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Chief Editor: Dr. Sreenivasarao Vepachedu, Esq
Editor: Miss Krishna Claudia Vepachedu

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Inequitable Conduct Haunts Patents 100 Richest Billionaires In India

INEQUITABLE CONDUCT HAUNTS PATENTS

Inequitable conduct is an equitable defense to patent infringementⁱ. Intent and materiality must be separately establishedⁱⁱ. The standard for the materiality required to establish inequitable conduct is “but-for” materialityⁱⁱⁱ. Therefore, the defendant must prove inequitable conduct by **clear and convincing evidence** that the patent applicant (1) misrepresented or omitted information material to patentability, (2) did so with specific intent to mislead or deceive the PTO,^{iv} and (3) intent and materiality must be separately established^v.

Recently, the District Court for the Southern District of California in Calcar^{vi} applied a flawed Therasense test for inequitable conduct, “withholding information material to patentability with a specific intent to deceive the USPTO, if the patent would not have been granted “but-for” the undisclosed information^{vii},” and failed to make a specific finding that “inventors knew that the withheld information was material and made a deliberate decision to withhold it”.

American Calcar's patents (Calcar Patents) claimed multimedia systems for accessing vehicle information. One inventor disclosed the existence of the prior art "96RL" navigation system to the USPTO, but did not disclose related photographs and an owner's manual, **intentionally**. The district court found that **but for the information** about the prior art withheld by Mr. Obradovich, the PTO would not have granted the '465 and '795 patents^{viii}. Partial disclosure of material information about the prior art to

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the PTO is evidence of patentee's intent to deceive if the disclosure is *intentionally* selective^x. The District Court had inferred intent based on contradictory assertions made by Mr. Obradovich in previous suits^x. Mr. Obradovich was not candid about the inventors' possession of photographs of the 96RL system^{xi}. On the question of the materiality of the prior art as to the '465 and '795 patents, the Federal Circuit found "no clear error in the conclusion," and remanded for the district court to determine whether the patents would have been granted "but for" the information that the applicant did not disclose, following the test for materiality set forth in *Therasense*, as to "*inventors knew that the withheld information was material and whether they made a deliberate decision to withhold it.*"^{xii} On remand, the district court again concluded that the three patents at issue were obtained through inequitable conduct, having made findings on each prong of the *Therasense* standard^{xiii}.

The claimed invention and the 96RL navigation system differ in "accessing vehicle information." It would have been obvious to a person having ordinary skill in art of vehicle navigation to include such information in the 96RL system. Obradovich acknowledged that the system was the basis of Calcar's inventions. Honda argued that the operational details that he did not disclose were those that were the claimed in the patents at issue: the use of the system to display the status of vehicle functions and to search for information about the vehicle.

The Federal Circuit reviewed and found that, on remand, the district court "did not clearly err" in its underlying factual findings of materiality and affirmed; decided on September 26, 2014^{xiv}.

Circuit Judge Newman dissented, "Patentability is not at issue in this appeal. Validity and infringement were tried, appealed, and finally decided in earlier phases of this eight-year litigation. In the trial phase, the jury found that there was not inequitable conduct in the failure to initially provide the Owner's Manual and photographs to the patent examiner. . . . The inequitable conduct with which Mr. Obradovich is charged is that he "did not tell Mr. Yip [his patent attorney] about his experience with the 96RL, nor did he provide Mr. Yip with the Owner's Manual or the photos of the navigation system display screens." Dist. Ct. Op. at 11. However, the PTO established, on reexamination of the '497 patent, that the purportedly withheld information was not material to patentability. In accordance with *Therasense* this ended the inequitable conduct inquiry, for the PTO sustained patentability in view of this information^{xv}."

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100 Richest Billionaires in India

More than a fifth of the 100 richest billionaires in India have pharma and health care riches, among them half of the eight newcomers, such as Hasmukh Chudgar, whose Intas Pharmaceuticals was recently valued by Temasek at close to \$1.4 billion. Entrepreneur P. V. Ramaprasad Reddy, one of three returnees to the list, came back after four years on a threefold jump in shares of his Aurobindo Pharmaceuticals^{xvi}.

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Om! Asatoma Sadgamaya, Tamasoma Jyotirgamaya, Mrityorma Amritamgamaya, Om Shantih, Shantih, Shantih!
(Aum! Lead the world from wrong path to the right path, from ignorance to knowledge, from mortality to immortality, and peace!)

ⁱ Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d 1276 (Fed. Cir. 2011) (en banc) (Therasense) at 1285.

ⁱⁱ *Id.* at 1290.

ⁱⁱⁱ *Id.* at 1291.

^{iv} Ohio Willow Wood Co. v. Alps S., LLC, 735 F.3d 1333, 1344 (Fed. Cir. 2013); Therasense

^v Therasense, *Id.* at 1290.

^{vi} *Id.*

^{vii} American Calcar, Inc. v. American Honda Motor Co., No. 06-cv-2433, 2012 WL 1328640 (S.D. Cal. Apr. 17, 2012) (Calcar), the United States District Court for the Southern District of California, Judge Dana M. Sabraw; Calcar appealed to The United States Court of Appeals for the Federal Circuit (the Federal Circuit).

^{viii} Am. Calcar, Inc. v. Am. Honda Motor Co., No. 06-cv-2433, 2012 WL 1328640, at 8 (S.D. Cal. Apr. 17, 2012).

^{ix} Aventis Pharma S.A. v. Hospira, Inc., 675 F.3d 1324, 1335-36 (Fed. Cir. 2012); see also Semiconductor Energy Lab. Co. v. Samsung Elecs. Co., 204 F.3d 1368, 1376 (Fed. Cir. 2000) (finding intent where the patentee disclosed a complete reference in Japanese but did not provide translations of that part which was material to patentability); Apotex Inc. v. UCB, Inc., No. 13-1674, 2014 WL 3973498, at *8 (Fed. Cir. Aug. 15, 2014) (finding intent on the basis of an inventor misrepresenting material information about disclosed prior art).

^x Am. Calcar, Inc. v. Am. Honda Motor Co., No. 06-cv-02433 (S.D. Cal. Nov. 3, 2008), ECF No. 577 (“Calcar I”). The District Court granted Honda’s inequitable conduct motion and, therefore, held the patents at issue unenforceable.

^{xi} *Id.* at 1332.

^{xii} Therasense. *Id.* at 1335-36.

^{xiii} The district court again found that the three patents at issue were obtained through inequitable conduct, detailing its findings of fact and conclusions of law. Am. Calcar, Inc. v. Am. Honda Motor Co., No. 06-cv-2433, 2012 WL 1328640 (S.D. Cal. Apr. 17, 2012) (“Calcar III”).

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^{xiv} American Calcar, Inc. v. American Honda Motor Co., Inc., No. 2013-1061 (Fed. Cir. Sept. 26, 2014), available at: http://scholar.google.com/scholar_case?case=9177099663355232147&q=American+Calcar,+Inc.+v.+American+Honda+Motor+Co+2014&hl=en&as_sdt=400006&as_vis=1, accessed on October 01, 2014.

^{xv} *Id.*

^{xvi} Available@: <http://www.biospace.com/News/indias-pharma-sector-mints-billionaires/347922> , accessed 30 September 2014.

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