

AMERICAN CALCAR, INC. v. AMERICAN HONDA MOTOR CO., INC., Appeal No. 2013-1061 (Fed. Cir. September 26, 2014). Before Prost, Newman, and Wallach. Appealed from S.D. Cal. (Judge Sabraw).

Background:

Calcar sued Honda, asserting that Honda's computerized navigation systems for vehicles infringe the claims of Calcar's patents. At trial, Honda moved for a finding of inequitable conduct, alleging that an inventor of Calcar's patents had deliberately withheld prior art that was material to patentability. Calcar's patents were in fact based on one of Honda's prior art navigation systems. Although the existence of this navigation system was included in the disclosures of Calcar's patents, Honda alleged that Calcar's inventor had withheld operational details of Honda's system that were precisely what was claimed in the patents at issue.

The district court granted Calcar's inequitable conduct motion, and it therefore held all the patents at issue unenforceable. Calcar then appealed to the Federal Circuit, and in response to the narrower test for inequitable conduct articulated in the *Therasense* decision, the Federal Circuit remanded the case back to the district court. The district court once again found that Calcar's patents at issue were obtained through inequitable conduct. Calcar again appealed.

Issue/Holding:

Did the district court err by concluding that Calcar's patents are unenforceable as a result of inequitable conduct? No, affirmed.

Discussion:

The Federal Circuit began its analysis by discussing the *Therasense* standard for inequitable conduct, under which a defendant proves inequitable conduct "by clear and convincing evidence that the patent applicant (1) misrepresented or omitted information material to patentability, and (2) did so with specific intent to mislead or deceive the PTO." The materiality prong requires but-for materiality, and prior art is but-for material if the PTO would not have allowed a claim if it had been aware of the prior art. And because direct evidence of deceptive intent is rare, the district court may infer intent from indirect and circumstantial evidence. The district court's findings of materiality and intent are reviewed for clear error.

Applying the *Therasense* standard, the Federal Circuit held that the district court did not commit clear error in its finding of materiality of the withheld prior art or in its finding of deceptive intent. With respect to the intent prong, the Federal Circuit found contradictory testimony from Calcar's inventor regarding his experience with Honda's navigation system and his possession of the omitted prior art documents particularly persuasive. The Federal Circuit thus affirmed the holding of the district court.

Dissent:

Judge Newman dissented, arguing that the *Therasense* prongs had not been met. She noted that the PTO had confirmed patentability of at least one of the patents at issue in a reexamination in full view of the omitted prior art. She also found plausible that Calcar's inventor's recollections may be uncertain about events that occurred a dozen years before trial, and she objected to the majority's disregard of the jury's determination of no inequitable conduct.