as the signature to the application provided the oath or declaration . . . is attached to and refers to the specification and claims to which it applies. Otherwise the signature must appear at the end of the specification after the claims."

37 CFR 1.52 and 1.56 furnish notice to the public of the seriousness with which alternations of an application are considered by the Patent and Trademark Office. These rules, promulgated pursuant to §§ 6, 111 and 115 of Title 35, United States Code, have the force and effect of law: *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 542 (C.C.P.A. 1970). 37 CFR 1.52 (c) provides,

Any interlineation, erasure, or cancellation or other alteration of the application papers as filed must have been made before the application was signed and sworn to or declaration made, and should be dated and initialed or signed by the applicant in a marginal note or footnote on the same sheet of paper to indicate such fact. No such alterations are permissible after execution of the application papers. (See § 1.56).

37 CFR 1.56(c) (2) provides,

Any application may be stricken from the files if: . . . (2) Altered or partly filled in after being signed or sworn to.

Subsection 1.56(c) is merely a restatement of portions of § 1.56 as it appeared prior to the 1977 rule change; see 42 Fed. Reg. 5588 (Jan. 28, 1977), 955 O.G. 1054 (Feb. 22, 1977).

37 CFR 1.57 provides how the application must be signed or sworn to: see § 605.04.

It is therefore necessary that the application, including the oath or declaration, be executed in the form in which it is intended to be filed since it is improper for anyone, including counsel, to complete or otherwise alter application papers, including the oath or declaration, after the applicant has executed the same. The application filed must be the application executed by the applicant and it is improper for anyone, including the attorney or agent, to alter, rewrite, or

partly fill in any part of the application, including the oath or declaration, after execution by the applicant. Execution of an application with a copy of the drawings present, rather than the formal drawings, is permissible as long as the copy conforms to the formal drawings. This avoids the necessity for transmission, handling,

and possible loss of, or damage to, the formal drawings. See *In re Youmans*, 142 USPQ 447 (Comr. Pats. 1960).

The filing of an application which has been altered or partly filled in after being signed or sworn to is considered by the Office to constitute serious misconduct: *Wainer v. Ervin*, 122

USPQ 608 (Comr. Pats. 1959). The Commissioner, in refusing to reconsider a decision striking Wainer's application stated,

"It is true the penalty of striking an application has not ordinarily been imposed in the case of an alteration in some minor detail which obviously does not affect the significance of the application. However, it is clear that one who alters an executed application and then improperly files it without resubmitting it to the inventor for reexecution may gain the advantage of an earlier filing date over one who, finding changes are needed, takes the time to have the modified application signed and sworn to before filing. Thus, failure to strike an application found to have been altered to the extent the Wainer application was altered would tend to reward a party who violated the rules to the detriment of a party who complied with the provisions of the rules."

In determining whether or not an application is to be stricken it is necessary to consider all the circumstances surrounding the alteration, including the substantive nature and the "materiality of the change." Where the alterations involve substantial changes in language, in the absence of a clear and convincing demonstration that the changes are immaterial or harmless, they must be regarded as such as to require the application be stricken: *Wainer v. Ervin*, 121 USPQ 144 (Comm. Pats. 1959). In *Vandenberg v. Reynolds*, 122 USPQ 381, 383 (C.C.P.A. 1959) the court stated,

"It is the materiality of the change that should govern the Commissioner's exercise of discretion in striking applications from the files. Materiality is a question of law which must be decided on the facts. . . ."

In agreeing with the Commissioner's decision not to strike the application, the court also agreed with, and quoted, the Commissioner's opinion that

"[i]t should be emphasized, however, that while the materiality of an alteration of an application may determine whether or not an application shall be stricken, *this consideration provides no standard of propriety for an attorney*" (emphasis added by Court).

The Court recommended "the obviously safe course of altering first and executing afterward."

2006 Applications Signed or Sworn to in Blank or Without Actual Inspection [R-2]

As stated in § 2005, applications which have not been executed in accordance with the requirements of Title 35 of the United States Code and Title 37 of the Code of Federal Regulations may be denied a filing date as a complete application or many be, in appropriate circumstances, stricken from the files as having been improperly executed and/or filed. Section 111 of Title 35, United States Code, requires that "[t]he application must be signed by the

applicant. . . ." The same requirement appears in 37 CFR 1.57 which specifies that the signature to the oath or declaration "will be accepted as the signature to the application provided the oath or declaration . . . is attached to and refers to the specification and claims to which it applies. Otherwise the signature must appear at the end of the specification after the claims."

It should be carefully noted that the application "signed by the applicant" must be a complete application and cannot be simply an oath or declaration signed without the remainder of the application. As an example, it is improper for an applicant to sign an oath or declaration which is later associated with or attached to a specification and/or claims unless the specification is also signed after the claims. Further, applicant cannot execute an oath or declaration attached to, or associated with, a foreign language application and later file such oath or declaration attached to, or associated with, an English-language application which has not been executed. Instead, applicant can, where appropriate, utilize the procedure set forth in § 608.01 for filing foreign language applications. 37 CFR 1.56(c) provides, *inter alia*,

Any application may be stricken from the files if:
(1) Signed or sworn to in blank, or without actual inspection by the applicant. . . .

As indicated, such applications "may be stricken from the files." Thus, this section provides that striking of the application is discretionary if there is no "fraud" present. Whether such applications will in fact be stricken will depend upon all the circumstances involved. However, the Office considers this very serious misconduct, even more so than altering or partly filing in after being signed or sworn to as proscribed in § 1.56(c)(2); see § 2005. An application "signed or sworn to in blank, or without actual inspection by the applicant" clearly lacks compliance with 35 U.S.C. §§ 111 and 115. Such an application would obviously not comply with the requirements of 35 U.S.C. 111 of "an oath by the applicant as prescribed by section 115 of this title" and that the "application must be signed by the applicant." In view of the lack of statutory compliance, no reason would exist for not striking an application or, in the alternative, vacating a filing date improperly granted.

2006.01 International Applications Filed Under the Patent Cooperation Treaty [R-2]

The provisions of 35 U.S.C. 363 for filing an international application under the Patent

Cooperation Treaty (PCT) which designates the United States of America, and thereby has the effect of a regularly filed United States national application except as provided in 35 U.S.C. 102(e), are somewhat different than the provisions of 35 U.S.C. 111. Under 35 U.S.C. 363 and PCT Article 11(1), the signature of the inventor is not required to obtain a filing date but must be submitted later. The oath or declaration requirements for an international application before the Patent and Trademark Office are set forth in 37 CFR 1.70. See Chapter 1800.

2010 Fraud; Inequitable Conduct Equivalent to Fraud [R-2]

INTRODUCTION

The subject of "fraud" on the Patent and Trademark Office (PTO), or "inequitable conduct" in proceedings before the Office, has been increasing in importance in recent years. This is directly attributable to the increasing concern of the courts about the relationship between applicants for patent and the Patent and Trademark Office. In view of this concern, and the importance of the subject, it is appropriate that the Office attempt to define, insofar as possible, its substantive policy in this area. This policy is, of course, subject to change, particularly as new court decisions change the substantive law.

