As experienced trial lawyers know, successfully trying or defending a case is all about presenting a compelling, understandable theme and narrative that comports with a judge and jury’s common sense and experience.

Juries especially are prone to favor litigants and lawyers they like and case theories they easily understand. That is human nature on display in the courtroom.

Certain types of patent claim theories and defenses possess greater “narrative allure” than others. In patent litigation, the inventor’s journey of discovery is often a key trial narrative, including a recitation of the trials and tribulations incurred on his or her way to obtaining an official U.S. patent—


together with its certified seal and blue ribbon.

For those accused of infringing patents—whether through being named as a defendant or identified as a culprit in a cease-and-desist letter writing campaign—the best choice for a compelling defense story is often less apparent. Affirmative defenses, compulsory counterclaims or declaratory judgment causes of action are often asserted in blunderbuss fashion in order to preserve any and all claim or defense theories.

Patents and their dense, impenetrable prose and complicated technical and scientific jargon often make little sense to the uninitiated—i.e., to almost everyone other than inventors, patent prosecutors, expert witnesses, and patent litigators. Advances in cognitive science are now showing that jurors will seek to avoid the mental strain associated with deciphering difficult trial testimony and jargon, and will instead rely on simpler, preconceived notions of how businesses and their executives operate in rendering their jury verdict decisions.[1]

By virtue of its relative simplicity and the seeming ease by which it can be understood by a lay jury, a “Walker Process” antitrust claim offers an appealing defensive/offensive claim theory for alleged patent infringers. Named after a leading Supreme Court case[2] decided in 1965, a Walker Process claim stands for the proposition that “the enforcement of a patent procured by fraud on the Patent Office may be violative of §2 of the Sherman Act provided that the other elements necessary to a §2 [monopolization] claim are present.”[3]

The financial incentives for pursuing a Walker process claim are quite significant: a prevailing litigant may be able to recover treble damages and attorneys’ fees. These claims most often appear as a compulsory counterclaim to an allegation of patent infringement. However, they can also be asserted affirmatively, along with declaratory judgment claims for patent non-infringement, invalidity and unenforceability.
The jury appeal and potential monetary rewards of a Walker Process claim also raise corollary patent legal malpractice risks for both parties. For the party prevailing on such a claim, the risks for the other side are obvious: a patent has been held unenforceable due to inequitable conduct and the client is facing a potentially huge monetary exposure or judgment for damages and the successful party’s attorneys’ fees and costs. Even if the Walker Process claim is ultimately unsuccessful, the losing party may argue that the patent counsel’s prosecution conduct increased the litigation costs of enforcing a patent right and resulted in a weakened settlement position.

For the party who pursues and loses a Walker Process claim, the failure of the claim may well be due to an inability to meet one or more of the procedural and substantive requirements that accompany Walker Process claim litigation. For example, if the client is not properly advised about these detailed requirements, or if proof was not appropriately marshalled and applied to various Walker Process claim elements, the failed claim may also subject the patent litigator to unwelcome malpractice exposure.

This article discusses both the potential jury appeal of and corollary patent legal malpractice risks associated one of the most alluring claims in the patent litigation pantheon.

The intuitive jury appeal of a Walker Process claims is easy to grasp. Patentees who sue others—especially competitors—based on patents that they know were fraudulently procured are readily perceived as “bad” actors and unworthy claimants. When heavy-handed enforcement tactics are piled on top of an already soiled patent grant, it becomes a simple matter for a jury to decide who should prevail in a lawsuit. An example of this jury decision-making in action is a recent jury verdict rendered in favor of a Walker Process claimant in Transweb v. 3M Jury Verdict.[4]

Two Federal Circuit cases involving food technology demonstrate the jury allure of Walker Process antitrust claims. For example, in Dippin’ Dots, Inc. v. Mosey, 476 F.3d 1337 (Fed. Cir. 2007), the plaintiff owned a patent for the process of making a flash-frozen novelty ice cream product. The lawsuit began when several former licensed distributors severed their business ties and entered into competition with Dippin’ Dots. The evidence introduced in the case showed that the inventor had sold at least 800 customers a form of Dippin’ Dots at a Festival Market mall over one year before applying for a patent—raising an on-sale invalidity bar under 35 U.S.C. § 102(b).

