

COLLATERAL ESTOPPEL EFFECT OF DECISIONS BY THE BOARD OF PATENT INTERFERENCES

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THE COLLATERAL ESTOPPEL EFFECT OF ADMINISTRATIVE DECISIONS

Procedural due process is a basic concept underlying the administration of justice in the United States. Although procedural due process is incapable of precise definition, the concept stands for the broad proposition that each party in litigation will receive a fair hearing.¹ Yet, even assuming that procedural due process is attainable, we desire more than that each party in litigation receive a fair hearing. An element of efficiency also must exist in the judicial system to ensure that an aggrieved party can afford both the money to participate in the process and the time to await the remedy. This suggests that due process and efficiency often oppose each other. A totally efficient system would tend to produce inexpensive and quick results. Conversely, a system totally dedicated to due process would set the price of justice so high in terms of time and money as to be unaffordable. Clearly, a balance must be struck in order to obtain an optimum condition.

Two available concepts in the search for judicial efficiency are the related doctrines of collateral estoppel and *res judicata*,² which dictate that a final

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1. Procedural due process of law focuses on the procedures necessary to protect individual rights. The central premise of the concept is that the parties whose rights a tribunal's decision will affect are entitled to notice of the proceeding and an opportunity to be heard. *Fuentes v. Shevin*, 407 U.S. 67, 80 (1972).

Beyond this basic premise, procedural due process has been the subject of considerable commentary, particularly in the quest to define what "process is due." See generally J. GORA, *DUE PROCESS OF LAW* (1977); J. PENNOCK & J. CHAPMAN, *DUE PROCESS* (1977); V. WOOD, *DUE PROCESS OF LAW, 1932-1949* (1951).

2. The United States Supreme Court briefly explained the relationship between the doctrines of collateral estoppel and *res judicata* in *Parklane Hosiery Co. v. Shore*, 439 U.S. 322 (1979), as follows:

Under the doctrine of *res judicata*, a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action. Under the doctrine of collateral estoppel, on the other hand, the second action is upon a different cause of action and the judgment in the prior suit precludes relitigation of the issues actually litigated and necessary to the outcome of the first action.

Id. at 326 n.5. This article focuses upon the doctrine of collateral estoppel because the cases discussed involve a different cause of action in the second suit. Cf. *PIC Inc. v. Prescon Corp.*, 485 F. Supp. 1302, 205 U.S.P.Q. 228 (D. Del. 1980), where the court declared:

In the context of the instant case, it is clear that if the [Patent and Trademark Office] reissue proceeding is to have any preclusive effect, it must do so under the principle of collateral estoppel. This suit is an action by PIC alleging infringement of the Lang patent; the reissue proceeding instituted by Lang dealt only with issues of validity and, indeed, could not involve infringement. Although there is some connection

judgment is binding "no matter how clear the mistake of fact or how obvious the misunderstanding of law or how unfortunate the choice of policy or how unjust the practical consequences or how inadequate the evidence in the record or how poorly prepared the briefs and arguments."³ If applied absolutely, however, the doctrine of collateral estoppel would encroach upon the countervailing concept of due process. Thus, specific criteria must be met before the doctrine can be invoked. First, the party against whom estoppel is pleaded must have been a party or in privity with a party to the first cause of action.⁴ Second, relitigation of only those issues that were both actually litigated and necessary to the outcome in the first action is precluded in a subsequent proceeding.⁵ Finally, a tribunal of competent jurisdiction must have reached the first decision on the merits.⁶

between this suit and the reissue proceedings, it cannot be said they are the same "cause of action"

Id. at 1308, 205 U.S.P.Q. at 237. For a complete discussion of the differences between collateral estoppel and res judicata, see 1B J. MOORE & T. CURRIER, MOORE'S FEDERAL PRACTICE ¶ 0.405[3] (2d ed. 1980) [hereinafter cited as MOORE].

3. 2 K. DAVIS, ADMINISTRATIVE LAW TREATISE § 18.01, at 546 (1958 & Supp. 1970) [hereinafter cited as DAVIS]. See also *Roach v. Teamsters Local No. 688*, 595 F.2d 446 (8th Cir. 1979) (second suit by union members for breach of organization's "bill of rights" dismissed on ground of res judicata where first suit sought to recover for mental distress suffered as a consequence of unfair representation); *Pye v. Department of Transp.*, 513 F.2d 290 (5th Cir. 1975) (federal court case involving trespass against plaintiff's land barred by res judicata because it involved issues already litigated in state court); *Astron Indus. Assocs. v. Chrysler Motors Corp.*, 405 F.2d 958 (5th Cir. 1968) (substance, and not the form, of two actions must be compared so whether theory of recovery is based upon misrepresentation or breach of contract, the second action is barred because the operative wrong remains the same). *But see Sea-Land Servs., Inc. v. Gaudet*, 414 U.S. 573 (1974) (wrongful death action not barred by decedent's recovery in his lifetime for his personal injuries); *Kaspar Wire Works, Inc. v. Leco Eng'r & Mach., Inc.*, 575 F.2d 530 (5th Cir. 1978) (in patent infringement case, previous consent decree did not bar future litigation); *Maher v. City of New Orleans*, 516 F.2d 1051 (5th Cir. 1975) (existence of earlier litigation between same parties predicated on common fact nucleus does not justify a per se application of res judicata).

4. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 327 n.7 (1979). Cf. *Hartford Accident & Indem. Co. v. Jasper*, 144 F.2d 266, 267 (9th Cir. 1944) (state court judgment did not estop appellees from asserting their defenses in a subsequent proceeding because new issues and parties were involved); *McVeigh v. McCurren*, 117 F.2d 672, 678 (7th Cir. 1940) (judgment of liability against principal does not estop agent who was not a party to the action from contesting liability in a subsequent proceeding), *cert. denied*, 313 U.S. 573 (1941).

Conversely, however, a party pleading estoppel (in contrast to a party against whom estoppel is pled) does not have to be in privity with a party to the first cause of action. *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313 (1971).

5. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979).

