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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

INTERNATIONAL TEST SOLUTIONS,  
INC,

Plaintiff,

v.

MIPOX INTERNATIONAL  
CORPORATION, et al.,

Defendants.

Case No. 16-cv-00791-RS

**ORDER GRANTING PLAINTIFF'S  
MOTIONS TO DISMISS DEFENDANT  
MIPOX CORPORATION'S SEVENTH  
COUNTERCLAIM AND STRIKE ITS  
THIRD AFFIRMATIVE DEFENSE**

**I. INTRODUCTION**

In its Amended Answer and Counterclaims, defendant Mipox Corporation (“Mipox”) alleges plaintiff International Test Solutions, Inc. (“ITS”) committed inequitable conduct during the prosecution of the asserted U.S. Patent No. 7,202,683 (“683 patent”). ITS moves to dismiss Mipox’s seventh counterclaim of unenforceability under Federal Rule of Civil Procedure 12(b)(6) and to strike the associated third affirmative defense of unenforceability under Rule 12(f). Mipox’s allegations fail to satisfy the standard for pleading inequitable conduct set out in *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir. 2011). ITS’s motions are thus granted. This matter was submitted without oral argument, pursuant to Civil Local Rule 7-1(b).

**II. BACKGROUND**

On January 1, 2017, ITS filed a Second Amended Complaint (“SAC”) adding Mipox as an additional defendant in this patent infringement lawsuit. In response, Mipox filed an Answer and Counterclaims. Therein, Mipox alleged that ITS engaged in inequitable conduct before the Patent and Trademark Office (“PTO”). ITS moved to dismiss Mipox’s counterclaim of inequitable conduct and to strike the related affirmative defense. Rather than respond to that motion, Mipox

1 opted to file an Amended Answer and Counterclaims. ITS now moves again to dismiss the  
2 counterclaim of inequitable conduct and to strike the related affirmative defense.

3 In its Amended Counterclaims, Mipox alleges the named inventors of the '683 patent,  
4 Gene Humphrey, Jerry Broz, and Joyce Adams, committed inequitable conduct during the  
5 prosecution of the '683 patent. Asserted claim 1 of the '683 patent describes a method for forming  
6 a cleaning device for integrated circuit test probes. The cleaning device is formed from four  
7 elements: a cleaning pad attached to an adhesive layer, and two release liner layers protecting the  
8 exposed cleaning and adhesive surfaces. Once the top release liner layer is removed, the cleaning  
9 surface of the device has a matte finish, distinguishing it from the near mirror finishes of the  
10 surrounding integrated circuits, so the test machine may automatically detect the cleaning device  
11 when the probe is in need of cleaning. The bottom release liner layer is removed to expose the  
12 adhesive layer, so the cleaning device may be attached to a substrate which allows it to be placed  
13 into the testing machine.

14 Mipox avers Humphrey, Broz, and Adams failed to disclose two data sheets available to  
15 the public on ITS's website, one for Probe Polish<sup>TM</sup> and the other for Probe Clean<sup>TM</sup>. The ITS  
16 data sheets both disclose cleaning devices for integrated circuit test probes composed of a cleaning  
17 pad layer attached to a polyester substrate which is in turn attached to an adhesive layer. The  
18 exposed surfaces of the cleaning layer and the adhesive layer are each protected by a liner layer.

19 Mipox alleges inequitable conduct two ways. First, it claims Humphrey, Broz, and  
20 Adams, being familiar with ITS products and materials, knew of the ITS data sheets when they  
21 applied for the '683 patent. Mipox avers that, given the overlap in device elements (i.e., two liner  
22 layers, a cleaning layer, and an adhesive layer), Humphrey, Broz, and Adams knew the ITS data  
23 sheets were material to the prosecution of the '683 patent, but withheld that information from the  
24 PTO. Thus, claim 1 of the '683 patent was permitted even though Humphrey, Broz, and Adams  
25 knew of prior art which anticipated the claim.

