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**Comments**
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PATENT LAW AND THE DUTY OF CANDOR: RETHINKING THE LIMITS OF DISCLOSURE

JAY ERSTLING†

I. INTRODUCTION

United States patent law requires all patent applicants, their attorneys or agents, and everyone else "substantively involved in the preparation or prosecution of the application"1 to abide by a duty of candor. That duty, which is embodied in United States Patent and Trademark Office ("PTO") Rule 1.562 ("Rule 56"), imposes on "[e]ach individual associated with the filing and prosecution of a patent application . . . a duty to disclose to the Office all information known to that individual to be material to patentability . . ."3 Central to Rule 56 is the obligation to disclose all known prior art, including published patent applications and patents, technical journals, and uses of the invention,4 relevant to determining whether the invention in question is worthy of a patent. Failure to comply with the obligation can have draconian consequences: under the doctrine of inequitable conduct, a breach of the duty of candor during the prosecution of a patent appli-

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1. 37 C.F.R § 1.56(c)(3) (2010). See Avid Identification Sys. Inc. v. The Crystal Imp. Corp., 603 F.3d 967, 974 (Fed. Cir. 2010) (the Federal Circuit recently held that the founder and president of the plaintiff company was bound by the duty of candor since he was "substantively involved in all aspects of the company's operation," despite the fact that he was neither a named inventor nor an attorney or agent), petition for rehearing denied, 614 F.3d 1330 (Fed. Cir. 2010).

2. 37 C.F.R § 1.56.

3. 37 C.F.R § 1.56(a).

4. U.S. PAT. & TRADEMARK OFFICE, U.S. DEP’T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 2001.06 (8th ed. Rev. 2, May 2004) [hereinafter MPEP], describes the information required to be disclosed as follows: "In addition to prior art such as patents and publications, 37 CFR 1.56 includes, for example, information on possible prior public uses, sales, offers to sell, derived knowledge, prior invention by another, inventorship conflicts, and the like." In addition, the MPEP includes as material information "prior art cited in related foreign applications" (MPEP § 2001.06(a)), "information relating to or from copending U.S. patent applications" (MPEP § 2001.06(b)), "information from related litigation" (MPEP § 2001.06(c)), and "information relating to claims copied from a patent" (MPEP § 2001.06(d)). It is important to note that although the MPEP does not have the force of law, it is often treated as having legal authority.
cation can cause any ensuing patent\textsuperscript{5} to be declared unenforceable for the remainder of its patent term.\textsuperscript{6}

The duty of candor, first established by the PTO in 1977,\textsuperscript{7} is based on the notion that patent applicants and their attorneys should "help the PTO in its job of examining applications thoroughly and allowing only valid claims."\textsuperscript{8} Rule 56(a) recites the public policy underpinning the duty:

A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability.\textsuperscript{9}

While the public policy interest supporting the duty of candor appears beyond reproach, the effectiveness of an open-ended obligation to disclose all known prior art has recently been called into question.\textsuperscript{10}

The doctrine of inequitable conduct, a judicial construct first recognized by the Supreme Court in 1945,\textsuperscript{11} has also been the subject of

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\item[5.] In some cases where there is a pattern of inequitable conduct, the doctrine can transfer to related patents, causing them also to be declared unenforceable. See Consolidated Aluminum Corp. v. Foseco Int'l Ltd., 910 F.2d 804, 812 (Fed. Cir. 1990). It should also be noted that a finding of inequitable conduct relating only to a single claim in a patent can result in the entire patent being declared unenforceable. See Star Sci., Inc. v. R.J. Reynolds Tobacco Co., 537 F.3d 1357, 1365-66 (Fed. Cir. 2008).\n\item[6.] See, e.g., Janice Mueller, An Introduction to Patent Law 431-32 (3d ed. 2009).\n\item[7.] Patent Examining and Appeal Procedure, 42 Fed. Reg. 5588-95 (Jan. 28, 1977) (to be codified at 37 C.F.R. pt. 1) (specific commentary on the duty of disclosure is at 42 Fed. Reg. 5589, and the text of 37 C.F.R. § 1.56 is at 42 Fed. Reg. 5593).\n\item[8.] Paul M. Janicke, Do We Really Need So Many Mental and Emotional States in United States Patent Law?, 8 Tex. Intell. Prop. L.J. 279, 292 (2000).\n\item[9.] 37 C.F.R. § 1.56(a). See also Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co., 324 U.S. 806, 816 (1945) ("A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the Progress of Science and the useful Arts." At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud or other inequitable conduct and that such monopolies are kept within their legitimate scope.").\n\item[10.] See Christopher A. Cotropia, Mark A. Lemley & Bhaven N. Sampat, Do Applicant Patent Citations Matter? Implications for the Presumption of Validity (Stanford Law and Economics Olin, Working Paper No. 401, 2010), available at http://ssrn.com/abstract=1656668; Melissa Feeney Wasserman, Limiting the Inequitable Conduct Defense, 13 Va. J.L. & Tech 7 (2008); Gina M. Bicknell, Note, To Disclose or Not to Disclose: Duty of Candor Obligations of the United States and Foreign Patent Offices, 83 Chi.-Kent L. Rev. 425, 456-63 (2008).\n\item[11.] See Robert J. Goldman, Evolution of the Inequitable Conduct Defense in Patent Litigation, 7 Harv. J. L. & Tech. 37, 37 (1993) (citing Precision Instrument Mfg. Co., 324 U.S. 806).\n\end{itemize}
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much criticism. Generally pled as a defense in actions for patent infringement, the doctrine has been accused of being "irresistible for litigants—if proven, it allows an infringer to escape any liability for infringing a valid patent." In addition to being "overplayed" by defendants, courts have come under attack for expanding the doctrine beyond its intended boundaries, so much so that the doctrine itself has been labeled "inequitable" for being applied "where the patentee only committed minor missteps or acted with minimal culpability or in good faith." Characterized also as an "absolute plague," there has been much call for the doctrine's reform.

While other countries have adopted some form of disclosure requirement, the United States is unique in requiring such breadth of candor and in linking failures to disclose with the threat of inequitable conduct and the sanction of unenforceability. Given that patent offices worldwide have proven capable of carrying out quality patent examination without the heavy burden of Rule 56 and the dramatic consequences of a finding of inequitable conduct, the question naturally arises as to whether either the duty of candor or the doctrine of inequitable conduct, or both, are necessary in today's patent world. This Article takes the position that they are not. While most legal commentators have focused attention on the need to reign in inequitable conduct, this Article will concentrate primarily on the duty of

12. See, e.g., Stephen A. Merrill, Richard C. Levin & Mark B. Myers, A Patent System for the 21st Century 121-23 (Committee on Intellectual Property Rights in the Knowledge-Based Economy, National Research Council eds., 2004) ("In view of its cost and limited deterrent value the committee recommends the elimination of the inequitable conduct doctrine or changes in its implementation.").
19. In this context, inequitable conduct must be distinguished from the doctrine of fraud on the patent office or the fraudulent procurement of a patent, which consists in general of affirmative and intentional misrepresentations or deceitful omissions of material information that directly impact the decision to grant or reject a patent application. Virtually all patent offices sanction such affirmative misconduct.
candor and will argue that, given the nature of contemporary patent examination, the obligation to disclose all known prior art should be significantly limited, if not eliminated entirely.

Part II of this Article will attempt to place the duty of candor and the doctrine of inequitable conduct within the context of patent examination. It will also glance at some of the cases that highlight the troubled nature of the doctrine. Part III will look comparatively at disclosure requirements, or the lack thereof, in other national and regional jurisdictions to try to sample the extent to which disclosure contributes to quality patent examination. Part III will focus in particular on the European Patent Office, which has no disclosure requirement; Japan, which requires disclosure but does not sanction non-compliance; Australia, a country that adopted and then abandoned a duty to disclose; and Israel, a country whose patent law mandates a duty of disclosure that most closely approximates that of the United States. Part IV will explore the impact of technology, law, and international cooperation on patent examination in an effort to determine whether the changing nature of the examination process alters or obviates the need for continued disclosure. And finally, Part V will conclude with a recommendation for curtailing the duty of candor.