37 CFR 1.56, as amended in 1977, represents a mere codification of the existing Office policy on fraud and inequitable conduct, which is consistent with the prevailing case law in the federal courts. The expanded wording of the section 1.56 is intended to be helpful to individuals who are not expert in the judicially developed doctrines concerning fraud. The section should have a stabilizing effect on future decisions in the Office and may afford guidance to courts as well: 42 Fed. Reg. 5588, 5589 (Jan. 28, 1977), 955 O.G. 1054 (Feb. 22, 1977). Note *True Temper Corp. v. CF&I Steel Corp.*, 202 USPQ 412, 419 (10th Cir. 1979).

The following language has been extracted from the C.C.P.A. decision of *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 543 (1970), because it reflects the theme of the recent court decisions and writings on the matter of fraud and inequitable conduct in patent prosecution:

"[T]he term (fraud) in Rule 56 . . . refers to the very same types of conduct which the courts, in patent infringement suits, would hold fraudulent. . . . [T]raditionally the concept of (fraud) has most often been used by the courts, in general, to refer to a type of conduct so reprehensible that it could alone form the basis of an actionable wrong (e.g., the common law action for deceit). That narrow range of conduct, now frequently referred to as (technical) or (affirmative)

fraud, is looked upon by the law as quite serious. Because severe penalties are usually meted out to the party found guilty of such conduct, technical fraud is generally held *not* to exist unless the following indispensable elements are found to be present: (1) a representation of a material fact, (2) the falsity of that representation, (3) the intent to deceive or, at least, a state of mind so reckless as to the consequence that it is held to be the equivalent of intent (scienter), (4) a justifiable reliance upon the misrepresentation by the party deceived which induces him to act thereon, and (5) injury to the party deceived as a result of his reliance on the misrepresentation."

It is clear that "technical" fraud is grounds for invalidating a patent and for striking an application under 37 CFR 1.56.

2010.01 The Elements of "Technical" or "Affirmative" Fraud [R-2]

1. REPRESENTATION OF A MATERIAL FACT

See § 2001.05 for a definition of "Material."

2. FALSITY OF THE REPRESENTATION

Insofar as this element is concerned, the court in *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 545 (C.C.P.A. 1970) indicated that "whether the representations made to the Patent Office, either expressly or impliedly, were false, is simply a question of fact, to be decided on the evidence submitted."

3. THE INTENT TO DECEIVE OR, AT LEAST, A STATE OF MIND SO RECKLESS AS TO THE CONSEQUENCES THAT IT IS HELD TO BE THE EQUIVALENT OF INTENT (SCIENTER)

The Norton Court, at 545, considered at length the question of "intent." Its language has been quoted extensively by other courts, e.g., in *re Multidistrict Litigation Involving Frost Patent*, 185 USPQ 729, 742 (D.Del. 1975), and thus bears repeating here:

"The state of mind of the one making the representations is probably the most important of the elements to be considered in determining the existence of fraud. Perhaps it is most of all in the traditional element of scienter that the existence of a fiduciary-like duty should have its effect. As we have already indicated, the procurement of a patent involves the public interest, not only in regard to the subject matter of the patent grant, but also in the system under which that grant is obtained. Conduct in this area necessarily must be judged with that interest always taken into account and objective standards applied. Good faith and subjective intent, while they are to be considered, should not *necessarily* be made controlling. Under ordinary circumstances, the *fact* of misrepresentation coupled with proof that the party making it had knowledge of its falsity is enough to warrant drawing the inference that there was a fraudulent intent. Where public policy demands a complete and accurate disclosure it may suffice to show nothing more than that the misrepresentations were made in an atmosphere of gross negligence as to their truth."

This statement by the Norton Court is of critical importance insofar as the Office's consideration of "fraud" or "inequitable conduct" is concerned. As is apparent, direct evidence of "deceptive intent" is difficult to obtain. More often than not, a decision as to the presence or absence of "deceptive intent" has to be reached after review of all the circumstances. Thus, the criteria set forth above from Norton become extremely important. These are:

(a) The "inference that there was a fraudulent intent" is warranted when (1) the circumstances are ordinary; (2) the misrepresentation is made; and (3) there is proof that the party making the misrepresentation had knowledge of its falsity.

(b) Under circumstances where "public policy demands a complete and accurate disclosure it may suffice to show nothing more than that the misrepresentations were made in an atmosphere of gross negligence as to their truth."

In other courts similar results have been obtained using different language. Thus, in *SCM Corp. v. Radio Corp. of America*, 167 USPQ 196, 207 (S.D.N.Y. 1970) the court found conduct "lacking in candor" and an "intentional nondisclosure of relevant data which might have affected the outcome of the patent application."

In *Monsanto Co. v. Rohm & Hass Co.*, 172 USPQ 323 (3rd Cir. 1972) the Court looked at the "totality of circumstances" in finding that there was an obligation "to disclose more information" than was disclosed.

4. JUSTIFIABLE RELIANCE BY THE OFFICE ON THE MISREPRESENTATION

Whether or not the Office relied on the misrepresentation is usually a question of fact, as is the question of whether or not such reliance was "justifiable." Where the application is an application to reissue a patent, reliance may be demonstrated if the examiner issued the original patent relying partially or totally on the misrepresentation. In other circumstances, reliance may be demonstrated if, for example, the examiner withdraw a rejection or objection relying partially or totally on the misrepresentation.

5. INJURY AS A RESULT OF RELIANCE ON THE MISREPRESENTATION

This is perhaps the easiest element to establish in view of court opinions regarding "injury." The Supreme Court stated in *Precision Instrument Mfg. v. Automotive Maintenance Machine Co.*, 324 U.S. 806, 65 USPQ 133, 138 (1945),

"A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege. . . . At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope. The facts . . . must accordingly be measured by both public and private standards of equity."

Based on its reading of the Supreme Court, the Norton court indicated, at 546,

"[W]here fraud is committed, injury to the public through a weakening of the Patent System is manifest."

2010.02 Inequitable Conduct; Unclean Hands [R-2]

It is clear that patents can be invalidated and applications stricken based on equitable principles. While the term "inequitable conduct" was dropped from the proposed rule change in 1977 of § 1.56 "as covering too great a spectrum of conduct to be subject to mandatory striking," 42 Fed. Reg. 5588, 5590 (Jan 28, 1977), inequitable conduct that is equivalent to fraud is intended to come within § 1.56. Section 1.56 covers inequitable conduct equivalent to fraud including conduct resulting from "bad faith or gross negligence," even though such conduct does not constitute "technical fraud". Prior to the 1977 changes the Court of Customs and Patent Appeals had already interpreted "fraud" in § 1.56 to encompass conduct of this sort: *Norton v. Curtiss*, 433 F.2d 779, 792, 167 USPQ 532, 543-544 (C.C.P.A. 1970). Moreover, § 1.56 (d), as adopted in 1977, calls for striking an application either for fraud or for a violation of the duty of disclosure. As stated in *Norton v. Curtiss*, supra, at pages 543-544,

"But the term (fraud) is also commonly used to define that conduct which may be raised as a defense in an action at equity for enforcement of a specific obligation. In this context, it is evident that the concept takes on a whole new scope. Conduct constituting what has been called earlier "technical fraud" will, of course, always be recognized as a defense. However, in these situations, failure, for one reason or another, to satisfy all the elements of the technical offense often will not necessarily result in a holding of "no fraud". Rather the courts appear to look at the equities of the particular case and determine whether the conduct before them—which might have been admittedly less than fraudulent in the technical sense—was still so reprehensible as to justify the court's refusing to enforce the rights of the party guilty of such conduct. It might be said that in such instances the concept of fraud becomes intermingled with the equitable doctrine of "unclean hands". A court might still evaluate the evidence in light of the traditional elements of technical fraud, but will now include a broader range of conduct within each of those elements, giving consideration to the equities involved in the particular case."

