

PATENT AND TRADEMARK LAW

Easy Peasy: Federal Circuit Affirms Finding of Unclean Hands, Bars Patent Recovery

By Rob Maier

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A recent precedential decision from the U.S. Court of Appeals for the Federal Circuit serves as an important reminder of the fundamental principle that “he who comes into equity must come with clean hands.” *Keystone Driller v. General Excavator*, 290 U.S. 240, 241 (1933).

In *Luv n’ Care v. Laurain and Eazy-PZ*, No. 22-1905 (Fed. Cir. 2024), the Federal Circuit affirmed a Louisiana district court’s ruling that the patent owner was barred from obtaining relief on its claims due to unclean hands. Further, the Federal Circuit vacated the district court’s judgment in favor of the patent owner of no inequitable conduct, and vacated the district court’s grant of partial summary judgment of invalidity, as well as the denial of attorney fees and costs.

The case is a helpful reminder that the unclean hands doctrine is alive and well in the patent disputes context, and can be a powerful tool in an accused infringer’s defense arsenal.

Litigation History at the District Court

In 2016, Luv n’ Care (LNC), filed a complaint in the U.S. District Court for the Western District of Louisiana against Lindsey Laurain (Laurain)

and Eazy-PZ LLC (EZPZ) under the Lanham Act and the Louisiana Unfair Trade Practices and Consumer Protection Law (LUTPA), alleging unfair competition and seeking injunctive and monetary relief. LNC also sought

a declaratory judgment that EZPZ’s U.S. Design Patent No. D745,327 was invalid, unenforceable and not infringed.

Subsequently, U.S. Patent No. 9,462,903 (the ‘903 Patent) was issued and assigned to EZPZ, claiming a self-sealing integrated tableware and dining mat. The ‘903 Patent purports to provide a solution to “inconvenience of having to clean up after their children’s mealtime,” especially when those meals involve their children “dislodging and upturning their plates and bowls to spill foodstuffs and beverages everywhere.”

LNC, a manufacturer of dining mats for toddlers, amended its complaint to add EZPZ’s ‘903 Patent to its declaratory judgment claim for invalidity, unenforceability and non-infringement. EZPZ counterclaimed against LNC for infringement of



Rob Maier

Courtesy photo

both patents, and also claimed copyright, trademark, and trade dress infringement, violation of LUTPA and unjust enrichment.

After discovery was completed, LNC moved for partial summary judgment of invalidity of the claims of the '903 Patent. The district court granted LNC's motion, finding all claims of the '903 Patent obvious over three prior art references. After years of litigation, the judge held a bench trial on the issues of inequitable conduct and unclean hands.

The district court found that EZPZ had submitted declarations containing false or misleading information to the U.S. Patent and Trademark Office (USPTO)—namely, a declaration stating that the prior art reference Platinum Pets mat did not have self-sealing functionality. However, the

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district court found that these declarations did not evince a specific intent to deceive the USPTO to the extent that they would have amounted to inequitable conduct, given that the Platinum Pets mat itself had been disclosed.

Still, the district court found that EZPZ was barred from obtaining relief on any counterclaims remaining in the suit due to unclean hands based on certain other misconduct during the district court litigation, including by its failure to disclose certain patent applications during fact discovery, attempting to prevent LNC from obtaining Laurain's prior art searches, stringing LNC along during settlement negotiations and providing evasive and misleading testimony in deposition.

Appeal to the Federal Circuit

The case was appealed to the Federal Circuit. A number of issues were appealed, including

whether the district court erred in: (1) finding that the doctrine of unclean hands bars EZPZ from obtaining relief on its claims, and (2) concluding that LNC failed to prove the '903 Patent is unenforceable due to inequitable conduct.

First, the Federal Circuit affirmed the district court's finding of unclean hands. It held that the record supported the district court's finding that EZPZ "by deceit and reprehensible conduct attempted to gain an unfair advantage," and this conduct was "offensive to the integrity of the [c]ourt," resulting in "loss of confidence in [EZPZ's] candor." Specifically, the court pointed out that EZPZ failed to disclose relevant patent applications related to the '903 Patent until well after close of fact discovery and dispositive motion practice, without providing any good faith justification for its delay. In addition, the court found that EZPZ attempted to prevent LNC from discovering relevant prior art searches by deceit, and EZPZ witnesses purposefully gave false and evasive testimony.

Ultimately, the Federal Circuit agreed that the totality of the evidence regarding EZPZ's misconduct rose to the level of unconscionable.

Second, the circuit vacated the district court's finding that LNC failed to prove inequitable conduct. It found that the evidence presented at the district court showed that Lindsey Laurain, the founder of EZPZ, and Benjamin Williams, her patent agent, deceived the USPTO by (1) misrepresentations and omissions regarding the Platinum Pets mat prior art reference and (2) submission of a false or misleading declaration to the USPTO.

Specifically, the court found that EZPZ stated that the prior art reference lacked self-sealing capabilities, even though they knew that the Platinum Pets mat had a self-sealing feature—which was the key feature of the '903 Patent. The Federal Circuit also found Laurain withheld from the USPTO patent examiner a

video demonstrating the Platinum Pets mat's self-sealing functionality.

The Federal Circuit concluded that it was not clear whether the district court made findings as to affirmative egregious misconduct, and directed the district court on remand to determine whether Laurain's and Williams' misrepresentations regarding the self-sealing functionality of the Platinum Pets mat amounted to affirmative egregious misconduct. The Federal Circuit directed that if the district court finds that there is no affirmative egregious misconduct, on remand, the district court must evaluate whether the USPTO's patentability decision may have dif-

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fered without Laurain's and Williams' misrepresentations and omissions, which would meet the standard for "but-for" materiality.

Further, regarding the deceptive intent requirement of inequitable conduct, the Federal Circuit found that the district court failed to apply the proper legal standard and thereby abused its discretion. The district court considered each of Laurain's and Williams' individual acts of misconduct "in isolation and failed to address the collective weight of the evidence regarding each person's misconduct as a whole." The court directed the district court on remand to reevaluate Laurain's deceptive intent based on her misconduct "in the aggregate," and to do the same as to Williams.

Notably, the Federal Circuit also vacated the grant of summary judgment of obviousness, finding that genuine disputes of material fact were evident from the record, and remanded this issue for further proceedings as well.

Lastly, the Federal Circuit vacated the district court's denial of LNC's motion for attorney fees and costs. The Federal Circuit agreed that LNC was a prevailing party based at least on the affirmation of the district court's finding of unclean hands. While the Federal Circuit acknowledged that LNC did not prevail on all claims, "a party is not required 'to prevail on all claims in order to qualify as a prevailing party.'"

The Federal Circuit also remanded to the district court to evaluate whether the case is exceptional such that attorney's fees may be awarded, and to also reconsider the denial of costs.

Conclusion

The case serves as a reminder the doctrine of unclean hands remains alive and well, and has applicability in patent cases. Patent owners should continue to take care in every disclosure—or non-disclosure—of prior art references, not only during patent prosecution, but also during the course of discovery in patent litigation. And, defendants confronted with questionable acts or omissions by the patent holder, either at the USPTO or before district courts, should continue to raise these issues of unclean hands and inequitable conduct in defense of patent infringement charges.

Rob Maier is an intellectual property partner in the New York office of Baker Botts, and the head of its intellectual property group in New York. **Summer Chu**, a Baker Botts associate, assisted in the preparation of this article.