II. PATENT EXAMINATION AND THE DUTY OF CANDOR

A. PATENT EXAMINATION BASICS

The United States Patent and Trademark Office ("PTO"), like virtually all patent offices worldwide, grants patents to inventions that are novel, nonobvious, and useful. An applicant—or, as is mostly the case, a patent attorney or agent acting on an applicant's behalf—applies for a patent by filing with the PTO an application that contains a description of the invention "in such full, clear, concise, and exact terms as to enable any person skilled in the art to which [the invention] pertains, or with which it is most nearly connected, to

23. See 35 U.S.C. § 103 (2006). The patent laws of most countries use the term "inventive step" to describe the requirement that an invention must not have been obvious to an ordinary person skilled in the art in order to merit the grant of a patent.
25. For the sake of simplicity, this article will generally refer only to applicants, although it should be remembered that patent attorneys or agents do the majority of filing and prosecution of patent applications.
make and use the same." 26 At the end of the description, the applicant includes one or more claims that distinctly define "the subject matter which the applicant regards as [her or] his invention." 27 When a patent is granted, it is the claims that define the scope of the patent owner's right to exclude others from making, using, selling, offering to sell, or importing the invention. 28

The job of the PTO and of a patent examiner within the office is to examine each claim in an application to determine whether the claim meets the requirements of patentability set forth in the Patent Act 29 and to verify that it is adequately described in and supported by the description. 30 The principal tool that an examiner uses to carry out this task is the body of relevant prior art against which the examiner compares each claim. In accordance with § 102(a) and (b) of the Patent Act, 31 that body consists of the following: any publication, including published United States or foreign patents or patent applications, technical or scientific journal articles, or general publications that were available either before the date of the invention or more than one year before the patent application filing date; knowledge or use of the invention in the United States by third parties before the date of the invention; and public use of the invention, or placing the invention on sale in the United States more than one year before the filing date. 32

At its most basic, 33 examination takes the following form: every application filed with the PTO is assigned to an examiner who has specialized knowledge in the technical field embodied in the invention under examination. The examiner formulates a search strategy that corresponds to the claims in question and, on the basis of an exhaustive network of prior art documentation databases, the examiner compares the claims to the prior art. In the event the examiner uncovers patent-defeating prior art applicable to any one or more of the claims, the examiner communicates that fact to the applicant, 34 together with

27. 35 U.S.C. § 112.
30. See MUELLER, supra note 6, at 45.
32. Id.
33. For a more detailed description of the examination process, see MUELLER, supra note 6, at 42-63; see also Christopher A. Cotropia, Modernizing Patent Law's Inequitable Conduct Doctrine, 24 BERKELEY TECH. L.J. 723, 729-32 (2009).
34. The communication is contained in a PTO document called an "office action." While most offices issue such documents, they may give them different names. In the European Patent Office, for example, the initial document is called an "Extended Euro-
the relevant reasons, and gives the applicant an opportunity either to demonstrate why the prior art references are not patent defeating or to narrow or limit the claims in the application in order to overcome the negative effect of the references. This process continues until the examiner allows all or some of the claims, the examiner rejects the application, or the applicant abandons the unpatentable claims or the entire application. Similar examination procedures occur throughout the world in patent offices that engage in substantive patent examination.

B. The Role of the Duty of Candor

What, then, is the role of the duty of candor in the examination process? Despite the access that examiners have to the world's body of documentary prior art, applicants in most countries are generally expected to call to patent examiners' attention important prior art of which they have knowledge. Applicants typically comply by including an overview or summary of the state of the art in the part of the description that explains the background of the invention. United States practice calls for more, however. In addition to providing background on related prior art, applicants before the United States Patent and Trademark Office ("PTO") file information disclosure statements ("IDS"), which are detailed forms that contain bibliographic Search Report," and subsequent documents are referred to simply as "communications." Guidelines for Examination in the European Patent Office, Part C §§ 3.5–3.7 (April 2010), available at http://www.epo.org/patents/law/legal-texts/guidelines.html.


36. In some countries, including Canada, Mexico, Israel, and India, applicants are also asked to supply the examiner with a list of the other countries in which examination of the application is taking place as well as—occasionally—copies of the search reports that those other examiners have issued (see Part III, below). It should be noted that applicants have an incentive to disclose prior art because the more prior art references are considered and rejected by an examiner, the less likely it is that the patent will be invalidated in later litigation.

37. In the United States, the relevant provision from the MPEP § 608.01(c), provides as follows: "The background of the invention ordinarily comprises . . . (2) Description of the related art . . . . A paragraph(s) describing to the extent practical the state of the prior art or other information disclosed known to the applicant, including references to specific prior art or other information where appropriate." MPEP § 608.01(c)(2). Elsewhere, see, e.g., European Patent Convention, Implementing Regulations to the Convention on the Grant of European Patents, Rule 42(1)(b), 1065 U.N.T.S. 199 (1973), and European Patent Convention, Regulations Under the Patent Cooperation Treaty, Rule 5.1(a)(ii) (1970).

graphic lists of all the material prior art, and they attach and submit paper copies, oftentimes cartons-full, of the references listed.

Provided that an applicant properly includes in the IDS “all information known to be material to patentability,” the applicant will be deemed to have met the duty of candor. Failure to be fully inclusive, however, can lead to allegations and, even worse, to findings, of inequitable conduct. The problem is that it has become increasingly difficult, as will be discussed below, for applicants to determine whether information is material. As a result, applicants feel obliged to over-disclose prior art, including even the most marginally relevant references, in order to guard against the future possibility of having to fend off accusations of omitting material art. Equally fearful that they will be accused of mischaracterizing the prior art that they do submit to examiners, applicants also feel constrained to avoid assisting in examination by indicating the relevance of their submissions. As eminent patent attorney, Robert Armitage, somewhat cynically described it:

Patent applicants anticipating latter allegations of concealment hold nothing back from patent examiners in the way of “prior art.” Savvy patent applicants unleash a torrent of “prior art” on patent examiners, leaving them awash in a sea of earlier-issued patents and printed publications that the patent examiner is expected to consider before deciding to issue a patent.

These same patent applicants then studiously refrain from providing any meaningful characterization of the significance or relevance of much of the cascade of information that they provide to patent examiners. The rules of the game are crudely expressed as, “Dump it, but don’t discuss it.” Thus, rather than furthering quality

39. The lists include United States patents and published patent applications, foreign patents, and non-patent literature, such as journal articles, books, magazines, symposia and conference proceedings, and catalogs. 37 C.F.R. § 1.98.

40. 37 C.F.R. § 1.56(a) (“The duty to disclose all information known to be material to patentability is deemed to be satisfied if all information known to be material to patentability of any claim issued in a patent was cited by the Office or submitted to the Office in the manner prescribed by §§ 1.97(b)-(d) and 1.98.”).

41. In the alternative, some applicants choose not to undertake any pre-filing patent searches themselves in order to avoid uncovering prior art that they will have to submit to the PTO.

42. Robert Armitage is Senior Vice President and General Counsel of Eli Lilly and Company.

patent examination, complying with the duty of candor may arguably impede it.

The results of a recent study further call into question whether the duty of candor is achieving its policy objectives. While examiners are charged with reviewing and evaluating the references cited in an IDS, three leading patent scholars, Christopher A. Cotropia, Mark Lemley, and Bhaven Sampat, have found "that patent examiners effectively ignore almost all applicant-submitted art, relying almost exclusively on prior art they find themselves."\(^4\) After carefully ruling out a series of logical reasons why examiners might focus on their own prior art,\(^4\) the authors conclude that examiners may simply tend to be "myopic,"\(^4\) either because of "cognitive biases" (people are apt "to think more highly of things they do themselves than things others provide to them")\(^4\) or as a "time-saving decision" ("[e]xaminers operate under significant time constraints, and they may simply not have time to read and evaluate the art applicants submit").\(^4\) Based on the authors' findings, enforcing the duty of candor seems to make little sense, and punishing omissions by declaring an otherwise valid patent unenforceable under the guise of inequitable conduct seems to make even less.

C. THE PLACE OF INEQUITABLE CONDUCT

It is therefore ironic that the incidence of accused infringers pleading inequitable conduct as a defense to patent infringement has increased.\(^4\)\(^9\) According to several studies, inequitable conduct is now asserted in about one fourth of all patent cases filed,\(^5\) regardless of the merits,\(^5\) and the number of cases appealed on inequitable conduct


44. Cotropia, Lemley, & Sampat, supra note 10, at 2. It is noteworthy that the authors' data reject the possibility that "applicants submit uniformly weak prior art" as a reason for the focus on examiner-found prior art. Id. at 3.

45. For example, that applicants tend to submit foreign-origin prior art and PTO examiners prefer United States origin prior art, that applicants bury the relevant prior art in a flood of less relevant art, or that the timing of applicant submissions does not coincide well with the timing of examination. Id.

46. Id. at 23.

47. Id.

48. Id.

49. See, e.g., Mack, supra note 18, at 155-56; and Mammen, supra note 18, at 1361 ("The statistical data is suggestive that the prevalence of inequitable conduct cases is expanding, especially at the pleading stage.").


51. According to Katherine Nolan-Stevaux, parties may "frequently allege inequitable conduct where courts find no evidence of it." Katherine Nolan-Stevaux, Inequita-
grounds rose from thirteen to thirty between 2004 and 2007. So pervasive is this increase that Chief Judge Randall R. Rader of the United States Court of Appeals for the Federal Circuit characterized the doctrine as “constantly overflowing its banks," and lamented that inequitable conduct “grew from a tiny bush on the patent landscape that inhibited gross fraud into a ubiquitous weed that infects every prosecution and litigation involving patents.

The doctrine of inequitable conduct stems from the equitable doctrine of unclean hands; in other words, patentees seeking to enforce their rights should not benefit from the redress of the courts if they had dirtied their hands by intentionally misleading the United States Patent and Trademark Office (“PTO”). The early Supreme Court cases that gave birth to inequitable conduct bore no relation to cases involving the omission of material prior art. In the early cases, “egregious fraud, perjury, and extortion infected every part of the patent acquisition and enforcement process.” But for the deceitful or abusive behavior, the patentee in those cases would not have been able to receive a patent, let alone enforce it. The seminal 1945 case of *Precision Instrument Manufacturing Co. v. Automotive Maintenance Machinery Co.*, for example, involved perjury and fraud in an interference proceeding. During the proceeding’s discovery phase, the patentee learned that the opponent had lied by submitting false affidavits about the dates of conception and disclosure of the invention as well as about inventorship. Rather than reporting the fraud, the patentee settled the interference and received rights to both the patents

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53. *Id.* at 780.

