

**Federal Circuit Confirms that *Exergen* and not *Therasense*
is the Standard for Pleading Inequitable Conduct Claims**

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In *Delano Farms Co., v. The California Table Grape Commission*, 2011 LEXIS 17685 (Fed. Cir. Aug. 24, 2011), the Federal Circuit clarified the pleading standard for inequitable conduct counterclaims in view of its prior decision in *Therasense, Inc. v. Becton, Dickinson & Co.*, ___ F.3d ___, 2011 WL 2028255 (Fed. Cir. May 25, 2011) (en banc), which greatly increased the difficulty to establish inequitable conduct claims. Specifically, the Federal Circuit emphasized that a charge of inequitable conduct based on a failure to disclose will survive a motion to dismiss only if the plaintiff's complaint recites facts from which the court may reasonably infer that a specific individual both knew of invalidating information that was withheld from the PTO and withheld that information with a specific intent to deceive the PTO. *Exergen v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1318, 1330 (Fed. Cir. 2009); see generally *Therasense, Inc. v. Becton, Dickinson & Co.*, ___ F.3d ___, 2011 WL 2028255 (Fed. Cir. May 25, 2011) (en banc).

In *Delano*, The California Table Grape Commission ("the Commission") argued that Delano's complaint did not provide an adequate factual basis from which the court could conclude that anyone made a deliberate decision to withhold the fact of prior use with the intent to deceive the PTO. However, the Federal Circuit, in reviewing the specific averments in the complaint, found that a reasonable jury could infer that the Commission knew of a particular prior use of the invention, appreciated that the prior use was material, and decided not to disclose that information to the PTO, with deceptive intent. Thus, the Federal Circuit makes clear in *Delano* that the pleading requirements of *Exergen* remain unchanged by *Therasense*.

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