26 Second, Mipox alleges that Humphrey, Broz, and Adams, as named inventors, were each  
27 involved in the prosecution of '683 patent. An office action dated July 8, 2005 rejected numerous  
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1 claims in the patent application, but allowed claim 9 on the grounds that it distinguished itself  
2 from the prior art by disclosing two release liner layers and an adhesive layer. Mipox claims  
3 Humphrey, Broz, and Adams were informed of this office action and, due to their knowledge of  
4 the ITS data sheets, knew of prior art directly contradicting the examiner’s stated belief, but failed  
5 to correct the examiner. Thus, claim 9, which ultimately was issued as claim 1 of the ‘683 patent,  
6 was permitted even though Humphrey, Broz, and Adams knew of prior art combinations which  
7 would render the claim obvious.

### 8 III.LEGAL STANDARD

#### 9 A. Motion to Dismiss

10 A motion to dismiss for failure to state a claim shall be granted where the pleading party  
11 fails “to state a claim upon which relief can be granted.” FED. R. CIV. P. 12(b)(6). To withstand  
12 such motion, “a complaint must contain sufficient factual matter, accepted as true, to state a claim  
13 to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (internal  
14 quotation omitted). “A claim has facial plausibility when the plaintiff pleads factual content that  
15 allows the court to draw the reasonable inference that the defendant is liable for the misconduct  
16 alleged.” *Id.* Conclusions “are not entitled to the assumption of truth.” *Id.* at 679. “A pleading  
17 that offers labels and conclusions or a formulaic recitation of the elements of a cause of action will  
18 not do.” *Id.* at 678 (internal quotation omitted). Pleading on “information and belief is permitted .  
19 . . only if the pleadings set forth the specific facts upon which the belief is reasonably based.”  
20 *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1330 (Fed. Cir. 2009).

21 Federal Rule of Civil Procedure 9(b) governs the pleading of inequitable conduct. *See*  
22 *Exergen*, 575 F.3d at 1326. The circumstances of fraud must be pleaded “with particularity,”  
23 though conditions of the mind may be alleged generally. FED. R. CIV. P. 9(b). Federal Circuit law  
24 defines the sufficiency of inequitable conduct pleading under Rule 9(b). *See Exergen*, 575 F.3d  
25 1326. The Federal Circuit “requires identification of the specific who, what, when, where, and  
26 how of the material misrepresentation or omission committed before the PTO.” *Id.* at 1327. The  
27 pleading must also explain “why” the withheld information is material and not cumulative. *Id.* at

1 1329. Facts must be alleged to give rise to a reasonable inference that “the applicant knew of the  
2 reference, knew that it was material, and made a deliberate decision to withhold it.” *Therasense*,  
3 649 F.3d at 1290. “A reasonable inference is one that is plausible and that flows logically from  
4 the facts alleged, including any objective indications of candor and good faith.” *Exergen*, 575  
5 F.3d at 1329 n. 5.

6 **B. Motion to Strike**

7 Rule 12(f) allows a court to “strike from a pleading an insufficient defense.” FED. R. C. P.  
8 12(f). The function of a motion to strike under Rule 12(f) is to “avoid the expenditure of time and  
9 money that must arise from litigating spurious issues by dispensing with those issues prior to  
10 trial.” *Whittlestone, Inc. v. Handi-Craft Co.*, 618 F.3d 970, 973 (9th Cir. 2010) (quotation and  
11 citation omitted). “Motions to strike are regarded with disfavor [] because of the limited  
12 importance of pleadings in federal practice and because they are often used solely to delay  
13 proceedings.” *Capella Photonics, Inc. v. Cisco Systems, Inc.*, 77 F. Supp. 3d 850 (N.D. Cal. 2014)  
14 (citing *Zep Solar Inc. v. Westinghouse Solar Inc.*, 2012 WL 1293873, at \*1 (N.D. Cal. April 16,  
15 2012)). “Nonetheless, the Court may properly grant motions to strike when a defense or a claim is  
16 insufficient as a matter of law.” *Zep Solar*, 2012 WL 1293873, at \*1 (citing *Kaiser Aluminum &*  
17 *Chem. Sales, Inc. v. Avondale Shipyards, Inc.*, 677 F.2d 1045, 1057 (5th Cir. 1982)). “[A] court  
18 shall view the pleadings in the light most favorable to the pleader.” *Zep Solar*, 2012 WL 1293873,  
19 at \*1. “[A] court should not grant a motion to strike a defense unless the insufficiency of the  
20 defense is clearly apparent.” *Int’l Bus. Machines Corp. v. Priceline Grp. Inc.*, 2017 WL 1349175,  
21 at \*4 (D. Del. Apr. 10, 2017).

