“There Is No Such Thing As A Good Faith Intent To Deceive”

by

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I. Introduction

Inequitable conduct is a powerful defense that can render multiple patents unenforceable with just one successful argument. Litigating inequitable conduct can involve a great number of complicated issues. One of the more amorphous of these is the intent to deceive. Generally inferred from circumstantial evidence, the intent to deceive can be difficult to prove by the requisite clear and convincing evidence. Knowing the “right” fact patterns to prove can go a long way to ultimately proving deceptive intent because certain fact patterns can lead to an inference of deceptive intent that may be difficult for the patentee to overcome. All patent litigators need to be aware of such fact patterns and, more importantly, must stay focused on the proper intent — the intent to deceive. A patentee’s mere proof of supposed “good faith” as to some other related issue (such as belief in patentability) does the patentee no good in the face of deceptive intent because “there is no such thing as a good faith intent to deceive.”

This paper analyzes these intent issues with special emphasis on Cargill, Inc. v. Canbra Foods, Ltd., No. CV03-1209-MO, 2005 WL 3478178 (D. Or. Dec. 20, 2005), aff’d, 476 F.3d 1359 (Fed. Cir. 2007).

II. Inequitable Conduct Overview

Holding a patent unenforceable for inequitable conduct requires clear and convincing evidence that “the applicant (1) made an affirmative misrepresentation of material fact, failed to disclose material information, or submitted false material information, and (2) intended to deceive the U.S. Patent and Trademark Office (‘PTO”).” Cargill, 476 F.3d at 1363.

A. Materiality

PTO Rule 56 sets forth a materiality standard and presently states that:

[I]nformation is material to patentability when it is not cumulative to information already of record or being made of record in the application, and

(1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim, or

1 The views expressed in this paper are solely those of the author, not those of Jenner & Block LLP or its clients.
(2) It refutes, or is inconsistent with, a position the applicant takes in:

(i) Opposing an argument of unpatentability relied on by the Office, or

(ii) Asserting an argument of patentability.

A prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence which may be submitted to establish a contrary conclusion of patentability.

Id. at 1364 (quoting 37 C.F.R. § 1.56(b) (2006)).

Previously, PTO Rule 56 referred to a “reasonable examiner” standard. Under the “reasonable examiner” standard, 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.” Id. (quoting 37 C.F.R. § 1.56(a) (1991)). The Federal Circuit has held that the current Rule 56 materiality standard “did not supplant the earlier ‘reasonable examiner’ standard.” Id. Thus, misstatements or omissions can be material either under the current Rule 56 standard or the earlier “reasonable examiner” standard.

B. Intent

Intent requires that “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.” Id. (quoting Impax Labs., Inc. v. Aventis Pharms. Inc., 468 F.3d 1366, 1374-75 (Fed. Cir. 2006)). As direct evidence of intent to deceive is rare, intent to deceive usually is inferred from circumstantial evidence. Id.

C. Balancing Test

If the accused infringer proves the threshold levels of materiality and intent by clear and convincing evidence, the court must then “balance the equities to determine whether the patentee has committed inequitable conduct that warrants holding the patent unenforceable.” Id. (quoting Impax Labs., 468 F.3d at 1375). The “more material the omission or the misrepresentation, the lower the level of intent required to establish inequitable conduct, and vice versa.” Id. (quoting Critikon, Inc. v. Becton Dickinson Vascular Access, Inc., 120 F.3d 1253, 1256 (Fed. Cir. 1997)).

Inequitable conduct can render unenforceable related patents resulting from the same chain of applications. Fox Indus., Inc. v. Structural Preservation Sys., Inc., 922 F.2d 801, 804 (Fed. Cir. 1990).
III. Facts in Cargill, Inc. v. Canbra Foods, Ltd.