6. See MOORE, *supra* note 2, ¶¶ 0.405[4.-1] & 0.445. Cf. *Pardo v. Wilson Line of Wash., Inc.*, 414 F.2d 1145, 1148 (D.C. Cir. 1969) (plaintiff's attempt to enforce default judgment in defendant's state of domicile subject to collateral attack where forum state lacked personal jurisdiction over defendant); *Crider v. Zurich Ins., Co.*, 348 F.2d 211, 215 (5th Cir. 1975) (where court was without jurisdiction, judgment was subject to collateral attack in subsequent suit), *cert. denied*, 382 U.S. 1000 (1966).

The United States Supreme Court also has addressed the effect on the collateral estoppel issue of the absence of a jury trial, as is the case in administrative proceedings. *Parklane Hosiery*

Collateral estoppel effect has most often been given to the decisions of courts. However, there is no inherent reason why the doctrine of collateral estoppel should not apply to the decisions of administrative bodies as well.⁷ Litigation before administrative agencies can be just as time consuming and expensive as litigation before courts, and therefore the societal interest in efficiency is served as least as well by giving collateral estoppel effect to the decisions of administrative agencies. For years, however, courts generally held that the doctrine did not apply to the decisions of administrative agencies. For example, in 1906 the United States Supreme Court held that "decisions of the executive department . . . cannot constitute *res judicata* in a technical sense."⁸

Recently, there has been a trend towards giving collateral estoppel effect to some administrative proceedings.⁹ This trend raises important problems because administrative agencies do not adhere to a uniform core of procedural safeguards that approaches those most courts routinely observe.¹⁰ Therefore, it has been held that the doctrine of collateral estoppel should not be applied universally to all decisions of all administrative bodies.¹¹ Rather, the proceedings of each administrative body must be scrutinized before it can be determined whether some or all of its decisions should be given preclusive effect.

The present state of the law requires courts to engage in such scrutiny when determining whether to give collateral estoppel effect to administrative determinations in subsequent litigation in a court.¹² For example, the

Co. v. Shore, 439 U.S. 322, 332 n.19 (1979). *Parklane Hosiery* involved the collateral estoppel effect of a prior non-jury trial in a federal district court. In analyzing this issue, the Court stated that "the presence or absence of a jury factfinder is basically neutral, quite unlike, for example, the necessity of defending the first lawsuit in an inconvenient forum." *Id.* This problem, however, was not addressed in the case of *United States v. Utah Constr. & Mining Co.*, 384 U.S. 394 (1966). See notes 13-19 and accompanying text *supra*.

7. See generally DAVIS, *supra* note 3, § 18.02; MOORE, *supra* note 2, ¶ 0.405[4.-1].

8. *Pearson v. Williams*, 202 U.S. 281, 285 (1906). *Pearson* involved the relitigation of the same cause of action before an administrative board. However, it would seem to follow a fortiori that, if the decision of an administrative board on an entire cause of action did not preclude subsequent relitigation of the entire cause of action, it also would not preclude subsequent relitigation of a single issue decided in the first cause of action when the same issue later arose as part of a different cause of action. Also, while this case involved relitigation of a cause of action before the same administrative board which had decided the case the first time, it would follow that if the board's first decision did not preclude relitigation of the same cause of action before the same board (as opposed to reopening of the original litigation), it did not preclude relitigation of the same cause of action before a court.

9. See generally DAVIS, *supra* note 3, § 18.02.

10. See *id.* § 18.01; Groner & Sternstein, *Res Judicata in Federal Administrative Law*, 39 IOWA L. REV. 300 (1954); Note, *The Collateral Estoppel Effect of Administrative Agency Actions in Federal Civil Litigation*, 46 GEO. WASH. L. REV. 65 (1977).

11. See generally DAVIS, *supra* note 3, § 18.03.

12. This article does not discuss the related issue of when one administrative body should give collateral estoppel effect to the prior decision of another administrative body. See, e.g., *Humble Oil & Refining Co. v. Sekisui Chem. Co.*, 165 U.S.P.Q. 597 (Pat. Off. Trademark Trial and App. Bd. 1970) (prior ruling by the Bureau of Customs held not binding on the Trademark Trial and Appeal Board).

United States Supreme Court in *United States v. Utah Construction & Mining Co.*¹³ summarized the present state of the law as follows:

Occasionally courts have used language to the effect that res judicata principles do not apply to administrative proceedings, but such language is certainly too broad. When an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate, the courts have not hesitated to apply res judicata to enforce repose.¹⁴

Thus, a court need not hesitate to apply collateral estoppel to the decision of an administrative agency in a proper case. Nevertheless, each particular type of administrative proceeding must be examined on an ad hoc basis to determine whether decisions are reached in a manner justifying application of the doctrine.

Determining whether the three criteria enunciated in *Utah Construction* have been satisfied can pose complex problems. First, what does it mean to say that an administrative agency is "acting in a judicial capacity"? No precise definition covers all cases. For example, Professor Davis suggests that the determination should focus on whether the policy reasons for invoking the doctrine are present: "The question is not what is judicial in the abstract or for some other purpose. The question is whether considerations relating to res judicata require that the particular action be regarded as judicial or nonjudicial."¹⁵ Those considerations are essentially whether the increased efficiency derived from applying the doctrine to an administrative agency decision outweighs the alleged unfairness of having an administrative agency rather than a court make the decision.¹⁶ Thus, if the party sought to be estopped received a reasonable approximation of the due process safeguards courts practice, the consideration of judicial efficiency demands application of the doctrine of collateral estoppel to the administrative decision.

The second of the *Utah Construction* criteria is relatively easy to apply. It requires only that the factual disputes resolved were relevant to issues properly before the agency and necessary to the agency's decision.¹⁷

13. 384 U.S. 394 (1966).

14. *Id.* at 421-22 (footnotes omitted).

15. DAVIS, *supra* note 3, § 18.08, at 598. It should be noted that Professor Davis uses the term "res judicata" broadly to include collateral estoppel within its scope. *Id.* § 18.01, at 547.

16. So stated, it would seem that the first *Utah Construction* criterion differs little, if at all, from the third criterion.

17. See *Norton v. Larney*, 266 U.S. 511, 517 (1925) (no conclusive effect is given to issues an earlier tribunal considered only collaterally or incidentally). See also *Fibreboard Paper Prod. Corp. v. East Bay Union of Machinists, Local 1304*, 344 F.2d 300, 306 (9th Cir. 1965) (although the trial examiner of the National Labor Relations Board found that the union's contract had terminated, the issue of termination was not essential to the Board's final decision and the union was not prevented from relitigating the issue in a subsequent proceeding).