22 **IV. DISCUSSION**

23 Inequitable conduct is a powerful “equitable defense to patent infringement that, if proven,  
24 bars enforcement of a patent.” *Therasense*, 649 F.3d at 1285. The doctrine enforces a patent  
25 applicant’s duty of candor. Patent prosecution requires an individual to “disclose to the [PTO] all  
26 information known to that individual to be material” to the application. MPEP § 2001 (9th ed.  
27 Rev. 7.2015, Nov. 2015), 37 C.F.R. §1.56 (2012). Inequitable conduct addresses “egregious  
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1 misconduct, including perjury, the manufacture of false evidence, and the suppression of  
2 evidence” during patent prosecution before the PTO. *Therasense*, 649 F.3d at 1287.

3 “The substantive elements of inequitable conduct are: (1) an individual associated with the  
4 filing and prosecution of a patent application made an affirmative misrepresentation of a material  
5 fact, failed to disclose material information, or submitted false material information; and (2) the  
6 individual did so with the specific intent to deceive the PTO.” *Exergen*, 575 F.3d at 1327 n. 3.  
7 Materiality requires proof by a preponderance of the evidence of but-for materiality—i.e., the fact  
8 the PTO would not have allowed a patent claim “had it been aware of the undisclosed prior art”—  
9 or “affirmative acts of egregious misconduct” by the patentee. *Therasense*, 649 F.3d at 1291-93.  
10 Specific intent requires clear and convincing evidence that the patent applicant: (a) “knew of the  
11 reference;” (b) “knew that it was material;” and (c) “made a deliberate decision to withhold it.”  
12 *Id.* at 1290. The doctrine applies only “where the patentee’s misconduct resulted in the unfair  
13 benefit of receiving an unwarranted claim.” *Id.* at 1292. “The patentee obtains no advantage from  
14 misconduct if the patent would have issued anyway.” *See id.* Materiality is thus a threshold  
15 inquiry.

16 **A. Materiality**

17 To plead inequitable conduct adequately, Mipox must identify the specific who, what,  
18 when, where, how and why of the material misrepresentation or omission committed before the  
19 PTO. *See Exergen*, 575 F.3d 1327. In assessing materiality, courts “give claims their broadest  
20 reasonable construction” as the PTO would have during prosecution. *See Therasense*, 649 F.3d at  
21 1291–92. As an initial matter, Mipox’s assertion that “ITS Prior Art”—including “printed  
22 publications located on the ITS website” and also “the sales, offers for sale and uses of such  
23 products” (Resp. Br. at 17)—is the subject of the alleged inequitable conduct is squarely  
24 inadequate. Only the two ITS data sheets, Probe Clean and Probe Polish, are addressed with any  
25 particularity in the pleading. As to those data sheets, ITS does not seriously contest the  
26 sufficiency of Mipox’s “who” and “when” pleadings. The charges of inequitable conduct are  
27 leveled at Gene Humphrey, Jerry Broz, and Joyce Adams and the data sheets sufficiently predate  
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1 the '683 patent as to constitute prior art under 35 U.S.C. §§ 102–03. ITS does, however, contest  
2 the “what” and “where” of the allegedly material omissions.

3 To plead “what” and “where,” MIPOX must “identify *which claims*, and *which limitations*  
4 in those claims, the withheld references are relevant to and *where in those references* the material  
5 information is found.” *Exergen*, 575 F.3d at 1329 (emphasis added). A general description of the  
6 patent claim is not sufficient. *Oracle Corp v. Drug Logic, Inc.*, 807 F. Supp. 2d 885, 898 (N.D.  
7 Cal. 2011). The pleading should link particular limitations in the prior art and the patent claim.  
8 *See, e.g., iLife Techs. Inc. v. AliphCom*, 2015 WL 890347, at \*5 (N.D. Cal. Feb. 19, 2015)  
9 (“Exhibits A, B, and C to the Amended Answer and Counterclaim provide a detailed comparison  
10 of the relevant prior art limitations . . . and the corresponding claims in the Asserted Patents.”).  
11 Mipox alleges materiality via two paths. First, Mipox contends the ITS data sheets alone both  
12 anticipate claim 1 of the '683 patent. Second, Mipox argues the ITS data sheets, in conjunction  
13 with U.S. Pat. No. 6,130,104 (“Yamasaka '104”), render claim 1 of the '683 patent obvious.  
14 Though Mipox alleges the “what” and “where” with particularity, the ITS data sheets do not  
15 anticipate or render obvious claim 1 of the '683 patent. Accordingly, Mipox’s pleading does not  
16 facially establish but-for materiality of the ITS data sheets.<sup>1</sup>