54. *Id.* at 781.

55. See Mammen, *supra* note 18, at 1333-34.


57. Rader, *supra* note 52, at 781. See also Larson Mfg. Co. of S.D., Inc. v. AluminArt Prods. Ltd., 559 F.3d 1317, 1343 (Fed. Cir. 2009) (Linn, J., concurring) (“The ease with which inequitable conduct can be pled, but not dismissed, is a problem of our own making. The Supreme Court’s three inequitable conduct cases involved overt fraud, not equivocal acts of omission.”).

58. 324 U.S. 806 (1945).

59. See 35 U.S.C. § 135 (2006) (an interference proceeding is an administrative proceeding within the PTO used to decide priority of invention (i.e., who was the first to invent) when two applicants submit competing applications for the same invention).
in question. When the patentee attempted to enforce the patents in a subsequent infringement action, the district court refused to do so, and the Supreme Court ultimately agreed, arguing that not only the doctrine of unclean hands, but also the public interest,60 precluded the enforcement of "perjury-tainted patents."61

As Judge Rader aptly pointed out, the original rationale for the doctrine of inequitable conduct thus had nothing to do with the objective of encouraging applicants to disclose prior art:

[N]otably, the Supreme Court did not make any connection between its inequitable conduct doctrine and an incentive to disclose prior art to the patent officer during prosecution. In other words, this doctrine was not born as a universal principle to encourage a patent owner to disclose (excessive amounts of) prior art, but only as a remedy for truly abusive behavior.62

Modern conceptions of the duty of candor and the doctrine of unclean hands have changed this rationale, however, with the result that the United States is "the only country in the world that embraces inequitable conduct as an incentive to disclose prior art."63 In Digital Control Inc. v. Charles Machine Works,64 the Court of Appeals for the Federal Circuit laid out the elements necessary to prevail in a claim of inequitable conduct:

A patent may be rendered unenforceable for inequitable conduct if an applicant, with intent to mislead or deceive the examiner, fails to disclose material information or submits materially false information to the PTO during prosecution. The party asserting inequitable conduct must prove a thresh-

60. According to Robert J. Goldman, "[t]he Court's discussion of the public interest relating to patents [was] consistent with the anti-monopoly tenor of the times." Goldman, supra note 11, at 50. The Court saw patents as "an exception to the general rule against monopolies and to the right to access to a free and open market." Id. (citing Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co., 324 U.S. 806, 816 (1945)). As a result, it was necessary that "such monopolies [be] kept within their legitimate scope." Goldman, supra note 11, at 50. This is certainly not the prevailing view of patents today. For example, the USPTO Vision states: "The incentives and rewards associated with strong protection of ideas, creativity, and innovation stimulate further innovation and creativity in the form of new products, services, and technology. Simply put, IP rights are a stimulus to innovation and are critical to long-term economic growth." 2010-2015 Strategic Plan, UNITED STATES PATENT AND TRADEMARK OFFICE, 3 (2010), http://www.uspto.gov/about/stratplan/USPTO_2010-2015_Strategic_Plan.pdf.

61. Precision Instrument Mfg. Co., 324 U.S. at 816 ("[W]here a suit in equity concerns the public interest as well as the private interests of the litigants this doctrine assumes even wider and more significant proportions. For if an equity court properly uses the maxim to withhold its assistance in such a case it not only prevents a wrong-doer from enjoying the fruits of his transgression but averts an injury to the public.").

62. Rader, supra note 52, at 781 (parenthesis in original).

63. Id.

64. 437 F.3d 1309 (Fed. Cir. 2006).
old level of materiality and intent by clear and convincing evidence. The court must then determine whether the questioned conduct amounts to inequitable conduct by balancing the levels of materiality and intent, “with a greater showing of one factor allowing a lesser showing of the other.”

Materiality and intent are therefore both required to make out a case of inequitable conduct, and both must be proved by clear and convincing evidence. While a finding of inequitable conduct can be based on either failure to disclose or submission of false information, the scope of this Article is limited to disclosure.

1. Materiality

It has become particularly problematic for applicants to gauge materiality, as well as for patentees to defend against charges of inequitable conduct, because the materiality standard applied by the United States Patent and Trademark Office (“PTO”) and that applied by the courts are not consistent. In 1977, when the PTO first crafted Rule 56, it provided that information was material to patentability when there was a “substantial likelihood that a reasonable examiner would consider it important in deciding whether to allow the application to issue as a patent.” In 1992, the PTO amended Rule 56 and replaced the “reasonable examiner” standard with a narrower “prima facie” standard, the latter version of the rule is still largely in force. The 1992 rule reflected the PTO’s view that the reasonable examiner standard was “insufficiently objective, unworkable, and too imprecise,” and that it was probably “leading to unjustifiable charges of inequitable conduct in litigation.” The new Rule 56 attempted to overcome those defects by providing as follows:


66. Since failure to disclose is an act of omission while the submission of false information is an act of commission, the author believes that the two deserve separate analysis and separate legal treatment.


69. Mammen, supra note 18, at 1335 (footnotes omitted).

70. Id. at n.22 (citing Harry F. Manbeck, Jr., Evolution and Future of New Rule 56 and the Duty of Candor: The Evolution and Issue of New Rule 56, 20 AIPLA Q.J. 136, 139-40 (1992)).
§ 1.56 Duty to disclose information material to patentability

(b) . . . [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

(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.71

The purpose of the amended rule was thus to provide “a clearer and more objective definition of what information the [PTO] considers material to patentability”72 and, accordingly, to better balance the needs of applicants and the PTO.73 Comparing the old and new rules, the reasonable examiner standard is generally considered “more searching and would require a patent applicant to submit a great amount of information than would otherwise satisfy the current [PTO] definition of materiality.”74

The United States Court of Appeals for the Federal Circuit, which hears appeals in inequitable conduct cases, has principally adhered to the “reasonable examiner” standard.75 Faced with the adoption of the new rule, the court initially signaled that it would continue to apply the old standard, “but only as to cases that were prosecuted under the earlier version of Rule 56.”76 The court confessed that it had “not decided whether it should adhere to the preexisting standard for inequitable conduct in prosecutions occurring after the effective date of the new rule,”77 and thus it had not resolved the question “whether the standard for materiality in inequitable conduct cases is governed by equitable principles or by the [PTO’s] rules.”78

In Digital Control Inc. v. Charles Machine Works,79 however, the Federal Circuit indicated that it had made up its mind, at least for the time being. The court held that “the new Rule 56 was not intended to

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71. 37 C.F.R. § 1.56(b) (2010).
74. MUELLER, supra note 6, at 435.
75. Id. at 433.
76. Dayco Prods., Inc., 329 F.3d at 1364.
77. Id.
78. Id.
79. 437 F.3d 1309 (Fed. Cir. 2006).
replace or supplant the 'reasonable examiner' standard;”80 furthermore, it determined that courts could also invoke three other historical standards to weigh materiality, at least when the allegation concerned a misrepresentation.81 As for the reasonable examiner standard, the court noted that it was “an appropriate starting point for any discussion of materiality, for it appears to be the broadest, thus encompassing the others and because that materiality boundary most closely aligns with how one ought to conduct business with the PTO.”82 Subsequent cases have underscored the supremacy of the reasonable examiner test,83 determining, for example, that information may be deemed material even if its disclosure would not have affected the outcome of the patent examination or invalidated the patent.84

Patentees who satisfy the PTO's definition of materiality may therefore find themselves having to defend against accusations of inequitable conduct on the basis of the Federal Circuit's broader materiality standard. It is no wonder that applicants have erred on the side of over-disclosure.

2. Intent to Deceive

The intent element of inequitable conduct has posed an additional hurdle. “Because 'smoking gun' evidence of intent to deceive rarely exists,”85 circumstantial evidence is almost always relied upon to infer deceptive intent.86 In Larson Manufacturing Company of South Dakota, Inc. v. AluminArt Products Limited,87 a decision that reversed in part and remanded a district court's finding of inequitable conduct,88

81. Digital Control Inc., 437 F.3d at 1315 (“These standards included: the objective ‘but for’ standard, where the misrepresentation was so material that the patent should not have issued; the subjective ‘but for’ test, where the misrepresentation actually caused the examiner to approve the patent application when he would not otherwise have done so; and the ‘but it may have’ standard, where the misrepresentation may have influenced the parent examiner in the course of prosecution.”).
82. Id. (citing Am. Hoist and Derrick Co. v. Sowa and Sons, Inc., 725 F.2d 1358, 1362-63 (Fed. Cir. 2006)).
84. See, e.g., Larson Mfg. Co., 449 F.3d at 1327.
85. Mueller, supra note 6, at 438.
86. See Star Sci., 537 F.3d at 1366; Larson Mfg. Co., 559 F.3d at 1340.
87. 559 F.3d 1317 (Fed. Cir. 2009). In the interests of full disclosure, it should be noted that the author is Of Counsel at the firm that was accused of inequitable conduct in the Larson case.
the United States Court of Appeals for the Federal Circuit gave "some guidance to the district court with respect to the issue of deceptive intent," stating as follows:

"Materiality does not presume intent, and nondisclosure, by itself, cannot satisfy the deceptive intent element. Rather, the alleged infringer must prove by clear and convincing evidence a specific intent to deceive the PTO. While deceptive intent can be inferred from circumstantial evidence, the circumstantial evidence must still be clear and convincing. "Further, the inference must not only be based on sufficient evidence and be reasonable in light of that evidence, but it must also be the single most reasonable inference able to be drawn from the evidence to meet the clear and convincing standard." [Star Scientific, 537 F.3d at 1367.]