The Festival Market sales were neither mentioned during the USPTO’s examination of the subject patent application nor identified by the inventor as information that might be relevant to the patentability of the invention. The inventor testified that these sales only practiced three out of six steps of the patented process; while the attorney prosecuting the patent application characterized the same sales as being “experimental,” since the manufacturing process used to make Festival Market sales could not be feasibly exploited commercially.[5] The jury, however, found that both the inventor and patent attorney each had “with intent to deceive, made material misrepresentations or omissions in violation of the duty of candor to the PTO.”[6] Although the jury rendered a verdict in favor of the Walker Process claim, it curiously awarded zero damages.

Similarly, in Unitherm Food Systems, Inc. v. Swift-Eckrich, Inc., 375 F.3d 1341 (Fed. Cir. 2004), the case involved a method for browning precooked meat products—a desired innovation for microwavable food products.[7] Unitherm manufactured ovens and created a process for browning precooked meats. ConAgra believed that the Unitherm process violated its patent rights and sent cease-and-desist letters to companies selling equipment for preparing and browning precooked meats and to its direct competitors, including Jennie-O (a division of Hormel). Jennie-O had previously installed Unitherm equipment in its operations.[8]

Unitherm and Jennie-O joined forces and brought declaratory judgment claims for patent invalidity and unenforceability of the subject patent and an affirmative Walker Process antitrust claim. The evidence developed through summary judgment proceedings showed that Unitherm had actually demonstrated its browning methods to ConAgra and others and sold “RapidFlow” ovens that utilized this browning process before the ConAgra patent application was filed. The undisputed evidence demonstrated that the Unitherm process included each and every limitation of the alleged patented process. In other words, ConAgra had tried to patent Unitherm’s
process. Based on these facts, the jury returned an $18 million verdict ($6 million trebled) in Unitherm’s favor with its respect to its Walker Process antitrust claim.\[9\]

**The Exacting Legal Hurdles in Advancing a Walker Process Claim**

Despite the treble damage and attorneys’ fees incentives associated with Walker Process claim recoveries and their potential narrative allure for juries, Walker Process claims face a plethora of procedural and substantive legal hurdles. While the rewards of a successful Walker Process claim can be great, its litigation pathway is full of minefields and craters. Here are some of the major hurdles.

**Rule 11.** The first hurdle is presented by Fed.R.Civ.P. 11. Walker Process claims include multiple elements, some of which are difficult to assess at the outset of a case. These elements must be supported by an adequate pre-suit filing investigation:

- The patentee obtained the patent by knowingly and willfully misrepresenting facts to the USPTO.
- The party enforcing the patent was aware of the fraud when bringing suit.
- There is independent and clear evidence of deceptive intent.
- There is a clear showing of reliance, i.e., that the patent would not have issued but for the misrepresentation or omission.
- The necessary elements of an underlying violation of § 2 of the Sherman Act can be demonstrated, to wit, (a) specific intent to control prices or destroy competition; (b) predatory or anticompetitive conduct to accomplish the monopolization; (3) a dangerous probability of success; and (d) causal antitrust injury.

Misusing patent rights may constitute the “willful” or “predatory” conduct that renders a monopoly or an attempted monopoly illegal under § 2 of the Sherman Act. Litigation costs can constitute a cognizable antitrust injury, so long as the claimant also demonstrates a “serious threat to competition.” See *Rickards v. Canine Eye Registration Foundation, Inc.* 783 F.2d 1329, 1336 (9th Cir. 1986).

Because facts that may demonstrate the patentee's fraudulent conduct are likely not publicly available or readily discoverable without access to the patentee's files and records, it may be difficult to allege a Walker Process antitrust claim without some pretrial discovery.

**Rule 9(b).** A second hurdle and pleading requirement will be Fed.R.Civ.P. 9(b), which requires that allegations of fraud be pled with particularity. However, a party need not plead the intent element of its Walker Process claim with particularity. Rather, the “circumstances” constituting the fraud must be alleged with specificity. See *Competitive Techs. v. Fujitsu Ltd.*, 286 F.Supp.2d 1118, 1149 (N.D. Cal. 2003). Again, it may be difficult to meet this Rule 9(b) pleading burden until some discovery has taken place. Deadlines for amending pleadings can come up quickly in cases, so if a Walker Process claim appears potentially viable, it will be important to propound related discovery requests as soon as practicable.

