Saxton Prod. Inc. v. United States Tel. Co. (1974),1 the Southern District of New York asserted that "Fraud in obtaining one patent will not invalidate or render unenforceable another patent in common ownership even where the two patents cover related subject matter, for example, one being generic and the other covering an improvement within the scope of the first." The court did not mention *Keystone Driller* or *Precision Instrument*.

In *A.H. Emery Co. v. Marcan Prod. Corp.* (1968),[2] the Second Circuit affirmed a lower court decision refusing to extend inequitable conduct in the procuring of a patent so as to bar enforcement of a trade secret claim joined with a patent infringement claim.

"Tate's misconduct before the Patent Office in 1957 is only remotely related, if at all, to the defendants' breach of trust in 1960 and subsequent years. '[M]isconduct in the abstract,

[1] 182 USPQ 608, 609 (S.D.N.Y. 1974).
[2] 389 F.2d 11 (2d Cir. 1968), cert. denied, 393 U.S. 835 (1968).

"INFECTIOUS UNENFORCEABILITY": THE EXTENT OR REACH OF INEQUITABLE CONDUCT ON ASSOCIATED PATENTS

Kevin R. Casey*

TABLE OF CONTENTS

* Ratner & Prestia, Valley Forge, Pennsylvania. Former Law Clerk to the Honorable Helen W. Niles. B.S. Materials Engineering and B.S. Mathematics. Rensselaer Polytechnic Institute; M.S.M.E., University of Cincinnati; J.D., University of Illinois.

I. INTRODUCTION

During the prosecution of a patent in the United States Patent and Trademark Office (PTO), an applicant commits and omits a variety of acts. The commission or omission of certain acts may constitute fraud or inequitable conduct on that Office.[1] Courts refuse to enforce those "tainted" patents issued on applications obtained by inequitable conduct.[2] Thus, courts deny relief when a patentee asserts infringement of a tainted patent.[3]

---

[1] The United States Court of Appeals for the Federal Circuit, which has exclusive jurisdiction over all appeals from judgments in civil actions for patent infringement. 28 U.S.C. § 1292(c)(2) (1982), has distinguished fraud from inequitable conduct. "[C]onduct before the PTO which may render a patent unenforceable is broader than the common law tort of fraud." *Argus Chem. Corp. v. Fibre Glass-Evercoat Co.*, 759 F.2d 10, 14, 225 USPQ 1100, 1103 (Fed. Cir.), *cert. denied*, 474 U.S. 903 (1985). *See also J.P. Stevens & Co. v. Lex Tex. Ltd.*, 747 F.2d 1553, 1559, 223 USPQ 1089, 1092 (Fed. Cir. 1984) (the court adopted the terminology "inequitable conduct" to identify a breach of the duty of candor that a patent applicant owes the PTO and to distinguish such malfeasance from common law fraud), *cert. denied*, 474 U.S. 822 (1985).
That distinction is important. Thus, for example, the subjective good faith of the party charged with fraud is always a complete defense to fraud. an intentional tort; it does not necessarily negate, however, a charge of inequitable conduct. *Argus Chem.* at 14-15, 225 USPQ at 1103; *see infra* n.41 (possible "cure" of inequitable conduct). On appeal following remand, in *Argus Chem. Corp. v. Fibre Glass-Evercoat Co.*, 812 F.2d 1381, 1386-87, 1 USPQ2d 1971, 1975-76 (Fed. Cir. 1987) (Nies, J., filing additional views), Judge Nies summarized the Federal Circuit's distinction between fraud and inequitable conduct:

> [O]ur cases reflect three standards for judging the misconduct by a patentee dependent upon the extent of relief which the opposing litigant seeks: (1) misconduct which makes a patent unenforceable (which we have termed "inequitable conduct"); (2) misconduct which is sufficient to make a case "exceptional" under 35 U.S.C. § 285 so as to warrant, in the discretion of the trial judge, an award of attorney fees, and (3) misconduct which rises to the level of common law fraud and which will support an antitrust claim. As a litigant moves from a purely defensive position, to a recoupment request, to an affirmative claim for damages. it is reasonable to impose more stringent requirements.

Id. at 1387, 1 USPQ2d at 1976. This Article will use the term "inequitable conduct" to identify only a breach of the duty of candor that a patent applicant owes the PTO and to exclude the more egregious. intentional conduct that constitutes fraud or unconscionable conduct. For a detailed analysis of Federal Circuit decisions on fraud and inequitable conduct, *see* Adamo & Ducatman, *The Status of the Rules of Prohibited Conduct before the Office: "Violation of the Duty of Disclosure" out of "Inequitable Conduct" "by "Fraud,"* 68 J. Pat. & Trademark Off. Soc'y 193 (1986).

[2] In the language of the courts, inequitable conduct may "taint" a patent:

> The gravamen of the fraud defense is that the patentee has failed to discharge his duty of dealing with the examiner in a manner free from the 'taint of fraud or other inequitable conduct.' If such conduct is established in connection with the prosecution of a patent, the fact that the lack of candor did not directly affect all the claims in the patent has never been the governing principle. It is the inequitable conduct that generates the unenforceability of the patent. . . .

J.P Steven, 747 F.2d at 1561, 223 USPQ at 1094 (*citing Gemveto Jewelry Co. v. Lambert Bros., Inc.*, 542 F.Supp. 933, 943, 216 USPQ 976, 984 (S.D.N.Y. 1982)). *See also SSIH Equip. S.A. v. United States Int'l Trade Comm'n*, 718 F.2d 365, 378, 218 USPQ 678. 689 (Fed. Cir. 1983) ("SSIH asserts that one or more of the other patents originally asserted by S-W were 'procured through inequitable conduct' and that such activity also taints the '762 patent and renders it wholly unenforceable . . .").

[3] *See, e.g., Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 2 USPQ2d 2015 (Fed. Cir. 1987) (counterclaim for infringement denied when patent held unenforceable for inequitable conduct); *A.B. Dick Co. v. Burroughs Corp.*, 798 F.2d 1392, 230 USPQ 849 (Fed. Cir. 1986) (in an infringement action, patent claims are unenforceable due to patentee's inequitable conduct in the prosecution of his patent).

A plaintiff sometimes asserts infringement of several patents in the same lawsuit. The asserted patents are often associated, usually covering similar subject matter.[4] Because the several patents are separate and distinct, however, inequitable conduct may exist only during the prosecution of one of those patents. The other, associated patents may be free of any inequitable conduct. If only one patent of several patents asserted in patent infringement litigation suffers from the taint of inequitable conduct during patent prosecution, that conduct will not render associated patents asserted in the same litigation tainted and unenforceable.

In contrast, a plaintiff's conduct before a court or another adjudicative body may be sufficiently egregious to render all associated patents-in-suit unenforceable under the doctrine of unclean hands.[5] Courts also hold that inequitable conduct affecting one claim precludes enforcement of the entire patent and that inequitable conduct affecting a parent application precludes enforcement of genealogically related patents.

A problem arises because the courts have confused, and continue to confuse, the doctrines of inequitable conduct and of unclean hands. That confusion has caused, and will continue to cause, courts to err when they resolve the question of whether egregious conduct affecting one patent renders unenforceable associated patents which are themselves untainted by misconduct. This Article counsels courts to avoid such error by separating the doctrines of inequitable conduct and unclean hands in careful analyses. Accordingly, the answer to the question presented, whether misconduct directly tainting one patent will taint associated patents asserted in the same infringement action, depends upon which doctrine applies. The answer depends, therefore, upon when and before which body the misconduct occurred.

II. ANALYSIS

A. Background: Historical Confusion

A patent applicant owes the PTO an uncompromising duty of candor and full disclosure during the prosecution of a patent.[6] A violation of that duty, set forth in the Code of Federal

---

[4] Distinguish patents "associated," for example, by subject matter, common inventorship, common ownership, or incorporation by reference in a later patent of an earlier patent's teaching, from genealogically related patents (such as reissue patents and patents based on continuation, continuation-in-part, and divisional applications), which have a common application. *See infra* text accompanying notes 66 to 68.