Cargill filed suit against Dow AgroSciences, LLC, Dow AgroSciences Canada, Inc. and Dow’s customer, Canbra Foods, Ltd. in the United States District Court for the District of Oregon. Cargill asserted four patents relating to canola oil. Two Cargill patents were invalidated under 35 U.S.C. § 102(b) and are not further discussed herein. The other two Cargill patents, U.S. Patent Nos. 5,969,169 (“the ‘169 patent”) and 6,201,145 (“the ‘145 patent”), related to the oxidative stability of canola oil and were held unenforceable for inequitable conduct. Cargill involved several types of circumstantial evidence contributing to an inference of intent to deceive. Cargill also involved efforts by the patentee to show good faith in an attempt to negate any inference of intent. A review of the background facts in Cargill follows.

A. Canola Oil

Canola oil is made by crushing canola seeds and extracting the oil. In the early 1990s, Cargill’s predecessor\(^2\) developed lines of canola having various properties. Canola oil includes various types of fatty acids, the most important ones for present purposes being oleic (a monounsaturated fatty acid), linoleic (a type of polyunsaturated fatty acid) and linolenic (another type of polyunsaturated fatty acid). The percentages of the various fatty acids in an oil can be referred to as the oil’s “fatty acid profile.” The oil’s fatty acid profile is important to the oil’s oxidative stability.

B. Oxidative Stability

An oil’s oxidative stability is important for many reasons and can be measured in many ways. For example, an oil’s oxidative stability gives an indication as to how long the oil may last in storage before turning rancid. For many years, the oxidative stability of vegetable oils was typically measured in “AOM hours” using the American Oil Chemists’ Society Official Method Cd12-57 for Fat Stability: Active Oxygen Method. The test measured how many hours it took for oil heated to a certain temperature to reach a certain peroxide value; higher AOM hours meant better oxidative stability. A test result of 35 AOM hours, however, would actually take 35 hours to perform. While this might have been acceptable for development work and experimentation, it was not very practical for commercial purchases. For example, when a customer had to determine whether to accept delivery of a railcar full of oil, it was not practical to first conduct a test that took 35 hours to run.

Thus, the industry developed another test known as the Oxidative Stability Index (“OSI”). The OSI test could be performed in a few minutes. The industry calibrated the OSI results into AOM hours. An OSI test could tell a purchaser that oil had an oxidative stability of 35 AOM hours in just a few minutes, rather than in 35 hours.

The oil’s stability also can be determined by measuring the accumulation of detrimental oxidation byproducts, such as hydroperoxides (“peroxide value”) or aldehydes (“para-anisidine value”). The oil can be heated in what is called a Schaal oven in order to perform accelerated

\(^2\) Cargill and its predecessors are referred to herein as “Cargill.”
aging testing. The peroxide and para-anisidine values can then be measured. For both peroxide and para-anisidine values, lower numbers means less oxidation.

C. Conventional Wisdom — Fatty Acid Profile Dictates Oxidative Stability

The various types of fatty acids in vegetable oils are oxidized at different rates based upon the number of double bonds they possess. Thus, linolenic acid (with three double bonds) oxidizes more readily than linoleic acid (with two double bonds), which in turn oxidizes more readily than oleic acid (with one double bond). Because of this relationship, the conventional wisdom held that the fatty acid profile of a particular vegetable oil dictated its oxidative stability. In other words, two canola oils with similar fatty acid profiles would be expected to have similar oxidative stabilities. Cargill’s effort to rebut this conventional wisdom was the focus of the patent prosecution.

D. Cargill’s IMC 130 Canola Oil

Cargill developed a canola line called IMC 130 by crossing two parent lines: IMC 129 and IMC 01. IMC 129 was a high oleic acid canola line with improved oxidative stability over generic canola oil, while IMC 01 was a low linolenic acid canola line. The IMC 130 canola oil was the subject of the applications leading to the ‘169 and ‘145 patents-in-suit, which were initially filed in 1993.

Prior to filing a patent application directed to IMC 130, however, Cargill had tested the oxidative stability of IMC 129. Cargill prepared a report that compared oil made from the 1991 and 1992 IMC 129 crops. Cargill recorded the oxidative stability of IMC 129 oil made from the 1991 crop as 32 AOM hours. Cargill performed two measurements of the oxidative stability of IMC 129 oil made from the 1992 crop, recording values of 32 and 35 AOM hours. This data on the IMC 129 AOM hours for the 1991 and 1992 crops was not disclosed to the PTO and became one of the two bases for finding inequitable conduct.