In *Tidewater Oil Co. v. Jackson*, 320 F.2d 157, 162 (10th Cir.), *cert. denied*, 375 U.S. 942 (1963), the court implied that an agency's conclusive adjudications of underlying facts would not collaterally estop parties to a later proceeding from relitigating those facts if the agency did not have jurisdiction over an issue in the later proceeding to which those facts were relevant. See also

The third of the *Utah Construction* criteria is the most difficult to apply, and it is the one to which most of this article is devoted. It requires that the party sought to be estopped from relitigating an issue has had a full and fair opportunity to litigate the issues¹⁸ and probably that it had the right to seek court review of the adverse finding.¹⁹

Using the above as its foundation, this article focuses on the application of collateral estoppel to the decisions of a specific administrative agency—the Board of Patent Interferences of the Patent and Trademark Office.²⁰ Analysis of this issue, however, would be unclear to one who is unfamiliar with the procedures of that agency. Accordingly, a brief outline of patent interference procedure is needed before an analysis of the collateral estoppel issue is undertaken.

OVERVIEW OF PATENT INTERFERENCE PROCEDURE

To obtain a patent, an inventor must file an application with the Patent and Trademark Office describing his invention and claiming what he seeks to have the law protect.²¹ If he is successful in obtaining a patent, the inventor has the right to exclude others from making, using, or selling his invention within the United States during the term of the patent.²² One of the conditions for patentability that must be met before an individual can obtain a patent, however, is that the individual seeking the patent was the first to invent the claimed subject matter.²³

United States v. Radio Corp. of America, 358 U.S. 334 (1959) (FCC approval of exchange of television stations did not bar government from attacking exchange under federal antitrust laws).

The generally accepted view is that the judgment is conclusive only as to those issues that are necessary to support the final judgment. In other words, the resolution of the issue must be dispositive; it must dictate the final judgment. MOORE, *supra* note 2, ¶ 0.443[5], at 3922.

18. See *Allen v. McCurry*, 449 U.S. 90, 95 (1980); *Blonder-Tongue Labs., Inc. v. University of Ill. Found.*, 402 U.S. 313, 328-29 (1971).

19. According to one court: "While the absence of no one procedural safeguard is determinative, a particularly significant deficiency in the reissue proceeding is the failure to afford the protestor a right to appeal an adverse decision." *PIC Inc. v. Prescon Corp.*, 485 F. Supp. 1302, 1310, 205 U.S.P.Q. 228, 239 (D. Del. 1980).

20. Three administrative tribunals within the Patent and Trademark Office make inter partes determinations. They are (1) the Board of Appeals (in quasi inter partes reissue proceedings); (2) the Trademark Trial and Appeal Board (in oppositions, cancellations, and interferences); and (3) the Board of Patent Interferences. The analysis and conclusions herein are specific to the Board of Patent Interferences and cannot be extrapolated unthinkingly to the other two boards.

21. 35 U.S.C. §§ 111, 112 (1976).

22. *Id.* § 271(a).

23. *Id.* § 102(g). The provision for determining whether a person was the first inventor reads in pertinent part:

In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

Id.

Although the general rule is that an individual must be the first inventor in order to obtain a patent, a few exceptions exist. For example, when an invention is abandoned, suppressed or

Occasionally, two or more applicants will claim either the same invention or inventions that are too similar to each other to be separately patented. Also, occasionally one or more applicants will claim the same invention or an invention very similar to an invention claimed in a recently issued patent, which patent, however, is not a statutory bar to the issuance of the application or applications.²⁴ More rarely, two or more patents will contain claims to the same invention or to unduly similar inventions.²⁵ In such situations, the involved application or applications and patent are said to "interfere", and the patent statute requires a determination of priority of invention, since only the first inventor can obtain a valid patent.²⁶

An interference is a complex proceeding typically involving decisions on two different types of issues by two and sometimes three different decision makers within the Patent and Trademark Office. The two types of issues are (1) those relating to priority and issues that are ancillary to priority or logically related to priority or to issues that are ancillary to priority, and (2) those that are not ancillary to priority or logically related to priority or to issues that are ancillary to priority. As one might expect, there are a great many cases involving the question of whether a given issue is ancillary to priority or logically related either to priority or to an issue that is ancillary to priority, and no attempt will be made here to place issues into any of these categories or to synthesize the cases.²⁷ For the present, suffice it to say (1)

concealed, *id.* § 102(g). or the first inventor made the invention in a foreign country and is precluded from proving his invention date by § 104, someone other than the first inventor may be entitled to the patent. *See generally* Roberts, *First To Invent—A Fading Concept?*, 61 J. PAT. OFF. SOC'Y 350 (1979) (discussion of first to invent system and interference practice).

24. A "statutory bar" is described in 35 U.S.C. § 102(b) (1976), which provides that:
A person shall be entitled to a patent unless—

. . . .
(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States

25. In this case, the resulting interference proceeding is conducted before a district court under 35 U.S.C. § 291 (1976). The collateral estoppel effect of decisions in such proceedings, which are ordinary civil actions, is not considered in this article.

26. *See* 35 U.S.C. § 135(a) (1976), which provides:

Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, he shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The question of priority of invention shall be determined by a board of patent interferences (consisting of three examiners of interferences) whose decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office of the claims involved, and the Commissioner may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent and Trademark Office.

27. Several authorities have categorized recurrent issues as ancillary or nonancillary, and in the case of the former have attempted to synthesize the case law and to provide a rational predictor for characterization in future cases. *See* Gholz, *Jurisdiction of the Board of Patent*

that a given issue is or is not ancillary to priority or logically related to priority or to an issue which is ancillary to priority if the Court of Customs and Patent Appeals has said that it is and (2) that, for reasons developed hereinafter, that characterization of the issue makes a great deal of difference concerning what entity within the Patent and Trademark Office will initially decide the issue and what scope of review of the initial decision is obtainable.