[5] Various bodies may adjudicate patent rights. They include courts, commissions, and administrative agencies. The Federal Circuit Court of Appeals has exclusive jurisdiction under 28 U.S.C. § 1292(c)(2) (1982), for example, over all appeals from judgments in civil actions for patent infringement. The United States International Trade Commission, *see, e.g., Tandon Corp. v. United States Int'l Trade Comm'n*, 831 F.2d 1017, 4 USPQ2d 1283 (Fed. Cir. 1987) (affirming ITC's determination of noninfringement), and the PTO, an agency of the Department of Commerce, *see, e.g., Nashef v. Pollock*, 4 USPQ2d 1631 (Bd. Pat. App. & Int. 1987) (awarding priority of invention to senior party in interference action), also adjudicate patent rights. Any of these bodies may apply the doctrine of unclean hands when misconduct occurs before that body. *See, e.g., Texas Instruments, Inc. v. United States Int'l Trade Comm'n*, 10 USPQ2d 1257, 1259 (Fed. Cir. 1989) (reviewing case in which ITC had held patent unenforceable for misconduct before the ITC). Nevertheless, in the interests of simplicity and conservation of language, this article will discuss the doctrine of unclean hands in terms of the "courts," intending to include the other bodies which may adjudicate patent rights.

[6] The United States Supreme Court has stated the following high standard of conduct required of persons prosecuting patent applications before the PTO:

Regulations,[7] constitutes inequitable conduct for which courts must hold the affected patent unenforceable.[8] Inequitable conduct encompasses omission, such as the failure to disclose material information, as well as commission, such as perjury.[9]

A patentee, like any other litigant, also owes an uncompromising duty to the court hearing a claim for patent infringement. That duty requires the patentee-litigant to report all facts concerning possible inequitableness underlying the patents at issue to the court.[10] That duty also imposes, of course, an obligation to avoid misconduct before the court which would be considered unconscionable. Courts often enforce that duty under the traditional doctrine of unclean hands,[11] refusing to hear the litigant's case when it has breached its duty.[12]

> Those who have applications pending with the Patent Office or who are parties to Patent Office proceedings have an *uncompromising duty* to report to it all facts concerning possible fraud or inequitableness underlying applications in issue. * * * * Public interest demands that all facts relevant to such matters be submitted formally or informally to the Patent Office, which can then pass upon the sufficiency of the evidence. Only in this way can that agency act to safeguard the public in the first instance against fraudulent patent monopolies.

Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., 324 U.S. 806, 818, 65 USPQ 133, 139 (1945) (emphasis added). *See also Kingsland v. Dorsey*, 338 U.S. 318, 324, 83 USPQ 330, 330 (1949); *A.B. Dick Co.*, 798 F2d at 1396, 230 USPQ at 853.

7 The pertinent regulation states:

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

37 C.FR. § 1.56(a) (1988). Note that the PTO recently proposed a change in the regulation. *See* 37 Pat. Trademark & Copyright J. 517, 533 (Mar. 23, 1989).

8 *J.P. Stevens*, 747 F.2d at 1560, 223 USPQ2d at 1092-93 ("If the court reaches that conclusion [that inequitable conduct has occurred], it *must* hold the patent claims at issue are unenforceable.") (emphasis added).

9 *Id.* at 1559, 223 USPQ at 1092. The PTO lists exemplary grounds upon which courts have found inequitable conduct. These grounds include: (1) nondisclosure of prior public use and sale, of anticipatory prior art, and of Section 103 prior art; (2) disclosure of information in an inadequate manner; and (3) misrepresentation of prior art or other information in the patent application, oath or declaration, or patent specification. *See* United States Patent & Trademark Office, Manual of Patent Examining Procedure § 2011 (5th ed. 1983 & 1987 rev. 6) [hereinafter referred to as MPEP]. The MPEP has no binding force on the courts, but it commands notice as an official interpretation of statutes and regulations with which it does not conflict. Patent attorneys and examiners commonly rely on the MPEP as a guide in procedural matters. *Litton Sys., Inc. v. Whirlpool Corp.*, 728 F.2d 1423, 1439, 221 USPQ 97, 107 (Fed. Cir. 1984).

10 *Precision Instrument*, 324 U.S. at 818, 65 USPQ at 139.

11 As a matter of public policy, courts refuse equitable relief to a plaintiff who has acted in bad faith when the improper action relates to the subject matter of the litigation. The basis for that judicial attitude is the maxim that "he who comes into equity must enter with clean hands," or the clean hands doctrine. Thus, when a plaintiff's activity transgresses general equitable standards of conduct, courts refuse to even hear the merits of the plaintiff's case. *Id.* at 818-19, 65 USPQ at 139. *See generally* 11 C. Wright & A. Miller, Federal Practice & Procedure: Civil § 2946 (1973).

12 *Precision Instrument*, 324 U.S. at 818-19, 65 USPQ at 139.

When considering the question presented, whether misconduct affecting one patent will taint associated patents asserted in the same infringement action, courts have merged and confused the duty that an applicant owes the PTO during prosecution of a patent application and the duty that a litigant owes the court hearing its claim based on the patent issued on that application. Thus, courts have decided whether the misconduct applicable to one patent taints associated patents-in-suit using two doctrines: unenforceability for breach of a duty of candor owed the PTO and unenforceability for unclean hands.[13] The United States Court of Appeals for the Federal Circuit has addressed the question directly only once, in *SSIH Equipment, S.A. v. United States International Trade Commission*,[14] and it failed to separate the doctrines in that case.

In fact, despite its goal of clarifying the patent law,[15] the Federal Circuit has used language perpetuating the confusion even in cases which have not directly considered the question presented. The court discussed 35 U.S.C. § 282 (1982), which codifies inequitable conduct as a defense to a patent infringement suit, in *J.P. Stevens & Company, Inc. v. Lex Tex, Ltd.*[16] That discussion merged the doctrine of unenforceability and the doctrine of unclean hands:

> Because at the time the Patent Act was enacted Supreme Court cases had treated inequitable conduct as an "unclean hands" type defense, *see, e.g., Precision Instrument, cf., Driscoll v. Cebalo*, 731 F.2d at 884, 221 USPQ at 750-51, the defense fits best in the "unenforceability" phrase of paragraph (1) [of 35 U.S.C. § 282].[17]

Thus, the court merged the duty that an applicant owes the PTO and the duty that a litigant owes the court.[18] When it considered the question presented, in *SSIH Equipment*, the court had also

---

[13] *Compare Armour & Co. v. Wilson & Co.*, 168 F Supp. 353,119 USPQ 365 (N.D. Ill. 1958), *aff'd in part & rev'd in part*, 274 F.2d 143, 124 USPQ 115 (7th Cir. 1960), with *Keystone Driller Co. v. General Excavator Co.*, 290 U.S. 240, 19 USPQ 228 (1933). *See also infra* text accompanying notes 20 to 58.

[14] 718 F.2d 365, 218 USPQ 678 (Fed. Cir. 1983).

[15] Congress created the Federal Circuit in 1982. *See* Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25, 37 (codified at 28 U.S.C. § 1295(a) (1982)). By that Act, Congress unquestionably sought to unify and clarify patent law. Markey, *The Court of Appeals for the Federal Circuit - Challenge and Opportunity*, 15 Intell. Prop. L. Rev. 3, 5 (1983).

[16] 747 F.2d at 1561, 223 USPQ at 1093.

[17] *Id.*

[18] The Federal Circuit continued to merge the distinct duties in *Demaco Corp. v. F. Von Langsdorff Licensing Ltd.*, 851 F.2d 1387, 1394, 7 USPQ2d 1222, 1228 (Fed. Cir. 1988) ("concept of inequitable conduct in patent procurement derives from the equitable doctrine of unclean hands"); *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212, 2 USPQ2d 2015, 2018 (Fed. Cir. 1987) ("inequitable conduct" is derived from the doctrine of unclean hands); *Driscoll v. Cebalo*, 731 F2d 878, 884, 221 USPQ 745, 750-51 (Fed. Cir. 1984) ("regulation 1.56(d) . . . essentially represents a codification of the "clean hands" maxim as applied to patent applicants"). The PTO, *see* 1095 *Official Gazette of the United States Patent & Trademark Office* 16, 16 (Oct. 11, 1988) [hereinafter *Official Gazette*] (incorrectly stating "inequitable conduct is not set by statute as a criteria for patentability but rather is a judicial application of the doctrine of unclean hands"), and district courts, *see Cosden Oil & Chem. Co. v. American Hoechst Corp.*, 54 F. Supp. 522, 548, 214 USPQ 244, 265 (D. Del. 1982) (equating inequitable conduct and unclean hands doctrines), have followed the Federal Circuit's lead. The root of the confusion is *Precision Instruments*, in which the Supreme Court merged the doctrine of unenforceability and the doctrine of unclean hands as applied to patent litigation. *See also* S. Symons,

merged the separate duties and their consequent doctrines.[19] This analysis separates the two doctrines in resolving the question of whether misconduct applicable to one patent taints associated patents-in-suit.