“In suits for patent infringement, unenforceability, as well as noninfringement or invalidity under the patent laws, is a statutory defense. See 35 U.S.C. 282(1). . . . (U)nenforceability due to fraudulent procurement is a rather common defense. In such circumstances, . . . the courts are generally applying equitable principles in evaluating the charges of misconduct alleged to be fraudulent. Thus, in suits involving patents, today, the concept of “fraud” on the Patent Office (at least where a patentee’s conduct pertaining to the relative merits of his invention is concerned), encompasses not only that which we have earlier termed “technical” fraud, but also a wider range of “inequitable” conduct found to justify holding a patent unenforceable. The courts differ as to the conduct they will recognize as being sufficiently reprehensible so as to carry with it the consequences of technical fraud.”

Because of the nature of the relationship between the applicant and the Office, and the nature of the patent grant, applicants and others involved with preparation and prosecution of the application have a fiduciary relationship and duty toward the Office. Such individuals are held to exercising a high degree of “candor and good faith” in their dealings with the Office. As stated by the Norton Court,

“Nevertheless, one factor stands clear: the courts have become more critical in their interpretation of the relationship existing between applicants for patent and the Patent Office and their scrutiny of the conduct of applicants in light of that relationship. Not unlike those appearing before other administrative agencies, applicants before the Patent Office are being held to a relationship of confidence and trust to that agency. The indicated expansion of the concept of fraud manifests an attempt by the courts to make this relationship meaningful.”

The courts have had considerable difficulty in evaluating the conduct of applicants before the Office to ascertain whether their dealings were such as to constitute fraud, violations of the duty of disclosure, or inequitable conduct. Most often, the question reduces itself to whether the applicant failed to disclose to the Office either facts or prior art known to the applicant, but not known to the examiner. The fact that such a duty-to-disclose exists has been emphasized in two Supreme Court Decisions: Precision Instrument Mfg. Co. v. Automotive Maintenance Machine Co., 324 U.S. 806, 65 USPQ 133 (1945); and Kingsland v. Dorsey, 338 U.S. 318, 83 USPQ 330 (1949).

2011 Exemplary Grounds Upon Which Findings of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure Have Been Made [R-2]

While it is not appropriate to give an exhaustive list of grounds upon which findings of “fraud” or “inequitable conduct” have been

based, a few exemplary grounds are presented below:

1. NONDISCLOSURE OF EVIDENCE OF PRIOR PUBLIC USE AND SALE (35 U.S.C. 102(b))

A finding of “fraud” may be based on the nondisclosure of evidence of prior public use and/or sale. See, for example, Walker Products, Inc. v. Food Machinery Co., 382 U.S. 172, 147 USPQ 404 (1965); Monolith Portland Midwest Company v. Kaiser Aluminum & Chemical Corp., 152 USPQ 380 (C.D. Calif. 1966, 1967), modified as to amount of attorney’s fees at 160 USPQ 577 (9th Cir. 1969); United States v. Saf-T-Boom, 164 USPQ 283 (E.D. Ark., W. Div. 1970), affirmed per curiam at 167 USPQ 195 (8th Cir. 1970).

2. NONDISCLOSURE OF ANTICIPATORY PRIOR ART (35 U.S.C. 102)

A finding of “fraud” may be based on the nondisclosure of 35 U.S.C. 102 prior art. See Beckman Instruments, Inc. v. Chemtronics, Inc., 165 USPQ 355 (5th Cir. 1970), certiorari denied, 168 USPQ 1 (1970); and the related decision on the reissue application, In re Clark, 187 USPQ 209 (C.C.P.A. 1975). As stated by the Court in Admiral Corp. v. Zenith Radio Corp., 131 USPQ 456 (10th Cir. 1961), at 462,

“[I]f an applicant knows of prior art which plainly described his claimed invention or comes so close that a reasonable man would say that the invention was not original but had been anticipated, he will not be excused for failure to disclose his knowledge.”

Similarly, the court in In re Clark, 187 USPQ 209 (C.C.P.A. 1975) at 213, stated,

“[W]e do not agree that applicant could, under the state of the law in 1956 or now, amend claims expressly to avoid a Section 102 reference unknown to the examiner and justifiably consider there was no duty to bring that reference to the examiner’s attention.”

Other courts have rendered similar decisions, see, for example Penn Yan Boats, Inc. v. Sea Lark Boats, Inc., 175 USPQ 260 (S.D. Fla. 1972), affirmed 178 USPQ 577 (5th Cir. 1973), certiorari denied 414 U.S. 874 (1974).

In Elmwood Liquid Products, Inc. v. Singleton Packing Corp., 170 USPQ 398 (M.D. Fla., Tampa Div. 1971), the Court held the patent “unenforceable” because of the failure to bring to the Office’s attention, an anticipatory reference obtained late in the prosecution of the U.S. application from counsel’s foreign patent associate.

3. NONDISCLOSURE OF SECTION 103 PRIOR ART

The Court in Union Carbide Corporation v. Filtrol Corp., 170 USPQ 482 (C.D. Calif. 1971),

affirmed per curiam at 179 USPQ 209 (9th Cir. 1973), indicated at 521,

"[A] patent applicant's duty of disclosure to the Patent Office extends to prior art or other facts known to him which would anticipate the invention under 35 U.S.C. 102, or which, but for the nondisclosure, would have prevented the patent from issuing or would have restricted the scope of the claims."

The requirement to disclose Section 103 prior art has long existed as evidenced from *In re Clark*, supra, wherein the court indicated that a patent applicant could not "in 1956" "amend claims expressly to avoid a Section 102 reference unknown to the examiner and justifiably consider there was no duty to bring that reference to the examiner's attention." Obviously, once the claims are amended "expressly to avoid a Section 102 reference" the reference becomes, at best, a Section 103 reference.

The extent to which patents are held invalid based on "fraud" or "inequitable conduct" for the failure to disclose § 103 prior art obviously depends on the relevance of the art and the entire circumstances involved.

4. PRIOR ART DISCLOSED IN AN INADEQUATE MANNER

In general, the prior art has to be brought to the attention of the examiner in an adequate fashion. Thus, in *Penn Yan Boats, Inc. v. Sea Lark Boats, Inc.*, 175 USPQ 260 (S.D. Fla. 1972) at 272, the Court indicated,

"[T]he purpose of this misrepresentation was to bury the Wollard Patent in a long list of allegedly old prior art patents in the hope that the Patent Examiner, having already allowed the Stuart claims, would ignore the list and permit the Stuart patent to issue. Such conduct clearly violates the required standard of candor and fair dealing with the Patent Office. Stuart had a clear obligation to call the Wollard patent to the attention of the Patent Office in a proper fashion. . . ."

