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
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
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?