Relatedly, just as merely withholding a reference cannot support an inference of deceptive intent, so too an accused infringer cannot carry its threshold burden simply by pointing to the absence of a credible good faith explanation.90

The Federal Circuit has also held that negligence, or even gross negligence, is not enough on its own to establish intent.91 At the same time, the court has repeatedly determined that the higher the materiality of the undisclosed information, the lower the standard of proof needed to infer intent from the circumstantial evidence.92 In Honeywell International, Inc. v. Universal Avionics Systems Corp.,93 for example, the court stated that "[t]he more material the information misrepresented or withheld by the applicant, the less evidence of intent will be required in order to find inequitable conduct."94 As a result, the intent standard has not been consistently applied by the courts. Ferring B.V. v. Barr Laboratories95 is a case in point. In Ferring, the Federal Circuit applied a negligence analysis when it declared that it was appropriate to uphold a district court's grant of

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90. Larson Mfg Co. of S.D., 559 F.3d at 1340-41 (all other citations omitted).
91. See Kingsdown Med. Consultants, Ltd. v. Hollister Inc., 863 F.2d 867, 876 (Fed. Cir. 1988) (en banc) ("We adopt the view that a finding that particular conduct amounts to 'gross negligence' does not of itself justify an inference of intent to deceive; 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.").
93. 488 F.3d 982 (Fed. Cir. 2007).
94. Honeywell Intl', Inc., 488 F.3d at 999. See also Am. Hoist and Derrick Co., 725 F.2d at 1363; Critiko, Inc., 120 F.3d at 1256.
95. 437 F.3d 1181 (Fed. Cir. 2006).
summary judgment “if there has been a failure to supply highly material information and if the summary judgment record establishes that (1) the applicant knew of the information; (2) the applicant knew or should have known of the materiality of the information; and (3) the applicant has not provided a credible explanation for the withholding.” 96 More recently, in Praxair, Inc. v. ATMI, Inc., 97 the Federal Circuit’s reliance on Ferring to uphold a finding of inequitable conduct 98 prompted a dissenting judge to say that “the district court incorrectly conflated intent with materiality.” 99 He went on to argue that “[w]hile a smoking gun may not be needed to show an intent to deceive, more is needed than materiality of a reference.” 100

The inconsistent application of the inequitable conduct doctrine has created considerable uncertainty among the applicant community and has created a push for change. That push may have been felt in the Federal Circuit because on April 26, 2010, the court granted a petition for a rehearing en banc of its decision in Therasense v. Becton, Dickinson and Co. 101

D. The Therasense Case

Therasense concerns a patent for a disposable blood glucose test strip for diabetes. The district court held, and the United States Court of Appeals for the Federal Circuit affirmed, that the patent was unenforceable as a result of the applicant’s failure to disclose statements made to the European Patent Office (“EPO”) during a revoca-

97. 543 F.3d 1306 (Fed. Cir. 2008).
98. Praxair, Inc. v. ATMI, Inc., 543 F.3d 1306, 1318 (Fed. Cir. 2008). (“Based on its predicate findings that the RFO art was highly material, that the applicants knew of the RFO art and at least should have known of its materiality, and that the applicants had failed to present any good faith explanation for withholding the highly material RFO art from the PTO, the district court properly inferred that the applicants intended to deceive the PTO by failing to disclose the RFO art.”).
100. Id. In McKesson Info Solutions, Inc. v. Bridge Medical, Inc., Judge Newman, in dissent, also complained about an insufficient standard for establishing intent: “To avoid the inequity resulting from litigation-driven distortion of the complex procedures of patent prosecution, precedent firmly requires that the intent element of inequitable conduct must be established by clear and convincing evidence of deceptive intent—not of mistake, if there were such, but of culpable intent.” McKesson Info. Solutions, Inc., v. Bridge Med., Inc., 487 F.3d 897, 926 (Fed. Cir. 2007).
101. 374 Fed. App’x 35 (Fed. Cir. 2010). The Therasense decision that was the basis for the appeal is at 593 F.3d 1289 (Fed. Cir. 2010). It should be noted that the push has also included efforts at reform of the Patent Act, 35 U.S.C. § 100 et seq., which so far have been unsuccessful. The arguably boldest inequitable conduct reform effort to date came from Senator Orrin Hatch (R-UT), who on March 14, 2008, introduced a proposal to amend S. 1145, 110th Congress, to ban pleading inequitable conduct in patent infringement litigation and to replace it with a reissue process. Patent Reform Act of 2007, S. 1145, 110th Cong. (2008).
tion proceeding of the European patent counterpart to the United States patent-in-suit. The district court found, and the Federal Circuit agreed, that statements made to the EPO were highly material to the prosecution of the United States patent because they contradicted statements made to the United States Patent and Trademark Office ("PTO"). The Federal Circuit also found that the district court "did not clearly err" in finding intent to deceive because (1) the statements made to the PTO "were absolutely critical in overcoming the examiner's earlier rejections of the claims;" (2) "the EPO statements would have been very important to an examiner;" (3) the patentee's attorney and research director "knew of the EPO statements and consciously withheld them from the PTO;" (4) neither one provided a "credible explanation" for their failure to do so; and (5) their "explanations for withholding the EPO documents were so incredible that they suggested intent to deceive."

Federal Circuit Judge Richard Linn filed a dissenting opinion in which he argued at length and in great detail that materiality and intent were both lacking in the case. Contending that the patentee's statements to the EPO could reasonably be interpreted as being consistent with its statements to the PTO, and therefore they should be viewed as immaterial in accordance with Rule 56, Judge Linn stated:

Even if this information were material, however, the individuals who owed a duty of disclosure to the PTO produced a good faith explanation as to why they withheld the EPO submissions. . . . Such an explanation will defeat a charge of inequitable conduct if it is "plausible." The question, thus, is not whether it is plausible that the information is immaterial—a question asked under the objective materiality prong—but rather, whether it is plausible that the individuals subjectively believed that the reference was immaterial at

102. Therasense, Inc. v. Becton, Dickinson and Co., 593 F.3d 1289, 1300 (Fed. Cir. 2010).
103. Therasense, Inc., 593 F.3d at 1301.
104. Id. at 1308.
105. Id. at 1306. The court also noted in dicta that in a "close case, . . . we have repeatedly emphasized that the duty of disclosure requires that the material in question be submitted to the examiner rather than withheld by the applicant." Id. at 1305.
106. Id. at 1312 (Linn, J., dissenting).
107. 37 C.F.R. § 1.56(b)(2) (stating "(b) Under this section, information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and . . . (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.").
the time they withheld it—a question presented under the subjective intent prong.\textsuperscript{108}

In granting the \textit{en banc} rehearing, the Federal Circuit chose to confront the material and intent standards head-on. The court therefore requested briefs addressing the following six questions:

1. Should the materiality-intent-balancing framework for inequitable conduct be modified or replaced?
2. If so, how? In particular, should the standard be tied directly to fraud or unclean hands? If so, what is the appropriate standard for fraud or unclean hands?
3. What is the proper standard for materiality? What role should the United States Patent and Trademark Office’s rules play in defining materiality? Should a finding of materiality require that but for the alleged misconduct, one or more claims would not have issued?
4. Under what circumstances is it proper to infer intent from materiality?
5. Should the balancing inquiry (balancing materiality and intent) be abandoned?
6. Whether the standards for materiality and intent in other federal agency contexts or at common law shed light on the appropriate standards to be applied in the patent context.\textsuperscript{109}

As of the time of drafting this manuscript, twenty-five amicus briefs had been filed\textsuperscript{110} on behalf of the United States,\textsuperscript{111} the American Bar Association, intellectual property law associations, industry associations, corporations, and private parties. The court set oral ar-

\textsuperscript{108} Therasense, Inc., 593 F.3d at 1312. Judge Linn issued a concurring opinion in Larson, in which he wrote, “I respectfully submit that the test for inferring deceptive intent, as it currently exists, falls short of the standard ‘need[ed] to strictly enforce the burden of proof and elevated standard of proof in the inequitable conduct context.’ The facts of this case suggest that the time has come for the court to review the issue en banc.” Larsen Mfg. Co., 559 F.3d at 1344 (Linn, J., concurring) (citation omitted). Judge Linn may therefore have set the stage for the rehearing in Therasense.