5. MISREPRESENTATION OF PRIOR ART

Misrepresentations regarding the prior art can render a patent unenforceable as evident from *Penn Yan Boats, Inc. v. Sea Lark Boats, Inc.*, 175 USPQ 260 (S.D. Fla. 1972), affirmed 178 USPQ 577 (5th Cir. 1973), certiorari denied 414 U.S. 874 (1974).

6. MISREPRESENTATIONS IN AFFIDAVITS

Misrepresentations in affidavits can result in findings of "fraud" or "inequitable conduct." In *Timely Products Corp. v. Arron*, 187 USPQ 257 (2nd Cir. 1975), a 37 CFR 1.131 affidavit averred that the applicant had been "associated with another" in his work prior to the reference's filing date without disclosing that the patentee of the reference was the "another."

In *SCM Corp. v. RCA*, 167 USPQ 196, 206 (S.D.N.Y. 1970), the Court found that affi-

davits relied upon by Counsel to support his position omitted relevant data and that Counsel "in all likelihood" knew the data was inaccurate. The Court indicated

"[I]n any event, he should have known. . . . It was his duty to inform himself. . . . He could not avoid responsibility by trying not to "see the details"."

In *Chas. Pfizer & Co. Inc. v. Federal Trade Commission*, 159 USPQ 193 (6th Cir. 1968), certiorari denied, 161 USPQ 832 (1969), the Court found the affidavits to be misleading. In *Monsanto Co. v. Rohm & Haas Co.*, 172 USPQ 323, 326 (3rd Cir. 1972), the Court found that

"in all, the affidavit showed less than 25 percent of Husted's results; of 810 tests, only 150 were submitted.

The District Court concluded that this close-cropping of Husted's findings amounted to misrepresentation."

See also *Armour & Co. v. Swift & Co.*, 175 USPQ 70, 77-78 (7th Cir. 1972).

7. MISREPRESENTATIONS IN PATENT APPLICATION OATHS OR DECLARATIONS

Misrepresentations in patent application oaths or declarations have resulted in holdings of "fraud." See, for example, *Walker Products, Inc. v. Food Machinery Co.*, 382 U.S. 172, 147 Boom, 164 USPQ 283 (1970). In *Saf-T-Boom* the District Court, at 284, rejected an argument that the applicant signed the oath in ignorance of its contents, and without reading it, stating that applicant

"knew that he was applying for a patent, and that he was executing an affidavit to be submitted to the Patent Office. Regardless of whether he read the affidavit or knew what was in it, he in effect represented to the Patent Office that the facts stated in the affidavit were true and correct to the best of his knowledge and belief, and he must have known that the Patent Office would or might rely on the affidavit."

Chromalloy American Corp. v. Alloy Surfaces Co., 173 USPQ 295 (D. Del. 1972), represents another situation in which a false oath resulted in a holding that the patent was "unenforceable because it was obtained from the Patent Office by clearly inequitable conduct" (page 307). The patentee had falsely stated, when filing a continuation-in-part (CIP), that no foreign applications corresponding to the parent application had been filed. In fact a British counterpart had been filed and issued more than one year prior to the filing date of the C-I-P, thereby becoming a reference under 35 U.S.C. 102(b) for the claims containing additional matter in the C-I-P.

However, while misrepresentations in oaths may result in holdings of "fraud" or "inequitable conduct", a mere mistake or an immaterial misrepresentation will normally not. For example, a mistake or misrepresentation of an applicant's residence, without more, would nor-

mally not constitute "fraud" or "inequitable conduct." Similarly, in *Langer v. Kaufman*, 175 USPQ 172 (C.C.P.A. 1972), the Court found that, under the circumstance there present, an incorrect statement in the oath that an application was a continuation rather than a continuation-in-part, did not constitute "fraud." In so doing, the Court indicated that

"Norton v. Curtiss . . . sets forth the various elements which must be proved to sustain a charge of misconduct. One of these is that the alleged misrepresentation must be material, and . . . materiality extends to "indications in the record that the claims at issue would not have been allowed but for the challenged misrepresentation. . . ." We have been directed to no such indications, and we have found none."

8. MISREPRESENTATIONS IN PATENT SPECIFICATIONS

Misrepresentations in patent specifications have resulted in loss of rights to the patentee. See, for example *Steierman v. Connelly et al*, 192 USPQ 433 (PTO Bd. of Pat. Int. 1975); 192 USPQ 446 (PTO Bd. of Pat. Int. 1976), wherein the Board of Patent Interferences, in awarding priority to the junior party, found, at page 436, that

"the record clearly supports a finding that between the time Connelly performed his experiments and the time an application was filed, someone . . . decided the Connelly experimental work would not be reproduced exactly in the Connelly et al application."

The Board of Patent Interferences concluded, at page 438, that

"[t]he 'inequitable conduct' issue presented in this interference would not have arisen if Connelly, Hares, counsel, and possibly others . . . had seen to it that the experimental work by Connelly had properly appeared in the Connelly et al application. We cannot condone what occurred. We are hopeful, indeed, that we will not encounter in any future cases the type of 'loose practice' which occurred in this case, because such 'loose practice' only adds to the 'suspicion and hostility' with which many, including federal judges, unfortunately approach the patent system." [R-5]

2012 Reissue Applications Involving Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure [R-2]

Questions of "fraud" or violation of "duty of disclosure" or "candor and good faith" can arise in reissue applications. In fact the majority of such questions considered by the Office arise in reissue applications where the patent sought to be reissued is involved in litigation.

REQUIREMENT FOR "ERROR WITHOUT ANY DECEPTIVE INTENTION"

Both 35 U.S.C. 251 and 37 CFR 1.175 promulgated pursuant thereto, require that the error or what might be deemed to be error must have arisen "without any deceptive intention." In *re Heany*, 1911 C.D. 138, 180, unequivocally states

"Where such a condition [fraudulent or deceptive intention] is shown to exist the right to reissue is forfeited."

Similarly, the court in *In re Clark*, 187 USPQ 209, 213 (C.C.P.A. 1975) indicated,

"Reissue is not available to rescue a patentee who had presented claims limited to avoid particular prior art and then had failed to disclose that prior art . . . after that failure to disclose has resulted in invalidating of the claims."

It is clear that "fraud" cannot be purged through the reissue process. See conclusions of Law 89 and 91 in Intermountain Research and Engineering Co., Inc. v. Hercules Inc., 171 USPQ 577, 631, 632 (C.D. Calif. 1971).

REISSUE CAN BE STRICKEN FOR FRAUD OR VIOLATION OF DUTY OF DISCLOSURE DURING PENDENCY OF APPLICATION WHICH ISSUED AS PATENT NOW SOUGHT TO BE REISSUED

"Fraud" or "violation of the duty of disclosure" in obtaining the original patent is imputed to the reissue application, and *cannot* be corrected by reissue.

As provided in 37 CFR 1.176, an applicant who files for reissue of a patent is submitting "the entire application" to examination "in the same manner as original applications", including the question of the presence or absence of "fraud" or "violation of duty of disclosure" in the prosecution of the application resulting in the patent which is sought to be reissued.

