

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION**

**ALPS SOUTH, LLC, a Florida
Corporation,**

Plaintiff,

v.

Case No. 8:08-cv-1893-T-35-MAP

**THE OHIO WILLOW WOOD
COMPANY, an Ohio Corporation,**

Defendant.

ORDER

THIS CAUSE comes before the Court for consideration of The Ohio Willow Wood Company's ("OWW") Counterclaim and Affirmative Defense of Inequitable Conduct.

I. BACKGROUND

Alps South, LLC ("ALPS") initiated this action alleging OWW infringed U.S. Patent Nos. 6,552,109 (the "109 Patent") and 6,867,253 (the "253 Patent") (collectively "patents-in-suit"). (Dkt. 35) OWW filed a two-count counterclaim seeking a declaratory judgment that (1) OWW did not infringe on the patents-in-suit; (2) the patents-in-suit are invalid and unenforceable; and (3) the patents-in-suit are unenforceable due to the inequitable conduct of the inventor, Mr. Chen. (Dkt. 39)

During the litigation, the patents-in-suit were submitted to re-examination and were reissued by the United States Patent and Trademark Office ("USPTO"). A Re-

examination Certificate was issued on the '253 Patent on June 7, 2011. (Dkt. 185-4) A Re-examination Certificate was issued on the '109 Patent on July 5, 2011. (Dkt. 175)

The jury trial began in this action on April 30, 2012. During the trial, all the asserted claims related to the '253 patent were dismissed. On May 10, 2012, the issues of whether OWW infringed the '109 patent; whether OWW willfully infringed the '109 patent; and whether the '109 patent was invalid due to anticipation or obviousness by prior art were presented to the jury for consideration. On May 11, 2012, the jury found that OWW did infringe the '109 patent, OWW willfully infringed the '109 patent, and the '109 patent was valid. The Court, upon the close of the evidence, took the defense of inequitable conduct under consideration. See Rothman v. Target Corp., 556 F.3d 1310, 1322 (Fed. Cir. 2009) (“[i]nequitable conduct is an equitable defense to patent infringement most appropriately reserved for the court”); Baxter Healthcare Corp. v. Spectramed, Inc., 49 F.3d 1575, 1584 (Fed. Cir. 1995) (“[s]ince inequitable conduct is a matter for the trial judge, and not the jury, these factual issues ordinarily are not jury questions”).

II. LEGAL STANDARD AND ANALYSIS

To prevail on a claim of inequitable conduct,

the accused infringer must prove that the applicant misrepresented or omitted material information with the specific intent to deceive [the US]PTO. The accused infringer must prove both elements - intent and materiality - by clear and convincing evidence. If the accused infringer meets its burden, then the district court must weigh the equities to determine whether the applicant's conduct before the [US]PTO warrants rendering the entire patent unenforceable.

Therasense, Inc. v. Becton, Dickson and Co., 649 F.3d 1276, 1287 (Fed. Cir. 2011).

To meet the clear and convincing evidence standard for intent,

the specific intent to deceive must be the single most reasonable inference able to be drawn from the evidence. Indeed, the evidence must be sufficient to *require* a finding of deceitful intent in the light of all the circumstances. Hence, when there are multiple reasonable inferences that may be drawn, intent to deceive cannot be found.

Id. at 1290-91 (citations and quotations omitted) (emphasis added). Further, “a finding that the misrepresentation or omission amounts to gross negligence or negligence under a ‘should have known’ standard does not satisfy [the] intent requirement.” Id. at 1290 (quoting Kingsdown Med. Consultants, Ltd. v. Hollister, Inc., 863 F.2d 867, 876 (Fed. Cir. 1988)).

The Federal Circuit has held that “as a general matter, the materiality required to establish inequitable conduct is but-for materiality.” Therasense, 649 F.3d at 1291. Prior art is but-for material if the USPTO would not have allowed a claim had it been aware of the undisclosed prior art. Id. The Federal Circuit, however, recognized an exception to but-for materiality in cases of affirmative egregious misconduct. Id. at 1292. “When the patentee has engaged in affirmative acts of egregious misconduct, such as the filing of an unmistakably false affidavit, the misconduct is material.” Id.

At trial, OWW presented two major arguments in support of its inequitable conduct claim. First, OWW argued that Mr. Chen failed to disclose the International PCT Publication No. WO 93/23472 (the “472 Application”) as prior art during the original prosecution of the ‘109 Patent. During trial, the Court determined that OWW had not met its burden of proving that Mr. Chen acted with the specific intent to deceive the USPTO with respect to the alleged failure to disclose the ‘472 Application.