B. The Theory of "Infectious Unenforceability"

1. Defining the Theory

This analysis adopts the term "infectious unenforceability" to define the holding reached by some courts applying the doctrine of inequitable conduct to resolve the question presented. Applying the doctrine of unenforceability for breach of a duty of candor owed the PTO, these courts held that if a single patent-in-suit were tainted by inequitable conduct then that conduct "infected" associated patents-in-suit and rendered them also unenforceable. The United States District Court for the Northern District of Illinois is one court, in *Armour & Co. v. Wilson & Co.*,[20] that reached a holding of infectious unenforceability.

In *Armour*, the plaintiff asserted infringement of two, associated patents. The first patent (Thompson) described and claimed the use of the hormone ACTH with gelatin; the second patent (Bunding) disclosed a method of purifying ACTH. Although the two patents issued to separate inventors, the plaintiff acquired both patents and brought an infringement suit.

The district court found that Thompson obtained his patent by furnishing false and misleading information to the PTO, knowing the information to be false and misleading.[21] The

---

Pomeroy's Equity Jurisprudence § 398 (5th ed. 1941); J. Story, Equity Jurisprudence § 697 (12th ed. 1877) (both treatises group inequitable conduct under the discussion of unclean hands). Such confusion is fostered by the common basis for the doctrines: the same misconduct might be grounds to invoke either doctrine. *See infra* text accompanying notes 80 to 82. Merger upon such a common basis, however, ignores the separate duties owed.

Although the courts have not articulated it, the presumption of validity accorded patents during litigation following issuance by the PTO, under 35 U.S.C. § 282 (1982), *indirectly* supports a merger of the doctrines. An applicant's misconduct before the PTO, which causes the PTO to issue a "valid" patent, indirectly misleads the court to-the extent it applies the presumption. Breach of the duty owed the PTO, therefore, arguably constitutes simultaneous breach of the duty owed the court. The indirect effect is too tenuous, however, to warrant merger of the separate doctrines.

Confusion is also fostered because the courts and the PTO have (properly) applied the same standard of proof of inequitable conduct. *See, e.g., Driscoll*, 731 F.2d at 884, 221 USPQ at 750. That source of confusion is removed by the PTO's recent decision that it will no longer comment upon duty of disclosure issues. *Official Gazette* at 16. Moreover, identical standards of proof (clear, unequivocal, and convincing evidence) for the failure to comply with the duty of candor owed the PTO should not require a merger of the two doctrines, which enforce separate duties. "The ex pane 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 panes proceedings." *Norton v. Curtiss*, 433 F.2d 779, 793-94, 167 USPQ 532, 544 (CCPA 1970).

[19] *SSIH Equip.*, 718 F.2d at 378, 218 USPQ at 689.

[20] 168 F. Supp. 353, 119 USPQ 365 (N.D. Ill. 1958), *aff'd in part & rev 'd in part*, 274 F.2d 143, 124 USPQ 115 (7th Cir. 1960); *see also, Consolidated Aluminum Corp. v. foseco Int'l Ltd.*, 11 USPQ2d 1817,1825-30 (N.D. Ill. 1989).

[21] *Armour*, 168 F. Supp. at 358, 119 USPQ at 369.

court then correctly refused to enforce that patent.[22] In addressing the enforceability of the Bunding patent, the court stated:

> The Bunding patent is unenforceable against defendant because plaintiff did not come with clean hands in respect of any cause of action in this case in view of the mispropriety of the prosecution of the Thompson patent in the Patent Office. *Keystone Driller Co. v. General Excavator Co.*, 1933, 290 U.S. 240, 247, 54 S.Ct. 146, 78 L.Ed. 293, 297-298.[23]

The court asserted "unclean hands" as the basis for holding the associated Bunding patent unenforceable. It was actually applying, however, the doctrine of unenforceability for breach of a duty of candor owed the PTO to support a holding of infectious unenforceability.[24] As noted, courts historically merged and confused the doctrine of inequitable conduct and the doctrine of unclean hands.

2. The Federal Circuit's View of "Infectious Unenforceability"

The Federal Circuit overruled the infectious unenforceability holding, of courts like the *Armour* district court, in *SSIH Equipment*.[25] SSIH appealed an order of the United States International Trade Commission determining that SSIH had imported products infringing several, associated Stewart-Warner (S-W) patents. SSIH asserted that S-W had obtained one or more of its patents through inequitable conduct. One SW patent, the '762 patent, was not included in that assertion. *Citing Keystone Driller Co. v. General Excavator Co.*,[26] SSIH claimed the inequitable conduct infected the '762 patent and rendered it unenforceable.[27]

The court responded to SSIH's claim of infectious unenforceability by rejecting the claim unequivocally:

> The "inequitable conduct" is said to arise from a failure on the part of S-W to inform the patent examiner of certain acts alleged to constitute a possible on-sale bar under 35 U.S.C. § 102(b) to all but the '762 patent. This inequitable conduct is not said to have occurred in connection with procurement of the '762 patent. Rather, SSIH relies solely on the supposition that all of the patents are so interrelated that S-W's "unclean hands" with respect to the later patents renders the '762 patent unenforceable. We reject this contention as a matter of law.[28]

Thus, a breach of the duty of candor owed the PTO affecting one patent will *not* render an associated patent-in-suit unenforceable.

---

22 *Id.* at 359, 119 USPQ at 370.
23 *Id.* at 363, 119 USPQ at 373.
24 The Seventh Circuit Court of Appeals reversed the district court's holding because it found the Thompson patent untainted by inequitable conduct. *Armour*, 274 F.2d at 148, 124 USPQ at 119.
25 718 F.2d 365, 218 USPQ 678 (Fed. Cir. 1983).
26 290 U.S. at 245-47, 19 USPQ at 230-31.
27 *SSIH Equip.*, 718 F.2d at 378, 218 USPQ at 689.
28 *Id.* (footnote omitted).

The Federal Circuit implicitly reaffirmed that holding in *Trans-World Manufacturing Corp. v. Al Nyman & Sons, Inc.*,[29] Trans-World claimed infringement of two design patents ('497 and '099) directed to eyeglass display racks. Nyman responded that one patent was unenforceable because Trans-World committed inequitable conduct in the PTO. The court stated:

> In view of our conclusion that the district court justifiably upheld the jury determination that the '497 patent is invalid for obviousness, we find it unnecessary to consider the alternative ground upon which the jury and the district court invalidated the patent: that Trans-World intended to deceive the Patent and Trademark Office or was grossly negligent when it failed to disclose the Pennsylvania Optical display to that Office during the prosecution of the '497 application.[30]

Because the court held the '099 patent valid and infringed, that statement would not be true if infectious unenforceability were applicable. The '099 patent would be unenforceable if inequitable conduct in procuring the '497 patent infected the '099 patent.

The Federal Circuit's unequivocal negation of the infectious unenforceability theory finds support in earlier federal case law.[31] The Third Circuit Court of Appeals stated, for example, in dicta:

> The district court's decision to dismiss DeLong's claims as to the Lucas patent because of the alleged fraud in obtaining the Slemmons patent rested on its perception of the relationship between the two patents. The court noted that "[b]oth patents are for gripping devices" whose "function is essentially the same," i.e., the raising and lowering of marine platforms. In light of our disposition of the case, we need not decide whether the relationship between the two patents is sufficient to merit the application of the "unclean hands" doctrine. We note, however, *the relevant relationship is not between the two patents but between the misconduct and the particular patent*. Thus, "misconduct in the abstract, unrelated to [the] claim [to] which it is asserted as a defense, does not constitute unclean hands."[32]

---

[29] 750 F.2d 1552, 224 USPQ 259 (Fed. Cir. 1984). *See also FMC Corp. v. Hennessy Indus., Inc.*, 836 F.2d 521, 524, 5 USPQ2d 1272, 1274 (Fed. Cir. 1987) (accused infringer may not rely on patentee's alleged "consistent practice" of inequitable conduct in procuring patents "to invoke an unclean hands defense to the entire judicial proceeding"; patentee's conduct concerning unasserted patent irrelevant).

[30] *Trans-World*, 750 F2d at 1561, 224 USPQ at 264.

[31] Moreover, as nearly as can be determined, the Federal Circuit's view has been followed uniformly. *See Proctor & Gamble Co. v. Nabisco Brands, Inc.*, 697 F. Supp. 1360,1362-66, 9 USPQ2d 1985, 1987-90 (D. Del. 1988) (inequitable conduct during prosecution of separate patent does not taint patents whose applications unconnected beyond common inventors or subject matter); *Boots Laboratories, Inc. v. Burroughs Wellcome Co.*, 223 USPQ 840, 849-50 (E.D. Va. 1984) ("causal connection," whereby validity of later patent depends upon validity of earlier, required before court will hold later patent unenforceable because prior patent was obtained through inequitable conduct).

