Press Release

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WLF Asks Court to Raise Bar for 'Inequitable Conduct' Defense in Patent Infringement Suits

(Regeneron Pharmaceuticals, Inc. v. Merus N.V.)

"By lowering the bar for those asserting an 'inequitable conduct' defense, the Federal Circuit is undermining the viability of our patent system."
—Richard Samp, WLF Chief Counsel

WASHINGTON, DC—In an effort to contain the time and expense of patent dispute trials, Washington Legal Foundation filed an *amicus* brief in the Federal Circuit yesterday supporting the appellant in *Regeneron Pharmaceuticals, Inc. v. Merus N.V*. WLF's brief asks the appeals court to grant Appellant's petition for rehearing *en banc*.

This case stems from a patent infringement suit, where the alleged infringer, Merus N.V., filed a counterclaim under the "inequitable conduct" (IC) doctrine. While defendants in patent disputes often argue that the patent they are alleged to have infringed is not valid, the IC counterclaim does not contest that the Patent and Trademark Office (PTO) acted properly in issuing the patent. Instead, the IC counterclaim asks the court to strike down the patent because the patent holder acted in an "inequitable" manner (usually by failing to provide the PTO with a relevant document) when it applied for the patent.

The IC doctrine was meant to deter future misbehavior, but it became a popular defense in patent disputes and significantly increased the time and expense of trials. In response, the Federal Circuit in 2011 issued a decision in a case called *Therasense* that limited the ability of alleged infringers to file IC counterclaims. The Court heightened the evidentiary burden placed on defendants, requiring them to show that the PTO would not have granted the patent had it been aware of the documents that the applicant failed to disclose and that the applicant meant to deceive the PTO.

In this case, the district court ruled that the patentee, Regeneron Pharmaceuticals, engaged in litigation misconduct during the pre-trial phase of its patent-infringement suit. Regeneron's alleged misconduct occurred many years after the patent was issued, not during the application process before the PTO. However, the district court granted a default judgment for Merus and declared the patent invalid without conducting a trial. Merus was, therefore, not required to meet the evidentiary burden imposed by *Therasense*.

WLF's brief asks the appeals court to grant rehearing and correct the district court's ruling by enforcing *Therasense*'s higher evidentiary burden on alleged patent-infringers. WLF argues that the pre-*Therasense* IC plague was harmful to the patent system and a rehearing is warranted to prevent another outbreak.

Celebrating its 40th year, WLF is America's premier public-interest law firm and policy center advocating for free-market principles, limited government, individual liberty, and the rule of law.

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