

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

TYCO HEALTHCARE GROUP LP,	§	
	§	
<i>Plaintiff,</i>	§	
	§	Civil Action No. 9:06-CV-151
v.	§	
	§	
APPLIED MEDICAL RESOURCES CORP.,	§	JUDGE KEITH F. GIBLIN
	§	
<i>Defendant.</i>	§	

**ORDER DENYING PLAINTIFF’S MOTION FOR SUMMARY JUDGMENT ON
INEQUITABLE CONDUCT**

Plaintiff Tyco Healthcare Group LP filed suit against Defendant Applied Medical Resources Corp. claiming infringement of United States Patent Nos. 5,304,143, 5,685,854, 5,542,931, 5,603,702, and 5,895,377. Applied brought a claim of inequitable conduct against Tyco, on the theory that United States Patent No. 5,395,342 to Yoon (“the Yoon patent”) was withheld from the Patent and Trademark Office (“PTO”) during prosecution of the ‘854, ‘702, and ‘377 patents by Tyco’s counsel.¹ Tyco now moves for summary judgment, arguing that Applied cannot demonstrate either that the Yoon patent was material or that prosecution counsel had the requisite intent to deceive the PTO. For the reasons discussed below, the court will deny Tyco’s motion.

I. Background

The ‘143 patent involves a valve assembly adapted for introduction of an elongated object into a patient’s body. The ‘854 patent is a continuation of the ‘143 patent. The ‘931 patent claims

¹The patents at issue were actually prosecuted by Tyco’s predecessor, United States Surgical Corporation. For ease of understanding, the court will refer to actions by U.S. Surgical during prosecution as being undertaken by Tyco.

a valve assembly adapted for permitting introduction of an elongated object, such as a surgical instrument, into a patient's body through a tube such as a cannula. The '702 patent is directed toward a valve assembly for sealed reception of an elongated object. The '377 patent is a continuation of the '702 patent. Applied only asserts inequitable conduct claims against the '854, '702, and '377 patents.

The first application for these three patents was filed on January 21, 1994 as the '102 application, and issued on November 11, 1997 as the '854 patent. The '102 application was a continuation of the '143 application, which was filed on December 17, 1992 and eventually issued as the '143 patent on April 19, 1994. The '143 application was a continuation of the '756 application, which was filed on June 7, 1991 and issued as the '373 patent on January 19, 1993. The '373 patent is not asserted in this litigation. The '702 patent was filed on August 8, 1994 and issued on February 18, 1997. The '377 patent was filed on February 18, 1997 and issued on April 20, 1999.

The PTO mailed a notice of declaration of an interference before the Board of Patent Appeals and Interferences ("BPAI") to the '854 patent applicant (Green) on October 19, 1994. The interference was between the '854 application and United States Patent No. 5,209,737 to Ritchart. Ritchart's patent was filed on July 18, 1991 and issued on May 18, 1993, with Applied as the assignee. However, because Green's '854 application was accorded the benefit of the June 7, 1991 filing date of the '756 application, Green was the senior party and Ritchart the junior. Between October 19, 1994 and May 24, 1996, the prosecution of the '854 patent application was suspended while the interference was proceeding before the BPAI.

During the interference proceedings, Tyco's patent prosecution counsel Basam Nabulsi argued to the BPAI that the Yoon patent anticipated or rendered obvious certain claims of Ritchart's '737 patent. Specifically, he stated that:

The Yoon endoscopic portal includes structure for forming a seal around an instrument inserted into an endoscopic portal. When an instrument is inserted into the Yoon endoscopic portal, the instrument contacts and separates spaced, spreadable legs 88 of member 84. The spaced, spreadable legs contact and expand the orifice in elastomeric conical membrane 96 in response to insertion of an instrument.

Def. Resp., Ex. 2, at p. 7. Applied's counsel made the following statement during the interference:

The distal ends of legs 88 will be more flexible than the proximal ends of legs 88. Given the conical configuration disclosed in Yoon, the distal ends of legs 88 are significantly narrower than the proximal ends. With less material to bend, the distal ends of legs 88 will be more flexible.

Id. at Ex. 4, at pp. 5, 11.