Shortly after an interference has begun, the parties are given an opportunity to present various motions, including a motion to dissolve the interference on the ground that the invention that is the subject matter of the interference is unpatentable,²⁸ either to both or all parties or only to an opposing party. Unpatentability of the invention can be asserted on the basis of any ground that would be available to a defendant in an infringement action, including unpatentability over the prior art,²⁹ fraud on the Patent and Trademark Office,³⁰ or failure to teach how to make the invention.³¹

Interferences, in INTERFERENCE PRACTICE (2d ed. R. Sighrue ed. 1976); 2 C. REVISE & A. CAESAR, INTERFERENCE LAW AND PRACTICE § 251 (1943); Kreek, *Ancillary and Non-Ancillary Matters in Patent Interferences*, 36 J. PAT. OFF. SOC'Y 7 (1954). The concept of "logically related" was introduced into interference law in *Myers v. Feigelman*, 455 F.2d 596, 600, 172 U.S.P.Q. 580, 584 (C.C.P.A. 1972), thereby significantly expanding the previous law which had employed only the ancillary and nonancillary concepts.

28. Rules of Practice in Patent Cases, 37 C.F.R. § 1.231(a)(1) (1981). If one of the parties to the interference is a patentee, a motion to dissolve the interference formerly would not be considered on the ground that the patent claim corresponding to the count is "unpatentable to the patentee on a ground which is not ancillary to priority." *Id.* However, as a result of a recent revision to this rule, the Patent and Trademark Office now permits a motion to dissolve the interference on the ground that the subject matter is unpatentable to a patentee over the prior art if (1) the motion is based on the assertion that the patentee's claim corresponding to the count is unpatentable over patents or printed publications (note that other types of prior art will not be considered) and (2) the motion complies with a request for re-examination pursuant to § 1.510(b) of the regulation. *Id.*

Additionally, the Patent and Trademark Office will consider a motion that the identical claim is unpatentable to an applicant-interferent where the prior art is available against the applicant-interferent but not against the patentee-interferent. *Id.* Finally, an applicant-interferent also can attempt to obtain dissolution of an interference by "suggesting" (not "moving") that the interference be dissolved "at the request of the examiner" on the ground that the count is unpatentable to a patentee-interferent. *Id.* § 1.237.

29. When there is more than one count of different scope, a motion to dissolve on the ground of nonpatentability over the prior art may be addressed to a particular count, and it may be accompanied by or responded to by a motion to rewrite the allegedly defective count so that it will no longer be unpatentable over the prior art. *Id.* § 1.231(a)(1)-(2).

30. *See, e.g.,* *Langer v. Kaufman*, 465 F.2d 915, 920, 175 U.S.P.Q. 172, 175-76 (C.C.P.A. 1972) (fraud alleged to have been committed by a patentee-interferent); *Norton v. Curtiss*, 433 F.2d 779, 796-97, 167 U.S.P.Q. 532, 545-46 (C.C.P.A. 1970) (fraud alleged to have been committed by an applicant-interferent). In both *Langer* and *Norton*, the court found that the alleged fraud or misconduct was an issue ancillary to priority and thus within the jurisdiction of the Board of Patent Interferences and the Court of Customs and Patent Appeals.

31. *See Sze v. Bloch*, 458 F.2d 137, 141-42, 173 U.S.P.Q. 498, 501 (C.C.P.A. 1972) (notwithstanding previous, contrary ex parte determination). *See also* *Bennett v. Halahan*, 285 F.2d 807, 811, 128 U.S.P.Q. 398, 400 (C.C.P.A. 1961); *Field v. Knowles*, 183 F.2d 593, 600, 86 U.S.P.Q. 373, 378-79 (C.C.P.A. 1950).

Such motions are ordinarily decided by a primary examiner having jurisdiction over the subject matter involved (i.e., a primary examiner who examines for patentability inventions of the type involved in the interference).³² Decisions are made on the basis of the parties' written briefs, without oral argument.³³ Facts sought to be established by affidavits, declarations, or evidence outside of official records and printed publications normally are not considered.³⁴ The primary examiner's decision is set forth in an opinion that is usually quite terse, but that is normally adequate for an understanding of the examiner's rationale. The Patent and Trademark Office rules provide that "requests for reconsideration will not be entertained,"³⁵ and there is no appeal in the usual sense from the primary examiner's decision.³⁶ However, if the primary examiner's decision is on an issue that has been held to be ancillary to priority, that issue may be raised again at final hearing before the Board of Patent Interference³⁷ and on appeal from the board to the Court of Customs and Patent Appeals³⁸ or in a special form of quasi-de novo review of the board's decision in a federal district court having jurisdiction over the parties.³⁹ If the primary examiner's decision is on an issue that has been held not to be ancillary to priority, a limited review of the primary examiner's decision can be obtained on petition to the Chairman of the Board of Patent Interferences,⁴⁰ and a still more limited review of the Chairman's decision can be obtained under the Administrative Procedures Act.⁴¹

32. Rules of Practice in Patent Cases, 37 C.F.R. § 1.231(d) (1981). The Board of Patent Interference decides such motions if (1) they are based on a ground which is ancillary to priority and (2) either the respondent is a patentee or the ground has already been ruled on by the Board of Appeals or by a court in an ex parte proceeding. *Id.*

33. *Id.*

34. *Id.* § 1.231(a)(1). Facts sought to be established by affidavits, declarations, or evidence outside of official records and printed publications will be considered if a motion for such consideration is granted under § 1.243. Such motions commonly request that a public use proceeding under § 1.292 be instituted, that evidence be taken therein, and that such evidence be used as the basis for dissolving the interference.

35. Rules of Practice in Patent Cases, 37 C.F.R. § 1.231(d) (1981).

36. *Id.* § 1.244.

37. *Id.* § 1.258. Expedited, but extremely limited, review of the primary examiner's decision also may be obtained on petition to the Commissioner. *Id.* § 1.244. However, if the primary examiner's decision is one which is reviewable by the Board of Patent Interferences at final hearing, the Commissioner's immediate review is limited to determining "whether the decision complained of involves any manifest error or abuse of discretion." *Waddell v. Knowles*, 185 U.S.P.Q. 373, 374 (Comm'r Pat. 1969). When the Commissioner acts on such a petition, he in effect steps into the primary examiner's shoes, and his decision becomes reviewable by the Board of Patent Interferences at final hearing. *See Myers v. Feigelman*, 455 F.2d 596, 600, 172 U.S.P.Q. 580, 584 (C.C.P.A. 1972).

