

# The Latest Intellectual Property News



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Welcome to The Latest Intellectual Property News, a newsletter for updating you with recent information about Intellectual Property.

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### LIMITED INFORMATION DISCLOSURE HELD TO BE INEQUITABLE CONDUCT

**By Michael P. McComas ([mmccomas@ipfirm.com](mailto:mmccomas@ipfirm.com))**

A majority of a Federal Circuit panel affirmed a district court's holding that patents owned by American Calcar, Inc. (Calcar) were unenforceable against American Honda Motor Co., Inc. (Honda) due to inequitable conduct by an inventor. *American Calcar, Inc. v. American Honda Motor Co., Inc.*, slip op. 2013-1061 (Fed. Cir. Sep. 26, 2014).

An infringement action by Calcar against Honda involved three of Calcar's patents—each derived from a common application—for a vehicle information and control system. During prosecution of the patents at issue, an inventor had disclosed some information about Honda's prior art navigation system, but not operational details. As required to find a patent unenforceable, the district court held that the undisclosed information was material and the failure to disclose was intentional, despite significant factors contrary to each holding.

The holding of materiality was based on the court's opinion that the invention would have been considered obvious and that the patents would not have issued if the missing information had been provided during prosecution. This conclusion was reached even though patentability of one of the patents was confirmed in a reexamination in which the disputed information was available. Furthermore, the holding of intent was contrary to a jury's advisory verdict that there was no inequitable conduct.

### COLLATERAL ATTACK ON PTAB DECISION DISALLOWED

**By Sean A. Passino, Ph.D., Esq./Partner ([spassino@ipfirm.com](mailto:spassino@ipfirm.com))**

A motion to stay is neither the time nor the place to argue the merits of a patent trial proceeding. *Benefit Funding Systems v. Advance America Cash*, slip op. 2014-1122 (Fed. Cir. Sep. 25, 2014). Benefit Funding sued several defendants alleging that each infringed U.S. Patent No. 6,625,582 ("582 patent") directed to a "system and method for enabling beneficiaries of retirement benefits to convert future benefits into current resources to meet current financial and other needs and objectives." During the early stages of litigation, one defendant, U.S. Bancorp, filed a petition with the Patent Trial and Appeal Board ("PTAB") for post-grant review of the asserted claims under the Transitional Program for Covered

Business Method Patents. The PTAB instituted the requested covered business method (“CBM”) review on the sole basis of subject matter eligibility under 35 U.S.C. § 101, holding that “it is more likely than not that the challenged claims are unpatentable.” Defendants moved to stay the litigation. Per an analysis of AIA §18(b), the district court granted the motion to stay.

Benefit Funding appealed from the district court’s stay of patent infringement litigation pending CBM review of the asserted claims. On appeal, Benefit Funding argued that the PTAB lacks authority to institute a CBM review based on a challenge under §101. A panel of the Federal Circuit side-stepped the issue, because it is inappropriate to address a collateral attack on the USPTO’s decision to institute a CBM review. The panel affirmed the stay and noted that Benefit Funding is free to challenge the authority of the USPTO to institute a CBM review based on a challenge under §101 following the final decision of the USPTO. *Cf.* CBM2013-00014 (PTAB Aug. 22, 2014).

## ADDITIONAL INFORMATION

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