[32] *DeLong Corp. v. Raymond Int'l, Inc.*, 622 F.2d 1135, 1146 n.10, 206 USPQ 97, 106 n.10 (3d Cir. 1980)

The United States Courts of Appeals for the Ninth and Sixth Circuits have agreed.[33] Accordingly, the theory of infectious unenforceability is no longer a viable grounds for holding an associated patent, untainted by inequitable conduct itself, unenforceable.

C. The Doctrine of Unclean Hands

1. Defining the Doctrine

Many of the cases addressing the doctrine of infectious unenforceability have done so using the language of "unclean hands."[34] That language merges and confuses the separate duties owed the PTO during prosecution and the court hearing a claim. Courts enforce the latter duty under the traditional doctrine of unclean hands.

The unclean hands doctrine in substance provides that a litigant cannot obtain affirmative relief in an action involving a transaction in which that litigant, itself, has been guilty of egregious conduct. Judge Learned Hand stated the doctrine:

> The doctrine [of unclean hands] is confessedly derived from the unwillingness of a court, originally and still nominally one of conscience, to give its peculiar relief to a suitor who in the very controversy has so conducted himself as to shock the moral sensibilities of the judge. It has nothing to do with the rights or liabilities of the parties; indeed the defendant who invokes it need not be damaged, and the court may even raise it sua sponte.[35]

The courts apply the doctrine primarily to protect their own integrity and not as a defense for the defendant.[36] Therefore, the courts apply the doctrine in their complete discretion.[37]

(emphasis added).

[33] In the Ninth Circuit's words:

> Since the trial court's application of the *unclean hands doctrine* was premised on the fraud finding with respect to the "703" patent, it is necessary to reverse the trial court's ruling on that doctrine as well. The trial court concluded that the fraud found in the "703" patent dictated invalidity not only for the "703" patent, but also for the "038," "876," and "830" patents. A comparison of the facts of this case with the cases cited by the trial judge for the proposition that fraud in connection with one patent may invalidate other patents sought to be enforced by the perpetrator of the fraud demonstrates that reversal of the bar to the "038," "876," and "830" patents on the basis of the unclean hands doctrine is proper.

Carpet Seaming Tape Licensing Corp. v. Best Seam, Inc., 616 F.2d 1133, 1140, 206 USPQ 213, 220 (9th Cir. 1980). *See also Noll v. O .M. Scott & Sons Co.*, 467 F.2d 295,302-03 & n.6, 175 USPQ 392, 398 & n.6 (6th Cir. 1972) (even if representations made to PTO were false, "such conduct could only invalidate the patents in whose application the assertions were made"), *cert. denied*, 411 U.S. 965 (1973); *Saxton Prods., Inc. v. United States Tel. Co.*, 182 USPQ 608, 609 (S.D.N.Y. 1974) ("Fraud in obtaining one patent will not invalidate or render unenforceable another patent in common ownership even where the two patents cover related subject matter.").

[34] *See supra* text accompanying notes 23-24.

[35] *Art Metal Works. Inc. v. Abraham & Strauss, Inc.*, 70 F.2d 641, 646 (2d Cir.1934) (Hand, J., dissenting).

[36] *Hall v. Wright*, 240 F.2d 787, 795, 112 USPQ 210, 215 (9th Cir. 1957).

[37] *See Precision Instrument*, 324 U.S. 806, 65 USPQ 133; *Keystone Driller*, 290 U.S. 240, 19 USPQ 228.

When they apply the unclean hands doctrine, courts may refuse to even hear the case.[38] Public policy demands that courts deny a litigant, who engaged in misconduct bearing an immediate relation to the subject matter of the suit, access to their services.[39] The doctrine is not, however, a "defense" available to a litigant.[40] Thus, the contention of a party, whose conduct is sufficiently egregious as to constitute unclean hands, that the court should enforce patents untainted by its misconduct, because they are not subject to the defense of unclean hands, is without merit. The court may properly dismiss the entire case and find all patents, tainted or not, asserted by the party unenforceable.[41]

2. The Doctrine of Unclean Hands in Patent Cases

Conduct which will render a party's hands unclean and deny it access to a court must be unconscionable and willful.[42] Several patent cases define the types of conduct that courts find reach that standard. Courts in these cases hold conduct which deceives the court conducting an

---

38 *Gaudiosi v. Mellon*, 269 F.2d 873, 882 (3d Cir.), *cert. denied*, 361 U.S. 902 (1959).

39 *Northeast Women's Center, Inc. v. McMonagle*, 868 F.2d 1342, 1354 (3d Cir. 1989); 11 C. Wright & A. Miller, *supra* note 11, § 2946 at 411.

40 *McMonagle*, 868 F.2d at 1354; *Gaudiosi*, 269 F.2d at 882.

41 What future effect does a holding of inequitable conduct or unclean hands have? Apparently, a party may "cure" inequitable conduct during prosecution, thus rendering the later-issued patent enforceable. *See Rohm & Haas Co. v. Crystal Chem. Co.*, 722 F.2d 1556, 1571-72, 220 USPQ 289, 301 (Fed. Cir. 1983); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1550 n.1, 220 USPQ 193, 200 n.1 (Fed. Cir. 1983). It is unclear whether a party may rescue a patent procured through inequitable conduct once that patent issues, at which point the PTO loses all jurisdiction, *Oetiker v. Jurid Werke GMBH*, 671 F.2d 596, 600,215 USPQ 21, 24 (D.C. Cir. 1982) (Markey, J., sitting by designation). *See Hewlett-Packard Co. v. Bausch & Lomb, Inc.*, 11 USPQ2d 1750, 1756 n.7 (Fed. Cir. 1989) (patent cannot be rehabilitated through reissue proceedings). Clearly, once a court has held the patent unenforceable, it cannot be cured. *See In re Clark*, 522 F.2d 623, 628, 187 USPQ 209, 213 (CCPA 1975) (the attempt at cure "comes too late"); *Connell*, 727 F.2d at 1550 n.1, 220 USPQ at 200 n.1 ("Fraud on the PTO may result in a holding of invalidity, the equivalent of permanent nonenforceability "). The courts have not decided, however, whether cure is possible before such a holding. *In re Clark*, at 627 n.4, 187 USPQ at 213 n.4 ("we do not decide" the issue); *Connell*, at 1550 n.1, 220 USPQ at 200 n.1 (when "nonenforceability rests on misrepresentation and failure to disclose to the PTO, [that is] conduct incurable with respect to the claims as presently drawn") (emphasis added).
When a court holds all asserted patents unenforceable under the unclean hands doctrine, may the party asserting those patents which are untainted by misconduct later reassert them? Put another way, may that party cure the conduct causing its hands to be unclean? It would seem draconian to suggest not, and the courts have allowed cure of conduct which, at one time, might have precluded relief. *See, e.g, General Elec. Co. v. Hess Bros., Inc.*, 155 F Supp. 57, 64 (E.D. Pa. 1957) (clean hands doctrine limited such that "party purging his conduct as far as possible has obtained relief"); *cf Novadel-Agene Corp. v. Penn*, 119 F.2d 764, 767, 49 USPQ 520, 523 (5th Cir.) (patent misuse a form of unclean hands doctrine subject to cure), *cert. denied*, 314 U.S. 645 (1941).

42 *McMonagle*, 868 F.2d at 1354 (requiring "unconscionable" misconduct); *Pfizer, Inc. v. International Rectifier Corp.*, 538 F.2d 180, 195, 190 USPQ 273,286 (8th Cir. 1976) ("Such extreme sanction [refusal to enforce a patent], predicated upon the unclean hands doctrine, also requires a showing of fault, willfulness or bad faith . . ."), *cert. denied*, 429 U.S. 1040 (1977); *New York Football Giants, Inc. v. Los Angeles Chargers Football Club, Inc.*, 291 F.2d 471, 474 (5th Cir. 1961) ("devious and deceitful conduct"); *Pierce v. Apple Valley, Inc.*, 597 F Supp. 1480, 1485 (S.D. Ohio 1984) ("unclean hands on the part of a plaintiff will bar equitable relief only if the plaintiff has engaged in bad faith or unconscionable conduct"); *Green v. Higgins*, 217 Kan. 217, 222, 535 P.2d 446, 449 (1975) ("Conduct which will render a party's hands unclean so as to deny him access to a court of equity must be willful conduct which is fraudulent, illegal or unconscionable."); 11 C. Wright & A. Miller, *supra* note 11, § 2946 at 411 (1973 & 1986 Supp.) (bad faith).

infringement investigation sufficient to create unclean hands and warrant dismissal. In these cases, dismissal ends the entire case – including claims based on untainted patents.

