

## IS IT TIME FOR A RULE 11 FOR THE PATENT BAR?

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### ABSTRACT

The failure to require the patent bar to be completely candid in its dealings with the U.S. Patent and Trademark Office ("PTO") is one of the reasons behind the patent quality problem in the United States. Although PTO regulations impose a duty of candor on both the patent applicant and his or her attorney, this duty of disclosure is limited to matters already known by the parties. The regulations impose no duty to become educated about the technology that underlies a claimed invention. Indeed, there are rational reasons why a patent applicant might seek an uneducated attorney and order him or her not to attempt to overcome any initial ignorance. An educated representative who knows the underlying technology is more likely to know of an invalidating prior art reference that would have to be disclosed to the PTO. Similarly, a prior art search done by the representative may also lead to the discovery of a disqualifying example of prior art. A strong argument can be made that the most rational approach—particularly for an applicant who recognizes the weakness of the claims being made—is to require a patent representative to be technologically ignorant, as there is always a chance that the PTO will fail to discover a prior art reference during its search.

The patent bar today operates in a way that is similar to the methods used by litigating attorneys until the 1980s. The courts of the time faced an increasing flood of inappropriate suits that were not justified by fact or law. The

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cost of allowing the suits to be screened by the court itself (through summary judgment, for example) became increasingly cost-prohibitive. Consequently, a heightened screening requirement was imposed on the attorneys who were filing claims or defenses. Under a modified version of Rule 11 of the Federal Rules of Civil Procedure, the attorney was required to engage in a reasonable inquiry about both the law and facts underlying any claim or defense before filing anything with the court and would be subject to sanctions if he failed to do so. This article argues that, to avoid the extraordinary expense of using litigation to invalidate patent claims that were anticipated or obvious, the PTO regulations requiring candor from all applicants and patent attorneys should be modified to require those prosecuting patents to engage in reasonable prior art searches before filing a patent application.

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#### I. INTRODUCTION

There are numerous reasons why many patents that are fully anticipated by or obvious under the prior art are nevertheless being granted by the U.S. Patent and Trademark Office (“PTO”).<sup>1</sup> Although some of these inappropriately

<sup>1</sup> See, e.g., Ralph D. Clifford et al., *A Statistical Analysis of the Patent Bar: Where Are the Software-Savvy Patent Attorneys?*, 11 N.C. J.L. & TECH. 223, 223–26, 224 nn.2 & 4–7 (2010).

issued patents may have been granted because of defects in the patent law<sup>2</sup> or in the established PTO procedures used to examine applications,<sup>3</sup> it is clear that these cannot explain all of the problems being faced in screening patent applications for the statutorily required novelty<sup>4</sup> and nonobviousness.<sup>5</sup> In an earlier paper, for example, my co-authors and I established that there is a mismatch between the technical training that patent representatives<sup>6</sup> have and the type of patent applications being filed.<sup>7</sup> If patent representatives are trained in technical fields that are radically different from the fields in which applications are being filed, there is a high chance that the invention will not be understood in the context of the technical discipline that generated it.<sup>8</sup>

This technical disconnect is only the starting point, however. Even assuming that every patent representative is fully educated in the appropriate field,<sup>9</sup> the patenting process will still fail if the representative is not required to

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<sup>2</sup> Section 102 of the Patent Act, for example, specifies a variety of ways that an invention can be described that will serve to defeat the patentability of the invention. See 35 U.S.C. § 102(a)-(b) (2006). Congress modified these sections in the Leahy-Smith America Invents Act, broadening the exclusions slightly. See Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 3(b)(1), 125 Stat. 284, 285-86 (2011). Despite these changes, it is likely that the courts, particularly the Court of Appeals for the Federal Circuit, will continue to narrowly construe the sections in favor of broader patent coverage. See, e.g., *Cornell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983) (citing *Soundsciber Corp. v. United States*, 360 F.2d 954, 960 (Ct. Cl. 1966)) ("Anticipation requires the presence in a single prior art disclosure of all elements of a claimed invention arranged as in the claim.").

<sup>3</sup> See generally MPEP § 704 (8th ed. Rev. 9, Aug. 2012).

<sup>4</sup> See 35 U.S.C. §§ 101-02.

<sup>5</sup> See *id.* § 103.

<sup>6</sup> The term "patent representatives" or "representatives" will be used to refer collectively to patent attorneys and agents.

<sup>7</sup> Clifford et al., *supra* note 1, at 236-37 (showing a declining Spearman rank correlation between the areas of technological expertise in the patent bar and the types of technology underlying issued patents from 0.421 in 1986 to 0.367 in 2006).

<sup>8</sup> See *id.* at 238-40.

<sup>9</sup> In fact, there is no requirement that the patent representative have training in the actual technology underlying an invention to write a patent application. See generally MPEP § 704 (8th ed. Rev. 9, Aug. 2012) (lacking any requirement that a patent representative have invention-specific training). To be admitted to the patent bar, a candidate must show that he or she has technical training in any of a variety of specified fields, see U.S. PAT. & TRADEMARK OFF., OFF. OF ENROLLMENT & DISCIPLINE, GENERAL REQUIREMENTS BULLETIN FOR ADMISSION TO THE EXAMINATION FOR REGISTRATION TO PRACTICE IN PATENT CASES BEFORE THE U.S. PATENT AND TRADEMARK OFFICE § III (2012) [hereinafter PTO's GRB], but once this is done, any patent representative can write a patent based on any technical field, see MPEP § 704.

use that technical training or to share his or her knowledge with the PTO. Unfortunately, this is the case under current PTO policies.

This article will discuss the problems caused by the failure to require information to be shared. Should patent representatives be required to obtain and disclose technical information to the PTO? If so, how can this be achieved?