37 CFR 1.56(d) provides

An application shall be stricken . . . if . . . any fraud was practiced or attempted on the Office in connection with it. . . .

Clearly, "fraud" "practiced or attempted" in an application which issues as a patent is "fraud" "practiced or attempted" "in connection with" any subsequent application to reissue that patent. The reissue application and the patent are inseparable as far as questions of "fraud" are concerned. See *In re Heany*, supra; and *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 543 (C.C.P.A. 1970), wherein the Court stated,

"We take this to indicate that any conduct which will prevent the enforcement of a patent after the patent issues should, if discovered earlier, prevent the issuance of the patent."

Clearly, if a reissue patent would not be enforceable after its issue because of "fraud" dur-

ing the prosecution of the patent sought to be reissued, the reissue patent should not issue. Under such circumstances, an appropriate remedy would be to strike the application in accordance with 37 CFR 1.56.

2012.01 Collateral Estoppel [R-2]

The Supreme Court in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 169 USPQ 513 (1971) set forth the rule that once a patent has been de-

clared invalid via judicial inquiry, a collateral estoppel barrier is created against further litigation involving the patent, unless the patentee-plaintiff can demonstrate "that he did not have" a full and fair chance to litigate the validity of his patent in "the earlier case." As stated in *Kaiser Industries Corp. v. Jones & Laughlin Steel Corp.*, 185 USPQ 343, 362 (3rd Cir. 1975).

"In fashioning the rule of *Blonder-Tongue*, Justice White for a unanimous Court made it clear that a determination of patent invalidity, after a thorough

and equitable judicial inquiry, creates a collateral estoppel barrier to further litigation to enforce that patent."

Under 35 U.S.C. 251 the Commissioner can reissue a patent only if there is "error without any deceptive intention." The Commissioner is without authority to reissue a patent when "deceptive intention" was present during prosecution of the parent application: *In re Clark*, 187 USPQ 209 (C.C.P.A. 1975), and *In re Heany*, 1911 C.D. 138, 180. Thus, the collateral estoppel barrier applies where reissue is sought of a patent which has been held invalid or unenforceable for "fraud" or "violation of duty of disclosure" in procuring of said patent. It was held in *In re Kahn*, 202 USPQ 772, 773 (Comr. Pats. 1979):

"Therefore, since the Kahn patent was held invalid, inter alia, for "failure to disclose material facts of which * * * [Kahn] was aware" this application may be stricken under 37 CFR 1.56 via the doctrine of collateral estoppel as set forth in *Blonder-Tongue supra*.

* * * * *

The Patent and Trademark Office . . . has found no clear justification for not adhering to the doctrine of collateral estoppel under *Blonder-Tongue* in this case. Applicant has had his day in court. He appears to have had a full and fair chance to litigate the validity of his patent."

2013 Protests and Petitions To Strike Involving Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of Duty of Disclosure [R-2]

37 CFR 1.291 permits protests by the public against pending applications, and provides for citations of prior art and any papers related thereto to be entered in the patent file after a patent has been granted. Submissions under § 1.291 are not limited to prior art documents such as patents and publications, but are intended to include any information, which in the protestor's opinion, would make or have made the grant of the patent improper: See § 1901.02. This includes, of course, information indicating the presence of "fraud" or "inequitable conduct" or "violation of the duty of disclosure."

Any protest filed alleging "fraud" or "violation of the duty of disclosure" can be submitted by mail to the Commissioner of Patents and Trademarks, Washington, D.C. 20231, and should be directed to the attention of the Office of the Assistant Commissioner for Patents, Building 3, Room 11A13. (See § 1901.03).

Those protests which allege or involve "fraud" or "violation of the duty of disclosure," if not initially directed to the Office of the Assistant Commissioner for Patents, are required to be referred to that Office, along with the

relevant application files, as soon as the issues relating to "fraud" or "violation of the duty of disclosure" are recognized. (See §§ 1901.05 and 1901.06).

Petitions to strike an application for "fraud" or "violation of the duty of disclosure" are permitted pursuant to 37 CFR 1.56(d). Such petitions should contain a statement of the alleged facts involved, the point or points to be reviewed, and the action requested. Any briefs or memorandum in support of the petition, and any affidavits, declarations, depositions, exhibits, or other materials in support of the alleged facts, should accompany the petition. Petitions to strike can be submitted by mail to the Commissioner of Patents and Trademarks, Washington, D.C. 20231, and should be directed to the attention of the Assistant Commissioner for Patents, Building 3, Room 11A13.

Petitions to strike under § 1.56(d) must, except where the application has previously been referred to, reviewed by, or returned for examination by the Office of the Assistant Commissioner for Patents, be immediately referred to that Office along with the relevant application files (see § 2022.01).

2020 Examination of Applications Having Issues of Fraud, Lack of Candor and Good Faith, and/or Violation of the Duty of Disclosure [R-2]

While issues of fraud or violation of the duty of disclosure do not arise in a large percentage of the applications examined by the Office, such issues arise with sufficient frequency that examiners and other Office personnel should be cognizant of such issues and how they are treated procedurally within the Office. A review of the preceding sections of this Chapter will render it clear as to the types of issues which can be raised, or which can be present. In addition, it is appropriate to identify typical issues which can be raised, or which are present, with some degree of frequency in various types of applications in order that Office personnel will be cognizant of the same.

2020.01 Typical Issues Present in Original Applications [R-2]

Typical issues found in original applications, i.e., applications other than reissue, relate to such matters as irregularities in affidavits, in execution of the application and allegations that improper inventors have been knowingly and fraudulently named. Inventorship disputes typically arise where one or more of the named

inventors believe that the inventive entity is improperly constituted, or in circumstances where an unnamed individual believes he or she should be named as an inventor and alleges that the failure to do so occurred as a result of bad faith. Another issue which arises with some degree of frequency is the failure to identify the source of copied patent claims as required by 37 CFR 1.205(b) and § 1101.02(d). Other issues arise through the failure to disclose to the Office prior patents to the same applicant or assignee, or prior abandoned or copending applications of the same applicant or assignee, which are "material to the examination" of the application under consideration. Prior undisclosed publications of the same applicant and/or assignee are also the source of some issues in original applications, as are prior public uses and/or sales which are either not disclosed by the applicant, but are discovered by the Office, or are disclosed to the Office by someone other than the applicant. Allegations that the oath or declaration is false in some material respect also arise in original applications, e.g., an oath or declaration stating that no foreign application has been filed when foreign applications have in fact been filed.

2020.02 Typical Issues Present in Reissue Applications [R-2]

The issues which can be raised, or which can be present, in reissue applications include all of the issues which can be present in original applications and some others as well. In fact, the majority of "fraud" or violation of the duty of disclosure issues which arise are in reissue applications where the patent is, or has been, involved in litigation. The fact that more issues of "fraud" or violation of the duty of disclosure arise in reissue applications than in original applications is not surprising in view of the public accessibility of the reissue applications and also the fact that the issues can be raised with regard to both the original prosecution of the patent and also the prosecution of the reissue application. Probably the most common issues arise as a result of the failure to disclose during the prosecution of the original application which resulted in the patent the existence of (1) prior art patents and/or publications known to those individuals covered by 37 CFR 1.56(a) during the pendency of the original application or (2) prior public use and/or on sale issues which resulted from activities on behalf of the applicant and/or the assignee more than one year prior to the effective filing date to which the claims are entitled. For example, if the original patent issues without disclosure to the Office of prior

patents or publications, or without disclosure of public use and/or on sale questions regarding activities more than one year prior to the effective filing date to which the claims are entitled, issues of "fraud" or violation of the duty of disclosure are present in the reissue application if the individuals identified in § 1.56(a) had knowledge of the information prior to the issuance of the patent.

