Dirty Hands, Dead Patent?

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Sean Seymore, *Unclean Patents*, 102 **B.U. L. Rev.** __ (forthcoming, 2022), available at SSRN.

The 2018 Federal Circuit *Gilead Sciences v. Merck & Co.*[1] decision is one of the rare patent cases in which a court has applied the unclean hands doctrine to withhold a remedy for infringement. Sean Seymore used this case as a launching point for a deeper and more expansive reconception of the role of the unclean hands doctrine in patent law. He suggests that a range of pre-issuance malfeasance by the patentee, not just inequitable conduct before the USPTO, should preclude relief for the offending plaintiff against all defendants.

The doctrine of unclean hands is best known in patent law as the origin of the inequitable conduct defense, which renders patents obtained from the USPTO through materially deceptive behavior permanently unenforceable against anyone. Unclean hands, however, is both broader and narrower than inequitable conduct. It is not limited to misconduct in patent prosecution, but it only prevents the patentee from enforcing the patent against the particular defendant in the action involving the misconduct; other defendants are fair game.

So, while inequitable conduct results in permanent unenforceability, unclean hands only creates relative unenforceability. The rationale for this dichotomy is that if the patentee's misconduct did not occur during the process of obtaining the patent, the underlying property right remains taint-free. Thus, only enforcement of the right in the proceeding to which the misconduct relates should be disallowed.

Many pundits remarked the surprising revival of the standalone doctrine of unclean hands –untethered from inequitable conduct– in the *Gilead Sciences* decision. However, Seymore goes deeper, using the case as an opportunity to propose a more robust, expansive, yet theoretically sound role for unclean hands in patent cases; a role which complements, without subsuming, its inequitable conduct progeny.

In his thought-provoking article, Seymore identifies a type of pre-issuance misconduct that raises the same misconduct-in-patent-acquisition concerns as inequitable conduct, but because it does not involve USPTO proceedings, gets treated as unclean hands with only relative unenforceability (as between the parties) and not permanent unenforceability with *erga omnes* effect.

This result, according to Seymore, makes no sense. He persuasively argues that a more equitable and symmetrical approach would be to treat *all* misconduct that taints the patent right *ab initio* the same: by imposing a remedy of permanent unenforceability.

The facts of the *Gilead* case exemplify Seymore's scenario of concern. There, Gilead shared its Hepatitis C lead compound, sofosbuvir, with Merck as part of a technology collaboration subject to a confidential firewall agreement. Merck violated the agreement by allowing one of its in-house lawyers — prosecuting Merck's own applications — to participate in a teleconference where he learned sofosbuvir's structure. He later amended Merck's pending applications to cover sofosbuvir. Moreover, when Merck later sued Gilead for patent infringement, the same attorney gave false testimony at trial.

Gilead's successful assertion of an unclean hands defense was based on both the litigation and pre-litigation misconduct. In affirming the holding, the Federal Circuit noted that the pre-litigation business misconduct met the requirement for the unclean hands defense by potentially enhancing Merck's legal position, possibly expediting patent

issuance, and likely lowering invalidity risks in litigation. These were all directly connected to the patent enforcement relief sought.

Seymore employs a series of examples to distinguish actions triggering inequitable conduct, such as submitting fabricated data to the USPTO, from those with which his proposal is concerned. An example of the latter is falsifying information in a grant proposal that results in an award of funds later used to develop a patented invention. While there is no fraud on the USPTO, there is fraud on a federal agency and the patent is the fruit of that poisonous tree. As such, per Seymore, the patent should be rendered permanently unenforceable.

An intriguing example of "misconduct" in the article is poaching for the public good. In this scenario, a hypothetical COVID-19 vaccine manufacturer seeking to speed up product development, poaches an employee from a competitor (who has already developed a vaccine) and uses the knowledge of what does not work obtained from the employee to accelerate its product development and FDA approval.

While the public benefits from a second vaccine on the market, should the manufacturer be able to enforce its vaccine patent(s) against a different competitor? Is there a sufficient nexus between the possible trade secret misappropriation (poisonous tree) and acquisition and enforcement of the patent (fruit)? Should engaging in bad conduct for a good cause affect the taint? Or should we be less concerned about not enforcing patents (which could exclude other manufacturers from the market) in a public health situation? Such tensions are beyond the article's direct focus but perhaps could fruitfully be explored in future work.

Considering the open-ended nature of the unclean hands determination, and the risk that it could devolve into a patent litigation "plague"[2] like inequitable conduct pre-*Therasense,*[3] Seymore wisely cabins application of his proposal with several constraints. These include a tort-based proximity requirement: misconduct that lacks a sufficient nexus to acquisition of the patent right (what he calls collateral misconduct) should be subject to the ordinary unclean hands remedy of relative unenforceability. He also articulates five discretion-limiting principles and aligns the proposal with normative justifications for the doctrine such as court integrity, public interest, and deterrence of wrongful conduct.

Seymore candidly notes that his proposal could result in overdeterrence: patentees taking inefficient precautions to avoid misconduct, or bypassing patents for trade secret protection. He further opines that bona fide purchasers for value without notice of the misconduct could be harmed (and patent rights made more uncertain) if his proposal is adopted. Nevertheless, he concludes, quite correctly, that this risk already exists for inequitable conduct, and that the high hurdle of clear and convincing evidence required for proving unclean hands provides a further critical limit. He also suggests ways for patentees to purge the "taint" before filing for patent protection and provocatively queries whether some types of "uncleanness" in patent law should be tolerated, citing to the largely defunct moral utility doctrine.

I probably appreciated Seymore's paper more than most because he elegantly develops a wonderfully cogent theory that I wish I had been aware of in writing an article over a decade ago. At the time, I alluded to a kind of pre-litigation invention-creation misconduct possibly recognizable in equity, but my effort was under-theorized. Sean Seymore's insightful recognition of the latent implications of the *Gilead* decision's resurrection of the unclean hands defense in patent cases was a pleasure to read and an important evolution in thinking about equitable doctrines in patent law.

1. 888 F.3d 1321 (Fed. Cir. 2018).
2. "The habit of charging inequitable conduct in almost every major patent case has become an absolute plague." *Burlington Indus., Inc. v. Dayco Corp.*, 849 F.2d 1418, 1422 (Fed. Cir. 1988).
3. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011).

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