For the patent system to operate effectively, a mechanism is needed to ensure that patents are issued only to "new and useful [inventions] . . . or any new and useful improvement[s] thereof . . ." <sup>10</sup> The primary responsibility for ensuring that all of the requisites needed for a patent to issue are met appropriately lies with the PTO. <sup>11</sup> The current system, however, fails to require an applicant and his or her patent representatives to be reasonable in the process of applying for a patent; instead, it encourages them to seek technical ignorance rather than competence. The source of this problem is in the details of the rules of disclosure promulgated by the PTO.

## II. CURRENT RULES OF DISCLOSURE FOR PATENT REPRESENTATIVES

As established in two PTO regulations, 37 C.F.R. §§ 1.56(a) and 11.18, a patent representative owes a duty of candor to the PTO as he or she prosecutes a patent. <sup>12</sup> Unfortunately, an examination of each rule's requirements show that they are, at best, paper tigers as each only appears to require the representative to be forthcoming with the PTO. Of the two rules, Rule 1.56(a) is more directly applicable, so it will be discussed first.

### A. Rule 1.56(a)

Rule 1.56(a) expressly applies to the patent application. <sup>13</sup> The relevant part of Rule 1.56(a) reads:

Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability. . . . However, no patent will be granted on an application in connection with which fraud on the Office was practiced or at-

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<sup>10</sup> 35 U.S.C. § 101.

<sup>11</sup> See Thomas G. Field, Jr., *Intellectual Property Some Practical and Legal Fundamentals*, 35 IDEA 79, 90–93 (1994); see also 35 U.S.C. § 131 ("The Director shall cause an examination to be made of the application and the alleged new invention . . .").

<sup>12</sup> See 37 C.F.R. §§ 1.56(a), 11.18 (2011).

<sup>13</sup> *Id.* § 1.56.

tempted or the duty of disclosure was violated through bad faith or intentional misconduct. The Office encourages applicants to carefully examine:

- (1) prior art cited in search reports of a foreign patent office in a counterpart application, and
- (2) the closest information over which individuals associated with the filing or prosecution of a patent application believe any pending claim patentably defines, to make sure that any material information contained therein is disclosed to the Office.<sup>14</sup>

The rule requires a patent representative “to disclose to the Office all information *known to that individual* to be material to patentability.”<sup>15</sup> What if the patent representative is trained in chemistry but is writing a computer software-based patent?<sup>16</sup> Does that individual know much about computer science? In particular, does that representative have any familiarity with the basic computer science literature? It is clear that the answers to these questions are “no.” Consequently, the only way such a patent representative could have any knowledge to disclose to the PTO is if the representative educates him- or herself about the invention’s technology.

Unfortunately, the rule does not require competency; it creates no duty to educate oneself about the technical field in which the patent lies.<sup>17</sup> The closest the rule comes to this is to “*encourage*[] applicants to carefully examine” a limited subset of the prior art.<sup>18</sup> Without a requirement to search, it is not surprising that many patent applicants do not expend much effort to search for prior art as, for many patent applications—particularly the weaker ones—a prior art search leads to a Hobson’s choice. If prior art is found, it has to be disclosed, which may lead the PTO to deny the patent under §§ 101–03, or the prior art has to be suppressed, which could constitute inequitable conduct under the rule.<sup>19</sup>

<sup>14</sup> *Id.* § 1.56(a).

<sup>15</sup> *Id.* (emphasis added).

<sup>16</sup> See Clifford et al., *supra* note 1, at 238–40 (discussing a computer software-based patent, U.S. Patent No. 7,028,023, which was drafted by patent representatives who lacked computer science training).

<sup>17</sup> See 37 C.F.R. § 1.56(a).

<sup>18</sup> *Id.* (emphasis added).

<sup>19</sup> See Vidya Atal & Talia Bar, *Prior Art: To Search or Not to Search*, 28 INT’L J. INDUS. ORG. 507, 507 (2010); see also CHRISTOPHER A. COTROPIA, RECENT DEVELOPMENTS IN THE INEQUITABLE CONDUCT DOCTRINE AND THEIR IMPACT ON PATENT QUALITY 4 (2007), available at <http://www.ipo.org/AM/Template.cfm?Section=Calendar&Template=/CM/ContentDisplay.cfm&ContentID=15882> (“There is also a perverse incentive for the relevant parties to remain ignorant about relevant information since the more the party knows, the greater there [sic] exposure under the doctrine.”).

Consequently, it is not surprising that many parties seeking a patent will affirmatively prohibit their patent representative from searching for prior art.<sup>20</sup>

The rule's weakness does not end at its failure to require prior art searches. As Rule 1.56(a) has been interpreted, the mere failure to disclose known prior art is insufficient to affect the processing of the patent; instead, the breach of disclosure requirement must have been intentional:

"Inequitable conduct" is not . . . [an] allegation established upon a mere showing that art or information having some degree of materiality was not disclosed. To be guilty of inequitable conduct, one must have intended to act inequitably. Thus, one who alleges a "failure to disclose" form of inequitable conduct must offer clear and convincing proof of . . . [*inter alia*, a] failure of the applicant to disclose . . . art or information resulting from an intent to mislead the PTO. That proof may be rebutted by a showing that . . . [*inter alia*, the] applicant's failure to disclose art or information did not result from an intent to mislead the PTO.<sup>21</sup>

The Federal Circuit subsequently reinforced this by holding that "intentional" under Rule 1.56 requires more than grossly negligent conduct.<sup>22</sup> Whether some form of conduct more extreme than gross negligence but less than truly intentional conduct—recklessness, for example—would suffice has not yet been established; although the *FMC Corp. v. Manitowoc Co.* and *In re Harita* opinions suggest that only strictly volitional conduct will violate the rule.<sup>23</sup>

The burden of proof under Rule 1.56(a) weakens it further. Whether the failure to disclose information is raised in litigation or before the PTO, the intentional failure to disclose must be established by clear and convincing evidence.<sup>24</sup>

<sup>20</sup> See E-mail from Ann M. McCrackin, Professor of Law, Univ. of N.H. Sch. of Law, to Jon R. Cavicchi, Intellectual Prop. Librarian & Assistant Professor of Law, Univ. of N.H. Sch. of Law (Nov. 12, 2009) (on file with author) ("Most of the corporate clients that I worked for prohibited prior art searches. In fact, here is a direct quote from one client's guidelines for outside counsel document, 'A general prior art search should not be performed unless specifically requested by in-house counsel.' During 12 years of practice, I performed prior art searches on only a small number of inventions prior to writing the application."); Posting of Greg Aharonian, patents@world.std.com, to patnews@nsl.patenting-art.com (Sept. 10, 2012) (on file with author) ("[Y]ou do realize that all the big local Bay Area law firms now advise companies and entrepreneurs to NOT do ANY prior art searching whatsoever?").

