

## Candid Rapping on the Duty of Candor: *Tap Pharma v. Owl Pharma*

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*I won a noble fame,  
But with a sudden frown,  
The people snatched my crown,  
And in the mire trod down  
My lofty name.  
.....Theodore Tilton [1835-1907]*

### **This is Your Life !**

Picture this: you file a patent application relating to "bet the company" technology on behalf of your client. Lo and behold, a first action allowance ensues. You promptly inform the client of the rapid allowance, needless to say, the client is thrilled. A happy scenario!

Now picture this: a month before receiving the Notice of Allowance ("NOA"), your client's lead inventor informs you that she's uncovered a piece of close prior art. You review it, and decide that it is likely cumulative of the art of record, but possibly more relevant.

You decide to await the issuance of a first Office Action before submitting a supplemental Information Disclosure Statement ("IDS") identifying the newly-uncovered piece of art. Since the first Office Action was an NOA, and since this is an important patent application for your client, you are now entertaining options concerning the timing of the IDS submission. These options include (a) submitting the IDS now, (b) submitting the IDS at a later date that is either before, or simultaneous with, the payment of the issue fee, and (c) submitting the IDS after payment of the issue fee.

Option (a) is invariably the best option for the attorney, and in the long run probably the best option for the client as well, since it demonstrates good-faith compliance with the duty of disclosure in regard to a document that may be material.

Option (b) is trickier since the "clock is running" with respect to submissions made at this late stage of prosecution. Aside from the fees involved, at this late stage the attorney must submit a statement under 37 CFR 1.97(e) indicating that either (i)

each item cited came from a communication from a foreign patent office, with respect to a foreign counterpart application, not more than three months from the date of its submission to the PTO, or (ii) no item cited was came from a communication from a foreign patent office with respect to a foreign counterpart application, and no item was known by any of the parties subject to the duty of disclosure more than three months prior to the filing of the IDS.

If you can't comply with either (i) or (ii) because the "clock has run out", then the IDS won't be considered by the PTO, but rather merely placed in the file. One way to obviate this result would be to elect to not pay the issue fee in the parent case, and instead file a Request for Continuing Examination ("RCE"). However, this option will doubtless run counter to your client's desire to have a quick patent issuance.

Option (c) is invariably the least desirable option for the attorney, and in the long run probably the least desirable option for the client as well. On the upside, such late submission will minimize the risk that the Examiner will withdraw the allowance, and reject claims over the newly-cited art. Hence, your client's objective of a quick patent issuance will likely be achieved. On the downside, the PTO will not consider the reference cited on the IDS, but rather merely place it in the file, and thus not provide the imprimatur of approval of the claims over the reference. Under those circumstances, you run the risk of an allegation, during subsequent patent enforcement proceedings, that you intentionally withheld material information from the PTO until a point in time when it was too late for the PTO to do anything about it.

Your consideration of the options is likely to be colored by your client's business needs - in this case the need for a quick allowance. If you "do the right thing" and choose option (a), there is a reasonable possibility that the Examiner will withdraw the allowance, and apply the art in rejecting at least some of the allowed claims. If you inform the client of this risk of rejection, and offer up the possibility of making a later submission instead that may diminish the likelihood of a claim rejection, it is a "no-brainer" that the client, driven by business interests, will "encourage" you to do the later IDS submission.

However, if you choose to delay the submission for any reason, and the result is a quickly-granted patent, it may turn into a longer-term disaster for you and your client alike.

Welcome to the wacky world of inequitable conduct allegations! An extreme example of such allegations was considered by the Federal Court in *TAP Pharma v. OWL Pharma* (76 USPQ 2d 1126, 1133 (2005)).

