

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

RONALD A. KATZ TECHNOLOGY	:	CIVIL ACTION
LICENSING, L.P.,	:	
Plaintiff,	:	
	:	
v.	:	
	:	
VERIZON COMMUNICATIONS	:	NO. 01-5627
INC., et al.,	:	
Defendants.	:	

MEMORANDUM

Reed, S.J.

July 16, 2002

Presently before this Court in this patent infringement case is the motion of plaintiff Ronald A. Katz (“Katz”) Technology Licensing, L.P. (“RAKTL”) to strike the Fourth Affirmative defense of inequitable conduct asserted by defendant Cellco Partnership dba Verizon Wireless (“Cellco”) (Document No. 39) pursuant to Federal Rule of Civil Procedure 12(f), and the response and reply thereto. For the following reasons, this motion will be granted in part and denied in part.

I. Standard

Federal Rule of Civil Procedure 12(f) permits parties to move to strike an insufficient defense from any pleading. These motions are generally disfavored and are infrequently granted by the courts. See Environ Prod., Inc. v. Total Containment, Inc., 951 F. Supp. 57, 60 (E.D. Pa. 1996); 5A Charles Alan Wright, et al., Federal Practice and Procedure § 1380 at 647-49 (2d ed. 1990) (collecting cases). Courts typically deny such motions if the insufficiency of the defense is not “clearly apparent,” or if it raises substantial questions of fact or mixed questions of fact and law. Federal Practice § 1381 at 676-77. This high standard applies because courts “should restrain from evaluating the merits of a defense where . . . the factual background for a case is

largely undeveloped.” Environ, 951 F. Supp. at 60 (quoting Cipollone v. Liggett Group, Inc., 789 F.2d 181, 188 (3d Cir. 1986)). At the same time, a 12(f) motion is the primary means for objecting to the insufficiency of an affirmative defense and must be granted when mandated by law. See id.

The majority of courts have ruled that allegations of inequitable conduct must be plead with particularity as required under Federal Rule of Civil Procedure Rule 9(b). See Environ, 951 F. Supp. at 59 (collecting cases). The parties also agree that Rule 9(b) applies. Accordingly, Cellco is required to plead with particularity the “circumstances” of the inequitable conduct. See Rolo v. City Investing Co. Liquidating Trust, 155 F.3d 644, 658 (3d Cir. 1998), abrogation on other grounds recognized, Forbes v. Eagleson, 228 F.3d 471 (3d Cir. 2000). While there is no “date, place or time” requirement, Cellco must use some “means of injecting precision and some measure of substantiation into their allegations.” Id. (quoting Seville Indus. Machinery Corp. v. Southmost Machinery Corp., 742 F.2d 786, 791 (3d Cir. 1984)). The purpose of this Rule is to give notice of the “precise misconduct” alleged; however, the Rule should be applied with “some flexibility.” See id.

II. Analysis

In order to prevail on a defense of inequitable conduct, it must be shown by clear and convincing evidence that the patentee (1) withheld material information from the Patent and Trademark Office (“PTO”), and that (2) the information was withheld with the intent to deceive. See Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp., 267 F.3d 1370, 1379 (Fed. Cir. 2001); GFI, Inc. v. Franklin Corp., 265 F.3d 1268, 1273 (Fed. Cir. 2001). In addition to withholding material information, the defense includes affirmative misrepresentations of material fact and submissions of false material information, coupled with an intent to deceive. See Bristol-Myers Squibb Co. v.

Ben Venue Lab., 90 F. Supp. 2d 522, 526 (D.N.J. 2000). RAKTL argues that the affirmative defense should be stricken because (1) Cellco alleges inequitable conduct with respect to a number of patents which RAKTL has not accused Cellco of infringing upon; (2) the allegations concerning Patent No. 4,845,739, a parent patent to many, if not all, of the asserted patents, fail under Rule 9(b); and (3) the remaining allegations do not, as a matter of law, constitute inequitable conduct.