<sup>21</sup> *FMC Corp. v. Manitowoc Co.*, 835 F.2d 1411, 1415 (Fed. Cir. 1987).

<sup>22</sup> See *In re Harita*, 847 F.2d 801, 809 (Fed. Cir. 1988) ("We think we should not infer merely from some vague thing called 'gross negligence' an intent which it was the PTO's obligation to establish . . .").

<sup>23</sup> See *id.*; *FMC Corp.*, 835 F.2d at 1415.

<sup>24</sup> See *FMC Corp.*, 835 F.2d at 1415 ("[O]ne who alleges a 'failure to disclose' form of inequitable conduct must offer clear and convincing proof . . .").

**B. Rule 11.18**

As written, Rule 11.18 could also apply to patent applications.<sup>25</sup> The relevant parts of the rule read:

(a) For all documents filed in the Office in patent, trademark, and other non-patent matters, and all documents filed with a hearing officer in a disciplinary proceeding, except for correspondence that is required to be signed by the applicant or party, each piece of correspondence filed by a practitioner in the Office must bear a signature, personally signed or inserted by such practitioner, in compliance with § 1.4(d)(1), § 1.4(d)(2), or § 2.193(a) of this chapter.

(b) By presenting to the Office or hearing officer in a disciplinary proceeding (whether by signing, filing, submitting, or later advocating) any paper, the party presenting such paper, whether a practitioner or non-practitioner, is certifying that—

(1) All statements made therein of the party's own knowledge are true, all statements made therein on information and belief are believed to be true, and all statements made therein are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or knowingly and willfully makes any false, fictitious, or fraudulent statements or representations, or knowingly and willfully makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. 1001 and any other applicable criminal statute, and violations of the provisions of this section may jeopardize the probative value of the paper; and

(2) To the best of the party's knowledge, information and belief, formed after an inquiry reasonable under the circumstances,

(i) The paper is not being presented for any improper purpose, such as to harass someone or to cause unnecessary delay or needless increase in the cost of any proceeding before the Office;

(ii) The other legal contentions therein are warranted by existing law or by a nonfrivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;

(iii) The allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; and

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<sup>25</sup> The PTO recently issued revisions to Rules 11.1–11.58, governing the representation of others before the PTO. See *Changes to Representation of Others Before the United States Patent and Trademark Office*, 78 Fed. Reg. 20,180 (Apr. 3, 2013). However, these new rules do not address the concerns discussed in this article, nor did the PTO update Rule 11.18. See *id.*

(iv) The denials of factual contentions are warranted on the evidence, or if specifically so identified, are reasonably based on a lack of information or belief.

(c) Violations of any of paragraphs (b)(2)(i) through (iv) of this section are, after notice and reasonable opportunity to respond, subject to such sanctions or actions as deemed appropriate by the USPTO Director, which may include, but are not limited to, any combination of--

- (1) Striking the offending paper;
  - (2) Referring a practitioner's conduct to the Director of Enrollment and Discipline for appropriate action;
  - (3) Precluding a party or practitioner from submitting a paper, or presenting or contesting an issue;
  - (4) Affecting the weight given to the offending paper; or
  - (5) Terminating the proceedings in the Office.
- (d) Any practitioner violating the provisions of this section may also be subject to disciplinary action.<sup>26</sup>

To begin, it is unclear that the rule is intended to apply to patent applications rather than to other PTO proceedings, particularly disciplinary matters. Rule 11.18 is part of Chapter 1, Part 11, of Article 37 of the C.F.R. That part is titled "Representation of Others Before the United States Patent and Trademark Office" and generally addresses the rules of practice before the PTO.<sup>27</sup> Under general construction rules, where two provisions apply to the same set of circumstances, the narrower of the two conflicting provisions is usually the proper rule to apply.<sup>28</sup> Rule 1.56(a) expressly applies to the "filing and prosecution of . . . patent application[s],"<sup>29</sup> whereas Rule 11.18 applies to "all documents filed"<sup>30</sup> or "present[ed]"<sup>31</sup> at the PTO. Consequently, Rule 1.56(a) would seem to be the appropriate rule. At the same time, Rule 11.18 expressly applies to "all documents filed [with the PTO],"<sup>32</sup> which would include applications for a patent. Further, although some of the details of the two rules are somewhat in-

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<sup>26</sup> 37 C.F.R. § 11.18 (2011).

<sup>27</sup> See *id.* pt. 11.

<sup>28</sup> See, e.g., *RadLAX Gateway Hotel, L.L.C., v. Amalgamated Bank*, 132 S. Ct. 2065, 2070–71 (2012).

<sup>29</sup> 37 C.F.R. § 1.56(a).

<sup>30</sup> *Id.* § 11.18(a).

<sup>31</sup> *Id.* § 11.18(b).

<sup>32</sup> *Id.* § 11.18(a).



consistent,<sup>33</sup> their overall purpose and operation do not work at cross-purposes. Consequently, as both rules could simultaneously operate, it is appropriate to evaluate Rule 11.18's impact on the behavior of patent representatives.