38. Patent, Trademark and Copyright Act, 35 U.S.C. § 141 (1976). *See generally Gholz, Patent and Trademark Jurisdiction of the Court of Customs and Patent Appeals*, 40 GEO. WASH. L. REV. 416, 420-27 (1972).

39. 35 U.S.C. § 146 (1976). For an explanation of how this quasi-de novo review actually works, see D. DUNNER, COURT REVIEW OF PATENT OFFICE DECISIONS § 8.03(b) (1975).

40. Rules of Practice in Patent Cases, 37 C.F.R. § 1.244 (1981). The rule provides that "the Commissioner may consider on petition any matter involving abuse of discretion or the exercise of his supervisory authority, or such other matters as he may deem proper to consider." *Id.* The

Unless the interference is dissolved at the motions stage on a ground that is not reviewable by the Board of Patent Interference at final hearing,⁴² the interference proceeding continues. If the interference was dissolved on a ground that is reviewable by the board at final hearing, the losing party may seek immediate review by the board of the primary examiner's decision. Whether the board reverses or sustains the examiner, the party who loses before the board can seek immediate court review of the board's decision.⁴³ If the interference is not dissolved, it proceeds to a discovery period⁴⁴ and then to trial.⁴⁵ Although the scope of discovery is considerably more limited than it is under the federal rules,⁴⁶ discovery is available and is an important tool

Commissioner, however, has delegated his authority in this regard to the chairman of the Board of Patent Interferences. *MANUAL OF PATENT EXAMINING PROCEDURE* § 1002.02(f)(1) (4th rev. ed. 1981). The reference to an "abuse of discretion" means that, in practice, an extraordinarily high presumption of correctness is given to the primary examiner's decision and that, to obtain reversal of the primary examiner's decision, the chairman of the Board of Patent Interferences must be persuaded that the primary examiner's decision not only was wrong but was outrageous. Needless to say, that burden is seldom met.

41. 5 U.S.C. § 704 (1976). The Administrative Procedures Act provides that, when no adequate remedy exists in a court to review a final agency action, or when an agency action is reviewable in this manner by statute, the action is subject to a limited form of judicial review. Thus, there is generally no judicial review under this statute until all administrative remedies are exhausted. *See, e.g., Godtfredsen v. Banner*, 503 F. Supp 642-46, 207 U.S.P.Q. 202, 206 (D.D.C. 1980). Further, "[a] preliminary, procedural, or intermediate agency action or ruling not directly reviewable is subject to review on the review of the final agency action." *Id.*

42. If the interference is dissolved at the motions stage on a ground which is not reviewable by the Board of Patent Interferences at final hearing, any party who opposed that motion can seek *ex parte* review of that decision. For example, if the interference was dissolved on the ground that the count is unpatentable over prior art available against the junior party but not available against the senior party, after dissolution of the interference the junior party's claim corresponding to the count is rejected over that prior art, and the junior party then has the opportunity to appeal that rejection to the Patent and Trademark Office Board of Appeals. If this appeal is unsuccessful, the junior party can either appeal the Board's decision to the Court of Custom and Patent Appeals under 35 U.S.C. § 141 (1976) or bring a special form of quasi-*de novo* reviewing action under 35 U.S.C. § 145 (1976). *See note 39 supra.*

43. *See text accompanying notes 37-39 supra.* A former chairman of the Board of Patent Interferences has expressed the view in a private conversation with the author that, although the Court of Customs and Patent Appeals has held that a decision by the Board of Patent Interferences refusing to dissolve an interference on the ground that there is no interference in fact is reviewable by the Court of Customs and Patent Appeals, *see Nitz v. Ehrenreich*, 537 F.2d 539, 543, 190 U.S.P.Q. 413, 416-17 (C.C.P.A. 1976), a decision by the board dissolving an interference on the ground that there is no interference in fact would not be reviewable by the court. The author believes this view to be erroneous.

44. Rules of Practice in Patent Cases, 37 C.F.R. § 1.287 (1981).

45. *Id.* §§ 1.251-.253, .271-.286. These sections pertain to the actual procedures for taking of testimony and discovery. It should be noted that the "trial" does not take place physically before the board; therefore, "demeanor evidence" plays no role.

46. For example, under § 1.287(c) of the rules the Board of Patent Interferences may grant additional discovery. It is clear, however, that this is not "a matter of right, but rather is discretionary with the board." *Cochran v. Kresack*, 530 F.2d 385, 396, 188 U.S.P.Q. 553, 561 (C.C.P.A. 1976). *See generally McKelvey, Discovery Before the Board of Patent Interferences*, 58 J. PAT. OFF. SOC'Y 186 (1976); *Purcell & Voight, The Scope of Discovery in Patent Interference Proceedings*, 62 J. PAT. OFF. SOC'Y 160 (1980); Note, *Discovery in Patent Interference Proceedings*, 89 HARV. L. REV. 573 (1976).

in many interferences. Finally, briefs are submitted,⁴⁷ and there is a final hearing before a panel of the Board of Patent Interferences.⁴⁸ The board then renders a written opinion, which is usually lengthy and carefully reasoned. Members of the panel other than the author of the principal opinion can concur in the opinion, concur in the result with or without opinion, or dissent with or without opinion.

In reaching their decision, the board strictly applies the rules of evidence.⁴⁹ Moreover, the testimony of the inventor, even when supported by his own contemporaneous documents, is ordinarily not sufficient to prove dates of invention: at least one other witness must corroborate all critical dates which the inventor attempts to establish.⁵⁰

After the board's decision, the losing party can seek review of that decision either by way of an appeal to the Court of Customs and Patent Appeals or by way of the previously mentioned quasi-de novo review proceeding under 35 U.S.C. § 146.⁵¹

APPLICATION OF THE DOCTRINE OF COLLATERAL ESTOPPEL TO DECISIONS OF THE BOARD OF PATENT INTERFERENCES

If the winner of an interference or his assignee subsequently sues the loser or his assignee for infringement of the winner's patent, the loser or his assignee can present a number of defenses, one of which is that the patent is invalid.⁵² Though a finding of invalidity can rest upon various grounds, the issue of collateral estoppel arises when the defendant argues that the patent is invalid because the loser of the interference was, in fact, the first inventor and/or when the defendant argues that the patent is invalid on a ground on which the defendant, or his assignor, sought unsuccessfully to dissolve the interference.⁵³ Of course, collateral estoppel does not prohibit the defen-

47. Rules of Practice in Patent Cases, 37 C.F.R. § 1.254 (1981).

48. *Id.* § 1.256.