RAKTL's arguments conspicuously ignore the allegations with respect to two patents which have plainly been asserted in this action.¹ Namely, Cellco alleges that Katz failed to disclose prior art, specifically U.S. Patent No. 4,071,698, ("the Barger patent"), during the prosecution of U.S. Patent No. 5,351,285 which is at issue in this litigation. (First Am. Answer and Counterclaim ("Answer") ¶¶ 118-127). Cellco describes the Barger patent, which was filed in 1977, in detail, including what features of the prior art are relevant. (Answer ¶¶ 120-122, 124.) Defendant asserts that Katz was aware of the Barger patent and its materiality by way of a search report sent to Katz's European Attorney on or about December 1988; Cellco further pleads that Katz deliberately withheld the Barger patent with the intent to deceive. (Answer ¶¶ 123, 127.) In addition, Cellco alleges that Katz failed to disclose European Patent Specification No. 32,410, ("the De Bruyn patent"), during the prosecution of U.S. Patent No. 5,255,309, which is at issue in this litigation. (Answer ¶¶ 128-132). Cellco explains the significance of the De Bruyn patent, which was filed in 1981. (Answer ¶¶ 129-130.) Defendant pleads that Katz was made aware of this patent in the same search report in which he was made aware of the Barger patent, and that Katz deliberately withheld the De Bruyn patent with the intent to deceive.

¹ To be precise, RAKTL does appear to gloss over this issue by way of an insubstantial footnote. (RAKTL Mem. at 12 n.9.)

(Answer ¶¶ 131-132.)

These allegations place plaintiff on notice that the alleged failure to disclose these specific prior art references during the prosecution of the '285 patent and the '309 patent serve the basis, at least in part, of Cellco's affirmative defense. Rule 9 does not require Cellco to plead evidence or prove its case in the pleading. While RAKTL contends that "most" of the prior art references mentioned by Cellco were disclosed to the PTO, (Decl. of Michael A. Morse, Doc. No. 40), this motion to strike is not the appropriate mechanism to resolve this factual dispute. I therefore conclude that the allegations in the defense as to the '285 and '309 patents are sufficient under Rule 9(b), and note that RAKTL presents no meaningful argument with respect to these specific allegations.

The analysis does not end here, however, because other portions of Cellco's pleading are defective. The Court of Appeals for the Federal Circuit has determined that:

The duty of candor extends throughout the patent's entire prosecution history. In determining inequitable conduct, a trial court may look beyond the final claims to their antecedents. Claims are not born, and do not live, in isolation. Each is related to other claims, to the specification and drawings . . . [and] to earlier or later versions of itself in light of amendments made to it . . . *Therefore, a breach of the duty of candor early in the prosecution may render unenforceable all claims which eventually issue from the same or a related application.*

Fox Indus., Inc. v. Structural Preservation Sys., Inc., 922 F.2d 801, 803-04 (Fed. Cir. 1990)

(citation omitted) (alterations in the original) (emphases added). In asserting this "infectious unenforceability" theory, the moving party must demonstrate an "immediate and necessary relation" between the alleged inequitable conduct and enforcement of the related patents.

Bristol-Myers, 90 F. Supp. 2d at 526 (citing Consolidated Aluminum Corp. v. Foseco Int'l Ltd., 910 F.2d 804, 810-811 (Fed. Cir. 1990)). "[M]ere relatedness of subject matter" is insufficient to establish this relationship. See Consolidated, 910 F.2d at 810. However, the required

relationship has been found where, for instance, a patentee's inequitable conduct by failing to disclose a fictitious best mode in the prosecution of the invalid patent formed a basis for its successful arguments in prosecuting the applications which became the other patents in suit. See id. at 811. At the same time, where claims are later separated from those tainted by inequitable conduct through a divisional application and where the issued claims do not have a relation to the omitted prior art, the patent issued from the divisional application is not made unenforceable through inequitable conduct in the parent application. See Baxter Int'l, Inc. v. McGaw, Inc., 149 F.3d 1321, 1332 (Fed. Cir. 1998).