Two United States Supreme Court decisions provide the guidelines for applying the doctrine of unclean hands in patent cases. In *Keystone Driller*,[43] the earlier of the two cases, the plaintiff owned five patents. These patents included one basic patent and four improvement, but separate, patents. Before one of the improvement patents issued, plaintiff became aware of a prior use that might invalidate that patent. Plaintiff concealed that prior use from the PTO and obtained a patent.

The conduct which the court found sufficiently egregious to constitute unclean hands, however, occurred after the patent issued as plaintiff contemplated an infringement suit asserting the five patents. Plaintiff arranged a pay-off agreement to suppress the relevant evidence of prior use.[44] The Supreme Court found that corrupt transaction, which kept evidence of such use from the trial court, sufficiently egregious to constitute unclean hands. Thus, the Court precluded relief under any of plaintiffs five patents.

The Supreme Court again applied the unclean hands doctrine to a patent case in *Precision Instrument*.[45] Two patent applications were the subject of a PTO interference proceeding to determine priority of invention.[46] Plaintiff was the assignee of one of those applications, that of Zimmerman. During the proceeding, Larson lied to antedate the Zimmerman application and obtain a patent for his – the second – application. Plaintiff discovered the perjury but did not disclose it to the PTO; instead, plaintiff entered an agreement whereby Larson assigned his patent to plaintiff.

Absent proof of the perjury, the PTO issued both applications as patents. Plaintiff, as assignee, then sued for infringement of both patents. The court dismissed the entire action without any inquiry into the validity of the Zimmerman patent, which was untainted by the perjury during prosecution. *Citing* "[t]he public policy against the assertion and enforcement of

---

[43] 290 U.S. 240, 19 USPQ 228 (1933).

[44] *Id.* at 243, 19 USPQ at 229.

[45] 324 U.S. 806, 65 USPQ 133 (1945).

[46] The Code of Federal Regulations defines an "interference proceeding" as:

> An "interference" is a proceeding instituted in the Patent and Trademark Office before the Board to determine any question of patentability and priority of invention between two or more parties claiming the same patentable invention. An interference may be declared between two or more pending applications naming different inventors when, in the opinion of an examiner, the applications contain claims for the same patentable invention. An interference may be declared between one or more pending applications and one or more unexpired patents naming different inventors when, in the opinion of an examiner, any application and any unexpired patent contain claims for the same patentable invention.

37 C.F.R. § 1.601(i) (1988). *See also* 35 U.S.C. § 135 (1982). When an interference proceeding occurs, the PTO suspends *ex parte* prosecution of any application involved in the interference. 37 C.F.R. § 1.615. The proceeding is like a trial, and the parties may (1) file motions, conduct discovery, and take testimony, *id.* § 1.651; (2) provide a record and an index of exhibits, *id.* § 1.653; (3) submit briefs for a final hearing, *id.* § 1.656; (4) participate in a final hearing, *id.* § 1.654; and (5) appeal, 35 U.S.C. § 141, or seek other review, 35 U.S.C. § 146, of the final decision of the Board.

patent claims infected with fraud and perjury,"[47] the Court found unclean hands sufficient to deny plaintiff access to any judicial relief. Thus, perjury during an *inter partes* PTO proceeding constitutes conduct which renders a party's hands unclean.

In *Pfizer, Inc. v. International Rectifier Corp.*,[48] the Eighth Circuit Court of Appeals addressed a trial court's refusal to enforce Pfizer's patent. The lower court found Pfizer guilty of making false statements and recklessly disregarding the truth in pretrial proceedings before it. Consequently, a holding followed that the patent was unenforceable for unclean hands.[49]

The appellate court reversed that holding. In reversing, the court addressed the type of conduct sufficiently egregious to justify refusing to enforce a patent:

> Fraud on the court, though not easily defined, can be characterized as a scheme to interfere with the judicial machinery performing the task of impartial adjudication, as by preventing the opposing party from fairly presenting his case or defense. A finding of fraud on the court is justified only by the most egregious misconduct directed to the court itself, such as bribery of a judge or jury or fabrication of evidence by counsel, and must be supported by clear, unequivocal and convincing evidence.[50]

Pfizer relied on internal memoranda, discussing interviews with the Patent Examiner, to corroborate its claim that it orally disclosed prior art to the Examiner. Defendant moved to discover the memoranda; Pfizer withheld them and maintained that the attorney work product privilege protected the memoranda. Pfizer supported its withholding by misrepresenting, however, that the law firm creating the memoranda had never disclosed them. The appellate court found such conduct insufficient to constitute "unclean hands, justifying refusal to enforce the patent. Such extreme sanction, predicated upon the unclean hands doctrine, also requires a showing of fault, willfulness or bad faith more substantial than presented here."[51]

3. The Federal Circuit's View of Unclean Hands

The Federal Circuit has used language that confusingly merges the doctrines of unenforceability for inequitable conduct and unclean hands.[52] Nevertheless, the court has clearly distinguished the result of cases such as *Keystone Driller*,[53] *Precision Instrument*,[54] and *Pfizer*,[55] which apply the doctrine of unclean hands to patent infringement actions, from the result of cases in which parties seek a complete dismissal relying on inequitable conduct during prosecution of one patent. In *SSIH Equipment*,[56] the inequitable conduct arose from a failure to inform the

---

47 *Precision Instrument*, 324 U.S. at 819, 65 USPQ at 139.
48 538 F.2d 180,190 USPQ 273.
49 *Id.* at 193, 190 USPQ at 284.
50 *Id.* at 195, 190 USPQ at 286 (citations omitted).
51 *Id.*
52 *See supra* text accompanying notes 15-20.
53 290 U.S. 240,19 USPQ 228.
54 324 U.S. 806, 65 USPQ 133.
55 538 F.2d 180, 190 USPQ 273.
56 718 F.2d 365, 218 USPQ 678.

Patent Examiner of acts creating a possible on-sale bar. Although that conduct did not taint one patent ('762), SSIH contended that unclean hands rendered the '762 patent unenforceable. The Federal Circuit rejected that contention as a matter of law.[57]

Citing *Pfizer*, the court went on to state:

> Keystone Driller and its progeny [Pfizer] would deny enforcement of the '762 patent only if S-W were to have committed a fraud on the commission itself Such a situation does not exist here. Therefore, the enforceability of the '762 patent is unaffected.[58]

Thus, a party in an infringement action can successfully render unenforceable, through the doctrine of unclean hands, patents untainted by, but associated with, a patent procured by egregious conduct. The conduct must interfere with the judicial machinery, however, not the patent prosecution only.

D. The Present Role of Infectious Unenforceability

Although the Federal Circuit has rejected the theory of infectious unenforceability with respect to associated patents "as a matter of law,"[59] the result suggested by the theory retains vitality in two situations. First, when inequitable conduct taints a single claim, that taint renders the entire patent unenforceable. Second, if inequitable conduct affects a parent application, then subsequent patents are also unenforceable.

1. Inequitable Conduct Affecting Only One Claim

The Illinois district court, in *East Chicago Machine Tool Corp. v. Stone Container Corp.*,[60] considered inequitable conduct involving only one claim of a patent. Nevertheless, the court found that this taint rendered the other claims of the same patent unenforceable. In 1974, the court held "[t]he law well settled that a fraud in obtaining any claim renders the entire patent invalid."[61] The Seventh Circuit Court of Appeals reached a similar conclusion in the patent infringement suit of *Kearney & Trecker Corp. v. Giddings & Lewis, Inc.*[62]

In *Kearney*, after signing the notice of allowability for plaintiff's original patent, a Primary Examiner retired from the PTO and became a paid consultant for the plaintiff. This former Examiner worked on some of the claims in the reissue patent following the original patent. Finding an inequitable breach of conflict of interest provisions, the court held that "the facts call for nothing less than a complete denial of enforceability of *any* of the claims acquired by reissue."[63]

---

57 *Id.* at 378, 218 USPQ at 689.
58 *Id.* at 379, 218 USPQ at 690 (citation omitted) (emphasis added).
59 *Id.* at 378, 218 USPQ at 689.
60 181 USPQ 744 (N.D. I11. 1974).
61 *Id.* at 748. *See also Carpet Seaming*, 616 F.2d at 1140-41, 206 USPQ at 220.
62 452 F.2d 579 (7th Cir. 1971).
63 *Id.* at 594 (footnote omitted) (emphasis added).