\textsuperscript{110} See Therasense, Inc. v. Becton, Dickinson and Co., 593 F.3d 1289 (Fed. Cir. 2010). To arrive at this number the “Briefs and Other Related Documents” were counted to determine the number of amicus briefs (if a corrected brief was filed, only the corrected copy was counted).

\textsuperscript{111} Arguing that the proper standard for materiality should be Rule 56, the proper standard for intent should be specific intent to deceive, and that intent should not be inferred from materiality alone, but materiality should be allowed to show intent. Brief of the United States as Amicus Curiae on Rehearing En Banc in Support of Neither Party, Therasense, Inc. v. Becton, Dickinson and Co., 593 F.3d 1289 (Fed. Cir. 2010) (Nos. 2008-1511, 2008-1512, 2008-1513, 2008-1514, 2008-1595), 2010 WL 3390234.
It is likely that the Federal Circuit will attempt to add much needed structure and certainty to the determination of inequitable conduct, but it is unlikely that the court will reach beyond the doctrine to examine the duty of candor and the disclosure requirement. So while it can be hoped that the obligation to disclose all material information to the PTO will be less fraught with the threat of attack, it is doubtful that the court will focus on the relevance of the duty of candor in today's world or question why other countries are able to carry out quality patent examinations without exacting such a high disclosure toll on their applicants. The remainder of this Article will attempt to do just that.

III. DISCLOSURE IN OTHER COUNTRIES

A recent study by the former chief economist of the European Patent Office ("EPO"), Bruno van Pottelsberghe, compared the quality of examination in three leading patent offices, the United States Patent and Trademark Office ("PTO"), the Japan Patent Office ("JPO"), and the EPO. The study defined quality "as the extent to which a patent system complies with its legal standards in a transparent way," and it employed a new, two-layer methodological framework, with legal standards making up the first layer and operational design the second, to carry out the analysis. The study concluded that examination quality was worst in the United States: "The quality of the examination process is substantially higher in Europe than in the US," 250% higher according to the study's metrics, while Japan was in an intermediate position of 170%. Among the reasons cited for the

113. In June 2010, the Federal Circuit decided Advanced Magnetic Closures v. Rome Fastener, 607 F.3d 817 (Fed. Cir. 2010). Chief Judge Rader filed a concurring opinion in which he stated: "In Therasense, this court has been asked to address the transformation of inequitable conduct from the rare exceptional cases of egregious fraud that results in the grant of a patent that would not otherwise issue to a rather automatic assertion in every infringement case. The exception has become the rule. Generally, I would hold inequitable conduct cases until after this court reexamines whether to put the doctrine back into the exception category." Advanced Magnetic Closures, 607 F.3d at 835 (Rader, J., concurring).
115. Id. at 2.
116. Id. at 2-3.
117. Id. at 34.
poorer quality, according to the study, was the United States’ duty of candor (or “soft identification of prior art,” as the study termed it). According to the study, “the person that is in charge of identifying the prior art will de facto influence the quality of the search report (comprehensiveness and relevance) and, therefore, the degree to which the novelty condition is met.” In Europe, that responsibility lies exclusively with the examiner, which the study believes leads to higher quality by improving examiners’ broad knowledge of the prior art. In the United States, on the other hand, the study notes:

[The] applicant is legally bound to disclose any prior art known to be material to patentability, which creates two potential biases. First is the possibility of overloading the reference section, so that the examiner might not be able to easily identify the most appropriate piece of prior art against which the novelty and inventiveness conditions should be checked. Second, some key technical references might not be listed by the applicant and, therefore, must be found by the examiner in its own investigation of the available prior art.

If the duty of disclosure is not only failing to achieve its objective of providing more comprehensive patent examination, but also is contributing to poorer quality, as the study suggests, the PTO might do well to look at how disclosure is handled in other patent offices.

A. THE EUROPEAN PATENT OFFICE

The European Patent Office (“EPO”) is a regional patent office governed by the Convention on the Grant of European Patents (or European Patent Convention—“EPC”). The office provides a uniform application procedure that leads to the grant of a European patent, which, once registered in any of the thirty-seven Contracting and three Extension States, has the effect of a regular national patent in

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118. Id. at 35. Other reasons included high turnover of examiners, heavy workload per examiner, lack of an opposition process, low fees, and fewest restrictions on patentable subject matter.
119. Id. at 19.
120. Id. at 19-20. The study points out that in Japan, “a comprehensive list of prior art must [also] legally be submitted by the applicant.” Id. at 19. However, non-compliance with the requirement cannot invalidate the patent or provide grounds for opposition (see infra notes 140-144 and accompanying text).
121. Id.
122. For another look at country-specific disclosure requirements, see Gina M. Bicknell, Note, To Disclose or Not to Disclose: Duty of Candor Obligations of the United States and Foreign Patent Offices, 83 Chi.-Kent L. Rev. 425, 458-63 (2008).
each country in which it is registered.124 In 2009, the EPO received 134,542 applications, about half of which originated from applicants in the EPC member countries, and about twenty-five percent of which came from applicants in the United States.125 In the same year, the EPO granted 51,969 patents; of those, United States and German applicants each received about twenty-two percent, and Japanese applicants seventeen percent.126 The EPO employs more than 4,100 examiners in offices in Munich (the principal headquarters), The Hague, and Berlin.127

As mentioned above, there is no duty of disclosure in the EPO.128 Responsibility for examination rests exclusively with examiners, who begin the examination process by preparing what is referred to as an “extended European search report,” namely, a search report of the prior art accompanied by an initial opinion as to whether the claimed invention meets the requirements of the EPC.129 Patent applications and the results of the prior art search (but not the initial opinion, which at this stage of the procedure is for the applicants’ benefit only) are generally published eighteen months following the date of filing, or if priority of an earlier application was claimed, the priority filing date. Following publication, applicants have a period of six months to

124. The EPO Member States are: Albania, Austria, Belgium, Bulgaria, Switzerland, Cyprus, Czech Republic, Germany, Denmark, Estonia, Spain, Finland, France, the United Kingdom, Greece, Croatia, Hungary, Ireland, Iceland, Italy, and Liechtenstein. The three Extension States (countries that recognize the grant of European patents upon request and that are likely to join the EPO in the future) are: Bosnia and Herzegovina, Montenegro, and Serbia.


decide whether they wish to pursue their applications; if so, they request substantive examination.\footnote{How to apply for a European patent, EUROPEAN PATENT OFFICE, http://www.epo.org/patents/One-Stop-Page.html (last consulted Sept. 27, 2010).}


In practice, examiners do not often issue such invitations, but if one does and an applicant fails to respond in a timely manner, the application is deemed to be withdrawn.\footnote{Convention on the Grant of European Patents, EUROPEAN PATENT OFFICE, Part VII, Ch. I, Art. 124(2), http://www.epo.org/patents/law/legal-texts/html/epc/2000/e/ar124.html (last visited Sept. 27, 2010) (deeming applications withdrawn is a typical remedy when applicants fail to respond to examiner actions).}


The observations usually consist of prior art references or statements of prior use and must include the grounds on which they are based.\footnote{Guidelines for Examination in the European Patent Office, EUROPEAN PATENT OFFICE, Part E, Ch. VI, § 3, http://documents.epo.org/projects/babylon/eponet.pdf0/7ff/c755ad943703dc12576f00054cacc/$FILE/guidelines_2010_part_E_en.pdf (last visited Sept. 27, 2010).}

Examiners are required to take third-party observations into consideration, but only after applicants have had an opportunity to comment on them.\footnote{Id.}

Applicants and third parties are thus permitted to participate in the EPO examination process, and applicants may sometimes be “invited” to do so, but examination is considered the responsibility of ex-
aminers, and examiners most often carry out the task without applicants' help.

B. THE JAPAN PATENT OFFICE

The Japan Patent Office ("JPO") received 348,596 patent applications in 2009 and issued 193,349 patents.\(^\text{136}\) It is the second largest patent office in the world, behind only the United States Patent and Trademark Office ("PTO"), in terms of the number of applications received.\(^\text{137}\) Approximately 15.6% of all those applications were filed by non-Japanese residents.\(^\text{138}\)

Article 36(4)(ii) of the Japan Patent Act\(^\text{139}\) requires applicants to include in the portion of the application that contains a detailed description of the invention a list of the prior art that they are aware of at the time of filing.\(^\text{140}\) Once the requirement is fulfilled, applicants have no ongoing duty to submit prior art during examination. If, however, examiners recognize that applicants have not satisfied the requirements of Article 36(4)(ii), they may, in accordance with Article 48-7,\(^\text{141}\) notify the applicants and give them an opportunity to comply. Continued failure to provide the list of prior art constitutes grounds


\(^{138}\) Id. at 40.