49. *Id.* § 1.286. The question of whether the "rules of evidence" referred to in § 1.286 of the rules are the same as or, if different, how different from, the Federal Rules of Evidence continues to intrigue the patent bar. See, e.g., United States Dep't of Energy v. White, 653 F.2d 479, 490, 210 U.S.P.Q. 425, 428-29 (C.C.P.A. 1981) (criticized in C. Gholz, *Interferences in U.S.C.C.P.A. CURRENT AWARENESS* (Patent Resource Group, Inc. 1982)).

50. See, e.g., Kahl v. Scoville, 609 F.2d 991, 203 U.S.P.Q. 652 (C.C.P.A. 1979); Randolph v. Shoberg, 590 F.2d 923, 200 U.S.P.Q. 647 (C.C.P.A. 1979). In recent years, however, the requirement for corroboration has been determined by a "rule of reason" approach. See, e.g., Breuer v. DeMarinis, 558 F.2d 22, 29, 194 U.S.P.Q. 571, 575 (C.C.P.A. 1977) (rule of reason approach is required to determine the amount and type of evidence necessary to establish corroboration); Mikus v. Wachtel, 542 F.2d 1157, 1159, 191 U.S.P.Q. 571, 575 (C.C.P.A. 1976) (a rule of reason approach is required to establish independent corroboration of reduction to practice).

51. See notes 37-42 and accompanying text *supra*.

52. 35 U.S.C. § 282 (1976). See generally R. WHITE, *PATENT LITIGATION: PROCEDURE & TACTICS* § 6.03 (1980).

53. It should be recognized that these situations involve the offensive use of collateral estoppel. That is, a plaintiff-patentee (or a defendant-patentee in a declaratory judgment action) is seeking to estop a defendant-alleged infringer (or a plaintiff-alleged infringer in a declaratory judgment action) from relitigating one or more issues which the second party previously litigated

dant from arguing that the patent is invalid upon grounds not considered in the interference, apparently even if such grounds could have been considered in the interference.⁵⁴

Most of the requirements for the application of the doctrine of collateral estoppel to decisions of the Board of Patent Interferences are clearly present in subsequent infringement litigation. It is ordinarily clear that the same parties or their successors in interest or privies are involved in the second proceeding.⁵⁵ By hypothesis, the same issue is present, whether that issue is priority of invention or unpatentability of a claim in issue in the infringement litigation on a ground unsuccessfully advanced in the interference proceeding. Further, decisions of the Board of Patent Interferences with respect to date priority and ancillary matters and decisions by primary examiners or by the Chairman of the Board of Patent Interferences on petition from primary examiners' decisions on motions with respect to non-ancillary matters are both final decisions on the merits.⁵⁶ These facts alone,

and lost in the interference. The Supreme Court, however, has determined that the offensive use of collateral estoppel is not per se improper. *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 331 (1979). See generally Callan & Kadue, *To Bury Mutuality, Not to Praise It: An Analysis of Collateral Estoppel After Parklane Hosiery Co. v. Shore*, 31 *HAST. L.J.* 755 (1980).

54. See, e.g., *Swift v. Jenks*, 19 F. 641, 642 (C.C.N.D.N.Y. 1884) (the Patent Office's adverse decision regarding priority of invention did not estop defendant's defense that the patent was void for want of novelty); *Peck, Stow & Wilcox Co. v. Lindsay, Sterritt & Co.*, 2 F. 688, 690 (C.C.W.D. Pa. 1880) (the defense that the invention was unpatentable for want of novelty was not estopped by earlier decision determining the question of priority). In *Swift*, the issue of unpatentability over the prior art apparently *could* have been raised during the interference. *But see* text accompanying note 133 *infra*.

55. See *Crone v. John J. Gibson Co.*, 237 F. 637, 642 (W.D. N.Y. 1915) (decree of priority of invention in interference proceeding cannot be used in a subsequent infringement action against a party not in privity with parties to the interference); *McCaslin v. Link Belt Mach. Co.*, 139 F. 393, 395 (C.C.S.D.N.Y. 1905) (decree was not binding upon the defendants because they were not parties to the interference suit); *Westinghouse Elec. & Mfg. Co. v. Roberts*, 125 F. 6, 9 (C.C.E.D. Pa. 1903) (controversy was not between parties with whom defendants were in privity and therefore they were not affected by its outcome); *Western Elec. Co. v. Williams-Abbot Elec. Co.*, 83 F. 842, 843 (C.C.N.D. Ohio 1897) (respondents or their privies did not participate in the interference suit and therefore the results of that suit are not binding upon them); *Edward Barr Co. v. New York & New Haven Automatic Sprinkler Co.*, 32 F. 79, 80-81 (C.C.S.D.N.Y. 1887) (although a successful interference is grounds for presuming the validity of a patent, the presumption arises only against parties of the interference or their privies); *Shuter v. Davis*, 16 F. 564, 565 (C.C.S.D.N.Y. 1883) (because the question of priority was determined in the interference suit and defendants were a party to that suit, the issue is *res judicata*).