The Federal Circuit has acknowledged that the law is well-settled on this point, stating the principle unequivocally:

> Once a court concludes that inequitable conduct occurred, all the claims - not just the particular claims to which the inequitable conduct is directly connected - are unenforceable. See generally cases collected in 4 Chisum, PATENTS, ¶ 19.03[6] at 19-85 n. 10 (1984). Inequitable conduct "goes to the patent right as a whole, independent of particular claims." In re Clark, 522 F.2d 623, 626, 187 USPQ 209, 212 (CCPA 1975).[64]

Thus, inequitable conduct that taints one claim of a patent "infects" the remaining, but untainted, claims of that patent. The entire patent becomes unenforceable.[65]

2. Inequitable Conduct Affecting Only a Parent Application

The Illinois court's opinion in *East Chicago* also illustrates a decision which reaches the result suggested by the theory of infectious unenforceability when addressing inequitable conduct during prosecution of a parent application only.[66] The plaintiff failed to advise the PTO

---

[64] *J.P. Stevens & Co.*, 747 F.2d at 1561, 223 USPQ at 1093-94. The Federal Circuit recently reaffirmed the principle, as stated in *J.P. Stevens & Co.*: "When a court has finally determined that inequitable conduct occurred in relation to one or more claims during prosecution of the patent application, the entire patent is rendered unenforceable. We, *in banc*, reaffirm that rule as set forth in *J.P. Stevens & Co.*" Kingsdown Medical Consultants, Ltd., v. Hollister, Inc., 863 F.2d 867, 877, 9 USPQ2d 1384, 1392 (Fed. Cir. 1988) (in banc) (citation omitted).

[65] Professor Donald S. Chisum criticizes the "all claims" rule which holds all claims of a tainted patent unenforceable, including those claims unaffected by the inequitable conduct. He states: "The 'all claims' rule cannot be justified. Such a sweeping, *per se* rule of unenforceability lacks proportionality." Chisum, *Patent Law and the Presumption of Moral Regularity: A Critical Review of Recent Federal Circuit Decisions on Inequitable Conduct and Willful Infringement*, 69 J. Pat. & Trademark Off. Soc'y 27, 31 (1987). Although Professor Chisum's view finds support in the case law, *e.g., In re* Multidistrict Litigation Involving Frost Patent, 540 F.2d 601, 611, 191 USPQ 241, 249 (3d Cir. 1976) ("Since the refusal of courts to enforce patents in cases such as this is founded on equitable notions, we possess the equitable discretion to choose whether to deny enforcement to the Frost patent in part or in whole."), it has now been overruled by the Federal Circuit's exclusive authority in the area.

[66] When an applicant files a subsequent patent application (the "child"), before the patenting, abandonment, or termination of proceedings on an earlier-filed application (the "parent") by the same inventor, co-pending applications exist. There are three types of co-pending, genealogically related, applications. First, the child application may disclose and claim only the invention disclosed and claimed in the parent application. Such a child is a continuation application. Second, a continuation-in-part child application includes at least part of the parent application's disclosure and includes subject matter which was not part of that disclosure. Finally, the child application may claim only a portion of the subject matter disclosed in the parent application. This third type of co-pending application is a divisional application. Under 35 U.S.C. § 120 (1982), a child application may receive the benefit of the parent's earlier filing date to the extent new matter is not added. See MPEP § 201.11.

For examples of cases in which courts have used the parent-child terminology, *see* Indiana Gen. Corp. v. Lockheed Aircraft Corp., 408 F.2d 294, 297, 160 USPQ 6,8 (9th Cir. 1968); Chemithon Corp. v. Proctor & Gamble Co., 287 F. Supp. 291, 299,159 USPQ 139, 145 (D. Md. 1968), *aff'd per curiam*, 427 F.2d 893, 165 USPQ 678 (4th Cir.), *cert. denied*, 400 U.S. 925 (1970).

of prior art during the prosecution of its parent application. After that application issued, plaintiff abandoned the patent and filed a continuation application. Plaintiff also had filed two divisional applications before abandoning the parent patent. The PTO issued the continuation and two divisional applications as three patents.

The court held all three patents unenforceable, however, because they "stem[med] from an original application which contained fraudulent claims ultimately allowed."[67] Thus, the court held the patents in suit unenforceable despite the lack of a direct, inequitable taint on the individual patents during their prosecutions. That result is identical to the holding courts would reach if they were to apply a doctrine of infectious unenforceability to genealogically related patents.[68]

III. RECOMMENDATION: THE FEDERAL CIRCUIT MUST SEPARATE THE DOCTRINE OF INEQUITABLE CONDUCT FROM THE DOCTRINE OF UNCLEAN HANDS

The Federal Circuit has reached the "correct" result when it has addressed the issue of infectious unenforceability.[69] That result separates the consequences attributed to egregious conduct depending upon when and before which body the egregious conduct occurred. When the misconduct occurred during patent prosecution before the PTO, the Federal Circuit has only refused to enforce the patent tainted directly. There is no doctrine of infectious unenforceability; the patentee can sue for infringement of associated, but untainted, patents. When the egregious conduct occurs during adversary proceedings before a court,[70] however, the doctrine of unclean hands applies. That doctrine may render the tainted patent, associated but untainted patents, or both types of patents unenforceable.

Despite reaching the correct result, the Federal Circuit has merged and confused the doctrines of inequitable conduct and unclean hands in its reasoning. Such reasoning will foster further confusion in the district courts, thereby undermining the court's goal of clarifying the patent law. Moreover, by invoking faulty reasoning, the court risks reaching an incorrect

---

67 East Chicago, 181 USPQ at 748.

68 See also Boots Laboratories, 223 USPQ at 849-50 (noting inequitable conduct during prosecution of prior patent may render subsequent patent unenforceable if there is a "causal connection between the validity of the two patents"). The federal regulations also state the result outlined in the text. The PTO previously rejected applications when "there was any violation of the duty of disclosure through bad faith or gross negligence ... in connection with any previous application upon which the application relies." 37 C.F.R. § 1.56(d) (1988). See also Hewlett-Packard, 11 USPQ2d at 1756 (inequitable conduct during reissue proceeding renders all claims unenforceable, even those untainted but carried over from genealogical related original application).

69 . For reasons supporting the statement that the Federal Circuit's approach is correct, see infra text, under the heading "The Illusory Dilemma," accompanying notes 80-93.

70 The phrase "before a court" is not intended to restrict misconduct that may invoke the doctrine of unclean hands to conduct occurring in the judicial proceedings themselves, such as perjury. Rather, the phrase includes conduct that has an "immediate and necessary relation" to the subject matter of the litigation and to the relief sought. Keystone Driller, 290 U.S. at 245-16, 19 USPQ at 230. Such misconduct may occur, of course, outside the courtroom.

decision in future cases.[71] To prevent confusion and to assure correct results, the Federal Circuit must separate the doctrine of inequitable conduct from the doctrine of unclean hands.[72]

A. Inequitable Conduct Versus Unclean Hands

By statute, a court must hold that unenforceability of a patent is a defense to a suit alleging patent infringement.[73] The court is without discretion. Case law has established the conduct deemed sufficiently egregious to constitute inequitable conduct and warrant unenforceability. Such conduct requires a threshold degree for the patent prosecutor's intent to deceive: mere gross negligence may suffice.[74] The standard usually applied to determine whether inequitable

---

[71] Research failed to discover a single case in which the Federal Circuit applied the doctrine of unclean hands, as opposed to the doctrine of inequitable conduct, to hold unenforceable, asserted, associated patents. Accordingly, the court's failure to separate the doctrines might prompt it to extend its denial of infectious unenforceability too far: the court might refuse to dismiss an entire case, although misconduct is sufficiently egregious to invoke the doctrine of unclean hands.

Suppose a party asserting infringement of patents A and B commits perjury before the court, lying about what prior art relevant to patent A it has discovered since that patent issued. That conduct directly affects only patent A. If the conduct had occurred before the PTO, it would be labeled "inequitable" and patent A held unenforceable. The court would err by applying that label (with the consequence of holding patent A, but only A, unenforceable) here, however, because the misconduct constitutes a breach of the duty owed the court.

Consider also a "mixed" case in which a party's conduct before the PTO is inequitable during prosecution of patent A, the party ties to the court about prior art relevant to patent B, and the party asserts infringement of patents A, B, and C (untainted). Absent a careful analysis separating the doctrines of inequitable conduct and unclean hands, it would be difficult to reach the appropriate result under such a complicated scenario. Under the analysis suggested herein, patent A would be unenforceable. The misconduct before the court might be sufficiently egregious to render patents B and C also unenforceable under the doctrine of unclean hands. It also might be insufficient to do so. Note, too, that the doctrine of unclean hands is not an "all or nothing" remedy; the misconduct might render only patent B unenforceable, leaving patent C enforceable.

