UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of	)	
	)	
Summit Technology, Inc.,	)	
a Corporation, and	)	**DOCKET No. 9286**
	)	
VISX, Incorporated,	)	
a Corporation.	)	
	)	

ORDER DISMISSING PARAGRAPHS 17-19 OF THE COMPLAINT

Respondent, on November 23, 1998, timely filed pursuant to the Scheduling Order, four Motions For Summary Decision under Rule 3.24. Motion 3, the subject of this order, challenged paragraphs in the Complaint alleging fraud by Respondent and its patent assignor in three interference proceedings before the U.S. Patent Office.

In particular, Paragraph 17 of the Complaint explained that Dr. Francis A. L'Esperance obtained three patents covering method claims for preparing the cornea of the human eye for photorefractive keratectomy (PRK). The patents were held by Taunton Technologies. On August 5, 1987, Dr. Charles Munnerlyn filed an application for a patent related to PRK and assigned it to Old VISX, Respondent's predecessor. Two years latter, on August 1, 1989, the Patent Office declared the Munnerlyn-L'Esperance interferences. Thereafter, the parties sparred for priority until Taunton and Old VISX merged forming Respondent, VISX, Inc. As the common owner of the patents and the application at issue in the interferences VISX then advised the Patent Office that it would make a factual and legal determination identifying the inventor pursuant to 37 CFR 1.78(c) and 37 CFR 1.602 (a). In partial reliance upon VISX's subsequent submissions, the Patent Office issued Patent 5,163,934 to Munnerlyn, and resolved the two other interferences in favor of L'Esperance.

The focus of the alleged fraud which tainted the patents is set forth in three subparagraphs of Complaint Paragraph 18. Allegedly, L'Esperance "fabricated, back-dated and falsified his scientific records," which he and his adult son signed and falsely dated, (Subpara. (a)), "fabricated, back-dated, and falsified a diary page" regarding the date he allegedly conceived of the invention (Subpara.(c)), and then, through attorneys, made misleading statements to the Patent Office about

the authenticity of his scientific records and diary. (Subpara. (b) and(c)). Complaint Paragraph 19 ties Respondent, as an assignee and directly, to the fraud by alleging that, in resolving the interferences after the merger, it knew what L'Esperance had done, willfully misled the Patent Office about L'Esperance's fraudulent conduct, and deceived the Patent Office about the basis for its resolution of the interferences and the true inventors of the inventions at issue. The Complaint in Paragraph 19 then charges that the conduct described constituted willful fraud and inequitable conduct before the Patent Office. Respondent's Motion 3 sought dismissal of Paragraphs 17-19. At a hearing on December 9, 1998, the parties were advised that VISX's motion would be granted.

Preliminary jousting between the parties following the submission of a report by Complaint Counsels' patent expert apparently suggested that evidence relating both to the fraud allegations and the charges filed in connection with those allegations were not subjects the expert would address, and Respondent sought clarification of Complaint Counsels' intentions. An exchange of correspondence between counsel followed.

In a letter dated November 11, 1998, Complaint Counsel confirmed that, although challenged in Paragraphs 17-19 of the Complaint, they would not "submit findings regarding the correctness of the resolution of the Trokel and Munnerlyn interferences. Accordingly, Complaint Counsel does not seek relief with respect to the Munnerlyn '943, L'Esperance '204 and L'Esperance '414 patents...." Complaint Counsel explained that the decision to exclude these subjects from expert testimony and not seek findings with respect to Paragraphs 17-19 reflected their desire to sharpen the issues at trial and minimize the burden on all involved, " particularly the ALJ...." The opportunity to resolve this matter then seemingly slipped away, when, with a measure of artful vagueness, intentions were obscured and Respondent was admonished in the letter that it would be "premature to conclude" that a decision not to present evidence relating to these allegations had been made or that the allegations were no longer "a part of Complaint Counsel's case."

Now, Complaint Counsels' determination to sharpen the issues and streamline the presentation of their case in the manner they have chosen is a matter which I believe rests within their sound prosecutorial discretion, and I consider it beyond the purview of my review. Further, concern about overburdening the limited resources of the trier of fact in the adjudication of a complex case is a commendable consideration with which I find I am unable to quarrel. Respondent, however, is less sanguine. It seeks relief from the consequences of its opposition's chosen path, and that does raise reviewable issues.