E. Prosecution History

Before delving into the prosecution history, it is helpful to review representative claims of the ‘169 patent:

1. A non-hydrogenated canola oil having a polyunsaturated fatty acid content of from about 7% to about 17%, an oleic acid content of about 74% to about 80% and an oxidative stability of from about 35 to about 40 AOM hours in the absence of added antioxidants.

6. The oil of claim 1 wherein said oil has a peroxide value that increases by a maximum of about 24.5 Meq/Kg after accelerated aging for 15 days.

7. The oil of claim 1 wherein said oil has a para-anisidine value that increases by a maximum of about 6.9 absorbance/g after accelerated aging for 15 days.
Cargill filed the first of five applications that ultimately led to the ‘169 and ‘145 patents on April 27, 1993. From the beginning, Cargill argued that its IMC 130 oil had a particularly high oxidative stability that could not be accounted for simply by its fatty acid profile. Thus, Cargill stated in its patent specification that its IMC 130 oil defied the conventional wisdom: “The greater oxidative stability over the high oleic IMC 129 oil, which is similar in fatty acid composition to IMC 130 oil, indicates that oxidative stability is not solely related to fatty acid content.” In the original application, Cargill listed the oxidative stability of IMC 129 as 16 AOM hours when pilot plant processed and 30 AOM hours when commercially processed. Cargill listed the oxidative stability of IMC 130 as 37-40 AOM hours when pilot plant processed and an “estimated” 43-48 AOM hours when commercially processed. The original application did not include any data comparing peroxide and para-anisidine values after accelerated aging for IMC 129 and IMC 130.

In the first PTO Office Action, the examiner observed that “Applicant has seen that one of the parent lines (IMC 129) does not exhibit the same properties as its child (IMC 130).” The examiner also began rejecting the claims over a published European application to Wong (“Wong”), which disclosed a canola oil having a nearly identical fatty acid profile to that recited in Cargill’s claims. According to the examiner, Wong “discloses a canola oil having enhanced oleic acid content, reduced linoleic acid displaying increased heat & oxidative stability.” Cargill did not respond to this rejection, instead deciding to file a series of continuation-in-part (“CIP”) applications.

Cargill filed a CIP application that included additional oxidative stability data (which became Tables 7 and 8 in the issued patents) in the form of accelerated aging tests comparing IMC 129 and IMC 130. The data showed that IMC 130 was better than IMC 129 in terms of the increase in peroxide and para-anisidine values over fifteen days in a Schaal oven.

Cargill also conducted other, undisclosed accelerated aging tests comparing IMC 129 and IMC 130. This data compared the peroxide and para-anisidine values for IMC 129 and IMC 130 after twelve days in a Schaal oven. Unlike the data in Tables 7 and 8, these results showed IMC 129 having lower peroxide and para-anisidine values than IMC 130:

<table>
<thead>
<tr>
<th>Oil</th>
<th>Peroxide Value</th>
<th>Para-Anisidine Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMC 129</td>
<td>10.6</td>
<td>3.2</td>
</tr>
<tr>
<td>IMC 130</td>
<td>12.7</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Cargill did not include this data in any of its applications and never disclosed this data to the PTO. This data became the second basis for finding inequitable conduct.

Meanwhile, the examiner continued to reject the claims over Wong. Cargill responded that:

Applicant acknowledges that the fatty acid contents of Applicant’s IMC-130 oil and the Wong et al. oil appear to have some similarities. However, a conclusion that the oxidative stabilities

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3 In a later application, Cargill changed the oxidative stability of IMC 130 to 37.5 AOM hours when commercially processed.
are also similar is unwarranted. The conventional wisdom had been that oxidative stability would directly follow from decreases in the polyunsaturate content. The reason for this assumption was that polyunsaturates are among the compounds that transform during heating (e.g., frying).