17 **1. Anticipation**

18 Mipox contends the ITS data sheets both contain each limitation of claim 1 of the '683  
19 patent. Claim 1 recites:

20 A method for fabricating a cleaning device whose working surface  
21 is capable of being detected by a prober device, the method  
comprising:

22 Forming a cleaning device having a working surface by forming a  
23 first release liner layer, forming a cleaning pad layer having a  
24 working surface on the first release liner layer, forming an adhesive  
25 layer on the cleaning pad layer, and forming a second release liner  
layer on the adhesive layer wherein the first release liner layer is  
removed to create the matte finish of the working surface; and

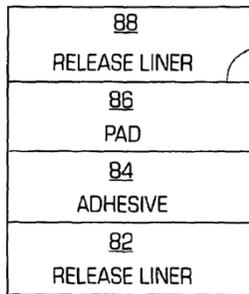
26 \_\_\_\_\_  
27 <sup>1</sup> While affirmative egregious misconduct is a substitute for but-for materiality in finding  
inequitable conduct, Mipox has not pleaded it here. *See Therasense*, 649 F.3d at 1292.

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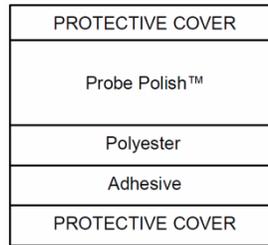
Removing a layer from the working surface wherein the removal of the layer imparts a matte finish to the working surface of the cleaning device.

*See* ‘683 pat. cols. 12–13 ll. 60–6. Mipox equates the ITS data sheets to claim 1 in three steps. First, the body of the claim discloses each of the elements of the cleaning device described in claim 1. Second, the ITS data sheets disclose a cleaning pad with a matte finish as described in the final two clauses of claim 1. Third, the ITS data sheets inherently disclose a method of fabrication of the cleaning device. ITS does not contest the second step, but argues the first and third steps are fundamentally flawed.

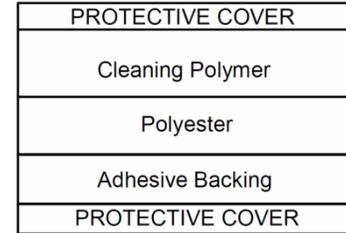
Mipox argues the ITS data sheets disclose each element of the cleaning device produced by claim 1. Claim 1 describes two release liner layers, a cleaning pad, and an adhesive layer. ‘683 pat. col. 12 ll. 64–68. The ITS data sheets disclose two protective covers, a cleaning surface, an adhesive layer, and a polyester layer between the cleaning surface and adhesive layer. As ITS notes, the polyester layer is fatal to Mipox’s argument. Claim 1, even under the “broadest reasonable construction,” explicitly requires the adhesive layer to be formed “on the cleaning pad layer.” ‘683 pat. col. 12 ll. 66–67; *see Therasense*, 649 F.3d at 1292. On the contrary, the ITS data sheets disclose a cleaning pad attached directly to a “polyester substrate.” *See Probe Clean* at 2; *see Probe Polish* at 3. Further, contrary to Mipox’s contention, the cleaning pad disclosed in claim 1 does not inherently include a polyester substrate. As the patent indicates, the “adhesive layer may then be placed against the substrate to adhere the cleaning device to the substrate.” ‘683 pat. col. 10 ll. 32–34. Claim 1, then, discloses an adhesive layer between the cleaning pad and the substrate where the ITS data sheets disclose a substrate between the cleaning pad and the adhesive. Thus, the ITS data sheets disclose a structure that cannot have been made by the recited method in claim 1.