Other examples of issues which can arise are any one or more of those set forth in § 2011. Any issue relating to "fraud" or violation of the duty of disclosure which can be raised in litigation relating to the patent can also be raised, or can be present, in Office proceedings for reissuance of the patent.

2020.03 Identification of Issues and Referral to Office of Assistant Commissioner for Patents [R-2]

As soon as an issue of "fraud" or violation of the duty of disclosure is identified in, or with regard to, an application, the application should be forwarded to the Office of the Assistant Commissioner for Patents. The application should be accompanied by a brief memorandum identifying the issue(s) of "fraud" or violation of the duty of disclosure and pointing out what facts and/or allegations raise the issue(s) and where in the documents and/or other materials the facts and/or allegations can be located. Where the referral comes from an examining group, the memorandum should be signed by the group director. Applications which have been previously referred to the Assistant Commissioner's Office and returned for examination, need not be referred again, until after the close of prosecution before the examiner, even though additional "fraud" or violation of the duty of disclosure issues are raised. However, the initial referral must not be delayed, but must take place as soon as the issue is identified.

2021 Initial Review and Treatment by Office of Assistant Commissioner for Patents [R-2]

After receipt of the application in the Office of the Assistant Commissioner for Patents, the application is reviewed to determine what action is appropriate at that stage of the examination.

DEFERRAL OF "FRAUD" OR VIOLATION OF DUTY OF DISCLOSURE ISSUES

The Office follows a policy of deferring consideration of issues of "fraud" or violation of

the duty of disclosure in any application until the other issues are settled. The deferral would normally extend through consideration by the Board of Appeals and the courts as to prior art or other patentability issues.

Thus, under normal circumstances, an application referred to the Office of the Assistant Commissioner would be returned to the group director for examination along with any appropriate examining instructions. After completion of examination the application is returned to the Office of the Assistant Commissioner for Patents for consideration of the issue of "fraud" and/or violation of the duty of disclosure. See *In re Gabriel*, 203 USPQ 463 (Comr. Pats. 1978).

2021.01 Deferral of Decisions on Petitions To Strike Under 37 CFR 1.56(d) [R-2]

The policy of deferring consideration of issues of "fraud" or violation of the duty of disclosure extends also to decisions on petitions to strike applications pursuant to 37 CFR 1.56(d). Normally a decision on the merits of such a petition will be deferred pending completion of the examination on the other issues. The same policy applies insofar as a request or petition to strike contained in a protest under 37 CFR 1.291(a) is concerned. Matters other than "fraud" or violation of the duty of disclosure raised in a petition to strike or a protest under § 1.291(a), for example, patentability in light of references, will be treated by the examiner or other appropriate official. Requests relating to procedural matters involving the examination of the application, e.g., requests for protestor participation in interviews, will be decided by the appropriate examining group director if such requests have not already been treated by the Office of the Assistant Commissioner for Patents. Any Petitions To Strike filed after an application has been initially reviewed by the Office of the Assistant Commissioner and returned for examination will ordinarily be acknowledged by the examining group director who will indicate that the Petition To Strike will be forwarded to the Assistant Commissioner for Patents for decision at the appropriate time.

2021.02 Suspension of Action Because of Litigation [R-2]

In order to avoid duplication of effort, action is sometimes suspended because of the litigation. See § 1442.02. Under some circumstances, examination is expedited. See § 1442.03. Under the expedited examination procedures, issues of

"fraud" or violation of the duty of disclosure are deferred until other issues are settled. See § 1448.

2021.03 Returning Application to Group Director for Examination [R-2]

Following the initial review of the application by the Office of the Assistant Commissioner for Patents, under most circumstances the application is returned to the group director for immediate examination as to all matters other than "fraud" or violation of the duty of disclosure. Return of the application for examination may be by means of a formal decision returning the application with specific examining instructions, which is entered in the application file, or by a less formal referral without any specific examining instructions.

Some details of Office practice in this area are discussed for example, in *In re Schlegel*, 200 USPQ 797, 800 (Comr. Pats. 1977), and *In re Gabriel*, 203 USPQ 468 (Comr. Pats. 1978).

2021.04 Requirements for Information [R-2]

Under some circumstances the initial review by the Office of the Assistant Commissioner for Patents reveals the necessity, or desirability, of seeking more information relating to specific issues, e.g., inventorship issues or issues of public use and/or on sale, prior to examination on the merits by the examiner. In such circumstances, a "Requirement For Information" may be directed by the Office of the Assistant Commissioner for Patents to one or more parties seeking such information prior to, or as a part of, a decision returning the application for examination. Such requirements are utilized where it appears that more information may be necessary in order for the examiner to reach a proper decision, and where it appears that such information may be available to one or more of the parties. The requirements frequently take the form of written questions directed to those individuals or parties likely to have the desired information or to have access thereto. Authority for such requirements is provided by 35 U.S.C. 132.

2022 Examination by the Examiner After Return From the Office of the Assistant Commissioner [R-2]

It is important that the examiner's actions on applications returned for examination under

→ this Chapter be complete, thorough, and set forth detailed reasons for any conclusions reached by the examiner. Detailed reasons are important since subsequent decisions by the Office of the Assistant Commissioner for Patents frequently refer to, and rely upon, the decision of the examiner on issues such as whether or not the claims avoid the prior art, and the materiality of prior art references. The basis for the examiner's decision, and the reasons for reaching that decision, must be clearly reflected in the examiner's actions. The examiner must be careful that no significant issues are overlooked and that the materiality, or lack of materiality, of the references is apparent from the actions. Any examining instructions from the Office of the Assistant Commissioner for Patents must be followed explicitly. In addition, the examiner must conduct a "normal" examination on the merits, including a thorough search of the relevant prior art.

In cases referred for examination under this Chapter, the examination should be complete as to all matters except that any issues relating to "fraud" or violation of the duty of disclosure will not be considered by the examiner. Examiners must refrain from commenting in Office actions on issues of "fraud" or violation of the duty of disclosure. The Office action by the examiner in applications being examined under the provisions of this Chapter should include a statement that

Consideration of any issues relating to possible 'fraud' or violation of the duty of disclosure are being deferred pending resolution of all other matters (rejections, objections, appeal, etc.) in favor of applicant.

2022.01 Examiner Notation and Deferral of Additional Issues of Fraud or Violation of the Duty of Disclosure [R-2]

→ Where the application has previously been referred to, reviewed by, and returned for examination by the Office of the Assistant Commissioner for Patents, and the examiner becomes aware of additional issues of "fraud" or violation of duty of disclosure, the examiner will *note* the *existence* of such issues in the next office action. However, the examiner will not comment on the substantive merit of such issues, and will indicate that consideration of such additional issues will be deferred until all other matters before the examiner have been disposed of, including the handling of any appeal as to

matters of patentability other than "fraud" or violation of the duty of disclosure.