Rule 11.18 appears to be modeled on Rule 11 of the Federal Rules of Civil Procedure ("FRCP 11"). As with FRCP 11, all documents filed at the PTO must be signed.<sup>34</sup> For both rules, the signing of the document, as well as its subsequent use, constitute a certification.<sup>35</sup> This, however, is where the similarities of the two rules diverge in the context of a patent application, as the certification made by Rule 11.18 differs markedly from that mandated by FRCP 11.

A signature under Rule 11.18 establishes seven certifications by the party.<sup>36</sup> The first three assertions deal with the knowledge and belief of the party making the certification,<sup>37</sup> whereas the final four are based on the reasonable beliefs of the party.<sup>38</sup> When examined in the context of a patent application, however, each fails to address significantly the nonexistence of prior art. In other words, Rule 11.18 will only be relevant if the disclosure—or more likely the non-disclosure—of prior art violates its provisions.

### 1. Assertions Made on Knowledge and Belief

The first assertion that is based on the knowledge or belief of the patent representative reads, "[a]ll statements made [in the patent application] of the party's own knowledge are true . . . ."<sup>39</sup> Under this, if the patent representative actually knows about a prior art reference and intentionally omits that reference from the patent application, the representative will violate this assertion because the rules require the disclosure of any known prior art relevant to the patent application,<sup>40</sup> which in turn, imposes a duty to speak.<sup>41</sup> The representative only has

<sup>33</sup> Compare *id.* § 1.56(a) (requiring fraud, "bad faith[,] or intentional misconduct" to disallow a patent from being issued), with *id.* § 11.18(b), (c)(5) (allowing an application to be "[t]erminat[ed]" for such things as having an "improper purpose").

<sup>34</sup> FED. R. CIV. P. 11(a); 37 C.F.R. § 11.18(a).

<sup>35</sup> FED. R. CIV. P. 11(b); 37 C.F.R. § 11.18(b).

<sup>36</sup> 37 C.F.R. § 11.18(b).

<sup>37</sup> *Id.* § 11.18(b)(1).

<sup>38</sup> *Id.* § 11.18(b)(2).

<sup>39</sup> *Id.* § 11.18(b)(1).

<sup>40</sup> *Id.* § 1.56(a).

<sup>41</sup> See, e.g., 37 AM. JUR. 2D *Fraud and Deceit* § 204 (1964) ("Accordingly, silence may constitute fraud when a duty to disclose exists."); cf., e.g., RESTATEMENT (SECOND) OF TORTS § 551(1) (1977) ("One who fails to disclose . . . a fact . . . is subject to . . . liability . . . if, but only if, he is under a duty to the other . . . to disclose the matter in question.").

a duty to speak about that which the representative knows, so his or her lack of knowledge would be a complete defense. In other words, although one must inform the PTO about things known to him, the rule imposes no requirement to become educated before speaking. It prohibits lying, not ignorance.

Similarly, the second requirement of the rule that “all statements made [in the application] on information and belief are believed to be true,”<sup>42</sup> fails to require much of a patent representative who is prosecuting a patent application. First, as a practical matter, patents do not typically assert anything on the basis of information and belief,<sup>43</sup> a form of statement more typically found in litigation than in patent prosecution. Even were this to be done, however, the rule still focuses on dishonesty.<sup>44</sup> If the patent representative believes that the statement is correct because the representative is unknowing or even incapable of understanding, the rule has not been violated unless the statement is known to be false.

The final requirement, which is based on knowledge and belief, is the longest, but not particularly apropos to patent applications.<sup>45</sup> Most of its provisions merely remind patent representatives that knowingly using false statements in a patent application may constitute a criminal violation<sup>46</sup> and “may jeopardize the probative value of the [patent application] . . . .”<sup>47</sup> As a practical matter, it seems unlikely that a criminal prosecution would result from anything but the most outrageous factual misstatements in a patent application, particularly if the allegation is that the patent representative failed to disclose something

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<sup>42</sup> 37 C.F.R. § 11.18(b)(1).

<sup>43</sup> See generally MPEP § 704 (8th ed. Rev. 9, Aug. 2012) (lacking any requirement that a patent representative have invention-specific training).

<sup>44</sup> See 37 C.F.R. § 11.18(b)(1).

<sup>45</sup> See *id.* (“All statements made [in the patent application] are made with the knowledge that whoever, in any matter within the jurisdiction of the Office, knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or knowingly and willfully makes any false, fictitious, or fraudulent statements or representations, or knowingly and willfully makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry, shall be subject to the penalties set forth under 18 U.S.C. [§] 1001 and any other applicable criminal statute, and violations of the provisions of this section may jeopardize the probative value of the paper.”).

<sup>46</sup> 18 U.S.C. § 1001, the Federal False Statement Act, is referenced in the rule. For a general discussion of the functioning of the False Statement Act, see Jennifer L. Kraft & David A. Sadoff, *False Statements*, 31 AM. CRIM. L. REV. 539 (1994).

<sup>47</sup> 37 C.F.R. § 11.18(b)(1).

rather than affirmatively misrepresenting it.<sup>48</sup> In any case, ignorance is again a defense.<sup>49</sup>

## 2. Assertions Made on a Reasonable Belief

The final four assertions are based on the “best of the party’s knowledge, information and belief, formed after an inquiry reasonable under the circumstances.”<sup>50</sup> As will be discussed as each assertion is examined, however, none imposes an obligation to seek out prior art and disclose it to the PTO.

The first requires that “[t]he paper is not being presented for any improper purpose . . . .”<sup>51</sup> The examples given in the rule—causing harassment, unnecessary delay, or needless increases in costs<sup>52</sup>—prevents the applicability of the rule to non-disclosure of prior art.<sup>53</sup> If the patent application is filed for the purpose of obtaining a patent, the strictures in Rule 11.18(b)(2) do not apply.

The second certification made by presenting an application to the PTO is that “[t]he other legal contentions therein are warranted by existing law . . . .”<sup>54</sup> As a practical matter, no “legal contentions” are made in a patent application. Unlike a brief, it simply does not present law.