\(^{140}\) Article 36(4)(ii) provides as follows:

Article 36 (Patent applications)

\(\ldots\)

(4) The statement of the detailed explanation of the invention \(\ldots\) shall comply with each of the following items:

\(\ldots\)

(ii) where the person requesting the grant of a patent has knowledge of any invention(s) (inventions as provided in Article 29(1)(iii), hereinafter the same shall apply in this item) related to the said invention, that has been known to the public through publication at the time of filing of the patent application, the statement shall provide the source of the information concerning the invention(s) known to the public through publication such as the name of the publication and others.

\[^{141}\) Id.

for the examiner to refuse the application.\textsuperscript{142} It does not, however, provide grounds for invalidation of the patent or for opposition.\textsuperscript{143}

The Examination Guidelines for Patents and Utility Models in Japan ("Guidelines") provide guidance not only on details of compliance, but also on the purpose of the disclosure requirement and the method by which it should be enforced.\textsuperscript{144} The Guidelines clarify that the objective of disclosure is to contribute to "timely examination" and to help the examiner grasp the "technical significance" and "technical contribution" of the invention "in light of the state of the art at the time of the filing of the application."\textsuperscript{145} In view of that objective, the Guidelines indicate that violation of the disclosure requirement neither constitutes a "substantial deficiency in the invention" nor does it "damage the interest of a third person remarkably when it is patented."\textsuperscript{146}

The Guidelines accordingly instruct examiners not to routinely issue notices of non-compliance under Article 48-7, but to do so only when necessary.\textsuperscript{147} In particular, the Guidelines advise that a notice should not be issued when no other reasons for rejection of the application exist, since doing so "may be contrary to the aim of this system whose main purpose [is the] realization of timely examination."\textsuperscript{148} They also advise restraint when the applicants are individuals or small- or medium-sized enterprises since such applicants may not be privy to information on the state of the art; therefore, requiring compliance "would not contribute to the timely examination" and would also place applicants under an "excessive burden."\textsuperscript{149}

While the JPO requires disclosure and motivates compliance by holding out the threat of refusal to grant a patent, the office attempts to balance the benefits that examiners derive from disclosure with the burden that compliance places on applicants, and it puts no penalty on non-compliance once a patent has validly been issued.

\begin{itemize}
\item \textsuperscript{142} [Patent Act], Act No. 121 of 1959, Ch. 3, Article 49(v) (Japan), \textit{available at} http://www.cas.go.jp/jp/seisaku/houreidata/PA.pdf.
\item \textsuperscript{143} [Patent Act], Act No. 121 of 1959, Ch. 6, Article 123(1)(iv)(Japan), \textit{available at} http://www.cas.go.jp/jp/seisaku/houreidata/PA.pdf.
\item \textsuperscript{144} \textit{Examination Guidelines for Patent and Utility Model (sic) in Japan}, JAPAN PATENT OFFICE, EXAMINATION STANDARDS OFFICE (2010), http://www.jpo.go.jp/cgi/linke.cgi?url=Tetuzuki_e/tokkyo_e/1312-002_e.htm (last consulted Sept. 27, 2010). The guidelines on information disclosure are contained in Chapter 3, Requirements for Disclosure of Information on Prior Art Document (sic).
\item \textsuperscript{145} \textit{Id.} at Ch. 3, § 2(1).
\item \textsuperscript{146} \textit{Id.}
\item \textsuperscript{147} \textit{Id.} at § 2(2).
\item \textsuperscript{148} \textit{Id.}
\item \textsuperscript{149} \textit{Id.}
\end{itemize}
C. THE AUSTRALIAN PATENT OFFICE

The Australian Patent Office ("IP Australia") is a mid-sized patent office. It is the tenth largest office worldwide in terms of applications received—26,346 in 2008—and patents granted—11,863 in 2008. Non-residents of Australia accounted for 89.3% of all the applications filed in 2008, and they received 92.2% of all the patents granted.

Australian patent law is governed by the Patents Act of 1990, as amended and the Patents Regulations 1991. On April 1, 2002, amendments came into effect that created a very strict duty of disclosure. The amended law and regulations required applicants to inform IP Australia "of the results of any documentary search conducted by or on behalf of the applicant anywhere, for the purpose of assessing the patentability of an invention, prior to the grant of a patent." In other words, an applicant was under a duty to disclose all prior art searches carried out by or on behalf of foreign patent offices for any application that corresponded to an application filed in Australia. The penalty for failure to comply was removal of the patentee's ability to amend a granted patent to avoid a novelty- or obviousness-type objection based on prior art of the sort that should have been disclosed. On October 22, 2007, Australia prospectively abolished the disclosure requirement.

150. WORLD INTELLECTUAL PROPERTY ORGANIZATION, supra note 137, at 40.
151. Id. at 42.
152. Id. at 40.
153. Id. at 42.
156. The amendments concern §§ 45(3) and 101D of the Act and Regulation 3.17 of the Regulations.
158. Id.
159. The duty remains in force for applications that were subject to the disclosure requirement prior to October 22, 2007.
The principal reason for the abolition of the requirement was that "[d]evelopments in the availability of foreign patent office search and examination results over the Internet" made the disclosure requirement unnecessary.\footnote{Consultation Paper: Removal of the obligation to lodge search results under subsection 45(3) and section 101D of Patents Act 1990, Australian Government, IP Australia, 2 (May 2007), http://www.ipaustralia.gov.au/pdfs/news/Consultation%20Paper%20-%20changes.pdf.} IP Australia recognized that major patent offices, including the United States Patent and Trademark Office ("PTO"), Japan Patent Office ("JPO"), and European Patent Office ("EPO"), had made their search and examination results available online; that International Search Reports and International Preliminary Reports on Patentability established under the Patent Cooperation Treaty were also available; and that an increasing number of offices, IP Australia included, were planning on joining the trend of making their prior art electronically available.\footnote{Id. at 3.} According to IP Australia, the patent office staff had already been accessing and using the online databases.\footnote{Id. (emphasis in original).} As a result:

Patent Office experience has been that much of the most relevant material that is filed under the search result disclosure provisions is already available over the Internet. It is also frequently the case that search and examination results can become available over the Internet before the applicant or patentee has informed the Patent Office of their existence.\footnote{Id. at 5.}

Eliminating the disclosure requirement allowed the examiners to focus their efforts on accessing relevant foreign patent office search and examination results over the Internet, and it freed them to be able to continue to access prior art throughout the examination process as necessary. Moreover, since "most jurisdictions have significantly less onerous, or no, search result disclosure obligations,"\footnote{Id.} abolishing the requirement "ease[d] a burden that applicants in Australia face[d]."\footnote{Id.}

D. THE ISRAELI PATENT OFFICE

For a small country with a population of just about 7,600,000, Israel has a very active patent office.\footnote{Latest Population Figures for Israel, Jewish Virtual Library (2010), http://www.jewishvirtuallibrary.org/jsource/Society_Culture/newpop.html (last consulted Sept. 27, 2010).} The office received 7,742 applications in 2008, with about 19.7\% of the applications coming from Israeli residents, and it granted 1,855 patents, about 17.2\% of which...
went to Israeli residents. The office recently moved to new, modern headquarters, increased its examination staff, and achieved the status of International Searching Authority under the Patent Cooperation Treaty.\textsuperscript{168} The operations of the office are governed by the Patents Law 5727–1967;\textsuperscript{169} in addition, the Commissioner of Patents issues Circulars, which tend to function as patent rules.\textsuperscript{170}

The Patents Law imposes a duty of disclosure with serious consequences for non-compliance and, in that respect, is not dissimilar from the United States' duty of candor. Section 18 of the law permits examiners to require applicants to submit detailed prior art during the entire prosecution process\textsuperscript{171} "until the application is accepted."\textsuperscript{172} Among the prior art documents that applicants may be required to provide are the following:

(1) the list of documents used by patent authorities in any foreign state in the examination of a patent application on the same patent application, submitted in a foreign country by the applicant or by his predecessor in title to the invention;
(2) a list of documents published before the application date, known to the applicant and directly connected with the invention;
(3) copies of publications and documents, a list of which the applicant must submit under this Article, if the examiner so demands;
(4) copies of publications and documents mentioned in publications and documents, a list of which the applicant must submit under this Article, if the examiner so demands[,\textsuperscript{173}]

If an applicant fails to observe the broad disclosure requirements, submits misleading information, or "knowingly [does] not keep the Office informed of a substantive change in the list of publications and documents,"\textsuperscript{174} the penalties are severe. They permit the District Court of Jerusalem, which is the designated court in most patent matters, or the Registrar, who is the head of the Patent Office, to revoke a granted patent or refuse a patent application, order the grant of a

\textsuperscript{168}. Appointment of the Israel Patent Office as an International Searching and Preliminary Examining Authority under the PCT, WORLD INTELLECTUAL PROPERTY ORGANIZATION (Aug. 15, 2009), www.wipo.int/edocs/mdocs/govbody/en/pct_a_40/pct_a_40_5.doc.
\textsuperscript{172}. Id. at Section 18A.
\textsuperscript{173}. Id. at Section 18(1)-(4).
\textsuperscript{174}. Id. at Section 18C.
compulsory license to exploit the patented invention to a third party, or shorten the term of the patent grant. In addition, the District Court may impose a fine under Israeli penal law on any person who furnished misleading information or knowingly failed to provide updated information to the office.

Two recent circulars issued by the Israeli Commissioner of Patents focus directly on the duty of disclosure. In Circular M. N. 77, the Commissioner arguably expanded the duty by determining that, in addition to filing details of citations in corresponding applications filed outside Israel, applicants are now required to submit copies of all the responses they file to office actions or patent office opinions concerning novelty and inventive step, including amendments to claims.