**Figure 1: '683 Pat. Claim 1, Cleaning Device Cross Section**



**Figure 2: Probe Polish Cross Section**



**Figure 3: Probe Clean Cross Section**

Mipox contends the ITS data sheets, having identified the structure of the '683 pat., "inherently disclose a method of fabricating" the device. Amend. Ans. ¶ 113. Inherency requires, however, "extrinsic evidence [to] make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill." *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999) (citation omitted). Mipox has provided no extrinsic evidence to meet this burden. Nor, ITS argues, could it.

Even assuming all structural elements of the device produced by claim 1 are found in the ITS data sheets, the '683 patent claims a "method for fabricating," not a device. *See* '683 pat. col. 12 l. 60. In *Atlantic Thermoplastic Co., Inc. v. Faytex Corp.*, 970 F.2d 834, 841 (Fed. Cir. 1992), the Federal Circuit addressed the patentability of "product-by-process claims," special claims which "describe an invention . . . in terms of its manufacturing process." *Id.* at 844. The court emphasized claims characterized as product-by-process claim "a product, not a process," and concluded "patentability is based on the product itself." *Id.* at 845 ("the applicant [must] show that no prior art anticipate[s] or rende[r]s obvious the product defined in process terms"). The court distinguished pure process claims, though, noting an "applicant could obtain a process patent for a new, useful, and nonobvious process [for producing a] product already in the prior art . . . ." *Id.* at 844; *see id.* at 841 ("[Applicant's product] was an 'old article' . . . While a new process for producing it was patentable, the product itself could not be patented.") (citing *Cochrane v. Badische Anilin & Soda Fabrik*, 111 U.S. 293, 311 (1884)). Thus, even if the ITS data sheets anticipate every element of the cleaning device produced by claim 1 of the '683 patent, the method

1 of fabrication recited is not anticipated. *See id.*

2 **2. Obviousness**

3 Mipox alleges the ITS Data Sheets combined with Yamasaka ‘104 render claim 1 of the  
4 ‘683 patent obvious. During prosecution, issued claim 1 of the ‘683 patent was presented in U.S.  
5 Pat. App. Serial No. 10/624,750 as claim 9, which depended upon claim 8. Claim 8 recited:

6 A method for fabricating a cleaning device whose working surface  
7 is capable of being detected by a prober device, the method  
8 comprising:

9 Forming a cleaning device having a working surface; and

10 Removing a layer from the working surface wherein the removal of  
11 the layer imparts a matte finish to the working surface of the  
12 cleaning device.

13 ‘683 Pat. Application (Excerpt) at 19, Dkt. No. 105-4. Claim 9 recited:

14 The method of Claim 8, wherein forming the cleaning device further  
15 comprises forming a first release liner layer, forming a cleaning pad  
16 layer having a working surface of the first release liner layer,  
17 forming an adhesive layer on the cleaning pad layer, and forming a  
18 second release liner layer on the adhesive layer wherein the first  
19 release liner layer is removed to create the matte finish of the  
20 working surface.

21 *Id.* at 20. The examiner rejected claim 8 as anticipated by the Yamasaka ‘104 patent. *See Office*  
22 *Action*, U.S. Pat. App. 10/825,718, ¶ 5 (July 8, 2005), Dkt. 105-5 (“Regarding claim 8, Yamasaka  
23 discloses . . . a method for fabricating a cleaning device . . . whose working surface . . . is capable  
24 of being detected by a prober device . . . comprising . . . working surface . . . removing a layer . . .  
25 matte finish . . .”). The examiner allowed claim 9, however, as it was distinguished from  
26 Yamasaka ‘104 by “a structure of a cleaning devise [comprising a] first release liner layer, a  
27 second release liner and adhesive layer.” *See id.* at ¶ 8.

28 Mipox contends the ITS data sheets contradict the stated belief of the examiner as they  
contain precisely the two release liner layers and adhesive layer the examiner believed not to exist.  
According to Mipox, the ITS data sheets join Yamasaka ‘104 to render claim 1 of the ‘683 patent  
obvious. Mipox, though, assumes a device reference, joined to a method patent claim, may render  
obvious a method claim. As discussed above, a device claim does not anticipate a novel method



1 Broz and Adams’ knowledge of the data sheets cannot reasonably be inferred. Mipox  
2 makes broad allegations tying Broz and Adams to ITS operations. It alleges Broz gave a technical  
3 talk with Humphrey regarding the Probe Polish product and Adams was the contact for ITS’s  
4 worldwide sales. On this basis, ITS avers that each had “knowledge of ITS’s operations and the  
5 nature of ITS’s products.” Amend. Ans. ¶¶ 135, 137. There are no factual allegations, however,  
6 linking Broz or Adams to the two ITS data sheets under consideration. General knowledge of ITS  
7 operations is “not sufficient to support an inference that [Broz or Adams] knew of specific  
8 material information contained in the prior art allegedly withheld.” *Oracle*, 807 F. Supp. 2d at  
9 899.

