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Rule 56 - Duty of Candor and Good Faith

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Rule 56 - Duty of Candor and Good Faith

Abstract - An applicant for patent, as well as the applicant's attorney and others associated with the patent application, are required by law to disclose to the Patent Office any information known to them that may be material to the issue of patentability. Failure to do so may result in severe penalties, including unenforceability of the patent.

The Code of Federal Regulations, at 37 C.F.R. §1.56, known as "Rule 56", imposes "a duty of candor and good faith" in dealing with the Patent Office during the period of examination of a patent application. This duty requires certain individuals to disclose to the Patent Office any information they are aware of that is material to the issue of patentability. Failure to do so can result in severe consequences, including unenforceability of any patent that might issue from the application. Therefore, it is important to be aware of who is included within the duty of candor and good faith and what information is required to be disclosed in order to comply.

There are also a very good positive reason to disclose information to the PTO. Legally, a presumption exists that a patent is valid with respect to any information or prior art considered by the PTO during examination of a patent application. A defendant accused of infringing a patent faces a very difficult burden in trying to prove that an issued patent is invalid based on prior art or other information that had been considered by the PTO during examination. The burden to prove patent invalidity is much lower if based upon information that had not been considered by the PTO.

The Regulations state that any individual who is associated with the filing or prosecution of a patent application is included in the duty. This includes each of the named inventors, their

attorney or agents involved in the patent preparation or prosecution, and anyone else who is substantively involved in the preparation of the application and who is associated with the inventor, the assignee, or with anyone to whom there is a duty to assign the application. This does not mean that everyone associated with the assignee is included. Only those individuals who are involved in the patenting process must comply with Rule 56. In the university technology office setting, this would probably include at least the technology manager handlingthe patent prosecution of a particular application.

Because penalties are severe for failure to comply, it is best to err on the safe side and disclose to the PTO any information that is thought to be possibly relevant to the issue of whether or not a patent should be granted. Only information that is "material to patentability" must be disclosed. Information that is cumulative, if it repeats information already disclosed to the PTO, does not have to be disclosed.

There are several issues that arise regarding Rule 56. The first is, how can I know if information is considered to be "material to patentability" so that it must be disclosed? Unfortunately, there is no easy answer to this question. Most courts follow an expansive test in which information is considered to be material if it is arguably relevant to the issue of patentability and therefore might have affected the decision of the PTO.[1] But, other courts follow a more lenient "but for" test in which information is considered to be material if the invention would not have been found to be patentable if the information had been supplied to the Patent Office.

Another issue involving Rule 56 is under what circumstances does the duty of candor apply? The first circumstance occurs when filing a patent application. Each inventor signs a statutory oath of inventorship attesting that they are the first and original inventors of the claimed invention and acknowledging that they have a duty under Rule 56 to disclose information

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[1] *True Temper Corp. v. CF & I Steel Corp.*, 202 U.S.P.Q. 412 (10th Cir. 1979).

material to patentability. This includes information such as a prior sale or public use of the invention one year or more before the filing date of the application.

Rule 56 also requires the submission of known relevant prior art to the PTO. The applicant is under no obligation to search for relevant prior art. However, any material prior art that is known, including U.S. or foreign patents or published patent applications, scientific and other journal articles, brochures, and web sites, must be submitted. This Information is submitted to the PTO in the form of an "Information Disclosure Statement" ("IDS"). It is best to be overly inclusive when filing an IDS because the submission of a prior art document in an IDS does not constitute an admission that the information is indeed relevant to the invention claimed in the application. Rather, it is understood that an applicant strives to comply with Rule 56 and that, therefore, an applicant will often submit publications that are distant from the claimed invention.

The duty with respect to prior art extends to more than merely submitting the art to the PTO. If the Examiner mistakenly interprets a prior art reference in the applicant's favor, the applicant must correct the Examiner. Also, the applicant must explain the relevance of any publication submitted in a foreign language or of any particularly relevant prior art document if it is being submitted as part of a long list of documents.

Rule 56 also applies to the submission of affidavits or declarations to the PTO concerning the date of invention or concerning factual evidence, such as test data to establish patentability. Providing false or misleading information is an obvious violation of the duty of candor. It is important to realize that omitting information can also result in the finding of a violation of Rule 56. For example, failure to disclose that an individual signing a declaration has an interest in the invention has been found to violate Rule 56. Violations have also been found when successful test data is submitted as evidence of patentability, but the fact that there had been several unsuccessful tests is not disclosed. In this situation, it is best to disclose that there had been unsuccessful tests and explain why the failures occurred and why they should not negatively affect the decision on patentability.

Failure to disclose to the PTO material information, or providing misleading or false material information, referred to as "inequitable conduct", is usually only discovered after a patent issues, typically in the context of a litigation. If inequitable conduct is found during patent application prosecution, a patent examiner may strike the application. In a litigation, a court may hold a patent to be invalid or unenforceable due to the applicant's inequitable conduct in the prosecution of the application. A finding of inequitable conduct may also provide the basis for awarding attorney's fees to the defendant in an infringement suit. The Supreme Court has also found that fraudulent procurement of a patent due to inequitable conduct of a patent applicant can form the basis of an antitrust suit.[2]

But don't despair. There is good news. A punishable violation of Rule 56 requires more than a good faith or honest mistake by the applicant. It requires a finding that the omission or submission of false information was done with an intent to deceive the Examiner. The duty only extends to information that is known to the applicant or the other listed individuals. There is no duty to make a search of the prior art. In order to invalidate a patent for inequitable conduct, a defendant must prove to the court that the patentee knew of material information and failed to disclose the information with the intention to deceive the Examiner so that a patent would be granted.

So, what should you, as an applicant for a patent, do to make sure that the you comply with the duty of candor and good faith? I suggest that you provide your patent attorney with any publications that, either by themselves or in combination with one or more other publications, might possibly suggest the invention. Err on the safe side. It's always best to submit more information to the PTO rather than less. Inform your patent attorney of any prior use or sale of the invention or of the use or sale of anything that might include the invention. Let your attorney make the decisions about what to disclose to the PTO. Also, be complete in the information that

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[2] *Walker Process Equip. Inc. v. Food Mach & Chem. Corp.*, 382, U.S. 172, 147 U.S.P.Q. 404 (1965).

is submitted to the PTO in the form of affidavits or declarations, including any affiliation with the inventors or interest in the subject matter of the invention, and make sure that any statements regarding successful tests are accurate and complete, especially regarding any test failures.

Although Rule 56 might at first appear to be frightening, it really is not difficult to comply with. What is required is a positive determination to share with the PTO any information that you have concerning your invention. There really is no downside to submitting information to the PTO. So, if you are unsure whether or not to submit a particular piece of information, err on the side of providing more information than necessary. If you act with the intent to fully disclose, the chances are small that you will ever be found to be in violation of the duty of candor and good faith.