56. 35 U.S.C. § 135 (1976). The statute provides:

The question of priority . . . if adverse to claim of applicant, shall constitute the final refusal by the Patent Office of the claims involved A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved from the patent

Id. The MANUAL OF PATENT EXAMINING PROCEDURE §§ 1002.02, 1002.02(f) (4th rev. ed. 1981), provides that decisions of the Chairman of the Board of Patent Interferences (acting as the delegatee of the Commissioner) on petitions from decisions of primary examiners are final. Presumably, the decisions of a primary examiner on a motion with respect to a nonancillary matter also would be treated as a final decision on the merits, since a petition to the Chairman of the Board of Patent Interferences is often a useless formality in such situations.

however, are not enough to ensure that the Patent and Trademark Office decisions will be given collateral estoppel effect. The procedures leading to those decisions must be carefully examined to determine whether they contain the necessary due process protections to warrant application of the doctrine.⁵⁷

It would seem that the Supreme Court's criteria set forth in *United States v. Utah Construction & Mining Co.*⁵⁸ are clearly satisfied for both types of issues decided during interferences. Both the board (with respect to priority and issues ancillary to priority or logically related to priority or issues ancillary to priority) and the primary examiner (with respect to issues not ancillary or logically related to priority) act in a judicial capacity⁵⁹ to resolve disputed issues of fact that are clearly "properly before them." Further, whether the decision was by the board or by a primary examiner, the parties have had a substantial opportunity to litigate the issues before a neutral factfinder and to seek court review of adverse determinations—although of course the opportunity is much more extensive in the case of issues determined by the board than it is in the case of issues determined by the primary examiner. In the case of decisions by the Board of Patent Interferences, the procedural safeguards include significant discovery rights, rules of evidence based upon the specialized facts involved, oral argument before a board composed of individuals with technical expertise infrequently possessed by judges, and a reasoned judgment subject to full court review.⁶⁰ In the case of decisions by the primary examiner that are not subject to board review, the procedural safeguards include the possibility of full scale evidentiary hearings when the issues raised go beyond published references,⁶¹ strict application of the rules of evidence,⁶² determination of the issues by an individual who is not only technically trained, but who specializes in the particular art involved, and a reasoned judgment subject to at least limited court review.⁶³

57. See notes 9-11 and accompanying text *supra*.

58. 384 U.S. 394 (1966). See notes 13-19 and accompanying text *supra*.

59. See *Butterworth v. United States ex rel. Hoe*, 112 U.S. 50 (1884). The *Butterworth* Court stated:

The investigation of every claim presented involves the adjudication of disputed questions of fact, upon scientific or legal principles, and is, therefore, essentially judicial in its character, and requires the intelligent judgment of a trained body of skilled officials, expert in the various branches of science and art, learned in the history of invention, and proceeding by fixed rules to systematic conclusions.

Id. at 59. *Accord*, *United States v. Duell*, 172 U.S. 576, 586 (1899) (citation to the *Butterworth* quote).

60. See generally P. ROSENBERG, *PATENT LAW FUNDAMENTALS* §§ 10.02[5]-[12] (2d ed. 1980).

61. Rules of Practice in Patent Cases, 37 C.F.R. § 1.292(a) (1981).

62. *Id.* This section states that testimony shall be taken as stipulated in § 1.286 of the regulations. Section 1.286 provides: "objection may be made to receiving in evidence any deposition or part thereof, or any other evidence, for any reason which would require the exclusion of the evidence according to the established rules of evidence . . ."

63. The following passage from *Greenwood v. Dover*, 194 F. 91 (1st Cir. 1911), sounds startlingly relevant, although in fact it involves a very different concept:

It is to be regretted that Congress has not provided that decisions like that in the Court of Appeals in *Greenwood v. Dover* should be conclusive, in the same way in

With procedural due process so adequately provided and with the unquestionable increase in judicial efficiency that would flow from application of the doctrine of collateral estoppel to administrative decisions in patent interferences, one wonders why judges have been reluctant to accord preclusive effect to such decisions. Yet, many judges have been unwilling to give binding effect to administrative interference decisions. Other judges, however, have not, thus giving rise to two conflicting lines of authority.

Early Opinions Giving Collateral Estoppel Effect to Interference Decisions

As early as 1880, some cases applied a strict doctrine of collateral estoppel to decisions in patent interferences, albeit somewhat uncritically.⁶⁴ For example, in *Greenwood v. Bracher*,⁶⁵ which was decided on an application for a preliminary injunction,⁶⁶ the court stated "[t]he decree of the patent office on [the question of priority determined in] the interference doubtless concludes the defendant, as he has not thought proper to appeal from the same, after submitting himself to the jurisdiction. This was not seriously controverted by his counsel"⁶⁷

which any decisions of the superior courts of federal or state jurisdiction are ordinarily held to be effectual. While the proceedings in the Patent Office out of which this decision arose were not strictly in accordance with the practice either at law or in equity in the jurisdictions where the common law prevails, yet they have all the elements of the fundamental principles of the "law of the land," and might well have been pronounced by Congress to end the litigation The entire proceeding contains the great elements required by the "law of the land," namely, opportunity for both parties to be heard, and finally a decision by a court of high authority, endowed with all the machinery of superior courts of judicature.

Id. at 94. Under the law then in effect, an interferant who lost an appeal to the Court of Appeals of the District of Columbia could seek further review by way of a bill in equity brought in an appropriate *district* court against the prevailing party in the court of appeals.

The Patent Office the *Greenwood* court referred to is now named the Patent and Trademark Office. Act of January 2, 1975, Pub. L. No. 93-596, § 1, 88 Stat. 1949 (codified as amended 35 U.S.C. § 1 (1976)).

64. It should be noted that the early cases were decided at a time when the procedural safeguards given patent interferants were far less than they are now. For instance, discovery has only been available in patent interferences since 1971. 36 Fed. Reg. 8733 (May 12, 1971), as amended at 43 Fed. Reg. 28479 (June 30, 1978) (codified at Rules of Practice in Patent Cases, 37 C.F.R. § 1.287).

65. 1 F. 856 (C.C.D.N.J. 1880).

66. Although the court in *Greenwood* did not indicate that this fact was important to its decisions, subsequent opinions have emphasized this point. See notes 70-71 and accompanying text *infra*.

67. 1 F. at 857-58. The first decision to follow *Greenwood*, Peck, Stow & Wilcox Co. v. Lindsay, Sterritt & Co., 2 F. 688 (C.C.W.D. Pa. 1880) stated:

The complainant's counsel contends that the defendants, who are the vendees of . . . [the assignee of the party who lost the interference], are privies to the interference and bound by the adjudication, and cites in support of this position the decision of Judge Nixon, in *Hanford v. Westcott* To this proposition I assent so far as the question of priority of invention is concerned.