The second circular, M. N. 70, provides a hint at the motivation behind Israel’s rigorous duty of disclosure procedures, which are intended to increase examination productivity, minimize duplication of resources, and shorten the examination process. According to Circular M. N. 70, if an applicant has received a notice of allowance for an identical application from one of a group of patent offices recognized by the Commissioner, including the United States Patent and Trademark Office (“PTO”), the Israeli Office will grant a patent in Israel, provided the applicant meets certain formalities. It can be argued that a disclosure requirement makes sense in such circumstances since both the office and the applicant receive direct benefits therefrom.

It is interesting to note, however, that patent pendency—that is, the length of time it takes to complete the patent examination process—does not appear to be any faster in Israel than in other comparable offices with less demanding duty of disclosure rules.

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175. Id. at Section 18C(1)(a)-(c).
176. Id. at Section 18C(2).
179. Factor, supra note 177.
180. APPELFELD, supra note 178.
181. WORLD INTELLECTUAL PROPERTY ORGANIZATION, supra note 137, at 71 (In 2008 Israel had 38,423 pending applications. Canada on the other hand had 186,989.).
E. Other Offices

As shown above, duty of disclosure requirements vary from country to country, although none match that of the United States. Generally, disclosure requirements can be grouped into three broad categories. The first is patent offices that require no disclosure of prior art. The Korean Intellectual Property Office ("KIPO"), in addition to the European Patent Office ("EPO") and Australia, is another example of an office that examines without requiring disclosure from applicants.\textsuperscript{182} KIPO was also among the first patent offices in the world to automate and to rely on electronic databases for prior art searching.\textsuperscript{183}

The second category, perhaps the largest, are offices that impose no general duty of disclosure, but authorize examiners to request prior art from applicants, in particular, prior art cited in corresponding applications filed in other countries. The Canadian Intellectual Property Office and Mexican Institute of Industrial Property are examples of this category, but the prior art that their examiners may request differs. In Canada, examiners may require applicants to disclose prior art cited against corresponding European and United States applications. Applicants are free and, in fact encouraged by the office, to submit the prior art on their own.\textsuperscript{184} In Mexico, examiners may require applicants to submit prior art cited by any International Searching Authority under the Patent Cooperation Treaty.\textsuperscript{185} Neither country requests applicants to furnish domestic prior art. Although beyond the scope of this Article, it would be instructive to determine the frequency with which examiners still request prior art from applicants since the information they may be interested in receiving is now all freely available on the Internet.

The third category consists of those offices, like the United States Patent and Trademark Office ("PTO") and the Israeli Office, that require disclosure as part of the examination process. The Indian Pat-


ent Office is another example. Applicants for Indian patents have an obligation that continues until grant of the Indian patent to inform examiners about corresponding applications in foreign countries and to submit search results from foreign patent offices. Applicants may also be required to furnish details about the processing of applications outside India, including novelty objections raised by other patent offices and amendments made to the specification or claims in any counterpart applications. Violations of the disclosure provisions can result in the revocation of a patent. Thus, while disclosure is a requirement in India, it applies only to foreign prior art information.

Although the United States is not alone in imposing a duty of disclosure on applicants and penalizing those who fail to respect it, the United States’ duty is arguably the most pervasive and the penalty among the most severe. As Judge Rader has pointed out, “the United States remains the only country in the world that embraces inequitable conduct as an incentive to disclose prior art.” Given changing technology, increasing availability of patent information, evolving legal landscape, and growing international cooperation, the question must therefore be asked, does the duty of candor still make sense? Should we continue to maintain a disclosure policy akin to that of Israel, or should we follow Australia’s lead and rethink the wisdom, scope, and limits of the duty of candor?

IV. DO TECHNOLOGY, LAW, AND INTERNATIONAL COOPERATION MAKE DISCLOSURE REDUNDANT?

A. CHANGES IN TECHNOLOGY

The world of patent examination in 1977, when Rule 56 was adopted, was a very different world from that of patent examination today. The duty of candor “was established in an era of paper information stored in file cabinets and on bookshelves.” In contrast:

186. See Bicknell, supra note 122, at 461.
189. Id. at § 64(m).
190. Rader, supra note 52, at 781.
Plainly, the advent of the internet and computer technology has made a mountain of information readily accessible to almost everyone with access to a computer and the Internet. While it may have taken days or weeks of intensive library research to uncover a particular patent or article in the 1970's, today the very same article might be accessed in just a few keystrokes with the right search engines and a judicious choice of key word search terms.\footnote{192}

The United States Patent and Trademark Office ("PTO") is highly automated, as are many patent offices worldwide. Patent applicants increasingly file their applications electronically.\footnote{193} Examiners have access to a host of databases that connect them to the world's body of patent documentation and technical literature.\footnote{194} Examiners create and execute their prior art search strategies online, and they depend upon key-word search engines and text-searchable databases to perform their work efficiently.\footnote{195} Yet examiners must work from scanned information disclosure statements ("IDS"), the form applicants are instructed to use to comply with the duty of candor, which appear as image documents and are not text searchable.\footnote{196} In the high-tech context in which examiners work, the disclosure of prior art through IDS filings may thus have become counterproductive. Since examiners already have electronic access to virtually all the prior art information applicants disclose, obliging them to review the entries on an IDS form is less likely to contribute to examination quality than it is to constitute a burden on examiner workflow.\footnote{197}

\begin{footnotes}
\footnote{192}{Id. at 14.}
\footnote{194}{See, for example, MPEP, §§ 904-905, and European Patent Office, Guidelines for Examination in the EPO, Part B, Ch. IX.}
\footnote{195}{Amicus Brief, \textit{supra} note 191, at 17.}
\footnote{196}{Id.}
\footnote{197}{This analysis lends support to the argument by Cotropia, Lemley, and Sampat that examiners may tend to ignore applicant-supplied prior art for lack of time. According to the Amicus Brief, \textit{supra} note 191, at 18-19, "Thus, while the materials may be 'made of record' in a prosecution history file when an Examiner checks off the tens or hundreds of filings on an IDS form, the reality is that these materials cannot be practically reviewed in the current key word based search system and, accordingly, are left essentially untouched once they are filed and their titles are checked off on the IDS form." Christopher A. Cotropia, Mark A. Lemley & Bhaven N. Sampat, \textit{Do Applicant Patent Citations Matter? Implications for the Presumption of Validity} (Stanford Law and Economics Olin, Working Paper No. 401, 2010), available at \url{http://ssrn.com/abstract=1656568}.}
\end{footnotes}
B. Changes in the Law

The world of examination has changed in other ways as well. In 1977, patent examination and prosecution took place entirely in secret. As Robert Armitage has stated:

[In 1977], patent examination . . . consisted of dialogue between the patent examiner and the patent applicant inaccessible to the public until after the patent issued. The public was wholly barred from participation in the patent examination process.

Once a patent issued, there was no redress back in the Office if important information was not considered by the patent examiner or was misrepresented to the examiner by the applicant for patent. In addition, much of the information that was potentially important to whether a patent was valid or not was not publicly accessible knowledge, but information known only to the patent applicant.198

The duty of candor was deemed necessary because there were very few other effective ways to ensure that applicants obeyed the rules.

Today, two, and potentially three, changes have taken place that minimize the need for concern. The first is the publication of pending applications. Prior to the adoption of the American Inventors Protection Act of 1999,199 all pending patent applications were kept secret and were not made public unless and until they issued as patents. The competitors of patent applicants often had no notice of pending applications until they were charged with patent infringement. Since the adoption of the Act, however, the United States Patent and Trademark Office ("PTO") has engaged in 18-month publication,200 a practice followed by patent offices throughout the world. Under the system, pending applications are published on-line on the PTO website201 roughly eighteen months following their filing date and are ac-


200. Id. at §§ 4501-02. The provisions on publication of pending applications are codified in 35 U.S.C. § 122(b).

201. Search for Patents, UNITED STATES PATENT AND TRADEMARK OFFICE, http://www.uspto.gov/patents/process/search/index.jsp (last consulted Sept. 27, 2010). In August 2004, the PTO inaugurated a system known as Public PAIR (public application and information retrieval). Under the system, "anyone with Internet access anywhere in the world can use PTO's Web site (www.uspto.gov) to track the status of a public patent application as it moves from publication to final disposition, and review documents in the official application file, including all decisions made by patent examiners and their
cessible to all. Competitors can now be aware of and track in detail applicant prosecution behavior.

The second change concerns the adoption of *inter partes* reexamination, which was also a product of the American Inventors Protection Act. *Inter partes* reexamination is an administrative proceeding that permits third parties to challenge the grant of patents on grounds that a "substantial new question of patentability" exists that the PTO did not consider during examination. If the PTO decides that a substantial new question does exist, it will issue an order for reexamination, which is carried out basically along the lines of the original examination. The purpose of *inter partes* reexamination is to provide a lower-cost alternative to litigation to resolve questions of validity. While *inter partes* reexamination is not a panacea, it succeeds in giving third parties a remedy in the event the PTO failed to consider all relevant prior art.


202. There are two exceptions to 18-month publication: applications will not be published if they are either provisional patent applications or applications concerning which the applicant has certified that she will not file any other applications on the same invention in other countries.