The BPAI ultimately entered a judgment that there was no interference-in-fact, based on the agreement of the parties. In a footnote, the BPAI directed the Examiner to consider, in connection with the '854 patent application, "the patentability issues raised in Ritchart et al's motion identified as . . . R-MOTN-14 in Paper No. 143 of this interference proceeding." *See* Expert Report of Jack Goldstein, Pl. Mot. Sum. J., Ex. P-1, at ¶ 142. Paper No. 143 was the BPAI Administrative Patent Judge's decision on certain motions, which described R-MOTN-14 as "Ritchart et al's request for the Administrative Patent Judge to request Green to explain why prior art cited in Green's motions 1 and 13 does not render Green's claims unpatentable." *Id.* at ¶ 143. Green's motion 13 cites the Yoon patent to the BPAI, and R-MOTN-14 raises the issue of the patentability of the '854 application claims over, among others, the Yoon patent.

It is undisputed that, with the exception of the interference proceeding, the Yoon patent is not mentioned anywhere in the file history of the '854 patent, nor was it disclosed during prosecution of the '702 or '377 patents.

II. Standard of Review

The party moving for summary judgment under Fed. R. Civ. P. 56 has the initial burden of demonstrating that there is no genuine issue as to any material fact and that it is entitled to judgment as a matter of law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256, 106 S. Ct. 2505, 2514 (1986). Movant may show that the undisputed material facts affirmatively establish a right to judgment. Alternatively, movant may establish that the other party has the burden of proof at trial, and has failed to “make a showing sufficient to establish the existence of an element essential to [its] case.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S. Ct. 2548, 2522 (1986).

In order to avoid summary judgment, the party opposing the motion must come forward with competent summary judgment evidence of the existence of a genuine fact issue. *See Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 585-86, 106 S. Ct. 1348, 1335 (1986); *Anderson*, 477 U.S. 242, 257, 106 S. Ct. 2505, 2514. The nonmoving party “must do more than simply show that there is some metaphysical doubt as to the material facts.” *Matsushita*, 475 U.S. 574, 586, 106 S. Ct. 1348, 1356. Fed. R. Civ. P. 56 requires Applied to set forth specific facts showing that there is a genuine issue for trial. *Anderson*, 477 U.S. 242, 256, 106 S. Ct. 2505, 2514. Only a genuine dispute over a material fact (a fact which might affect the outcome of the suit under the governing substantive law) will preclude summary judgment. *Id.* at 248, 106 S. Ct. 2505, 2510.

The dispute in this case is genuine if the evidence is such that a reasonable jury, properly instructed on the clear and convincing evidentiary standard, could return a verdict for Applied on

inequitable conduct. *Id.* at 255, 106 S. Ct. 2505, 2514 (“determination of whether a given factual dispute requires submission to a jury must be guided by the substantive evidentiary standards that apply to the case.”). If the factual context renders a claim implausible (for example if the claim simply makes no economic sense), nonmovants “must come forward with more persuasive evidence to support their claim than would otherwise be necessary.” *Matsushita*, 475 U.S. 574, 587, 106 S. Ct. 1348, 1356.

Fed. R. Civ. P. 56(c) requires the court to look at the full record, including the pleadings, depositions, answers to interrogatories, admissions, and affidavits. All reasonable inferences to be drawn from the underlying facts must be viewed in the light most favorable to the party opposing the motion, and any doubt must be resolved in its favor. *Id.* Only *reasonable* inferences in favor of the nonmoving party can be drawn from the evidence. *Eastman Kodak Co. v. Image Tech. Servs., Inc.*, 504 U.S. 451, 468, 112 S. Ct. 2072, 2083 (1992).

III. Inequitable Conduct

Applicants for patents have a duty to prosecute patent applications in the Patent Office with candor, good faith, and honesty. *Mollins PLC v. Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995); *see also* 37 C.F.R. § 1.56. A breach of this duty constitutes inequitable conduct. *Honeywell Int’l, Inc., v. Universal Avionics Sys.*, 488 F.3d 982, 999 (Fed. Cir. 2007).