Second, OWW argued that Mr. Chen made inconsistent statements in the original prosecution and re-examination of the ‘109 Patent. Additionally, Defendant

asserts that Mr. Chen made materially false statements during the re-examination of the '109 Patent. OWW introduced the following statement made by Mr. Chen during the original prosecution of the '109 Patent:

It should be noted that Applicant's earlier filing date with respect to Kuraray materials dates back to PCT/US94/04278 filed 4/19/94, PCT/US94/07314 filed 6/27/94 and USSN 288,690 filed 8/11/94, which dates are earlier than the '882 patent's, § 371 and § 102(e) dates of November 14, 1994.

(Joint Ex. 132) OWW questioned Mr. Chen about his use of the Hammond Patent's date instead of the '472 Application's filing date. Mr. Chen responded essentially that in his view the statement he made was factually true. Indeed, the face of the Hammond Patent lists the § 371 date and § 102(e) date as November 14, 1994. (Def.'s Ex. 39) Further, Mr Chen had already disclosed to the USPTO the '472 Application's filing date in his disclosure statement. (Joint Ex. 132)

OWW introduced the following statements made by Mr. Chen during the original prosecution of the '109 Patent:

According to US Patent #561882, SEP/EBS gels show improvement in properties over SEBS and SEPS. Consequently, the SEB/EPS gel composites claims of the instant invention are different, patentably distinct, and non-obvious over the SEBS gels composites of the Applicant's patented '708, '646, '468, and '284 SEBS claims.

Since the supporting unexpected properties are inherent properties commensurate within the scope of the SEB/EPS gels of the instant composite claims, the rejection under the judicially created doctrine of obviousness-type double patenting as being unpatentable over the cited claims should be withdrawn.

(Id.) OWW also highlighted the following statements made by Mr. Chen during the re-examination of the '109 Patent:

20. In fact, Hammond taught away from using his SEEPS gel for composites, such as in the claimed inventions. There was no reason to

use SEEPS gel if SEBS gel is known to possess greater tensile strength for composite use (as taught by Hammond) than the not yet measured and not yet known properties of the SEEPS gel for the same.

21. As the demonstrations at the January 20, 2011 interview showed, there is a rationale, further supported by the evidence of unexpected results, that leads only to the conclusion that the claims of a SEEPS gel composite would not have been obvious to a person of ordinary skill in the art at the time of the invention.

(Joint Ex. 133 at 265)

OWW argues that the statements made during the original prosecution of the '109 Patent and statements made during the re-examination of the '109 Patent were inconsistent with each other and that had the patent office been advised in the re-examination of the statements made in the original prosecution of '109, the determination of patentability would have been altered.

The Court is not persuaded that OWW has proven by clear and convincing evidence that the statements Mr. Chen made during the original prosecution of the '109 Patent and statements he made during the re-examination of the '109 Patent were made with the intent to deceive. The Court notes that the initial statements OWW challenges concerned representations Mr. Chen made in connection with a challenge to a double patenting determination by the USPTO concerning claims in '109 as compared to previous claims of Mr. Chen in his Patents, '708, '646, '468, and '284. Mr. Chen explained that the Hammond Patent, US Patent #561882, demonstrated that SEP/EBS gels show improvement in properties over SEBS and SEPS such that his '109 Patent that contained composites made with SEP/EBS was "different, patentably distinct, and non-obvious" *vis-a-vis* his prior patents with composites comprised of SEBS and SEPS.

(See Joint Ex. 133 at 265)

By comparison, his statements concerning the re-examination of '109 Patent were in response to a rejection that it was rendered obvious by the Hammond Patent. Mr. Chen's challenged response could be read to explain that although Hammond recognized the improved qualities of SEEPS as a stand-alone gel, "Hammond taught away from using SEEPS gel for *composites*," in favor of SEBS which were "known to possess greater tensile strength for composite use (as taught by Hammond) than the not yet measured and not yet known properties of the SEEPS gel for the same." (Id.) (emphasis added). By comparison Mr. Chen's '109 Patent teaches the use of SEEPS despite its lower tensile strength in light of its greater shear resistance and flexibility. Therefore, any perceived inconsistency between the statements does not rise to the level of clear and convincing evidence that Mr. Chen made the statements with the specific intent to deceive the USPTO.

OWW further argues that Mr. Chen's assertions that he invented SEPS gels were materially and/or egregiously false; and therefore, warrant the invalidation of the '109 Patent. From a voluminous response¹ to the USPTO's anticipation rejection reached in light of the Hammond Patent during the re-examination of the '109 Patent, OWW isolates the following two statements in support of its argument:

Clearly, Hammond does not anticipate because (not only do the claims 1-12 of '109 not recite the SEPS gel of Hammond) the SEPS gel was invented by patentee, not Hammond

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. .

