



Federal Circuit Affirms Inequitable Conduct Based On “Intentionally Selective” Disclosure

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The patents issued, and Calcar sued Honda for infringement. A jury found the patents non-obvious and returned an advisory verdict that there was no inequitable conduct. The district court (U.S. District Court for the Southern District of California, Judge Dana M. Sabraw) disagreed and granted Honda’s inequitable conduct motion.

The Federal Circuit affirmed, determining that both prongs of the *Therasense* inequitable conduct standard—materiality and intent—had been established. As to materiality, the court noted that prior art is material if it would have blocked patent issuance under the PTO’s preponderance of the evidence standard, giving claims their broadest reasonable construction—even though inequitable conduct must be proved by clear and convincing evidence. Because the jury’s nonobviousness verdict was based on a different evidentiary standard, the court gave the verdict no weight in its inequitable conduct analysis. The court concluded that the “undisclosed operational details” of the 96RL’s navigation system were material to patentability. As to intent, the court reasoned that Mr. Obradovich’s disclosure of the prior art navigation system in his patent applications was not enough—he should have disclosed the photographs and owner’s manual as well: “Partial disclosure of material information about the prior art to the PTO cannot absolve a patentee of intent if the disclosure is intentionally selective.” The court discounted the jury’s nonbinding no-inequitableconduct verdict, noting that the district court reviewed “evidence that the jury did not see.”

Judge Newman dissented, faulting the panel majority’s determinations on both materiality and intent. On materiality, Judge Newman stressed that the photographs and owner’s manual were provided to the PTO on reexamination, and the PTO confirmed patentability over this additional information. Therefore, the information was, in fact, not material to patentability. On intent, Judge Newman disagreed with her “colleagues’ reliance on unsupported speculation outside of the record”—i.e., the evidence provided by Honda after trial—to “ignore the jury verdict.”

American Calcar, Inc. v. American Honda Motor Co., 20131061 (Fed. Cir. Sept. 26, 2014) (Prost (author), Newman (dissenting), and Wallach).

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