In order to hold a patent unenforceable because of inequitable conduct, “there must be 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.” *Cargill, Inc. v. Canbra Foods, Ltd.*, 476 F.3d 1359, 1363 (Fed. Cir. 2007). Misrepresentation or non-disclosure must meet “threshold levels” of

both materiality and intent. *Honeywell*, 488 F.3d at 999. After these threshold levels have been met, the court should weigh the materiality and intent in order to determine “whether the equities warrant a conclusion that inequitable conduct occurred.” *Id.* The greater the materiality of the information misrepresented or withheld by the applicant, the less evidence of intent the court will require in order to find inequitable conduct. *Id.*

Materiality is “determined from the viewpoint of a reasonable patent examiner, and not the subjective beliefs of the patentee.” *Cargill*, 476 F.3d at 1366. The applicant “must be chargeable with knowledge of the existence of the prior art or information, for it is impossible to disclose the unknown.” *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987).

In a case that involves omission of a material reference to the PTO, there must be “clear and convincing evidence that the applicant made a deliberate decision to withhold a known material reference . . . Beyond that, the applicant must have withheld the material subject matter with the intent to deceive.” *Eli Lilly & Co. v. Zenith Goldline Pharms., Inc.*, 471 F.3d 1369, 1382 (Fed. Cir. 2006). The applicant “must know, or should have known, of the materiality of the reference for an inference of intent.” *M. Eagles Tool Warehouse, Inc. v. Fisher Tooling Co., Inc.*, 439 F.3d 1335, 1341 (Fed. Cir. 2006).

IV. Analysis

_____ Because Tyco does not have the burden of proof as to Applied’s inequitable conduct claims at trial, it can obtain summary judgment by demonstrating to the court the absence of evidence to support an essential element of the claims. *See Celotex Corp.*, 477 U.S. at 325, 106 S. Ct. at 2254. Once Tyco has done so, Applied must go beyond the pleadings and designate specific facts that show there is a genuine issue of material fact for trial. *Id.* at 324, 106 S. Ct. at 2253; *see also Little v.*

Liquid Air Corp., 37 F.3d 1069, 1075 (5th Cir. 1994) (en banc). If Applied fails to meet this burden, summary judgment is mandatory. *Little*, 37 F.3d at 1076. Whether Applied meets this burden must be evaluated in light of the clear and convincing evidentiary standard that applies to their inequitable conduct claims. *See Anderson*, 477 U.S. at 255-56, 106 S. Ct. at 2514 (“the appropriate summary judgment question will be whether the evidence in the record could support a reasonable jury finding either that [Applied] has shown [inequitable conduct] by clear and convincing evidence or that [Applied] has not.”).

A. Materiality

1. *‘854 patent*

Tyco first argues that the Yoon patent is dissimilar to the ‘854 patent, since the parties’ experts agree that the Yoon patent does not disclose some of the claim limitations in the ‘854 patent, and therefore cannot be material. Applied responds that Tyco’s prosecution counsel, Mr. Nabulsi, argued during the interference proceedings that the Yoon patent rendered certain claims of Applied’s ‘737 patent invalid, and that some of these claims were very similar or identical to the language in the ‘854 patent application. However, Tyco points out that although the claim language may have been the same, the claims at issue contained means-plus-function terms. Thus, even though the claim terms may have been identical, the structure for these terms, being defined by what disclosures were present in the specification, would not necessarily have been the same.

However, resolving the question of whether the Yoon patent is material would require the court to decide disputed questions of fact. Applied concedes that several limitations of certain claims in the ‘854 patent are not explicitly taught by Yoon, but it also contends that these claim

elements are rendered obvious by Yoon in light of another reference. Whether or not a “reasonable examiner” would have considered the Yoon patent to be invalidating, or important², is not as clear from the facts before this court as Tyco argues. What Tyco finds so compelling elsewhere, namely the fact that the BPAI directed the Examiner to consider in connection with the ‘854 patent application, “the patentability issues raised in Ritchart et al’s motion identified as . . .R-MOTN-14 in Paper No. 143 of this interference proceeding,” somewhat undercuts its argument that the reference should not be considered material.