Hammond cannot anticipate Patentee's earlier conception of SEPS gels before Hammond's publication date, even though Patentee may have later reduced to practice a SEPS gel species (SEPTON 4055 and 4033) after the WO 93/23472 publication date.

¹ 33 pages (Joint Ex. 133 at 832-864).

(Joint Ex. 133 at 834, 914)

The first statement cited by OWW relates only to SEPS gels. OWW argues that this statement, in fact, relates to SEEPS gels because the Hammond Patent suggests the preferred copolymer for its gel to be SEPTON™ 4055, which the parties agree is a SEEPS copolymer. However, Mr. Chen's statement was made in response to the patent examiner's notation that "Hammond teaches gel comprising styrene-(ethylene/propylene)-styrene block copolymer (hereinafter "SEPS") and at least 300 parts by weight of extender oil." (Id. at 832) The USPTO did not mention SEEPS gels in this portion of the inquiry. Additionally, in the section of Mr. Chen's response to the anticipation rejection that did relate specifically to the SEEPS gel and SEPTON™ 4055, Mr. Chen did not claim to have invented SEEPS gel generically or as comprised in the brand SEPTON™ 4055.

Similarly, Mr. Chen's second statement was made in relation to SEPS gels. The second statement cited by OWW was an alternative argument made by Mr. Chen based on an examiner posed hypothetical that directed Mr. Chen to assume that "SEPS is SEPTON™ 4055" as referenced in the Hammond Patent. (Id. at 913) Based on this assumption, Mr. Chen relied on his initial assertion that he invented the SEPS before the Hammond Patent; and therefore, the Hammond Patent could not have anticipated his invention. In this case, however, the underlying assumption –that SEPTON 4055 is a SEPS--has been determined by the parties to be false. Moreover, the alleged infringing invention at issue in this case uses a SEEPS formulated copolymer, not a SEPS copolymer, such that any claim to have invented SEPS would not be material to the patentability of a SEEPS based invention.

That having been said, the record as a whole would suggest that Mr. Chen likely misrepresented to the USPTO that he invented SEPS. However, the only question posed to him on the record of the trial in regard to his having invented a gel copolymer related to whether he invented SEEPS, which he candidly admitted he did not, and no evidence has been proffered on the record that he ever made a contrary assertion to the USPTO. Thus, it would appear that the assertions culled from his voluminous response on this point do not support by clear and convincing evidence OWW's assertion that Mr. Chen made false or egregiously false statements to the USPTO with the intent to deceive concerning his having invented SEEPS. Even if one assumes the statement that he invented SEPS was false, OWW has not proven that the statement was material. As noted, the patent in dispute does not concern a SEPS gel. Moreover, the USPTO rejected Mr. Chen's response in which the challenged false statements were made and thus, it would appear from the available evidence, did not base a decision of patentability on the challenged assertions. It was only after Mr. Chen conducted an in-person demonstration of a composite comprised of a SEEPS based copolymer gel combined with a fabricated substrate did the USPTO find the '109 Patent to be viable. In articulating its reasons for so finding, nowhere does the USPTO reference Mr. Chen's claim to have invented SEPS gel as a determinative factor.² No other evidence of materiality was proffered. Moreover, standing alone, the statement cannot be found to be so egregious as to warrant a finding of invalidity of his SEEPS

² The declaration under 1.132 by John Y. Chen filed on 02/10/2011 is sufficient to overcome all the art rejections in the final Office action mailed 12/13/2010. In particular, the declaration shows the unexpected resistance to sheer [sic] of poly(styrene-ethylene-ethylene-propylene-styrene)(SEEPS) gel physically interlocked with various substrates as a composite here claimed, in head-to-head comparison with the prior art poly(styrene-ethylene-butylene-styrene)(SEBS) gel physically interlocked with the substrates.
(Joint Ex. 133 at 20)

based patent, Patent '109. See *Therasense*, 649 F.3d at 1292. Consequently, the Court cannot conclude that OWW has met its high burden in regard to this assertion.

III. CONCLUSION

Accordingly, the Court concludes OWW has not demonstrated by clear and convincing evidence that Mr. Chen engaged in inequitable conduct during the original prosecution of the '109 patent or the reexamination of the '109 patent. It is hereby **ORDERED** that judgment shall be entered in favor of Plaintiff ALPS and against Defendant OWW on the issue of inequitable conduct.

DONE and **ORDERED** in Tampa, Florida this 13th day of July 2012.



MARY S. SCRIVEN
UNITED STATES DISTRICT JUDGE

Copies furnished to:
All Counsel of Record
All *Pro Se* parties