An example of such a notation in the office action follows:

It is noted that additional issues as to conduct by or on behalf of the applicant have been raised in (Protest, Declaration, Paper No., etc.). Consideration of these additional issues will be deferred until all *other* questions as to patentability have been resolved in favor of applicant. On resolution of all other questions in favor of patentability, this application will be forwarded to the Office of the Assistant Commissioner for Patents for consideration of any questions concerning conduct by or on behalf of applicant.

2022.02 Claims and Application not Allowable Until "Fraud" or Duty of Disclosure Issues Resolved [R-2]

No claims should be indicated as "allowable" or "allowed" in these cases since the application will not be in condition for allowance, even if the claims are otherwise patentable, until after the "fraud" or violation of the duty of disclosure issues are resolved. The action by the examiner should, where appropriate only indicate that the designated claims avoid the prior art, the rejections of record, etc. A statement by the examiner that the claims are allowable would be inappropriate where a substantial issue such as "fraud" or violation of the duty of disclosure remains unresolved. Under no circumstances should the examiner pass the application for issue without consideration of, and a decision on, the issue(s) of "fraud" or violation of the duty of disclosure by the Office of the Assistant Commissioner for Patents.

2022.03 Close of Prosecution and Forwarding of Applications to Office of Assistant Commissioner for Patents After Completion of Examination [R-2]

When all matters (including appeals) except any issues relating to possible "fraud" or violation of the duty of disclosure have been overcome, the examiner should close the prosecution of the application on its merits using the following language in the Office action:

In view of applicant's communication filed _____ claims _____ are considered to avoid the rejections of record in the applica- ←

tion. Accordingly, prosecution before the examiner on the merits of this application is closed. However, a determination of the issues relating to questions as to conduct by or on behalf of applicant remains outstanding.

This application is being referred to the Office of the Assistant Commissioner for Patents for further consideration in regard to the question of conduct. Applicant will be sent further communications in due course.

In a reissue application filed with and containing only a 37 CFR 1.175(a)(4) type oath or declaration, and where all issues except those relating to possible "fraud" or violation of duty of disclosure have been resolved in favor of patentability, the examiner's action should state,

[In view of applicant's communication filed _____] [As a result of the examination of this application], all the claims are considered to be patentable, except for a determination of issues relating to questions of conduct by or on behalf of applicant which remain outstanding.

Accordingly, this application is being referred to the Office of the Assistant Commissioner for Patents for consideration of any such issues of conduct. Applicant will be sent further communication in due course.

If, or when, all such issues of conduct are resolved in favor of applicant, this application will be returned to the Group Director for immediate action by the examiner who will reject this application as lacking statutory basis for a reissue because 35 U.S.C. 251 does not authorize reissue of a patent unless it is deemed wholly or partly inoperative or invalid. See M.P.E.P. § 1446.

Where an application, other than an application under § 1.175(a)(4), would have been in condition for allowance on first action except for issues relating to possible "fraud" or violation of the duty of disclosure, the examiner should close the prosecution of the application on the merits using the following language in the Office action:

Prosecution before the examiner on the merits of this application is closed. However, a determination of the issues relating to the question of conduct remains outstanding.

This application is being referred to the Office of the Assistant Commissioner for Patents for consideration in regard to the questions as to conduct by or on behalf of applicant. Applicant will be sent further communications in due course.

After mailing of the Office action, the application should be transmitted via the supervisory primary examiner and the group director to the Office of the Assistant Commissioner for Patents for consideration of the question of "fraud" or violation of the duty of disclosure. If additional information from the examiner is necessary, or desirable, to properly conduct the investigation, the application may be returned to the examiner, by way of the group director, to supply such information; such as, for example, for the examiner's opinion as to "materiality" of certain prior art or information; or further examination as to matters of patentability other than "fraud" or violation of duty of disclosure.

2022.04 Application Abandoned During Prosecution Before Examiner [R-2]

Where an application containing questions of "fraud" or violation of the duty of disclosure becomes abandoned during examination before the examiner, the abandoned application should be forwarded to the Office of the Assistant Commissioner for Patents prior to forwarding to the Abandoned Files Unit.

2022.05 Determination of "Error Without any Deceptive Intention" [R-2]

If the application is a reissue application, the action by the examiner may extend to a determination as to whether the "error" required by 35 U.S.C. 251 has been alleged and shown. Further, the examiner should determine whether applicant has *averred* in the reissue oath or declaration, as required by 37 CFR 1.175(a)(6), that said "errors" arose "without any deceptive intention." However, the examiner should not comment or question as to whether in fact the averred statement as to lack of deceptive intention appears correct or true. See §§ 1414.04 and 1444. If any question of conduct exists, the application should be referred to the Office of the Assistant Commissioner for Patents pursuant to § 2020.03.

2030 Examination as to Issues of "Fraud" or Violation of the Duty of Disclosure [R-2]

On receipt of an application containing issues of "fraud" or violation of the duty of disclosure after close of prosecution as to all other matters

before the examiner, or where an initial review shows immediate action is required, the application will be examined as to such issues by the Office of the Assistant Commissioner for Patents. "Fraud" and duty of disclosure questions are first investigated so that the Office has as many of the facts of record as possible in deciding the issues.

2031 Requirement for Information [R-2]

The investigation (see § 2030) by the Office of the Assistant Commissioner For Patents has normally been by means of "Requirements for Information" in the form of a written set of questions sent to the applicant and/or others which require or request information. Such "Requirements for Information" are provided for in general by 35 U.S.C. 132, and with respect to reissues specifically by 37 CFR 1.175 (b).

Where the examination reveals the need for more information or that more information would be necessary or appropriate, additional "Requirements for Information" may be necessary.

2031.01 Form of Response [R-2]

Where the "Requirement for Information" contains questions directed to applicant's registered attorney or agent, the answers supplied by counsel may be over counsel's signature. Where questions are directed to persons other than applicant's registered attorney or agent, the answers are required to be in the form of affidavits or declarations. Responses should be directed to the attention of the Office of the Assistant Commissioner for Patents.

2031.02 Time for Response [R-2]

The "Requirement for Information" will normally set a time for response, usually one or two months depending on the nature of the questions and the status of the application e.g., reissue, litigation stayed, etc. The time may be extended on written request with sufficient justification. The justification must be strong to warrant an extension, especially where there is related litigation.

2032 Order To Show Cause [R-2]

If the investigation reveals that a prima facie case of "fraud" or "violation of the duty of dis-

closure" exists, an "Order to Show Cause" why the application should not be stricken under 37 CFR 1.56 will be issued.

2032.01 Time for Response [R-2]

A time for response will be set in the "Order to Show Cause", usually two months.

2032.02 Effect of Failure To Respond [R-2]

Failure to respond or the filing of an insufficient response may result in or necessitate a decision striking the application from the files in accordance with 37 CFR 1.56, or a holding of the application abandoned, as appropriate.