208. Its principal weakness is that *inter partes* reexamination requesters are subject to estoppels; they may not raise the same validity issues in any subsequent litigation that they raised during reexamination.


210. In Australia, for example, opposition can be lodged up to an extendable period of three months from publication of acceptance of the application.


the validity of any one or more claims of a granted patent. The post-grant review proceeding would have taken the form of an administrative hearing conducted by a Patent Trial and Appeal Board, whose decisions would be subject to appeal. Post-grant review was not intended to replace inter partes reexamination, but would likely have required the provisions on inter partes reexamination to be amended.

Supporters of the doctrine of inequitable conduct often turn to the lack of post-grant opposition in the United States as justification for maintaining a broad duty of candor with severe repercussions for failure to comply. Although the One Hundred Eleventh Session of Congress failed to adopt S. 515, the One Hundred Twelfth Session stands a good chance of enacting comparable legislation. If so, the bill’s provisions on post-grant review would vitiate many of the supporters’ concerns.

C. Changes in International Cooperation

One of the objectives of the United States Patent and Trademark Office ("PTO") is to “improve patent pendency and quality by increasing international cooperation and work sharing.” The PTO describes its work sharing efforts, which are designed to address the problem of duplication of work among patent offices, as follows:

In view of this growing duplication of work and the impact it is having on processing times and backlogs, the USPTO is implementing several international initiatives aimed at managing its workload. The USPTO has identified work sharing as a key priority. Work sharing is a cooperative approach to workload management under which one country’s office leverages the search and examination work previously completed by another country’s office on a corresponding application to the maximum extent possible.

Together with its principal partner offices, the European Patent Office ("EPO"), Japan Patent Office ("JPO"), Korean Intellectual Property Office ("KIPO"), and the Chinese State Intellectual Property Office ("SIPO"), the PTO has already made great strides in coordinating examination and sharing search and examination information. The five offices together accounted for 76.2% of all patent applications filed.
in 2008. As a result, there is little need for applicants indiscriminately to blanket the PTO with prior art information, particularly when the office is likely to base its examination on search and examination results from targeted offices.

Four work sharing initiatives are of particular note: the Patent Prosecution Highway ("PPH"); Triway; the Foundation Projects of the Five IP Offices ("IP5"); and a new initiative entitled SHARE (Strategic Handling of Applications for Rapid Examination).

1. The Patent Prosecution Highway

The Patent Prosecution Highway ("PPH") provides for the fast-track examination of applications. It has proven to be of great benefit to both patent offices and applicants. Under the PPH, an applicant who has corresponding applications pending in two offices, and who receives notice that at least one claim in the application filed in the first office has been allowed, may petition the second office to fast-track the examination of the corresponding claims in the application filed in the second office. The initiative works because the second office is able to depend on and benefit from the examination performed by the first office. "By coordinating patentable results between both nations' offices, applicants can expect to obtain patents in both nations more quickly."

The PPH began in May 2006 as a pilot initiative between the United States Patent and Trademark Office ("PTO") and Japanese Patent Office ("JPO"). The initiative has proven so successful that the PTO now has twenty agreements in place, and many of its PPH

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222. As of September 2010, the PTO had agreements with: Australia, Austria (national and Patent Cooperation Treaty ("PCT")), Canada, Denmark, the EPO (regional and PCT), Finland, Germany, Hungary, Japan (national and PCT), Korea (national and PCT), Russia (national and PCT), Singapore, Spain (national and PCT), and the UK. Id.
partners also have their own web of PPH agreements.\textsuperscript{223} To participate in a PPH program between the PTO and another office, where the PTO is the office of second filing, an applicant must file a request and include a discrete list of information and documentation concerning the results of the first office’s examination, including relevant office actions, the documents cited in the actions, and a list of the claims that were allowed.\textsuperscript{224} The PTO then carries out an expedited examination based largely on the first office’s results. Given the structure and objectives of the PPH, it hardly seems necessary for an applicant to have to submit any more information than what the PPH requires, since the additional information would in all likelihood be ignored by an examiner. One can even question why an applicant needs to submit any documentation at all since the documents are available to the examiner online.\textsuperscript{225}

2. \textit{Triway}

The Triway is a work-sharing initiative among the United States Patent and Trademark Office ("PTO"), European Patent Office ("EPO"), and Japanese Patent Office ("JPO"), intended to "leverage the searching expertise" of each office.\textsuperscript{226} Under the Triway pilot, the offices attempt to coordinate the timing of the searches they carry out on corresponding applications and then share the results among themselves in order to reduce their individual search and examination burdens.\textsuperscript{227} Provided that systems such as Triway are able to succeed, offices will routinely exchange prior art information among themselves. Applicants will therefore have no need to furnish it.

3. \textit{The Foundation Projects}


\textsuperscript{225} One exception to the availability of documentation is English translations of non-English prior art, which applicants may thus need to furnish.
\textsuperscript{227} Id.
have been engaged in ten collaborative “Foundation Projects,” the purpose of which is to “harmonise the search and examination environment of each office and to standardize the information-sharing process.” 228 One of the projects, referred to as a “One Portal Dossier,” would, like the Triway pilot, provide common access to search and examination results. Once the project becomes operational, an examiner in the PTO will be able to access, exchange, and make use of the prior art information discovered by examiners in the other IP5 offices concerning all corresponding applications. 229 Other Foundation Projects will result in the elaboration of common prior art search datasets, search engines, and systems for sharing prior art search strategies, the establishment of a common patent classification system to increase search efficiency, improvements in machine translation to permit easier access to foreign language prior art, and the adoption of common examination practice rules. 230 Although the Foundation Projects are in their early stages, they are likely to result in a virtual patent office where the work of any single examiner will be available to all in a manner that minimizes redundancy, maximizes efficiency, and obviates the need for additional sources of prior art.

4. Strategic Handling of Applications for Rapid Examination (SHARE)

SHARE is another attempt to improve work sharing by coordinating the timing of examination among offices. The objective of SHARE, which is a United States Patent and Trademark Office (“PTO”)-originated initiative, is to make sure that an office of second filing of an application does not begin its examination work until the office of first filing of the application has at least completed an initial search and examination. “The reason [for the coordination] is straightforward—if the second office examination has already begun, it is difficult to reutilize the first office results after the fact.” 231

The PTO and Korean Intellectual Property Office (“KIPO”) have established a SHARE pilot that may serve as the basis for an expanded program. 232 Under the terms of the pilot, if an application were first filed in KIPO and a corresponding application were subsequently filed in the PTO, KIPO would accelerate work on the Korean

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230. FiveIPOffices, supra note 228.
232. Id.
application so that the results could be sent "in a timely fashion" to the PTO, and the PTO would not begin its examination of the corresponding United States application until it received the search and examination results from KIPO. In such circumstances, it is questionable whether application of Rule 56 would contribute to the sound functioning of SHARE or instead would inhibit it.

V. CONCLUSION AND RECOMMENDATION

The PTO has arguably reached the point where the submission of applicant-disclosed prior art is duplicative and unnecessary, but if it is not yet fully there, it is moving speedily in that direction. As a result, the United States Patent and Trademark Office ("PTO") and the patent community need to give serious consideration to the future of the duty of candor. Maintaining the duty in its present form is untenable. It does not contribute to examination quality; in fact, it may impede it. Due to its unfortunate link to the defense of inequitable conduct, violations of the duty have perverse and irrational consequences: "The most severe consequence of the successful assertion of the 'inequitable conduct' defense falls on those patents that would have issued in exactly the same form with exactly the same claims in the absence of any misconduct." 

In the interests of sound patent policy, Rule 56 should be rescinded and replaced with a rule that makes sense in today's world of patent examination. Short of abolishing the duty of candor altogether, an alternative would be to follow the model of the European Patent Office ("EPO"). Under such a system, no duty of disclosure would be imposed on an applicant unless an examiner determined that information was needed but the examiner was unable to access it herself. Penalties would be imposed only if the applicant failed to respond to the examiner's request. In that way, examiners would be free to structure and carry out their examinations without having to wade through unwieldy information disclosure statements ("IDS") filings, and applicants would be free from the costly, time-consuming, and worrisome burden of assessing materiality and compiling prior art. 

Revamping Rule 56 would also resolve the dilemma over inequitable conduct. With a narrow, examiner-initiated duty to disclose, the doctrine of inequitable conduct would return to the purpose for which it was originally intended: as a remedy in cases of fraud and affirma-

233. Id.
235. Freedom from IDS filings might have the added benefit of giving applicants the motivation to carry out their own prior art searches, which might result in higher quality applications.
tive misrepresentation. Litigation over the reasonableness of prior art omissions would become a thing of the past.

The PTO's mission is:

Fostering innovation, competitiveness and economic growth, domestically and abroad by delivering high quality and timely examination of patent . . . applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide, with a highly skilled, diverse workforce.\(^{236}\)

The duty of candor in its current iteration does nothing to foster the PTO mission. Making rational sense of Rule 56, however, would not only help the PTO achieve high quality and timely examination, it would also serve as a beacon of responsive intellectual property policy-making and would go far in improving examiner work life. It is time for change.