10 Humphrey’s knowledge of the ITS data sheets, however, can be reasonably inferred from  
11 the fact Humphrey is listed as the “Technical Contact” for the ITS data sheets. *See* Probe Polish;  
12 Probe Clean. This fact is not alleged in the Amended Counterclaims, but rather asserted (and  
13 documented) in Mipox’s opposition brief. Assuming Mipox could allege as much in a further  
14 amended counterclaim, the inference that Humphrey knew of the data sheets “flows logically”  
15 from that specific fact.

16 ITS argues Humphrey’s knowledge of the substance of the ITS data sheets cannot be  
17 assumed even if he had knowledge of the data sheets’ existence. *See Exergen*, 575 F.3d at 1330.  
18 Generally, “one cannot assume that an individual, who knew that a reference existed, also knew of  
19 the specific material *information* contained in that reference.” *Exergen*, 575 F.3d at 1330  
20 (emphasis in original). Courts recognize, however, a patent inventor can be assumed to have  
21 knowledge of the patent’s contents. *See Nalco Co. v. Turner Designs, Inc.*, 2014 WL 645365, at  
22 \*4 (N.D. Cal. Feb. 19, 2014) (“a person’s knowledge of disclosures within a patent can be inferred  
23 reasonably from the fact that he was a named inventor on the patent”) (citation and quotation  
24 omitted).

25 Humphrey’s position as technical contact on the ITS data sheets is analogous to that of a  
26 patent inventor. Thus, it is reasonable to infer Humphrey is the “Technical Contact” because of  
27 his knowledge of the substance underlying the ITS data sheets. *See Nalco*, 2014 WL 645365, at  
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1 \*4. Further, as Humphrey is a named inventor of the ‘683 patent, his knowledge of the patent’s  
2 substance also reasonably follows. *See id.* Given the overlap between the ‘683 patent and the ITS  
3 data sheets, and the reasonable inference of Humphrey’s knowledge of each, Mipox could  
4 potentially plausibly plead Humphrey’s knowledge of the ITS data sheets.

5 As with substantive materiality, Mipox pleads two ways in which Humphrey knew of the  
6 ITS data sheets’ materiality: anticipation and obviousness. For the reasons discussed above,  
7 Mipox might be able plausibly to allege Humphrey’s knowledge that the ITS data sheets were  
8 anticipatory material prior art under 35 U.S.C. § 102, even though the data sheets are, in fact, not  
9 but-for material under *Therasense*. Yet, the allegation that Humphrey knew the ITS data sheets,  
10 along with Yamasaka ‘104, rendered the ‘683 patent obvious is implausible.

11 Mipox alleges Humphrey took part in the prosecution of the ‘683 patent and was informed  
12 of the office actions. It claims Humphrey, then, would have been aware of the office action of  
13 July 8, 2005 and have known the examiner allowed claim 9 because it “comprises [a] first release  
14 liner layer, a second release liner and adhesive layer.” *See* Office Action, U.S. Pat. App.  
15 10/825,718, ¶ 5 (July 8, 2005), Dkt. 105-5. Thus, Mipox contends, Humphrey was aware the ITS  
16 data sheets contradicted the examiner’s belief and, along with Yamasaka ‘104, rendered the ‘683  
17 patent claim 1 obvious.