2. *‘702 and ‘377 patents*

Tyco’s next argument is that the Yoon patent is cumulative to prior art that was before the Examiner during prosecution of the ‘702 and ‘377 patents – namely U.S. Patent No. 5,342,315 to Rowe. Tyco suggests that Applied’s expert, Dr. Gerald Miller, opined in his expert report that the disclosures of the Yoon and Rowe patents are similar enough to anticipate and/or render certain claims of the ‘702 and ‘377 patents obvious. However, Dr. Miller’s report does not imply that this is true with respect to *every* claim of these patents. *See, e.g.*, Pl. Mot. Sum. J., Ex. F, at ¶¶ 39-46 (while concluding both Rowe and Yoon anticipate claim 1 of the ‘702 patent, setting out different claim charts and different rationales for each patent).

Even assuming that the Rowe and Yoon patents may contain similar elements – and Applied puts forth at least some evidence that certain limitations, like a guard member that contacts both the instrument and the inner surface of the seal, are disclosed in Yoon but not in Rowe – the court cannot

²Under the “reasonable examiner” standard, “a misstatement or omission may be material even if disclosure of that misstatement or omission would not have rendered the invention unpatentable.” *Digital Control, Inc. v. Charles Mach. Works*, 437 F.3d 1309, 1318 (Fed. Cir. 2006).

say, based on the record before it, that there is no genuine issue of material fact regarding whether the Yoon patent could have been considered material by a reasonable examiner.

B. Intent to Deceive

1. *'854 patent*

Tyco argues that there is no evidence that Mr. Nabulsi intended to deceive the Patent Office with respect to the Yoon patent, because the reference was actually produced during the interference proceeding.

It is undisputed that: (1) Tyco, through Mr. Nabulsi, filed a motion during the interference in which it was argued that certain claims of the '737 patent were invalid in light of the Yoon patent; (2) Applied requested that the Administrative Patent Judge ("APJ") require Tyco to explain why certain pieces of prior art – including the Yoon patent – were invalidating; (3) the APJ, without ruling on any of the above motions, broadly instructed the Examiner to consider the patentability issues raised by Applied in two motions – which included the Yoon patent; (4) the Yoon patent was never independently submitted to the Examiner during prosecution of the '854, '702, or '377 patents; and (5) the Yoon patent is not explicitly cited as prior art the Examiner considered on any document.

Applied responds that there are numerous facts from which it can be concluded that Mr. Nabulsi had the requisite intent to deceive, including his alleged misrepresentation that the Yoon patent was prior art to Applied's '737 patent, but not Tyco's '854 patent application. Applied suggests that Mr. Nabulsi "gamed" the system by using the Yoon patent to his advantage before the BPAI during the interference proceeding, while simultaneously hiding the reference from the Examiner during prosecution of the '854 patent application – in effect, that Mr. Nabulsi's strategy

was to hope the PTO's left hand – the Examiner – did not know what its right hand – the BPAI – was doing.

Applied is correct that because the Examiner and the BPAI are different units within the PTO, identifying the Yoon reference to the BPAI is not the same thing as identifying it to the Examiner. *See, e.g., A.B. Dick Co. v. Burroughs Co.*, 798 F.2d 1392, 1399 n.7 (Fed. Cir. 1986) (noting that the district court pointed out that “the PTO cannot realistically be thought of as the equivalent (say) of a small law office, in which notice to one person may fairly be deemed notice to all. It is not necessarily true that the PTO Examining Division will have access to proofs filed in the course of an interference.”). However, the problem with Applied's argument – and the distinction from *A.B. Dick Co.* – is that in this case, the APJ, in an order adopted by the BPAI, specifically directed the Examiner to consider a number of references referred to in the parties' motion papers, including the Yoon patent. It is unlikely that it will ever be known whether the Examiner did consider the Yoon patent and, deciding it was not material or was cumulative of the references already submitted, did not cite it as prior art considered; or simply disregarded this order of the APJ/BPAI, and did not consider the reference.