## The Case and Its Implications

*TAP Pharma* highlights a fairly-extreme example of a patent attorney, who has apparently tried to do the right thing in terms of complying with the duty of disclosure, but nonetheless was subjected to inequitable conduct allegations. In that case, the patent attorney submitted a copy of a European Search Report, from a foreign-counterpart application, to the US Examiner on a Supplemental IDS within ONE month after receiving the Report. One of the references that the alleged infringer, OWL, claimed was improperly withheld from the PTO was a published European application (the so-called "Kent application"). The Kent application was identified on the EP Search Report as an "A" reference - designating that this reference is mere "technological background".

The technology involved in the case involved polymers, and purification of polymers. In a statement concerning the Kent application accompanying the IDS, the patent attorney stated that "[n]o technique is disclosed in this reference for purifying polymers".

OWL alleged that the TAP attorney's statement was misleading. Specifically, OWL alleged that the Kent application necessarily disclosed methodology for purifying polymers because the application "incorporated by reference" a patent ("the so-called "Boswell patent") which taught such a technique.

In considering the materiality prong of inequitable conduct, the district court observed that there was "credible evidence that [the inventor] did not believe that [the Kent applications] incorporated Boswell to the extent it disclosed any purification techniques".

Additionally, the district court concluded that the Kent application was not material because the EP Search Report identified the reference as merely technological background. Moreover, the district court concluded that there was no deceptive intent on the part of the patent attorney since the EP Search Report was submitted to the US Examiner within a month of receiving it.

On appeal, OWL alleged two bases under which the Federal Circuit should overturn the district court's ruling on inequitable conduct. First, the alleged "late" submission of the supplemental IDS was tantamount to withholding of the Kent application until it was too late for the Examiner to do anything about it. Second, the

patent attorney's statement that "no technique is disclosed in this reference for purifying polymers" evidenced an intent to deceive the PTO with respect to the materiality of the Kent application.

The Federal Circuit determined that the district court did not commit clear error in finding that TAP did not act with an intent to deceive the PTO office. In making its determination that the Kent application and the Boswell patent were merely cumulative of other cited art, and hence not material, the Federal Circuit construed claim language from the patent in litigation.

The claim language included the phrase: "comprising a copolymer or homopolymer". OWL argued that prior art relating to homopolymers cannot be cumulative of prior art relating to copolymers. Therefore, OWL asserted that if the prior art previously considered by the PTO recited one type of polymer, and the Kent application (taken with the Boswell patent) the other type of polymer, then the disclosures were different, and hence could not be merely cumulative of each other.

To the contrary, the Federal Circuit reasoned that, since the claim at issue reads "copolymer or homopolymer", it is not unreasonable to conclude that prior art pertaining to one type of polymer is cumulative of art pertaining to the other. In other words, the disclosure of either type of polymer would have the same prior art impact with respect to that phrase in the claim. Art that is merely cumulative is not material, and hence that essential requirement for inequitable conduct was not satisfied.

In reflecting on this case, it is clear that the TAP patent attorney was in a fortuitous position from several vantage points. First, the key piece of art in contention had, in fact, been cited to the PTO with reasonable dispatch - only a month after receipt from the EPO. Second, the EPO Examiner classified the art as merely background technological information. Third, there was a reasonable position in-hand that the art was duplicative of art that was previously considered by the PTO. All of these factors, taken together, made it highly unlikely that the infringer would prevail on a claim of inequitable conduct. Nonetheless, we can well-imagine other scenarios under which the result may have been less than fortuitous for the attorney and client .

Illustratively, the result might have been different if the EP Patent Examiner had characterized the key art as "highly relevant" (a so-called "X" reference), if the time between receipt of the reference by TAP's patent attorney and submission to the PTO had been over three months. Added difficulty might ensue if the submission to the PTO had been made after payment of the issue fee. When you face those stickier situations, and we all will from time-to-time, the best course of action may be to request the PTO to withdraw the case from issuance in order to permit full consideration of the art by the Patent Examiner. Timing is everything in life, and

**even more so in the life of a patent prosecutor. The stakes for an error in judgment are higher than ever!**