<sup>48</sup> Note that this is not the “exculpatory no” defense that the Supreme Court rejected in *Brogan v. United States*, 522 U.S. 398 (1998). In *Brogan*, the defendant falsely answered “no” to a question that asserted the defendant’s criminal liability. *Id.* at 399–400. In a patent application, on the other hand, the patent representative presumably failed to disclose relevant prior art or, in other words, remained silent. *Id.* Being silent does not seem to be a “statement” under § 1001. See *id.* at 404 (explaining the legal difference between saying “no” and saying nothing).

<sup>49</sup> Section 1001 requires a “knowing[] and willful[]” *mens rea*. 18 U.S.C. § 1001(a) (2006); see *United States v. Yermian*, 468 U.S. 63, 64–65 (1984). Further, if non-disclosure is used as a basis of the prosecution under § 1001, the government must “prove that the defendant had the duty to disclose the material facts at the time he was alleged to have concealed them.” *United States v. Irwin*, 654 F.2d 671, 678 (10th Cir. 1981), *overruled on other grounds by United States v. Daily*, 921 F.2d 994, 999–1000 (10th Cir. 1990). Of course, the concealment must have been “knowingly and willfully.” 18 U.S.C. § 1001(a).

<sup>50</sup> 37 C.F.R. § 11.18(b)(2).

<sup>51</sup> *Id.* § 11.18(b)(2)(i).

<sup>52</sup> *Id.*

<sup>53</sup> The drafting of this provision of the regulation is a general statement followed by more specific, but included, examples. See *id.* Under general rules of construction, the specific serves to limit the general. See, e.g., *RadLAX Gateway Hotel, L.L.C. v. Amalgamated Bank*, 132 S. Ct. 2065, 2071 (2012).

<sup>54</sup> 37 C.F.R. § 11.18(b)(2)(ii).

The third requirement, that “[t]he allegations and other factual contentions have evidentiary support,”<sup>55</sup> also misses the mark. In distinction, a complaint filed in a lawsuit sets forth a series of factual statements with the implication that evidence will be forthcoming to prove each statement.<sup>56</sup> The information contained within a patent application is not a promise of future proof; rather, it describes an invention and claims it for patent protection.

Finally, the rule requires that “[t]he denials of factual contentions are warranted on the evidence . . . .”<sup>57</sup> Again, a comparison to litigation is appropriate. An answer to a complaint denies allegations<sup>58</sup> but a patent application does not.

### C. *The Consequences of the Current Rules*

When examined carefully, the PTO rules do not require much. Clearly, a patent representative who knows of relevant prior art must disclose it, but one who does not know can rest on that ignorance.<sup>59</sup> As a practical matter, the entire burden of searching for prior art resides with the PTO; indeed, economically self-interested entities recognize this and insure that their patent representatives remain unhelpful.<sup>60</sup>

The cost of this process failure is high.<sup>61</sup> Rather than encouraging the use of the broad knowledge possessed by the patent bar, the system encourages the opposite and leads to the suppression of the patent bar’s technical expertise. Consequently, this extensive information base is wasted, rather than being used to enhance the quality of the patents that are issued. Simple changes, however, can reverse this.

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<sup>55</sup> *Id.* § 11.18(b)(2)(iii).

<sup>56</sup> *See* FED. R. CIV. P. 8(a)(2); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555–56 (2007).

<sup>57</sup> 37 C.F.R. § 11.18(b)(2)(iv).

<sup>58</sup> *See* FED. R. CIV. P. 8(b).

<sup>59</sup> *See supra* Sections II(A)–II(B).

<sup>60</sup> *See id.*

<sup>61</sup> *See, e.g., Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1287 (Fed. Cir. 2005) (“[W]e are mindful that if an invalid patent is issued, competitors may be deterred from challenging it by the substantial cost of litigation. Even if a successful challenge is brought, competition may be suppressed during the pendency of the litigation.”).

### III. THE PROFESSIONAL RULE OF DISCLOSURE IMPOSED ON TRIAL ATTORNEYS — FEDERAL RULE OF CIVIL PROCEDURE 11

To evaluate the status of the professional disclosure requirements placed on patent representatives, it is informative to look briefly at how the same issue has been handled in the federal courts. Historically, significant problems have occurred in court with actions being filed that were inappropriate, as they had no foundation in law, fact, or both.<sup>62</sup> In the past, a lawyer could have safely adopted a tactic of suing now and asking questions later; indeed, a tactical advantage existed in doing so.<sup>63</sup> The costs of defense were so high, particularly with the expansive discovery allowed under the Federal Rules, that often the best business-based decision was to settle for nuisance value rather than litigate.<sup>64</sup>

Today in the patent system, a similar problem has developed. If a patent is held—even one that is invalid because of the prior art not disclosed to or found by the PTO—litigation can be brought. As with the previously described nuisance suit, it is often more cost effective for the defendant to pay nominal royalties or damages to the patent-holding plaintiff than it would be to litigate the invalidity of the patent.<sup>65</sup> As this same motivation for defendants to settle rather than litigate allowed for the nuisance suit in federal court, the approach used by the court system to diminish nuisance suits may provide a model for the patent system.

In the Federal court system, and the majority of states that now base their own rules on the Federal Rules of Civil Procedure,<sup>66</sup> the ethical obligation

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<sup>62</sup> See, e.g., Wesley A. Cann, Jr., *Frivolous Lawsuits—The Lawyer's Duty to Say "No"*, 52 U. COLO. L. REV. 367, 367–68 (1981).

<sup>63</sup> See 5A CHARLES ALAN WRIGHT & ARTHUR R. MILLER, *FEDERAL PRACTICE AND PROCEDURE* § 1331 (3d ed. 2004).