[72] Clarity in this area of the law is especially important because "the habit of charging inequitable conduct in almost every major patent case has become an absolute plague." *Kingsdown Medical*, 863 F.2d at 876 n.15, 9 USPQ2d at 1391-92 n. 15 (quoting Burlington Indus., Inc. v. Dayco Corp., 849 F.2d 1418, 1422, 7 USPQ2d 1158, 1161 (Fed. Cir. 1988)). Moreover, the opportunity is ripe, while the law of inequitable conduct is in flux, *see Kingsdown Medical*, at 876, 9 USPQ2d at 1392 (in banc resolution of conflicting precedent on inequitable conduct); *Official Gazette* at 17 (PTO will no longer comment upon duty of disclosure issues but will propose a new regulation governing that duty), for the court to impart clarity as it proceeds.

[73] 35 U.S.C. § 282 (1982) ("The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded: (1) noninfringement, absence of liability for infringement, or *unenforceability*....") (emphasis added). See also supra note 8 and accompanying text. The statutory requirement remains unchanged, of course, after *Kingsdown Medical*, 863 F.2d at 876, 9 USPQ2d at 1392, which states that the trial court has discretion to decide the equitable issue of inequitable conduct. Distinguish discretion to decide whether inequitable conduct exists from the statutory mandate that the patent be held unenforceable once such conduct is found to exist.

[74] Until recently, Federal Circuit cases suggested that a finding of gross negligence alone *would* warrant a finding of an intent to deceive. *See, e.g.. In re* Jerabek, 789 F.2d 886, 891, 229 USPQ 530, 533 (Fed. Cir. 1986); A.B. Dick, 798 F.2d at 1398, 230 USPQ at 854. In *Kingsdown Medical*, 863 F.2d at 876,9 USPQ2d at 1392, however, the court "adopt[ed] the view that a finding that particular conduct amounts to `gross negligence' does not of itself justify an inference of intent to deceive; the involved conduct, viewed in light of all the evidence, including evidence indicative of good faith, must indicate sufficient culpability to require a finding of intent to deceive.". Although the difference between the conduct required to prove inequitable conduct and that required to prove unclean hands was more pronounced before Kingsdown Medical, that difference remains substantial. Note that even after Kingsdown :Medical, gross negligence alone, under appropriate circumstances (such as an absence of evidence showing good faith), may suffice to support an inference of deceptive intent. See Hewlett-

conduct has occurred is a federal regulation of the PTO.[75] Therefore, the standard should apply only to conduct before the PTO. The doctrine of unclean hands, in contrast, is not a binding rule of law found in statute and regulation, and courts apply the doctrine in their complete discretion.[76] The conduct deemed sufficient to invoke the doctrine of unclean hands is more egregious than the intent standard necessary to find inequitable conduct: courts require unconscionable and willful misconduct.[77] Finally, the standard applied to determine whether a plaintiffs hands are so unclean as to invoke the doctrine is not a PTO standard like that usually applied to determine whether inequitable conduct exists; rather, the standard finds its basis in general principles of equity.[78] Therefore, the unclean hands standard should apply to conduct before any body having the power to grant equitable relief, at any time.[79]

B. The Illusory Dilemma

On first blush, the recommendation that the Federal Circuit separate the doctrine of inequitable conduct from the doctrine of unclean hands appears to create a dilemma.[80] A patent prosecutor may engage in a type of misconduct (e.g., deceit), which a court would deem inequitable, before the PTO during prosecution of a patent. A court asked to enforce that patent would be *required* to hold the patent unenforceable. The court has no discretion once it finds

---

Packard, 1 I USPQ2d at 1755 ("proof of gross negligence may be circumstantial evidence which gives rise to an inference of intent to mislead in some instances").

75 37 C.FR § 1.56(a) (1988). Although the Federal Circuit has recognized four "tests" to determine whether conduct is inequitable, it identified the PTO standard as "the appropriate starting point because it is the broadest and because it most closely aligns with how one ought to conduct business with the PTO." *JP Stevens*, 747 F.2d at 1559, 223 USPQ at 1092. *See also A.B Dick*, 798 F.2d at 1397, 230 USPQ at 853; *In re Jerabek*, 789 F.2d at 890, 229 USPQ at 533. But *see supra* note 7 (the PTO has proposed to revise its standard). Because the Federal Circuit has adopted the standard of Rule 56, which states that gross negligence alone may constitute inequitable conduct (*see supra* note 68), as the starting point for an inequitable conduct analysis, *Kingsdown Medical* must continue to allow gross negligence alone to constitute inequitable conduct - at least absent other evidence.

76 *See supra* note 37.

77 *See supra* note 42.

78 *See, e.g.*, S. Symons, *supra* note 18, § 398, at 92 ("The principle involved in this maxim [of unclean hands] is merely the expression of one of the elementary and fundamental conceptions of equity jurisprudence.") (citations to cases omitted).

79 The unclean hands doctrine in substance precludes a party from affirmative relief in equity asserting a transaction in which the party, itself, was guilty of misconduct. Because the doctrine of unclean hands is an equitable doctrine, a plaintiff denied equitable relief under the doctrine might nevertheless obtain legal relief. Thus, if a plaintiff asserting patent infringement sought only damages, an issue might arise concerning whether the doctrine of unclean hands would apply.

Courts often quote the rule of law stating that a legal remedy survives a rejection of an equitable claim. See Frank & Endicott, *Defenses in Equity and "Legal Rights"*, 14 La. L. Rev. 380, 380-81 (1954), for a collection of cases containing such quotations. The authors surveyed these cases, however, and found that the distinction in law implicit in the quotations was not a distinction in fact. In practice, a plaintiff denied equitable relief under an equitable doctrine such as unclean hands is very unlikely to receive any other relief. Id. *See also* 11 C. Wright & A. Miller, *supra* note 11, § 2946 at 411 n.71.

80 When the Federal Circuit has neglected to separate the doctrines, *see, e.g., J.P. Stevens*, 747 F.2d 1553, 223 USPQ 1089, it has not justified the merger on the dilemma noted in the text.

inequitable conduct.[81] Moreover, there is no doctrine of infectious unenforceability; therefore, the court could not hold associated patents, untainted by the conduct directly, unenforceable.

The same person also may engage in the same type of misconduct, which a court might deem sufficiently egregious to invoke the unclean hands doctrine, before that court. Nevertheless, the court would *not* be required to hold the patent unenforceable. The doctrine of unclean hands applies in the sound discretion of the invoking body. Moreover, the ability to hold associated, untainted patents unenforceable is within the scope of that discretion. Thus, a dilemma exists: the same conduct by the same party may have disparate consequences depending upon when and where the conduct occurs.[82]

That dilemma is illusory, however, when the separate purposes and policy bases, which underlie the separate doctrines of inequitable conduct and unclean hands, are considered.

1. Policy Basis for the Doctrine of Unenforceability

The process of obtaining a patent, or the prosecution of a patent, is an *ex parte* proceeding between the PTO and the patent applicant or the applicant's representative.[83] It is the *ex parte* nature of that proceeding which imposes a high duty of candor on the applicant; the applicant owes the PTO the highest standard of honesty and candor.[84] Commensurate with that high duty of candor is a low level of misconduct which constitutes a breach of the duty. Consequently, the applicant's gross negligence, under appropriate circumstances, may justify a holding of inequitable conduct and unenforceability.[85]

---

[81] The Federal Circuit stated, in *Kingsdown Medical*, 863 F.2d at 876, 9 USPQ2d at 1392, that "the ultimate question of whether inequitable conduct occurred is equitable in nature ... [and is] committed to the discretion of the trial court." (Emphasis added.) Once a court holds that inequitable conduct has occurred, however, it must hold the patent unenforceable - it is without discretion to rule otherwise. See supra notes 8, 73 and accompanying text.

[82] For example, in Atlas Powder Co. v. Ireco Chems., 773 F2d 1230, 1234, 227 USPQ 289, 292-93 (Fed. Cir. 1985), the Federal Circuit refused to hold a patent unenforceable despite the patentee's failure to disclose material information *to the court*, stating:

> In the district court, and in this court, the adversary system of justice prevails and the duty of candor is a very different thing [from the duty of candor owed the PTO under 37 C.F.R. § 1.561. There is considerable difference of opinion today as to how far counsel's obligation to be candid goes but, in any event, we do not think it goes as far as to require him to volunteer uncertainties....