**Rule 12(b)(6).** A third hurdle is the inevitable motion to dismiss a Walker Process claim for failure to state a claim pursuant to Fed.R.Civ.P. 12(b)(6). Federal courts impose a “plausibility” standard in determining whether a claim is supported by alleged facts, and not just conclusory allegations. Indeed, the first Supreme Court case to impose a plausibility requirement arose in the antitrust claim context. See *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007)(allegations of parallel conduct alone are not enough to sustain an antitrust conspiracy claim). This heightened pleading requirement has led to an upsurge in early motion to dismiss practice in all federal cases.

**Rule 56.** A fourth hurdle is summary judgment motion practice pursuant to Fed.R.Civ.P. 56. The purpose of a summary judgment motion is to avoid unnecessary trials when there is no genuine dispute as to material facts, and the moving party can demonstrate that it is entitled to judgment as a matter of law. A claimant is not allowed to rest upon its allegations, but rather must set forth specific material, disputed facts that warrant trial resolution. Many Walker Process claims fall by the wayside during summary judgment proceedings.
A good example is found in the Federal Circuit’s very recent *IGT v. Alliance Gaming Corp.* decision affirming the district court’s summary judgment dismissal of a Walker Process claim.[10] The case involved patents applicable to a computerized “Wheel of Fortune” casino game popular in Las Vegas. The district court had determined that the subject patents were invalid as being obvious, setting the stage for a potentially viable Walker Process claim. However, the district court could not find sufficient proof that a relevant product market or submarket of gaming machines existed for monopolization purposes.

Because patent monopolization claims always require an analysis of the economic impact of the exclusionary rights associated with the patent, it normally will be essential to develop expert witness testimony to analyze and substantiate the market power of the subject patent right in a relevant product market.[11] This is because ownership of a patent in and of itself does not necessarily confer antitrust market power.

**Appeal to the Specialized Federal Circuit.** The Federal Circuit represents a **fifth hurdle** in pursuing a Walker Process antitrust claim. Even assuming that this claim is tried successfully to a final judgment in federal district court, the Federal Circuit has exclusive appellate jurisdiction over Walker Process claims, including any that are filed as compulsory counterclaims. See 28 U.S.C. § 1295(a)(1). As a specialized court, the Federal Circuit tends to exhibit a pro-patent bias; in other words, Walker Process claims will be very closely scrutinized by an appellate body disinclined to favor these claims.[12]

Whether an underlying patent has been fraudulently obtained is controlled by Federal Circuit jurisprudence. Since the Walker Process claim is always premised on allegations of inequitable conduct before the USPTO, the accused infringer must prove that the patentee acted with the specific intent to deceive the USPTO. Further, inequitable conduct must be based on “but-for” materiality. For example, when an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the USPTO would not have allowed a claim had it been aware of the undisclosed prior art. See *Therasense, Inc. v. Beeton, Dickinson and Co.*, 649 F.3d 1276 (Fed. Cir. 2011).

However, the Federal Circuit also recognized an exception for “affirmative acts of egregious misconduct, such as the filing of an unmistakably false affidavit,” for which but-for materiality need not be established. *Id.* at 1292 (“Although but-for materiality generally must be proved to satisfy the materiality prong of inequitable conduct, this court recognizes an exception in cases of affirmative egregious misconduct.”).

The two food processing technology cases previously discussed illustrate the Federal Circuit’s penchant for reversing Walker Process claim jury verdicts. In the *Dippin’ Dots* case, the Federal Circuit opined that the applicant’s failure to disclose facts that implicated the on-sale bar did not rise to the level of specific intent to deceive the USPTO. *Id.*, 476 F.3d at 1347. In contrast, in the *Unitherm* case, the Federal Circuit held that the facts supported a specific intent to deceive the USPTO about the true inventorship of the patented process, but that the Walker Process claimant had failed to prove a relevant product market that had been monopolized. As mentioned, product markets are not necessarily coterminous with the scope of a patent right. *Id.*, 375 F.3d at 1363-65. No material evidence had been submitted to demonstrate the presence or absence of viable economic substitutes for the food browning process at issue.