Applicant’s tests demonstrate that the conventional wisdom is, at least, an oversimplification with respect to canola oils. *Although IMC-129 and IMC-130 have very similar fatty acid profiles, they have strikingly different oxidative stability values.* (Emphasis added.)

In other words, according to Cargill, because IMC 129 and IMC 130 disproved the conventional wisdom, the examiner could not rely on the conventional wisdom to say that Wong would meet the oxidative stability limitations of Cargill’s claims. The examiner was not easily persuaded and maintained the Wong rejection several more times. Each time Cargill responded by arguing that its data showed that the conventional wisdom was wrong. Cargill went so far as to construct tables in its responses that summarized three types of oxidative stability data (AOM hours, peroxide values and para-anisidine values) that Cargill had placed in the specification and argued that “IMC 130 oil has greater oxidative stability than does IMC 129 oil, using three different types of stability test methods.” At no time in these responses did Cargill mention the withheld AOM hours data or the withheld comparative peroxide and para-anisidine values.

After Cargill made essentially the same argument five times, the examiner allowed the claims, noting in the Reasons for Allowance that “IMC 129, which is one of the parent lines used to produce the instant oil, reads on the fatty acid content but as shown in the examples, does not display the required oxidative stability.” (Emphasis added.) Cargill did not respond to the Reasons for Allowance.

Before issuance of the ‘169 patent, Cargill filed a continuation application that later issued as the ‘145 patent.

**IV. District Court Finds Inequitable Conduct**

In June 2005, the parties engaged in a two-week jury trial. As inequitable conduct is an equitable issue, there is no right to a jury trial on that issue. Nevertheless, on defendants’ motion, the district court allowed the jury to provide an advisory ruling on materiality. The jury made a number of findings that later figured into the parties’ arguments with respect to inequitable conduct. First, the jury gave an advisory ruling that both the withheld IMC 129 AOM hours data and the comparative peroxide and para-anisidine values were material. The jury found that none of the claims were invalid as anticipated by Wong or by IMC 129. Similarly, the jury did not find any of the claims to have been obvious over the prior art.

Pursuant to defendants’ post-trial motion, the district court held the ‘169 and ‘145 patents unenforceable because Cargill had committed inequitable conduct by withholding the IMC 129 AOM hours data and the comparative peroxide and para-anisidine values.
A. Materiality

Cargill argued that the withheld AOM hours data was not material because it was: (1) for “bench processed” oil, which Cargill argued always had a higher AOM hours value; (2) in part based on frost-damaged seeds that were not representative of IMC 129; and (3) determined by OSI. Cargill argued that the withheld comparative peroxide and para-anisidine values were not material because they were for twelve-day tests rather than fifteen-day tests.

The district court rejected Cargill’s argument that “the data is not material because it is not reliable.” Cargill, 2005 WL 3478178, at *1. The district court acknowledged that “[n]ot every test result which, on its face, appears inconsistent with the applicant’s presentation to the PTO is material.” Id. (citing Monsanto Co. v. Bayer Bioscience N.V., 363 F.3d 1235 (Fed. Cir. 2004)). “Where the ostensibly inconsistent data is fully negated by an obvious explanation (such as faulty equipment) then its omission may be immaterial.” Id. “But the key is that the explanation is obvious and non-debatable. Where there is inconsistent data, and where the applicant believes there is an explanation that reduces or eliminates the inconsistency, and where that explanation is debatable rather than obvious, disclosure is warranted.” Id. (citing LaBounty Mfg., Inc. v. U.S. Int’l Trade Comm’n, 958 F.2d 1066 (Fed. Cir. 1992)).

The district court viewed Cargill’s explanations for lack of materiality as “at best debatable.” Id. at *2. The district court concluded that Cargill “unilaterally withheld information that unquestionably would have been viewed as worthy of serious consideration by the PTO, and might have resulted in the patents not being issued.” Id. Thus, the district court held that the withheld IMC 129 AOM hours data and comparative peroxide and para-anisidine values were material. Id.

