WHY DO WE BOTHER?

The Villified, But Tenacious, Doctrine of Inequitable Conduct

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Patent Law's "Bad Actors"

- Excessive damages
- "Automatic" permanent injunctions
- Business and diagnostic methods
- Crustless PB&Js (obviousness)
- "Trolls"
- Claim construction*
- Willfulness
- Best mode
- Inequitable conduct

Inequitable Conduct

- Amply considered drawbacks
- Wide (universal?) agreement regarding problems
- Patent law's most colorful descriptors!
  - "scourge"
  - "plague"
  - "absolute plague"
  - "atomic bomb"
  - "death penalty"
  - "black death"

Yet, the doctrine persists!

Similarly, re Duty of Disclosure . . .

- Burdensome!
- Costly!
- Ineffective!
- Unfair trap!
- Counterproductive!

. . . Plus, no comparable duty/defense in other major patent systems

Few Champion the Defense/Duty, But . . .

- Scholarship overwhelmingly favored reform over elimination
- Few *Therasense* amici advocated abolition (not even BIO or PhRMA)
- AIA:
  - Best mode defense and "no deceptive intent" requirements eliminated
  - Post-grant review, third-party submissions augmented
- Yet, abolition not seriously considered/debated in legislative reform efforts
  - "High water": 2005 bill included jurisdiction strip
  - Instead: whole new procedure (supplemental examination) designed to give patentees an "end-around" the defense

Few Champion the Defense/Duty, But . . .

- Comments re proposed (2011, post-*Therasense*) Rule 56 revision
  - 22 sets of comments, from industry and practitioner associations, companies, individuals
    - Three individuals proposed abolition or consideration thereof (two citing USPTO's lack of enforcement)
    - BIO questioned need; Lilly proposed elimination as to publicly accessible information
- *Therasense* opinions confirmed sharp Federal Circuit divide

So, Why DO We Keep the Defense/Duty?

- Jurisprudence
- Pragmatism
- Litigation system differences
- Cultural variations

Jurisprudence

- Perhaps *Therasense* briefing reflected acknowledgement of *stare decisis*
  - But even recent cert. petitions (e.g., *Ferring*, *Aventis*) stopped short of calling for abolition
- Perhaps hesitation to intrude upon the equity powers of the courts
  - Supreme Court has acknowledged some congressional power in this realm
  - Congress could certainly eliminate the statutory remedy of unenforceability
  - Our inequitable conduct doctrine is not an unclean hands defense
  - Congress could strip the courts' jurisdiction

Pragmatism

- Most patentees are also potential infringement defendants
  - Retain duty/defense as potential defensive strategy
- Recent history of aggressive patenting/enforcement counsels caution
  - broad, abstract claiming
  - standards-related abuses
  - enforcement by NPE's

Litigation System Differences

Unique aspects of U.S. patent litigation:

- Higher stakes (particularly potential for enhanced damages for intentional infringement)
- Jury trials
  - Inequitable conduct offers strategic advantages even when not tried to jury
- Unparalleled discovery
- Party-driven litigation

Cultural Factors

- Law as product of culture
  - e.g., Chase, Garapon & Papadopoulos, Nelken, Rosen
- Debate re existence, relevance of "legal culture"
- U.S. legal culture as "exceptional"/ "unique"
  - (e.g.,Kagan's *Adversarial Legalism*)
- "Legal culture" as product of/derived from more general culture, e.g., "fundamental values, sensibilities, and beliefs . . . of the collectivity that employs them"
  - "Law has absorbed and strengthened the competitive, acquisitive values associated with American individualism and capitalism." (Auerbach)
  - "[T]he uniqueness of the adversary system is seldom discussed in law schools. . . . In the United States, choosing a system for resolving disputes that reflects intensely individualistic values and assumptions seems natural." (Meuti)
  - "[T]he well-documented idiosyncrasies of American culture are reflected in the rules that govern civil litigation." (Chase)

American Culture: Distinctive Aspects

- Individualism
- Egalitarianism (equality of opportunity)
- Liberty
- Populism
- Laissez-faire (including mistrust of government institutions)
- High tolerance of uncertainty
- Rights orientation
- Comparative emphasis on religion/puritan influences

Other Work

- These cultural values as connected to
  - Societal phenomena (e.g., high crime rates (Lipset))
  - Political structures (Chase, Lipset, Glendon)
  - Legal systems and structures
    - Civil jury, discovery, relatively passive trial judge, party-selected experts (Chase)
    - Punitive damages
  - Litigation behavior
    - Construction of litigation-like litigation alternatives
    - Resort to courts over other government institutions
    - Qualitatively adversarial litigation

Discussion

- Inequitable conduct uniquely serves, reflects distinctive cultural values:
  - Pinnacle of adversarialism
    - All-or-nothing
    - Intensely fact-based
    - Opportunity to exploit discovery
  - Unique opportunity to appeal to populism (even when tried exclusively to the judge)
  - Private enforcement of good faith/disclosure obligations reflects antistatism
  - Punitive aspects reflect unique (and paradoxical) American condemnation of inequitable acts (as opposed to inequitable results)
    - Remedy of unenforceability
    - Availability of defense in other-than-"but-for" situations
    - Innocent owners can lose rights

So What?

- If are moving toward convergence (or otherwise considering abrogating the defense/duty), consider complications that flow from the entrenched culture
  - Change difficult to implement
  - Potential for frictional undermining of confidence in system
- Chase: not only do values influence processes; processes influence values

Questions? Comments?