2040 Striking Applications [R-2]

DUTY OF COMMISSIONER

The Commissioner, by statute (35 U.S.C. 131), is responsible for issuing patents. This responsibility includes a duty to refuse patents in appropriate circumstances. This duty was explicitly stated by the Court of Appeals for the District of Columbia in *Drawbaugh v. Seymour*, Commissioner of Patents, 1896 CD 527, 534, 535 as follows:

"It is the duty of the Commissioner of Patents, representing the public, and also the private rights of the inventor involved in the pending application, as well as all other inventors having the sanction of the Patent Office, to see that entire justice be done to all concerned. The law has provided certain official agencies to aid and advance the work of the Patent Office, such as the Primary Examiners, the Examiners of Interferences, and the Examiners-in-Chief; but they are all subordinate, and subject to official direction of the Commissioner of Patents, except in the free exercise of their judgments in the matters submitted for their examination and determination. The Commissioner is the head of the Bureau, and he is responsible for the general issue of that Bureau. If, therefore there may be any substantial, reasonable ground, within the knowledge or cognizance of the Commissioner, why the patent should not issue, whether the specific objection be raised and acted upon by the Examiners or not, it is his duty to refuse the patent. . . ."

Thus, when the patent should not issue for "any substantial, reasonable ground, within the knowledge or cognizance of the Commissioner," "it is his duty to refuse the patent."

37 CFR 1.56

Section 1.56(c) provides that

Any application may be stricken from the files if:
(1) Signed or sworn to in blank or without actual in-

specification by the applicant; or (2) Altered or partly filled in after being signed or sworn to.

Thus, the authority to strike by the Commissioner is discretionary in such cases if there is not "fraud" present. As noted in §§ 2005 and 2006 the Office considers this at least serious misconduct.

Section 1.56(d) further provides that

An application *shall be stricken* from the files if it is established by clear and convincing evidence that any fraud was practiced or attempted on the Office in connection with it or that there was any violation of the duty of disclosure through bad faith or gross negligence (emphasis added).

Thus, where it is established by clear and convincing evidence that "fraud" was practiced or attempted on the Office, the application *must* be stricken. Similarly, where there is clear and convincing evidence of any violation of duty of disclosure through bad faith or gross negligence, the application *must* be stricken. This parallels the power of the courts to hold a patent unenforceable for less than intentional fraud, e.g., for gross negligence: see *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532 (C.C.P.A. 1970).

COMMISSIONER'S AUTHORITY TO STRIKE APPLICATIONS

The Commissioner's authority to strike applications rests upon 35 U.S.C. 6 and 37 CFR 1.56, established pursuant thereto. The authority has not been questioned by the courts. See *Norton v. Curtiss*, 433 F.2d 779, 167 USPQ 532, 542, (C.C.P.A. 1970) and cases cited therein.

That the Commissioner's authority to strike applications parallels that of the courts to hold patents invalid for "fraud" or "inequitable conduct", is treated at length by the Court of Customs and Patent Appeals in *Norton v. Curtiss*, 167 USPQ 532. The court found that a finding of "fraud" could be made within the Office without a prior such finding by the court (page 542).

At page 543, the court stated

"that any conduct which will prevent the enforcement of a patent after the patent issues should, if discovered earlier, prevent the issuance of the patent. The only rational interpretation of the term fraud in Rule 56 which could follow is that the term refers to the very same types of conduct which the courts in patent infringement suits, would hold fraudulent."

2040.01 Standard of Proof [R-2]

37 CFR 1.56(d) sets forth that

An application shall be stricken . . . if it is established by *clear and convincing evidence* that any fraud

was practiced or attempted on the Office. . . . (emphasis added).

See *Norton v. Curtiss*, 167 USPQ 532, at 546, 547, and, for example, *In re Gabriel*, 468 USPQ 468, 470 (Comr. Pats. 1978).

2040.02 Collateral Estoppel [R-2]

Where a patent has been held by a court to be invalid or unenforceable because of "fraud" or "violation of the duty of disclosure," an application for reissue of such patent may be stricken under 37 CFR 1.56 under the doctrine set forth in *Blonder-Tongue, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 169 USPQ 513 (Sup.Ct. 1971); see *In re Kahn*, 202 USPQ 772, 773 (Comr.Pats. 1979). See also § 2012.01.

2050 Decision Striking Application Under 37 CFR 1.56 or Refusing Action Under 37 CFR 1.56 [R-2]

DECISION STRIKING APPLICATION UNDER 37 CFR 1.56

If no satisfactory answer to the "Order to Show Cause" is received, or if the prima facie case of "fraud" or "violation of duty of disclosure" is not overcome, the application will normally then be stricken in accordance with 37 CFR 1.56.

DECISION REFUSING ACTION UNDER 37 CFR 1.56

If a prima facie case of "fraud" or "violation of the duty of disclosure" does not exist, or the alleged "fraud" or "violation of the duty of disclosure" is adequately rebutted, a decision will be entered in the application file stating that the Office has found no clear and convincing evidence of "fraud" or "violation of the duty of disclosure" necessitating striking the application under 37 CFR 1.56.

2051 Action After Resolution of Issues of Fraud or Violation of Duty of Disclosure in Favor of Patentability [R-2]

When all the issues as to fraud or violation of duty of disclosure have been *decided* in favor of patentability, e.g., after a decision not to strike, the application will be returned from the Office of the Assistant Commissioner for Patents to

→ the examining group for immediate action by the examiner. The examiner will take such action as may be appropriate, and when all remaining issues have been resolved in favor of applicant, will prepare and pass the application for issue.

2052 Action After Application is Stricken; or Abandoned With Issues of Fraud or Violation of the Duty of Disclosure Unresolved [R-2]

↳ An application which has been stricken pursuant to 37 CFR 1.56 may be referred to the Office of the Solicitor for consideration of any matters relating to the conduct of an attorney or agent. See 37 CFR 1.344, 1.346, and 1.348. Similarly, an application abandoned prior to resolution of issues present or raised pursuant to 37 CFR 1.56 may also be referred to the Office of the Solicitor.

2053 Published Office Decisions Relating to 37 CFR 1.56 [R-2] ←

In both *In re Altenpohl*, 198 USPQ 289 (Comr. Pats. 1976), upheld in District Court for the District of Columbia—*Altenpohl v. Diamond* (May 12, 1980) BNA PTCJ No. 483, page A-12 (June 12, 1980), and *In re Stockebrand*, 197 USPQ 857 (Comr. Pats. 1978), upheld in District Court for Massachusetts—*Digital Equipment Corp. v. Parker* (April 2, 1980), BNA PTCJ No. 476, pages A-1 to A-3, (April 24, 1980), the Office found a failure to comply with the duty of disclosure and the re-issue applications involved were stricken.

In each of the cases, *In re Gabriel*, 203 USPQ 463, 468 (Comr. Pats. 1978), *In re Kubicek*, 200 USPQ 545 (Comr. Pats. 1978), *In re Cebalo*, 201 USPQ 395 (Comr. Pats. 1977), and *In re Lang*, 203 USPQ 943 (Comr. Pats. 1979), (Note also *Carter v. Blackburn*, 201 USPQ 544 (Bd. Pat. Intf. 1976)) the Office found no necessity to strike the applications pursuant to 37 CFR 1.56. ←