B. Intent

The district court was very careful with respect to intent, noting that:

[it is important to be specific about the intent at issue. In general, it is an intent to deceive or mislead the PTO. In this case, it is the intent to get the examiner to approve the patents, while deliberately withholding information that could cause her to decide otherwise. It is not necessary for defendants to prove [Cargill’s patent liaison] did not believe the patents were valid. [He] may well have believed that if the patent examiner saw the inconsistent data, and was unpersuaded by his explanation, that the examiner would be making a huge mistake. But that is beside the point. Whatever his beliefs about the bona fides of his patent application, the issue is whether he intended to deceive the PTO about the actual state of the evidence relevant to the application.]

Id. (emphasis added.) The district court acknowledged that intent to deceive is typically inferred from circumstantial evidence. Id. at *3. Here, the district court inferred intent to deceive
primarily based on three factors: (1) the omissions were repeated; (2) Cargill had a motive to conceal; and (3) the withheld information was highly material.

1. **Inferring Intent — Repeated Omissions**

   The first factor that led the district court to infer deceptive intent was the fact that the failure to disclose the withheld material information happened repeatedly. “[T]here were several occasions that called for disclosure of the omitted data, but plaintiff failed to do so.” *Id.* The more opportunities for an applicant to disclose material information, the more likely that the failure to do so was intended to deceive.

2. **Inferring Intent — Motive to Conceal**

   The second factor that the district court relied on to infer deceptive intent was Cargill’s motive to conceal. The district court found that under the facts here, “[a] patent required something more than an incremental improvement. But the omitted data stood in the way of portraying IMC 130 as something more than an incremental improvement. Thus, Cargill had a powerful financial motive to conceal the omitted data.” *Id.*

3. **Inferring Intent — High Materiality**

   The final factor that the district court relied on to infer deceptive intent was the high materiality of the withheld data. As the district court observed:

   > there is no question the omitted information goes right to the heart of the question that bedeviled the examiner: the nature of the difference between IMC 129 and IMC 130. More than anything else, it is the omitted data’s high degree of relevance that points toward an intent to conceal it from the PTO.

   *Id.* The more material the withheld information is to the prosecution, the more likely that the applicant intended to deceive by failing to disclose that information.

   In sum, the district court found that these three bases for inferring deceptive intent were sufficient proof of an intent to deceive the PTO.

C. **Balancing Test**

After finding that defendants had proved the requisite threshold levels of materiality and intent, the district court weighed all the circumstances of the case “to determine if the conduct is so culpable that the patent should be unenforceable.” *Id.* The district court noted that the omitted data was highly material and that there were several bases for inferring intent to deceive. This evidence, however, had to be weighed against other evidence, which Cargill argued showed that Cargill’s patent liaison genuinely believed that IMC 130 had a significantly improved oxidative stability over IMC 129:

   On the other hand, in light of my own observations of [Cargill’s patent liaison] and all the other evidence, I think it likely he
omitted the information because he concluded it could be explained away. While this state of mind greatly reduces his moral culpability—i.e., he wasn’t trying to be sneaky and obtain a patent he didn’t believed he’d earned—it doesn’t help much on the question of inequitable conduct. He took a short-cut; he unilaterally withheld information in a process that depends on disclosure to work... 

The inequity—the unfairness—lies in not disclosing that which the applicant thinks he can explain. Inevitably, applicants will rationalize nondisclosure by saying that it doesn’t matter, because the explanation the applicant made to himself is correct, and would inevitably have been accepted by the examiner. But that is not how the system works.

_Id_. at *3-*4. The district court summarized and concluded as follows:

After reviewing the prosecution history, it seems clear the examiner would have found the omitted information very important to her deliberations. Whatever the outcome of those hypothetical deliberations would have been, the important point for today’s purposes is that plaintiff took steps to see that they never happened. This was inequitable conduct, and justifies non-enforcement of the patents so obtained.

_Id_. at *4. Thus, the district court held the ‘169 and ‘145 patents unenforceable.