Cellco asserts that Katz failed to disclose both the De Bruyn patent and Katz's own PCT application during the prosecution of the '739 parent patent. (Answer ¶¶ 131, 133.) According to the pleading, the '739 patent is "the parent of *many* of the asserted patents." (Answer ¶ 137) (emphasis added). According to Cellco's briefing, however, the '739 patent is "one of the parent patents to *all* of the asserted patents." (Cellco Mem. at 6) (emphasis added). With respect to the omission of the De Bruyn patent, Cellco alleges that many features of the De Bruyn patent are relevant to Katz's claims and includes a list of those features. (Answer ¶ 130.) With respect to the PCT application, Cellco asserts that "these subsequent patents are tainted because they are similar in subject matter and are affected by Katz's earlier omission to the PTO." (Answer ¶ 137.) In addition, Cellco alleges inequitable conduct in the prosecution of multiple patents held by RAKTL which are not being asserted and do not appear to be parent patents to any of the patents asserted.

Thus, the pleadings present various problems. First, to the extent that Cellco is asserting the defense on the basis of patents which either are not expressly asserted in this litigation or are not parent patents, the defense must fail for lack of an "immediate and necessary relation."

Cellco does not appear to deny this clear rule, as the genesis of its response brief focuses on the '739 patent, which leads to the second problem: as acknowledged above, it is unclear whether this patent is a parent patent to *all* the asserted patents or to *many* of the asserted patents. Third, while Cellco includes a list of features to which the De Bruyn patent is relevant, defendant never links these features to the specific patents at issue in this litigation. Thus it is unclear whether the asserted patents even include these features. The same defect afflicts the allegations relating to the PCT application. It is unclear from the face of the pleadings which patents at issue are tainted by this omission in the '739 patent.

Cellco argues that the immediate and necessary relationship is satisfied because the '739 patent is a parent to all of the patents in suit. However, Cellco's pleading, as acknowledged above, fails to support this statement. (Answer ¶ 137.) Cellco further argues that the relationship is found because of (1) the subject matter of the patents in suit, (2) the fact that all of the patents were invented by Katz, (3) and because four divisional patents being asserted share nearly identical specifications with the '739 patent. These arguments fail to overcome the serious problem that the pleading never specifies which patents in suit even have claims that are related to the alleged omitted prior art. Surely this basic flaw makes the pleading insufficient under Rule 9, and perhaps, even Rule 8. For these reasons, I conclude that the affirmative defense will be stricken with respect to allegations concerning the '739 patent, as well as patents not asserted in this litigation. As Cellco has not moved this Court for leave to amend the pleading, I will not here address whether an amendment would be appropriate.

Cellco's final ground in support of its inequitable defense argument is that Katz made inconsistent statements in the prosecution of U.S. Patent No. 5,561,707, which is asserted in this litigation, as compared to RAKTL's proposed construction of specific terms in the related case of

Ronald A. Katz Technology Licensing, L.P. v. AT&T Corp., 63 F. Supp. 2d 583, 618 (E.D. Pa. 1999). Specifically, Cellco alleges that Katz argued during the prosecution of the '707 patent that U.S. Patent No. 4,757,267 to Riskin and Canadian Patent No. 1,162,336 to De Bruyn did not teach the use of "calling number identification data" or ANI; and that subsequently, during Markman proceedings before this Court, RAKTL's proposed construction indicated that the statement made to the PTO was a misrepresentation. (Answer ¶¶ 140-149.)