18 ITS argues Humphrey’s execution of ministerial documentation does not evidence close  
19 involvement in the prosecution of the ‘683 patent. Humphrey did sign various patent application  
20 forms between July and October of 2004. U.S. Patent App. 10/825,718, at 8, 10, 13, Dkt. 105-3.  
21 Yet, the office action in which the examiner indicated claim 9 was allowed, was dated July 8,  
22 2005, nine months later. Further, that action was mailed to the prosecuting attorney, not to  
23 Humphrey. Office Action, U.S. Pat. App. 10/825,718 (July 8, 2005), Dkt. 105-5. Mipox cites no  
24 support for the inference that an inventor, after completing preliminary ministerial paperwork, is  
25 still considered closely involved in patent prosecution nine months later. Thus, the claim  
26 Humphrey knew the ITS data sheets to be material because they contradict the examiner’s stated  
27 belief is not facially plausible and does not “flow[] logically” from the facts alleged. *Exergen*, 575

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1 F.3d at 1329 n. 5.

2 **2. Deliberate Action**

3 The final portion of specific intent is “a deliberate decision to withhold” the known  
4 material reference. *Therasense*, 649 F.3d at 1290. “Because direct evidence of deceptive intent is  
5 rare, a district court may infer intent from indirect and circumstantial evidence.” *Id.*; *see also*  
6 *iLife*, 2015 WL 890347, at \*8 (“[In situations where a party relies largely on the opposing party’s  
7 affirmative knowledge of material withheld information, there is a fine line between conclusory  
8 allegations and those that give rise to a plausible inference of specific intent to deceive the PTO.”).  
9 Inferences, though, must be “plausible and [] flow[] logically from the facts alleged.” *Exergen*,  
10 575 F.3d at 1329 n. 5. “Moreover, an intent to deceive cannot be inferred solely based upon  
11 failure to disclose known information, even if it is highly material.” *iLife*, 2015 WL 890347, at \*8  
12 (citing *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1191 (Fed. Cir. 1993)).

13 The thrust of Mipox’s allegation is that Humphrey is a shareholder of ITS. As an  
14 experienced inventor and officer of ITS, Humphrey “understood the importance of patents and the  
15 exclusionary rights” conferred. Amend. Ans. ¶ 147. Further, Humphrey understood the  
16 commercial and financial benefits of a patent portfolio. In sum, Humphrey knew of prior art  
17 which threatened ITS’s patent portfolio and, due to his pecuniary interest in ITS, withheld that  
18 material information from the PTO.

19 Mipox’s narrative goes a bridge too far. By Mipox’s logic, any individual may reasonably  
20 be suspected of fraud on behalf of his employer. Even assuming Humphrey’s actual knowledge of  
21 the ITS data sheets, Mipox pleads no factual basis to explain why these ordinary economic  
22 circumstances would plausibly induce fraud on the PTO. *Contra Nalco*, 2014 WL 645365, at \*4  
23 (finding specific intent adequately pleaded where defendant alleged specific economic  
24 circumstances induced inequitable conduct). Of course, Mipox need not allege Humphrey  
25 explicitly told others “that he knew how to invalidate the patent[.]” *See iLife*, 2015 WL 890347,  
26 at \*7. Yet Mipox has not provided any factual allegations of misrepresentations or deliberate  
27 omissions by Humphrey. *Contra Cypress Semiconductor Corp. v. GSI Tech., Inc.*, 2014 WL

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1 988915, at \*6, 7 (N.D. Cal. Mar. 10, 2014) (“provided *facts showing* that the inventors reviewed  
2 documents that misrepresented Figures 2 and 3 and nonetheless signed declarations . . . provided  
3 *facts showing* that the prosecution attorney made misrepresentations . . .”) (emphasis added).  
4 Accordingly, Mipox has failed plausibly to allege specific intent to deceive.

5 **V. CONCLUSION**

6 Mipox fails adequately to plead inequitable conduct. Mipox’s seventh counterclaim is  
7 deficient under Rule 9(b) and its third affirmative defense is insufficient as a matter of law. ITS  
8 data sheets are not but-for material under *Therasense*, which is a deficiency that cannot be solved  
9 by further amended pleading. Moreover, Mipox already had an opportunity to amend in response  
10 to ITS’s first motion to dismiss, suggesting that further leave to amend would be futile. Thus,  
11 Mipox’s seventh counterclaim is dismissed under Rule 12(b)(6) and its third affirmative defense is  
12 stricken under Rule 12(f) without leave to amend.

13  
14 **IT IS SO ORDERED.**

15  
16 Dated: May 16, 2017

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18 RICHARD SEEBORG  
United States District Judge

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