V. Federal Circuit Ruling

Cargill appealed the inequitable conduct ruling to the Federal Circuit arguing that: (1) the withheld data was unreliable and therefore not material; (2) the bases on which the district court inferred intent were insufficient; and (3) the applicant’s good faith belief that the withheld data did not need to be disclosed negated any inference of deceptive intent.

A. Materiality

The Federal Circuit found that the district court had properly applied the “reasonable examiner” standard in its materiality analysis where it found that the applicant “unilaterally withheld information that unquestionably would have been viewed as worthy of serious consideration by the PTO, and might have resulted in the patents not being issued.” _Cargill_, 476 F.3d at 1365 (quoting _Cargill_, Inc. v. Canbra Foods, Ltd., No. CV03-1209-MO, 2005 WL 3478178, at *2 (D. Or. Dec. 20, 2005)). The Federal Circuit agreed that the withheld data was “plainly material” under the reasonable examiner standard because “it is quite certain that a ‘reasonable examiner’ would consider such test data to be important in deciding whether to allow the patents to issue.” _Id_. The Federal Circuit gave no weight to Cargill’s “unreliability of the data” arguments relating to bench processing, frost-damaged seeds or OSI testing because materiality is “determined from the viewpoint of a reasonable patent examiner, and not the subjective beliefs of the patentee.” _Id_. at 1366 (quoting _Bristol-Myers Squibb Co. v. Rhone-
A reasonable examiner would want to see the withheld data, along with the applicant’s explanation of the data. Whether the examiner ultimately would have allowed the application is irrelevant. *Id.*

**B. Intent**

With respect to intent, the Federal Circuit noted that the district court had inferred intent from a variety of factors: “the repeated nature of the omission, the applicant’s motive to conceal, and the high materiality of the undisclosed information.” *Id.*

1. **Inferring Intent — Repeated Omissions**

With respect to the repeated nature of the omission, Cargill argued that it must not have been very important because the district court “did not elaborate on the importance of that factor.” *Id.* The Federal Circuit noted that the repeated nature of the omission, however, was important because “intent may be inferred where a patent applicant knew, or should have known, that withheld information would be material to the PTO’s consideration of the patent application.” *Id.* (quoting Critikon, 120 F.3d at 1256). “An applicant should know information is material when the examiner repeatedly raises an issue to which the information relates.” *Id.* Here, the examiner rejected the claims five times, each time implicating the withheld information. Thus, the district court properly considered the repeated nature of the omission as circumstantial evidence of intent to deceive.

Patent litigators should be on the lookout for situations where rejections were repeated because that fact pattern may make it easier to prove deceptive intent. Patent prosecutors also need to recognize that this fact pattern can raise the stakes in later litigation involving the patent. As such, the occurrence of repeated rejections would be a good time to re-confirm that there is no material information that has not been disclosed.

2. **Inferring Intent — Motive to Conceal**

The Federal Circuit rejected Cargill’s argument that it was wrong for the district court to rely on Cargill’s motive to conceal in inferring intent to deceive. Cargill argued that the applicant is always trying to get a patent and therefore a motive to conceal would exist in every case. The Federal Circuit, however, found that:

the district court was not referring to some general desire to obtain a patent. The court explained the applicant’s specific motive to conceal the two specific documents in this case:

Producing a better, longer lasting strain of oil, one that would be more attractive to customers, would not have gotten Cargill a patent. A patent required something more than an incremental improvement. But the omitted data stood in the way of portraying IMC 130 as something more than an incremental improvement.

*Id.* at 1367. The Federal Circuit held that there was no error in the district court’s conclusion or in its reliance on this factor as part of the basis for inferring intent to deceive.
Patent litigators should be aware of situations where a particular, specific motive to conceal arose in prosecution as that may be a focus of any inequitable conduct inquiry. Similarly, patent prosecutors should recognize such situations to ensure that no material information is withheld that might lead to a finding of inequitable conduct.