<sup>64</sup> See *id.*

<sup>65</sup> See Michael Risch, *Patent Troll Myths*, 42 SETON HALL L. REV. 457, 467 ("Patent litigation is notoriously expensive. Legal fees in a case can range from \$500,000 through summary judgment to \$4,000,000 or more through trial, not to mention administrative costs."). Once a patent is issued by the PTO, it obtains a presumption of validity that can only be overcome by clear and convincing evidence of the patent's invalidity. See *Microsoft Corp. v. i4i Ltd. P'ship*, 131 S.Ct. 2238, 2245 (2011). The dictates of FRCP 11 require an attorney to do a reasonable investigation before a lawsuit is commenced. FED. R. CIV. P. 11(b). The presumption of validity almost certainly means that the patent holder's attorney need not spend time researching the validity of the patent before bringing suit, however. As long as the facts of infringement are appropriately confirmed, the patent litigation attorney has an effective safe harbor under FRCP 11.

<sup>66</sup> See JACK H. FRIEDENTHAL ET AL., *CIVIL PROCEDURE* 253 n.14 (4th ed. 2005); see generally, John B. Oakley, *A Fresh Look at the Federal Rules in State Courts*, 3 NEV. L.J. 354, 356–

upon an attorney to disclose information is controlled by FRCP 11.<sup>67</sup> As it was originally adopted and until 1983, an attorney complied with FRCP 11 if he or she “ha[d] read the pleading; that to the best of his [or her] knowledge, information, and belief there [were] good ground[s] to support it; and that it [was] not interposed for delay.”<sup>68</sup> As FRCP 11 was based on the attorney’s actual knowledge, a lawyer who was totally ignorant of the law or of the facts asserted in the case could nevertheless execute the pleading without concern of sanction.<sup>69</sup> The attorney had to have read the document, believed that it was supportable, and had a motive other than delay for filing it—low standards, indeed.

A comparison of these standards with the rules of disclosure that apply to patent representatives is instructive. The original version of FRCP 11 and the current patent disclosure requirements are functionally equivalent. As with the pre-1983 version of FRCP 11, a patent representative’s signature on a patent application certifies that no lies are being included, but makes no assurances that the document is reality-based or that any research was done on the invention as the application was drafted.<sup>70</sup>

In the courts, tolerance for meritless suits and pleadings evaporated by the early 1980s.<sup>71</sup> In 1983, FRCP 11 was modified significantly to discourage the filing and prosecution of unsustainable claims.<sup>72</sup> Importantly, the amend-

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57 (2003) (listing thirty-three states such as Massachusetts, Ohio, Washington, and North Carolina that have rules based on the Federal Rules of Civil Procedure).

<sup>67</sup> See FED. R. CIV. P. 11. Rule 11 covers pleadings and motions, but does not apply to discovery requests and responses. See *id.* 11(d). Rule 26(g) contains similar certification requirements as Rule 11 but they are customized to the consideration of discovery. See *id.* 26(g).

<sup>68</sup> FED. R. CIV. P. 11 (1938), reprinted in 28 U.S.C. app. 2616–17 (1940).

<sup>69</sup> See WRIGHT & MILLER, *supra* note 63.

<sup>70</sup> See *supra* Section II.

<sup>71</sup> See Cann, *supra* note 62, at 390 (indicating that the rules of professional conduct ineffectively prohibit the filing of frivolous lawsuit); see also WRIGHT & MILLER, *supra* note 63.

<sup>72</sup> Danielle Kie Hart, *Still Chilling After All These Years: Rule 11 of the Federal Rules of Civil Procedure and Its Impact on Federal Civil Rights Plaintiffs After the 1993 Amendments*, 37 VAL. U. L. REV. 1, 8–9 (2002); see WRIGHT & MILLER, *supra* note 63. The effect of strengthening FRCP 11 in 1983 was not without consequence or criticism. Clearly, the mandatory nature of the sanction provision raised much debate, see WRIGHT & MILLER, *supra* note 63, § 1332, which led ultimately to its removal and the transformation of the rule into one of discretion. Less adequately addressed was the perception that still remains that FRCP 11 was a tool to be used against a plaintiff, particularly one who brings an unpopular cause of action such as a civil rights claim, rather than an instrument that was available to address all attorneys’ misconduct. See *id.*

ments altered the requirements on the attorney<sup>73</sup> by imposing a duty of “reasonable inquiry”<sup>74</sup> on the lawyer. Under the 1983 version of FRCP 11, an attorney could no longer file a pleading without taking steps to verify its accuracy, both legally and factually.<sup>75</sup> In other words, while attorneys were not obliged to guarantee the validity and veracity of the pleadings they filed, they did have to be able to articulate how its assertions were substantiated before they were filed.<sup>76</sup>

As the 1983 version of FRCP 11 became operational and its effects on trial practice were felt, its Draconian nature was recognized, however. As adopted, the 1983 FRCP 11 required the court to impose sanctions if it was violated, even if the violation was trivial.<sup>77</sup> The 1993 amendment transformed the “shall” of sanctions to “may,” allowing the court the discretion not to sanction every misstep of counsel.<sup>78</sup> It also altered the procedures used to process a request for sanctions by an opposing party,<sup>79</sup> and expanded the reach of FRCP 11 to include oral advocacy in violation of the rule.<sup>80</sup>

The most recent amendments made to FRCP 11 were in 2007.<sup>81</sup> These amendments were part of an attempt to modernize the language used throughout the Federal Rules and did not result in any substantive change to an attorney’s obligations under FRCP 11.<sup>82</sup>

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<sup>73</sup> See WRIGHT & MILLER, *supra* note 63 (“The 1983 amendments to [FRCP] 11 . . . addressed the problems of pretrial cost and delay by emphasizing the need to improve attorney performance.”).

<sup>74</sup> FED. R. CIV. P. 11 (1983), *reprinted in* 28 U.S.C. app. 575 (1988).

<sup>75</sup> See WRIGHT & MILLER, *supra* note 63.