See also Codex Corp. v. Milgo Elec. Corp., 717 F.2d 622, 631-33, 219 USPQ 499, 506-07 (1st Cir: 1983) (deliberate misrepresentation to court, which arguably would have constituted inequitable conduct if made to PTO, held not to render patents unenforceable), *cert. denied*, 466 U.S. 931 (1984).

[83] Heyman, *File Wrapper Estoppel*, in Infringement of Patents 209, 257 n.1 (Practicing Law Institute 1981). Not only is the proceeding *ex parte*, it is kept in confidence and preserved in secrecy by the PTO. 35 U.S.C. § 122 (1982); 37 C.F.R. § 1.14(a),(b) (1988).

[84] "The ex pane nature of the patent application process requires '[t]he highest standard of honesty and candor on the part of the applicants in presenting' the relevant facts to the PTO, Norton v. Curtiss, 433 F.2d 779, 794 (CCPA 1970)...." Zenith Controls, Inc. v. Automatic Switch Co., 648 F. Supp. 1497,1501, 2 USPQ2d 1025, 1027 (N.D. Ill. 1986). *See also* Comment, *Inequitable Conduct*, 68 J. Pat. & Trademark Off. Soc'y 343, 343 (1986) ("the trend toward insisting on a high degree of candor continues."); supra note 5. Recall Atlas Powder, 773 F.2d at 1234, 227 USPQ at 293, which distinguished the lower standard of candor owed courts.

[85] *See Supra* note 74.

The high duty-low misconduct standard is necessary to protect the functioning of the PTO. As the Fifth Circuit has stated:

> In examining patents, the office relies heavily upon the prior art references that are cited to it by applicants. It is therefore evident that our patent system could not function successfully if applicants were allowed to approach the Patent Office as an arm's length adversary.[86]

The United States Supreme Court has also stated that the standard is absolutely necessary for the PTO to "safeguard the public in the first instance against fraudulent patent monopolies."[87] Therefore; the policy basis which underlies the doctrine of inequitable conduct is protection of the PTO.

A court serves that policy by holding unenforceable a patent, which it previously held to be tainted by inequitable conduct, without applying further discretion. A doctrine of infectious unenforceability, which would hold untainted patents unenforceable, goes too far. That is especially true because the duty placed on the applicant is so high and the misconduct constituting a breach is so low. Moreover, such a doctrine does not necessarily further the policy of protecting the PTO.[88]

2. Policy Basis for the Doctrine of Unclean Hands

In an adversarial proceeding, a patentee may assert its rights under an issued patent.[89] Such proceedings would include, for example, an infringement trial before a federal court. Like the *ex parte* proceeding before the PTO, these adversarial proceedings encompass a duty. The litigant owes the court a duty to report all facts concerning possible egregious conduct underlying the patents at issue and to avoid such conduct before the court.[90]

---

86 Beckman Instruments, Inc. v. Chemtronics, Inc., 439 F2d 1369, 1378-79,165 USPQ 355, 363 (5th Cir.), *cert. denied*, 400 U.S. 956 (1970), *reh'g denied*, 400 U.S. 1025 (1971).

87 *Precision Instrument*, 324 U.S. at 818, 65 USPQ at 139.

88 For example, consider the plaintiff who has obtained two patents by assignment, with one patent tainted by inequitable conduct and the other patent free of taint, and who sues for infringement of both patents. The tainted patent issued through abuse of PTO procedures and must be refused enforcement to protect those procedures. To hold the untainted patent unenforceable, however, would punish the assignee unduly. Moreover, such a holding would not protect the PTO procedures because the untainted patent issued without the abusing those procedures. Therefore, the procedures need no protection.

Moreover, consider the situation where a patentee has obtained two patents, one of them (only) through inequitable conduct before the PTO. It might be argued, of course, that PTO procedures would be more fully protected- if both of the patentee's patents were held unenforceable under a theory of infectious unenforceability. In view of the high duty-low misconduct standard, however, the severe penalty already imposed (forfeiture of rights under a patent) should be punishment enough to protect the PTO's procedures. The additional penalty of forfeiting additional patent rights is unnecessary.

89 Note that an applicant may assert its rights under a pending patent application in an interference proceeding before the PTO, another adversarial proceeding. *See supra* note 5.

90 *See, e.g.* Model Code of Professional Responsibility Canon 7, EC 7-26 & -27, DR 7-102 (1981); Model Rules of Professional Conduct Rule 3.3 (1983).

Unlike the high duty appropriate in the *ex parte* proceeding before the PTO, however, the litigant owes the court a lesser duty: the litigant must not offend traditional, equitable principles of conscionability.[91] Commensurate with that lower duty is a higher level of misconduct which constitutes a breach of the duty. The litigant's conduct must be willful and unconscionable before a court will invoke the doctrine of unclean hands.[92] That lower standard is reasonable, ostensibly at least, because the court can rely on the adversary system to uncover egregious conduct.

That low duty-high misconduct standard applies to protect the court in performing its judicial function. A court simply refuses to lend its aid to the plaintiff who participated in such egregious misconduct as would compromise the court's integrity.[93] Therefore, the policy basis which underlies the doctrine of unclean hands is protection of the integrity of the judicial process.

Courts serve that policy by dismissing, in their discretion, all or part of the proceedings brought before them. The doctrine of unclean hands may render a patent associated with a tainted patent unenforceable as an incidental result, because the court may refuse any relief, on any patent, in refusing to aid the plaintiff. Such relief is appropriate for two reasons. First, the duty placed on the litigant is low and the level of misconduct constituting a breach is high. Second, the courts have discretion to fashion relief appropriate to the character of the misconduct under doctrine of unclean hands. Because the relief is discretionary, and because extreme cases of misconduct may justify the extreme remedy of a complete dismissal, the extraordinary relief of refusing to enforce an untainted patent serves the policy of protecting judicial integrity without going too far.

C. Summary of the Recommendation

The table following this Article summarizes the recommended separation between the doctrine of inequitable conduct and the doctrine of unclean hands. The table illustrates that the dilemma first evident upon separation is illusory. The separation merely reflects the two different standards appropriate for judging the extent or reach of misconduct on associated patents. When a party seeks to obtain a patent before the PTO, the applicant's misconduct will not affect the enforceability of associated patents. When that party seeks to enforce a patent, however, its (more egregious) misconduct may render associated patents unenforceable. As a party moves from obtaining a patent to an affirmative enforcement posture, it is reasonable to impose more stringent consequences for the party's misconduct – especially if that misconduct is willful.

Highlighting the last point, the misconduct which makes a patent unenforceable – inequitable conduct – may be less egregious (perhaps only gross negligence) than that which renders a plaintiff's hands unclean (willfulness). Therefore, the consequences affixed to inequitable conduct should be less severe and should not include rendering associated patents unenforceable.

---

91 *Keystone Driller*, 290 U.s. at 245, 19 USPQ at 230.
92 *See supra* note 42.
93 *See supra* note 36.

IV. CONCLUSION

The doctrine of patent unenforceability based on inequitable conduct is a prevalent defense in recent litigation. That prevalence assures that a more specific issue, whether the taint of inequitable conduct on one patent "infects" associated but untainted patents asserted in the same litigation and renders those untainted patents unenforceable, will arise with increasing frequency. Courts, including the Federal Circuit, have merged and confused two doctrines when addressing that issue. The first doctrine is unenforceability for inequitable conduct violating a duty of candor owed the PTO during the prosecution of a patent. A traditional equity doctrine, unclean hands, is the second doctrine. That equitable doctrine enforces a duty, to avoid unconscionable conduct, owed the court during adversarial proceedings.

To prevent further confusion and to assure "correct" results in future litigation involving issues of misconduct, the Federal Circuit must separate the two doctrines. Such separation finds support in both case law and the policy grounds underlying the two doctrines. Upon separation, inequitable conduct which occurs during patent prosecution before the PTO will render the directly tainted patent unenforceable. Associated but untainted patents remain enforceable. When egregious conduct occurs during adversary proceedings before a court, however, the doctrine of unclean hands applies. That doctrine may render the tainted patent, associated but untainted patents, or both types of patents unenforceable.

Doctrine	Applies to Conduct Before	Type or Proceedings	Duty Owed	Conduct Causing A Breach	Consequence of Breach	How Invoked
Inequitable Conduct	Patent & Trademark Office	Ex Parte	Highest Candor	Gross Negligence (perhaps)	Patent Directly Affected Unenforceable	Mandatory
Unclean Hands	Court, Commission	Adversarial	Good Faith/ Conscionability	Willfulness	Entire Case May Be Dismissed	Discretionary