

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

INVENTIO AG, : CIVIL ACTION
 : NO. 08-874-ER
Plaintiff, :
 :
v. :
 :
THYSSENKRUPP ELEVATOR :
AMERICAS CORPORATION, :
et al., :
 :
Defendants. :

O R D E R

AND NOW, this **2nd** day of **February, 2010**, it is hereby
ORDERED that Defendants' Motion for Leave to File First Amended
Answer and Counterclaim (doc. no. 40) is **DENIED**.¹

1. The Federal Circuit recently clarified the standard for pleading a claim of inequitable conduct with particularity in Exergen Corp. v. Wal-Mart Stores, Inc., 575 F.3d 1312 (Fed. Cir. 2009). As a general matter, the court found that "[a] pleading that simply avers the substantive elements of inequitable conduct, without setting forth the particularized factual bases for the allegation, does not satisfy Rule 9(b)." Id. at 1326-27. This particularized showing must include "identification of the specific who, what, when, where, and how of the material misrepresentation or omission" allegedly committed. Id. at 1327. With respect to pleading scienter, the court found that "knowledge" and "intent" may be averred generally, but the pleadings must also include sufficient underlying facts to create a reasonable inference that the individual possessed knowledge of the material information or specific intent to deceive. Id.

Defendants contend that it is proper to permit the filing of their Amended Answer (the "Amended Answer") because the standards of Rule 15(a) and 16(b) are met by the circumstances of this case, and because the Amended Answer pleads the inequitable conduct claim with the requisite particularity under Exergen. In essence, Defendants' inequitable conduct claim asserts that Plaintiff intentionally misled the Patent Office through the submission of three separate statements that certain components of the patents-in-suit (the "Components") were "commercially available and proven in the electronics industry."

The Court must conduct an independent inquiry of whether the inequitable conduct claim is pled with sufficient particularity under the recent holding in Exergen. This requires an inequitable conduct claim to identify the who, what, when, where, and how elements, as well as include some specific showing of the deceptive intent element. Exergen, 575 F.3d at 1327.

The Amended Answer satisfies the "who" requirement because it specifically identifies the patent attorneys (Patrick C. Keane, Michael L. Flynn, and William J. Clemens), and other individuals, involved in the preparation and prosecution of the application for the patents-in-suit. Amended Answer ¶ 19; see Exergen, 575 F.3d at 1329 (finding that the specific individual alleged to have committed the inequitable conduct must be named). With respect to the "what" and "where" requirements, the court in Exergen held that the pleading was deficient because it failed to identify "which claims, and which limitations in those claims, the withheld references are relevant to, and where in those references the material information is found." Exergen, 575 F.3d at 1329. The Amended Answer satisfies this requirement because it identifies specifically the statements in the patent applications related to the "commercial availability" of the Components, such that the exact claims relevant to the inequitable conduct claim are readily identifiable.

With respect to the "why" and "how" requirements, Exergen similarly requires a pleading to particularly identify the material information withheld from a particular claim in order to demonstrate why the information is material and how it would be used by the examiner in the application process. Id. at 1329-1330. The Amended Answer specifically identifies that the withheld information relates to the commercial availability of the Components. The Amended Answer further alleges that, pursuant to 35 U.S.C. § 1112, the patents-in-suit qualify as "means-plus-function" claims, and therefore Plaintiff was required to provide a full description of the claims in order to show whether the proposed patent is the "best mode contemplated" for the particular invention. The information concerning the commercial availability of the Components would be material to the decision of the Patent Office in determining whether the requirements of patentability under 35 U.S.C. § 1112 are met. Thus, the Amended Answer alleges sufficiently particular facts to meet this threshold.

The question of whether the "deceptive intent" requirement is satisfied is a close question. In Exergen, the court established that pleading on "information and belief" is permissible under Rule 9(b) "when essential information lies

uniquely within another party's control, but only if the pleading sets forth the specific facts upon which the belief is reasonably based." Id. at 1330. In general, an inference of intent to deceive is acceptable where: (1) the non-disclosed information was highly material to prosecution, (2) the applicants knew of the information and knew or should have known of its materiality, and (3) the patentee has failed to come forward with any credible good faith explanation for the failure to disclose. See Praxair, Inc. v. ATMI, Inc., 543 F.3d 1306, 1324 (Fed. Cir. 2008).

The court in Exergen established that pleading upon information and belief still requires citation to the exact information which forms the belief for the inequitable conduct claim. In Exergen, the court held that the mere fact that a patent applicant disclosed a reference to prior art in one patent application, but did not disclose that reference during the prosecution of a related patent application, did not itself constitute sufficient factual allegations to satisfy the threshold for deceptive intent. Exergen, 575 F.3d at 1331. Therefore, under Exergen a defendant is required to point out some specific facts from which a reasonable inference of scienter can be drawn before an inequitable conduct claim is permitted to proceed. See Robert Bosch LLC v. Pylon Mfg. Corp., Civ. A. No. 08-542, 2009 WL 3366967, at *2 (D. Del. Oct. 19, 2009) (following Exergen and declining to allow inequitable conduct claim after the close of discovery when the pleading contained insufficient allegations of underlying facts from which to reasonably infer that the material misrepresentation was made with a specific intent to deceive the Patent Office); cf. Synventive Molding Solutions, Inc. v. Husky Injection Molding Sys., Inc., Civ. A. No. 08-136, 2009 WL 3172740 (D. Vt. Oct. 1, 2009) (applying Exergen and permitting inequitable conduct claim to proceed based upon a finding of sufficient allegations of scienter where the specific information and drawing that was allegedly withheld from the Patent Office was identified among the plaintiff's documents); HTC Corp. v. IPCom GmbH & Co., --- F.Supp.2d ----, 2009 WL 4363206, at *4 (D.D.C. Dec. 3, 2009) (applying Exergen standard and finding that inequitable conduct was sufficiently pled on information and belief where party specifically alleged that the basis for the belief was specific technical information exchanged at a meeting at which one of the inventors was present).

Here, the Amended Answer does not provide sufficient factual allegations to infer that deceptive intent exists in this case. The Amended Answer states in pertinent part:

AND IT IS SO ORDERED.

s/Eduardo C. Robreno

EDUARDO C. ROBRENO, J.

The specific facts evidencing this intent are not presently known to Defendants, but are believed to be known by Plaintiff and/or one or more of the Applicants. However, Defendants believe and therefore allege that the patent applicant, Paul Friedli, and possibly other individuals who may have been involved in the preparation and prosecution of those patent applications identified in paragraph 19 . . . the identity of which is not presently known to Defendants but is known to Plaintiff, either knew that the Components were not commercially available and proven in the electronics industry, or such individuals did not want to disclose details of the Components, choosing instead to withhold that information from the public and maintain it in secret.

Amended Answer ¶ 30. Even assuming that the Court adopts a liberal interpretation of the inference of intent to deceive, Defendants present no specific facts showing Plaintiff (or any of its employees) actually possessed any knowledge with respect to the commercial availability of the Components. Absent some particularized showing regarding this knowledge, the Amended Answer does not satisfy the Rule 9(b) pleading requirements in light of Exergen.