

Journalism 101
Exergen Corporation v. Wal-Mart Stores, Inc.

Budding members of the fourth estate are schooled in the art of information gathering through the use of the formula known as the “five W’s” – who, what, when, where, why and how (go figure on the “how” part . . . it’s journalistic license). Although lawyers and the press have been known to clash from time to time, the Federal Circuit has recently adopted this journalistic rubric as the yardstick for evaluating the pleading requirements of inequitable conduct allegations.

In *Exergen Corporation v. Wal-Mart Stores, Inc.*, the Federal Circuit affirmed the district court’s denial of a motion for leave to amend to assert a charge of inequitable conduct. Specifically, the court ruled that, in order to plead allegations of inequitable conduct with the requisite particularity, “the pleading must identify the specific who, what, when, where and how” related to the alleged material misrepresentation or admission. Apparently, seasoned patent practitioners can still learn a thing or two from their non-lawyer colleagues.

The case involved Exergen’s patents for infrared thermometers. The defendants challenged Exergen’s claim on non-infringement, validity and enforceability grounds, and the bulk of the opinion is directed to the first two defenses. However, the defendants also sought review of the district court’s denial of their motion to add inequitable conduct

as an affirmative defense. The proposed amendment was actually fairly detailed, yet the court found it did not pass muster.

The court began its analysis by embracing Rule 9(b) of the Federal Rules of Civil Procedure which requires that allegations of fraud must be plead with “particularity.” The court then noted that application of Rule 9(b) to the patent context was controlled by Federal Circuit, not the regional circuits, due to the unique nature of an inequitable conduct charge. Armed with these investigative tools, the judges proceeded to take apart the proposed pleading. First, as to the “who,” the proposed amendment referred generally to “Exergen, its agents, and/or attorneys” and did not name a specific individual associated with the application who both knew of the material information and deliberately withheld or misrepresented it. Second, as to the “what” and “where,” the new claim failed to identify which claims and which limitations in those claims the withheld references were relevant to, and where in those references the material information was found. Finally, the proffered pleading stated generally that the withheld references were material, but did not identify why that information was material and how an examiner would have used the information in assessing the patentability of the claims.

The court acknowledged that allegations of deceptive intent can be plead generally, but emphasized that a pleading must set forth sufficient facts from which deceptive intent can reasonably be inferred. Ultimately, the absence of such facts in the pleading, while fatal in and of themselves, also doomed the proposed amendment because there was not enough upon which to base a specific intent to deceive. The court reminded the bar that these specific requirements were necessary to avoid situations

where “inequitable conduct devolved into a magic incantation to be asserted against every patentee,” leading to wasteful and frivolous litigation.

Our take? Allegations of inequitable conduct – where properly supported – are an important responsive weapon in a defendant’s arsenal, but *pro forma* allegations are a disservice *both* to a lawyer’s role as officer of the court *and* to the ultimate interest of his or her client. In embracing a Rule 9 approach to such allegations, the Federal Circuit reminds the litigants to use an appropriate check list for determining if they have “just the facts,” thus serving both these goals.

Rudyard Kipling – who started off his career as a journalist – penned the following poem regarding his experiences as a newspaper man:

I keep six honest serving-men:
(They taught me all I knew)
Their names are What and Where and When
And How and Why and Who.

Like their journalistic colleagues then, lawyers can now rely upon the five W’s to keep them honest with regard to allegations of inequitable conduct.

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