The Federal Circuit imposes exacting requirements on Walker Process claims in part because of its jurisprudential belief that an unenforceability remedy should dissuade patent applicants from engaging in inequitable conduct. Inequitable conduct with respect to any single patent claim renders an entire patent unenforceable. In the *Therasense* majority decision, this remedy is labeled as the “atomic bomb” of patent law.

**Loss of Insurance Coverage for Walker Process-Related Malpractice Claims**

To prevail on a Walker Process claim, the accused infringer, as discussed must prove that the patentee acted with the specific intent to deceive the USPTO. A finding that the misrepresentation or omission amounts to gross negligence or negligence under a “should have known” standard does not satisfy this intent requirement.

The problem with this strict formulation of the inequitable conduct standard lies with the roadblock it creates down the line in seeking insurance coverage for potential “Walker Process” legal malpractice claims. Since the inequitable conduct at issue must be intentional and deceitful by definition, insurers can be expected to deny any obligation to provide indemnity coverage for such claims. If the patent legal malpractice lawsuit follows a
successful Walker Process verdict, the patent prosecution attorney—whose conduct forms the basis for Walker Process claim liability—will be fighting a proverbial uphill insurance coverage battle in any ensuing patent legal malpractice lawsuit.

To preserve coverage and a duty to defend, the involved patent prosecution counsel will need to demonstrate to the insurer that while the Walker Process claim alleges intentional conduct, the actual conduct at issue giving rise to the alleged Walker Process allegations involved negligent conduct, at most. Because of these and other complications, patent lawyers whose conduct is at issue in infringement litigation under the guise of a Walker Process claim should consult with their own counsel because of the conflict and schism that can emerge between the patent owner and its own and (perhaps now former) patent prosecution counsel.

Conclusion

The Wheel of Fortune casino game at issue in the IGT case is an apt metaphor for the chances of ultimate success in pursuing a Walker Process antitrust claim. The claim has tremendous jury appeal because it focuses on the personalities and actors and business motivations involved in the process of obtaining a patent, rather than the oftentimes dense technological subject matter of the invention.

If the Walker Process witnesses are not presentable and the patentee’s enforcement conduct lacks valid patent justification, a jury will have company villains on which to focus in its search for narrative truth and coherence. Deciding who is good or bad is much easier for juries to evaluate than understanding mind-numbing technological jargon and prolix claim language. Jurors prefer stories that conform to their worldviews—and the Walker Process claim provides a juicy one of supposed greed and deception in order to game the patent system and obtain an unfair market advantage.

Win, lose or draw, the Walker Process claim may also generate an ill-wind of patent legal malpractice claims. The core of the claim is inequitable conduct. If that type of conduct is even colorably demonstrated or if a Walker Process claim is brought at great expense and fails to pass muster, one can expect a fair amount of Monday morning quarterbacking from peeved clients regarding the course of patent prosecution that undermined what appeared to be a viable patent infringement claim.


[3] Section 2 of the Sherman Act provides that “Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding $100,000,000 if a corporation, or, if any other person, $1,000,000, or by imprisonment not exceeding 10 years, or by both said punishments, in the discretion of the court.” 15 U.S.C. § 2.

[4] The TransWeb v. 3M jury verdict’s “inequitable conduct” findings (necessary to sustain the Walker Process claim) were advisory only. As of the date of submission of this article, whether the court will accept the jury’s inequitable conduct findings was still the subject of post-trial briefing and JMOL motion activity.


[8] Unitherm, 375 F.3d at 1345.

[9] Id., at 1348.

[11] Normally, a “relevant geographic market” must also be established in order to pursue an antitrust claim. However, a U.S. patent’s exclusionary right is the geographic confines of the United States, so that claim element falls away in patent monopolization claims.

[12] See Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. Rev. 25-30, 54 (1989) (evaluating criticism that the Federal Circuit demonstrates a greater pro-patent bias than regional circuits). This law review article was cited in Justice Steven’s concurrence in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 535 U.S. 826 (2002)(holding that the Federal Circuit does not have subject matter jurisdiction over patent-based counterclaims included in an answer; this *Vornado* holding was later reversed statutorily through the America Invents Act, which amended 28 U.S.C. § 1295(a)(1)).