RAKTL argues the statements constitute permissible legal argument. The Court of Appeals for the Federal Circuit has determined that mere attempts at distinguishing prior art do not constitute a material omission or material misrepresentation as the examiner is free to reach her own conclusion. See Akzo N.V. v. U.S. Int'l Trade Comm'n, 808 F.2d 1471, 1482 (Fed. Cir. 1986). The Court of Federal Claims held that under Akzo when a patent is unclear and susceptible to multiple interpretations, and the defendant fails to establish that the patentee presented a clearly erroneous interpretation before the PTO which the patentee knew to be so erroneous or that the patentee intended to mischaracterize the teachings of the prior patent, the defendant cannot succeed on a claim of inequitable conduct. See Gargoyles, Inc. v. U.S., 32 Fed. Cl. 157, 169 (Fed. Cl. 1994). Courts have recognized that defining "mere advocacy" often proves challenging. See Bristol-Myers, 90 F. Supp. 2d at 526; Braintree Lab., Inc. v. Nephro-Tech, Inc., 81 F. Supp. 2d 1122, 1134 (D. Kan. 2000), aff'd, 2001 WL 791706 (Fed. Cir. Jul 10, 2001) (unpublished) (independent evaluation by PTO "does not alleviate the applicant's duty of candor;" a "deliberate misrepresentation of the prior art's teachings, if sufficiently material, may justify a finding of inequitable conduct."); Semiconductor Energy Lab. Co., Ltd. v. Samsung Elec. Co., Ltd., 4 F. Supp. 2d 477, 495 n.36 (E.D. Va. 1998), aff'd, 204 F.3d 1368 (Fed. Cir. 2000) ("It is worth noting that advocacy before the PTO is appropriate. But, there is a line

between legitimate advocacy in accordance with the duty of candor, and advocacy that the applicant surely knows has a propensity to mislead the examiner.”).

At this very early stage in the litigation, where the factual record has not been at all developed, this Court cannot yet determine whether the statements concerning the characterization of the Riskin and De Bruyn patents during the prosecution of the ‘707 patent constitute mere advocacy or a clear misrepresentation. I therefore conclude that the insufficiency of the defense with respect to the inconsistent statements is not “clearly apparent” and these allegations should not be stricken.

III. Conclusion

This Court concludes that pursuant to Federal Rule of Civil Procedure 12(f), the motion of RAKTL to strike the Fourth Affirmative defense of inequitable conduct asserted by Cellco will be granted in part and denied in part. The motion will be granted in that the allegations regarding the ‘739 patent, as well as any patents which are not asserted in this litigation will be stricken for failing to specify which patents at issue were tainted by the alleged misconduct. The motion will be denied in that the allegation regarding the ‘285 and ‘309 patents, as well as the assertions concerning the alleged misrepresentation during the prosecution of the ‘707 patent will not be stricken.

An appropriate Order follows.

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RONALD A. KATZ TECHNOLOGY	:	CIVIL ACTION
LICENSING, L.P.,	:	
Plaintiff,	:	
	:	
v.	:	
	:	
VERIZON COMMUNICATIONS	:	NO. 01-5627
INC., et al.,	:	
Defendants.	:	

ORDER

AND NOW, this 16th day of July, 2002, upon consideration of the motion of plaintiff Ronald A. Katz Technology Licensing, L.P. to strike the Fourth Affirmative defense of inequitable conduct asserted by defendant Cellco Partnership dba Verizon Wireless (Document No. 39) pursuant to Federal Rule of Civil Procedure 12(f), and the response and reply thereto, and for the reasons set forth in the foregoing memorandum, it is hereby **ORDERED** that the motion is **GRANTED** in part and **DENIED** in part:

1. The motion is **GRANTED** with respect to the allegations regarding the '739 patent, as well as any patents which are not asserted in this litigation and those portions of the pleading are hereby **STRICKEN**.
2. The motion is **DENIED** with respect to the allegations regarding the '285 and '309 patents, as well as the assertions concerning the alleged misrepresentation during the prosecution of the '707 patent.

LOWELL A. REED, JR., S.J.