<sup>76</sup> See Hart, *supra* note 72, at 9 (“[FRCP] 11 has made attorneys ‘stop, look and inquire’ before filing.”).

<sup>77</sup> FED. R. CIV. P. 11 (1983), *reprinted in* 28 U.S.C. app. 575 (1988) (“If a pleading, motion, or other paper is signed in violation of this rule, the court, . . . shall impose upon the person who signed it, a represented party, or both, an appropriate sanction.” (emphasis added)). Because of the financial reward that was available, Rule 11 had become a common motion to be filed by the victor on any issue in federal court. Cf. WRIGHT & MILLER, *supra* note 63 (“The intent [of a later amendment making the rule discretionary] is to reduce the incentive to seek sanctions primarily to achieve a financial award.”).

<sup>78</sup> FED. R. CIV. P. 11(c) (1993), *reprinted in* 28 U.S.C. app. 663–64 (1994) (“If . . . the court determines that [Rule 11] has been violated, the court may, . . . impose an appropriate sanction.” (emphasis added)).

<sup>79</sup> See *id.* at 11(c)(1)(A).

<sup>80</sup> See *id.*

<sup>81</sup> See FED. R. CIV. P. 11 (2007), *reprinted in* 28 U.S.C. app. 819–20 (Supp. I 2007).

<sup>82</sup> FRCP 11’s advisory committee’s notes (regarding the 2007 Amendment, “[t]he language of Rule 11 has been amended as part of the general restyling of the Civil Rules to make them

In summary, FRCP 11 imposes a reasonable burden on attorneys working in federal court. They must investigate matters before they are filed or pursued and can no longer transfer the expense of such an investigation to the defendant or judicial system.

#### IV. A FRCP 11-LIKE OBLIGATION ON PATENT REPRESENTATIVES AS THEY DRAFT APPLICATIONS

As shown, a patent representative's responsibilities to the patent system (rather than to his or her client) mirrors the responsibility a litigation attorney had before the 1980s. Just as the increasing costs of litigation under the federal rules made it inappropriate to allow the system to be used in an unreasonable "sue first and ask questions later" mode, so too are the escalating costs imposed by the increasing number of inappropriately issued patents,<sup>83</sup> rendering it inappropriate to allow a patent application to be sought without requiring some attempt to weed out anticipated or obvious ones. This essay proposes, therefore, that an obligation of reasonableness be imposed on patent representatives as they draft patents.

It would be easy to impose such a burden on the patent attorney or agent. A relatively simple modification to Rule 1.56(a) could impose a duty on the attorney to investigate the technological background of the invention being submitted for patent.<sup>84</sup> The new rule should read:<sup>85</sup>

(a) 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. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office. By filing or prosecuting a patent application, each individual certifies that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances:

(1) All information that is material to patentability has been disclosed; and

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more easily understood and to make style and terminology consistent throughout the rules. These changes are intended to be stylistic only.").

<sup>83</sup> See, e.g., *Prima Tek II, L.L.C. v. Polypap, S.A.R.L.*, 412 F.3d 1284, 1287 (Fed. Cir. 2005) ("[W]e are mindful that if an invalid patent is issued, competitors may be deterred from challenging it by the substantial cost of litigation. Even if a successful challenge is brought, competition may be suppressed during the pendency of the litigation.").

<sup>84</sup> As part of the amendment process, it would be appropriate to clarify 37 C.F.R. § 11.18 so that it only applies to non-patent application matters that occur in the PTO.

<sup>85</sup> Current subsections b through e would be re-designated c through f.



(2) The application is not being presented or prosecuted for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of the prosecution.

(b) If a violation of the duty of candor occurs:

(1) No patent shall be granted on the application unless the Office determines that the breach was based on inadvertent and excusable conduct or was insignificant to the validity of the patent;

(2) If the violation was made by a patent attorney or agent, that person shall be referred to the OED to determine an appropriate sanction, if any. Sanctions can include a private reprimand, a public reprimand, a suspension from practice before the PTO, or an expulsion from practice before the PTO. Where a violation imposed a financial cost on the PTO, the sanction may include a recovery of the costs incurred as the sole sanction, or in addition to another sanction imposed.

This draft changes the current version of 37 C.F.R. § 1.56 in several ways. First, it imposes a duty to become educated about the subject matter of the patent. Second, it requires the patent applicant and representative to disclose the results of this education. Finally, it allows the PTO to deny a patent if these obligations are violated unless, mirroring the discretion allowed under FRCP 11, the violation was insignificant in scope or consequence.

Of course, the most challenging question is how this rule would be enforced after the patent is issued. On one level, if the violation of the rule were significant enough—a clearly anticipatory example of prior art being suppressed, for example—a form of enforcement would be obtained by the patent being declared invalid if an attempt is made to enforce it in court.<sup>86</sup> Obviously, having one's patent declared invalid is a significant discouragement to a patentee's misconduct, but it does not directly affect a patent representative's interests.<sup>87</sup> If we assume that the patent representative failed to comply with the rule, are there additional steps that should be taken?<sup>88</sup>

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<sup>86</sup> See 35 U.S.C. § 282 (2006) (establishing a presumption of validity for an issued patent which can be overcome by clear and convincing evidence of invalidity).

<sup>87</sup> It is unlikely that a legal malpractice case would result because the patent representative's misconduct did not lead to the invalidity declaration, the existence of anticipatory art did. *Cf. Gunn v. Minton*, 133 S. Ct. 1059 (2013) (rejecting a subject matter jurisdictional challenge to a failed attempt to hold an attorney liable for misapplying the on-sale bar).