3. Inferring Intent — High Materiality

Cargill challenged the district court’s reliance on the high materiality of the withheld information as a basis for inferring intent to deceive. Specifically, Cargill argued that “intent to deceive cannot be inferred simply from the decision to withhold the reference where the reasons given for the withholding are plausible.” *Id.* The Federal Circuit held that Cargill’s argument missed the mark because the district court did not infer intent “simply” on this basis. Rather, that was one of several bases on which the district court inferred intent. Moreover, the Federal Circuit pointed out that it had never said that materiality is irrelevant to intent. In fact, we have recognized that “a patentee facing a high level of materiality and clear proof that it knew or should have known of that materiality, can expect to find it difficult to establish ‘subjective good faith’ sufficient to prevent the drawing of an inference of intent to mislead.” *Critikon*, 120 F.3d at 1257. Here, the district court found that the omitted test data was related to “the heart of the question that bedeviled the examiner: the nature of the difference between IMC 129 and IMC 130.” Such a high degree of materiality, coupled with evidence that the applicant should have known of that materiality, creates a strong inference of an intent to deceive.”

*Id.* Thus, the Federal Circuit held that the district court had sufficient evidence to infer an intent to deceive.

High materiality can be the most potent evidence leading to an inference of deceptive intent. Patent litigators should review file histories to identify issues that would likely be considered very important in the prosecution. For example, an acknowledged point of novelty over the prior art might be such an issue. Then, look for undisclosed information that relates to that issue. Patent prosecutors should look for issues that become very important in the prosecution and should take extra care to ensure that no undisclosed information might appear highly material because of these issues.

4. “There Is No Such Thing As A Good Faith Intent To Deceive”

The Federal Circuit then proceeded to consider what Cargill argued was relevant evidence of good faith. Cargill argued that the district court’s finding that the applicant had a good faith belief that the withheld information did not need to be disclosed should outweigh the inferred deceptive intent. The Federal Circuit found that Cargill’s argument misread the district court’s findings about the applicant’s state of mind:

While gently suggesting that the applicant perhaps honestly believed IMC 130 to be a patentable invention, the court
nevertheless expressly held that the applicant knowingly misled the PTO about the available evidence. Even if there were a mitigating explanation for the withheld data, it was no excuse for the applicant’s purposeful omissions in this case. “Close cases should be resolved by disclosure, not unilaterally by the applicant.” *LaBounty Mfg., Inc. v. U.S. Int’l Trade Comm’n*, 958 F.2d 1066, 1076 (Fed. Cir. 1992). . . .

While we have recognized that subjective good faith can support a defense to inequitable conduct . . . *there is no such thing as a good faith intent to deceive.* When an applicant knows or obviously should know that information would be material to the examiner, as was true here, but the applicant decides to withhold that information, “good faith” does not negate an intent to manipulate the evidence. Indeed, self-serving manipulation of highly material evidence can hardly be called “good faith.”

*Id.* at 1367-68 (internal citations and footnote omitted) (emphasis added).

Patent litigators need to consider, from the earliest possible stage in the litigation, any evidence of good faith that might negate an inference of deceptive intent. Patent prosecutors need to press their clients to ensure that they provide to the attorneys information that may be material, even if the clients believe in good faith that their inventions are patentable over such information.

The Federal Circuit then considered all of the evidence under the balancing test (including Cargill’s “good faith” evidence regarding the rationale for withholding the data) and concluded that the district court did not abuse its discretion given the high materiality and the strong circumstantial evidence of intent to deceive. Thus, the Federal Circuit affirmed the district court’s holding that the ‘169 and ‘145 patents were unenforceable.

**VI. Conclusion**

*Cargill* has lessons for those of us who prosecute patents, those of us charging inequitable conduct in litigation and those of us defending against such charges. Patent prosecutors should remain vigilant regarding undisclosed information and its possible importance to the prosecution — an importance that may change throughout the prosecution, especially when the information becomes highly material or is important to an issue that arises repeatedly. Those of us charging inequitable conduct should carefully review file histories in connection with undisclosed information to try to establish fact patterns that would allow a court to infer the requisite intent to deceive. Finally, those of us defending against such charges need to be aware of those same fact patterns, while also trying to develop evidence of good faith, which might negate any inference of deceptive intent. But remember — there is no such thing as a good faith intent to deceive.