Within two weeks of receipt of Counsel's letter, Respondent joined issue with the fraud allegations through the deposition testimony of Saul I. Serota. Prior to his retirement in 1994, Mr. Serota worked as a patent examiner from 1955 to 1963, and thereafter, through various appointments, rose to the level of Chief Administrative Patent Judge and Chairman of the Board of Patent Appeals and Interferences. Serota was retained by Respondent and prepared an expert witness report. In summary, he explained, based upon a review of the Complaint allegations and the interference pleadings and records that, in his opinion, neither Taunton nor VISX breached a duty to disclose important facts or misled the Patent Office in respect to determinations regarding prior inventorship in each of the interferences. While such opinion evidence might not, alone, be sufficient to refute the specific conduct the Complaint attributes to Dr. L'Esperance, it does address

the specific misconduct of willful deception set forth in Paragraph 19. Further, in their reply to Respondent's motion, Complaint Counsel contend that the decision not to seek findings or relief with respect to these allegations is based on resource allocation concerns and again assert a "desire to focus the issues." I am mindful that footnote 4 of the opposition to Motion 3 mentions Exhibit 3-3 of the Response to Respondent VISX's First Set of Interrogatories, but Counsel did not include Exhibit 3-3 with their submission for consideration here. The Response to Motion 3 certainly reflects a good faith conviction in the belief that Counsel could have "significantly contradicted VISX's fact presentation" had they wished to continue to litigate this aspect of the case, but Rule 3.24(a)(3) makes it equally clear that "mere allegations" and belief will not suffice to support or defeat Summary Decision, and Complaint Counsel submitted no facts. Under these circumstances, considering the Serota Declaration in light of Complaint Counsels' concession that Paragraphs 17-19 of the Complaint will not be pursued, it is clear that no genuine issue of material fact involving these allegations remains in dispute within the meaning of Rule 3.24.

The Response argues further that Motion 3 "addresses issues already withdrawn from the case," and expresses displeasure with VISX for filing a motion which "seeks to force Complaint Counsel to litigate issues that it (Complaint Counsel) has already decided --- *and so informed VISX*-- would not be part of its liability or relief case." Yet, as noted above, Counsel never actually withdrew the allegations in prior correspondence and did not do so here. The Response to Motion 3 thus shares a nuance found in the earlier correspondence which casts doubt upon the litigant's intentions. Both the correspondence and the Response contain seemingly contradictory assertions which, even if ultimately reconcilable, render the mootness issue problematic. Respondent cannot fairly be faulted for seeking clarity when so much is at stake.

Finally, as an alternative to their compliance with Rule 3.24, Complaint Counsel urged me to enter a pretrial Order Controlling the Conduct of Litigation pursuant to Rule 3.21(f) and 3.42(c)(7). The order, as proposed, would state "that no findings will be presented and no relief will be sought based on allegations contained in paragraphs 17-19 of the Complaint." While the proposal seems a rather awkward way to address a problem which the actual withdrawal of the allegations might have solved: that is not its only shortcoming.

Rules 3.21(f) and 3.42(c)(7) accord the ALJ considerable discretion in case management and the conduct of adjudicative proceedings, but they have limited application in the context of a Rule 3.24 motion. Unlike general case management directives, Summary Decision provisions do not afford the trier of fact much discretionary latitude. As crafted, the language of the Rule is fairly clear:

> When a motion for summary decision is made and supported as provided in this rule, a party opposing the motion may not rest upon the mere allegations or denials of his pleadings; his response, by affidavit or as otherwise provided in this rule, must set forth specific facts showing that there is no genuine issue of material fact for trial. If no such response is filed, summary decision, if appropriate, shall be entered. Rule 3.24(a)(3).

For all of the foregoing reasons, Respondent's Motion 3 was granted at the December 9, 1998 hearing. On December 14, 1998, the parties submitted a joint proposed order which acknowledges that Complaint Counsel have not submitted sufficient evidence in response to Motion 3. Since Counsel also acknowledged previously that they will not put on any proof supporting Paragraphs 17-19 of the Complaint, it is accordingly clear that no genuine issue of material fact with respect to these allegations will be litigated at the trial. Dismissal which Respondent seeks is, under these circumstances, appropriate. **Therefore**:

ORDER

IT IS ORDERED that Paragraphs 17-19 of the Complaint , and Paragraph III of the Notice of Contemplated Relief, to the extent that relief is based upon Complaint Paragraphs 17-19 be, and they hereby are, DISMISSED with prejudice.

Stuart A. Levin
Administrative Law Judge

Date: December 14, 1998