Applied's argument that, at a minimum, Mr. Nabulsi should have realized that something was wrong when the Examiner did not cite the Yoon patent as a reference that was considered presupposes that Mr. Nabulski believed the reference to be material. The court discussed above its reasons for believing that disputed questions of fact remain regarding whether the Yoon reference is material to the '854 patent, but again notes that it is conceivable that Mr. Nabulsi could have considered the Yoon reference material to whether the '737 patent was invalid but not to the patentability of the '854 patent. Some of the claim terms at issue were mean-plus-function clauses

and, even though the claim terms may have been identical, the structure for these terms would not necessarily have been.

Even assuming that a reasonable attorney in Mr. Nabulsi's position would or should have thought something was wrong when the Yoon reference was not cited, Applied cites to no statute, regulation, or case that requires a patent attorney to do the PTO's job for them. At best, Applied points to MPEP Sections 707.05 – which requires the Examiner to cite the “prior art which is nearest to the subject matter defined in the claims” – and 13021.12 – which requires the Examiner to cite all references that appear in Board decisions. Mr. Nabulsi has a duty of candor and good faith to the PTO, but Applied has not cited any rule that imposes on counsel an obligation to point out to the Examiner the ways in which he or she thinks the Examiner might be wrong. The Examiner may have believed that because the Yoon reference was not specifically cited by the Board, even though it was referred to, it did not have to be cited, or that the Yoon patent was not “nearest to the subject matter defined” in the ‘854 patent’s claims. Applied is entitled to second-guess the Examiner’s allowance of the ‘854 patent’s claims under an invalidity theory, but the court is unaware of any authority that requires Mr. Nabulsi to either analyze the examination process for flaws and inform the Examiner of his mistakes, or be charged with inequitable conduct.

There is little, if any, evidence before the court of intent to deceive with respect to the ‘854 patent. However, because the overall determination of inequitable conduct is a sliding scale, where more evidence of materiality means that less evidence of intent to deceive is permissible, the court finds that granting summary judgment in favor of Tyco is inappropriate at this time. As noted above,

there are disputed questions of material fact regarding the materiality of the Yoon patent with respect to the '854 patent.³

2. *'702 and '377 patents*

Unlike the '854 patent, the '702 and '377 patents were not the subject of the interference proceeding – the '702 patent was currently pending and the '377 patent application had not yet been filed. Tyco's argument here is that since Mr. Nabulsi did not think, and had no reason to think, that the Yoon patent was material to prosecution of these patents, he had no intent to deceive the PTO when he did not produce it during prosecution. Tyco points to the fact that Mr. Nabulsi's involvement with the '702 and '377 patents was minimal, and suggests that this is why Mr. Nabulsi could not remember why he failed to submit the reference to the PTO during his deposition.

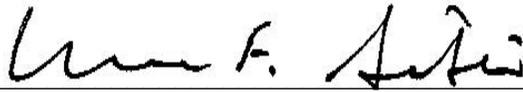
Because intent to deceive depends on whether Mr. Nabulsi knew or should have known that the Yoon reference was material, the court will deny Tyco's motion for summary judgment with respect to these patents at this time. What Tyco points to – namely that Mr. Nabulsi disclosed other prior art references to the PTO during prosecution, has never been found to have committed inequitable conduct on other occasions, and had established practices for disclosing prior art to the PTO – can be taken to either support or undercut Tyco's arguments, or are irrelevant to the fact-specific inquiry presented in this case of whether Mr. Nabulsi believed this particular reference to be material to prosecution of these particular patents. Again, the court's conclusion is informed by the facts that inequitable conduct is a sliding scale, with a greater showing of materiality permitting

³While Applied's claims do survive summary judgment, Applied should carefully consider whether it believes pursuing these claims at trial would be an appropriate use of the parties' and the court's time and resources.

a lesser showing of intent to deceive, and that genuine issues of material fact also remain with respect to the materiality of the Yoon reference in regards to the '702 and '377 patents.

IT IS THEREFORE ORDERED that Plaintiff Tyco Healthcare Group, LP's Motion for Summary Judgment of No Inequitable Conduct [Doc. # 145] is DENIED.

SIGNED this the 26th day of June, 2009.

A handwritten signature in black ink, appearing to read "Keith F. Giblin", written over a horizontal line.

KEITH F. GIBLIN
UNITED STATES MAGISTRATE JUDGE