<sup>88</sup> The last thing needed is another best mode requirement as established in the AIA, which requires the best mode of practicing a patent to be disclosed but fails to provide any functional remedy for an applicant's failure to do so. Compare 35 U.S.C. § 112(a) (2006) (requiring a patent applicant to disclose the best mode of practicing the invention), with Leahy-Smith America Invents Act, Pub. L. No. 112-29, sec. 15, § 282(b)(3)(A), 125 Stat. 284, 328 (2011)

For our analogous system in court, when there is a violation of FRCP 11, the miscreant party or attorney is present before the court and easily can be affected by a ruling from the bench.<sup>89</sup> This would not be true at the PTO under the modified Rule 1.56. It is very possible—if not probable—that violations of the new version of Rule 1.56(a) would not be discovered until years after the patent is issued when the validity of the patent is litigated. At that point, the patent representative is not actively before the PTO on the application.<sup>90</sup> Consequently, the analysis of the enforcement of the new Rule 1.56 must be split into multiple parts to determine if it would be effective.

First, under the new Rule 1.56, a vast majority of the patent bar would be ethical and would engage in reasonable investigations before an application is filed. Consequently, a large number of patent applications that are currently prosecuted without the patent representative being aware of the existence of prior art would not be prosecuted under the modified system; indeed, this is the primary manner in which the modified rule would enhance the quality of the patents for which applications are filed. Only a small number of patent attorneys (and possibly a slightly larger percentage of patent agents)<sup>91</sup> would be un-

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(disallowing a failure to disclose the best mode of practicing an invention as a defense to the validity of a patent).

<sup>89</sup> Cf. *Perpetual Sec., Inc. v. Tang*, 290 F.3d 132, 141 (2d Cir. 2002) (holding that even a court without subject matter jurisdiction has the power to impose FRCP 11 sanctions).

<sup>90</sup> Indeed, the patent representative is not likely to have a direct role in the litigation, as it is not typical for a patent representative to also be the attorney who represents the patentee in the infringement suit. See KINNEY & LANGE, P.A., *INTELLECTUAL PROPERTY LAW FOR BUSINESS LAWYERS* § 1:3 (2012) (“Patent attorneys tend to divide themselves into ‘prosecution attorneys’ and ‘litigation attorneys.’”).

<sup>91</sup> Only three quarters of the patent bar are attorneys. See *Patent Attorneys/Agents Search*, USPTO, <https://oedci.uspto.gov/OEDCI/> (last visited July 10, 2012) (“[T]here are 10495 active agents and 30712 active attorneys.”). The rest, termed “patent agents” are not admitted to the bar of any state. See 37 C.F.R. § 11.6 (2011). At the same time, both patent agents and attorneys share the same authority to prosecute patents in the PTO. See *id.* § 11.10(a). While being admitted to the bar has no effect on a patent representative’s technical abilities to assist inventors in drafting patents, it potentially has an effect on how patent prosecution is practiced by agents. Included in the training of almost every attorney is education concerning the requirements of ethical practices. See AM. BAR ASSOC., 2011–2012 STANDARDS AND RULES OF PROCEDURE FOR APPROVAL OF LAW SCHOOLS § 305(a)(5) (2011). The training of the non-attorney agent, on the other hand, is less likely to include this type of training as training in formal rules of ethics is more associated with the professions such as law or medicine than it is with more technical fields such as chemistry or biology. See AM. CHEM. SOCIETY COMM. ON PROFESSIONAL TRAINING, UNDERGRADUATE PROFESSIONAL EDUCATION IN CHEMISTRY § 5 (2008), available at [http://portal.acs.org/portal/PublicWebSite/about/governance/committees/training/acsapproved/degreeprogram/WPCP\\_008491](http://portal.acs.org/portal/PublicWebSite/about/governance/committees/training/acsapproved/degreeprogram/WPCP_008491) (last visited Feb. 3, 2013) (lacking any ethics training in the

ethical by failing to do a reasonable investigation before filing. For this small group, a system to impose sanctions would have to be established for the rule to function.

Under the new Rule 1.56, most of the time, when an application for a patent is filed without a reasonable investigation being done, the problem will surface during the application's prosecution before the PTO. This will allow the PTO to enforce the rule in the same way that the federal courts enforce FRCP 11. Under the rule, the patent itself can be denied and an appropriate referral to the PTO's Office of Enrollment and Discipline ("OED") could be made. Consequently, as a patent is prosecuted, if it becomes clear that the patent representative did not perform a reasonable investigation before filing, a sanction—a slap on the wrist for a minor violation, a financial penalty for a larger violation, or disbarment for an extreme violation—could be imposed by the OED.

The most difficult case under the new rule will arise when the breach of the reasonable investigation requirement is not discovered until subsequent litigation of a patent's validity. Allowing the court to impose a sanction would obviously raise major due process concerns, as the patent representative who prosecuted the patent likely would not be the attorney who is involved in its litigation. A referral from the courts to the OED could overcome the due process problem, but would impose a cost on the OED to conduct a hearing to determine if a sanction is appropriate and, in any case, may lack the immediacy that a court-ordered sanction would have. Overall, though, the number of referrals should be small, so the costs imposed by this system should be manageable, particularly in comparison to the costs imposed by continuing to allow an extraordinary number of junk patents to be issued.

## V. CONCLUSION

It is time to require our patent attorneys and agents to do a reasonable prior art investigation before submitting an application. Just as attorneys in court cannot ignore the fact that they are officers of the court, not just advocates, patent attorneys and agents must similarly be required to exercise their role as officers of the patent office.

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curriculum); cf. HENRY PETROSKI, TO FORGIVE DESIGN 175–98 (2012) (discussing the lack of a universal ethical engagement among engineers); Chris D'Elia & John Moore, *Why National Standards and Accreditation are Needed for Baccalaureate Degree Programs in Biology*, AM. INST. BIOLOGICAL SERVS., [http://www.aibs.org/events/special-symposia/resources/D%27Elia\\_Moore\\_Standards.pdf](http://www.aibs.org/events/special-symposia/resources/D%27Elia_Moore_Standards.pdf) (last visited July 23, 2012) (noting the lack of any accreditation standards for programs in biology).