Id. at 690. In *Hanford v. Westcott*, 11 F. Cas. 429 (C.C.D.N.J. 1879) (No. 6,022), the court gave collateral estoppel effect to a trademark interference decision in a subsequent trademark

Following *Greenwood*, two deviations from this strict application of the collateral estoppel doctrine quickly emerged. First, one court in giving collateral estoppel effect to a Patent Office decision stated that "[t]here is nothing more now presented on that subject than was before the patent-office."⁶⁸ This suggests that, if the defendant had presented additional evidence during the infringement hearing on the question decided during the interference, the court might not have given the Patent Office's interference decision collateral estoppel effect. This opinion, and others of a similar tenor, undercut the doctrine's rationale by allowing defendants two opportunities to litigate an issue if they could vary their evidence.⁶⁹ Starting with *Smith v. Halkyard*,⁷⁰ some courts also added an additional limitation to the *Greenwood* court's flat assertion that an interference decision "doubtless[ly] concludes" a relitigation of the same issue in the infringement suit. Those courts suggested, and sometimes held, that an interference decision would be given collateral estoppel effect only at a preliminary injunction hearing.⁷¹

Despite these aberrations, subsequent decisions suggested that the newly emerging collateral estoppel doctrine applied regardless of whether the pre-

infringement suit. The *Hanford* court did more than summarily develop a collateral estoppel rule. The court reasoned that, if Congress gives a commission authority to decide an issue, the commission's decision bars relitigation in the courts. *Id.* at 430. Because the tribunals in the Patent and Trademark Office employ similar procedures, citation to the *Hanford* decision is appropriate. *But see* note 20 *supra*.

The limitation implicit in the *Peck* court's language is that the defendants were not precluded from defending on the ground that the patent was invalid over prior art which the Patent Office had not considered. *See* note 54 *supra*. This opinion was also on an application for an injunction. 2 F. 688 (C.C.W.D. Pa. 1880). Although it is not clear from the opinion itself whether the injunction sought was a preliminary or final injunction, subsequent opinions have assumed that it was an application for a preliminary injunction.

68. *Holliday v. Pickhardt*, 12 F. 147, 148 (C.C.S.D.N.Y. 1882). This case also was on an application for a preliminary injunction. The court stated:

This very point . . . , as to whether Holliday's description would make his product, was decided in his favor by the patent-office, on a direct issue as to it between him and Caro, whom the defendants represent. There is nothing more now presented on that subject than was before the patent-office The patent-office also decided that Caro's product and Holliday's product were identical. It does not appear that . . . [the allegedly infringing compound] is not the same thing which was before the patent-office as Caro's product. The patent-office also decided the question of priority of invention in favor of Holliday. Under such circumstances the plaintiffs are entitled to an injunction.

Id. at 148. The *Holliday* opinion is particularly interesting for its indication that the patent office's declaration of the interference can collaterally estop a defendant from denying infringement. *Id.* Such a holding would only appear proper where, as in this case, there is a question concerning the identity of products, such as some chemical compounds, obtainable by more than one process, and that question has been litigated in the interference action.

69. *See* note 3 and accompanying text *supra*.

70. 16 F. 414 (C.C.D.R.I. 1883).

71. *Id.* at 415. The court stated that "[t]he decision of the patent-office upon an interference proceeding is sufficient to entitle the successful party, as against the defeated party or his privies, to a preliminary injunction upon the question of priority of invention raised in the subsequent suit." *Id.*

cluded party sought to offer additional evidence and that it applied in proceedings other than preliminary injunction hearings.⁷² For example, *Swift v. Jenks*,⁷³ although it also considered an application for a preliminary injunction, contained nothing in the opinion to indicate that the judge thought that the principles he was enunciating were limited to the preliminary stages of the litigation. The court stated:

An interference was declared, and, after a thorough investigation, the examiner and commissioner concurred in deciding that the complainant was the prior inventor. But the proceedings in the patent office determined more. Upon the defendant's motion to dissolve the interference the commissioner was required to pass upon the question whether or not the subject-matter was patentable. Various references, which, as was urged by the defendants, anticipated the complainant's invention, were presented, and although the examiners in chief and the commissioner were not in accord upon this question it cannot be denied that the issuing of the patent was, to the extent that the question was there investigated, a decision in favor of the complainant. The proceedings in the patent office having, as between these parties, determined,—First, that the complainant was the prior inventor, and, second, that the subject-matter of the patent was not void for want of novelty,⁷⁴ the complainant would be entitled, if there were not other considerations, to the [preliminary] injunction prayed for, there being no dispute as to the infringement.⁷⁵

72. See *Shuter v. Davis*, 16 F. 564, 565 (C.C.S.D.N.Y. 1883). The court stated that "it also appears that the defendants were parties in interest to the interference proceedings before the patent-office between the complainants and Mark Davis The question of priority having been determined in favor of the complainants in that proceeding, it is *res adjudicata* [sic] as between the parties to it." *Id.*

73. 19 F. 641 (C.C.N.D.N.Y. 1884).

74. Contrast *Dickerson v. De La Vergne Refrigerating Mach. Co.*, 35 F. 143 (C.C.S.D.N.Y. 1888), which held that a denial of a motion to dissolve on the ground of unpatentability is not entitled to collateral estoppel effect where the party opposing the motion was a patentee because the Patent Office had no statutory authority to recall the patent even if it found the subject matter of the count to be unpatentable. In *Swift*, the Patent Office had statutory authority to refuse to issue a patent to Swift (the party opposing the motion to dissolve) if it had found the subject matter of the count to be unpatentable because Swift was then an applicant, not a patentee. The distinction is probably well taken. Perhaps the *Dickerson* problem may still be presented in the future by inducing the examiner to dissolve an interference involving a patent "sua sponte" under the Rules of Practice in Patent Cases, 37 C.F.R. § 1.237 (1981), on the ground that the count is unpatentable to the patentee on a ground which can not be the subject of a request for re-examination.

75. 19 F. at 642. The "other considerations" the *Swift* court referred to was a basis for asserting the invalidity that had not been before the Patent Office, and the court denied the preliminary injunction on that basis. Compare *Swift with Computing Scale Co. v. Standard Computing Scale Co.*, 195 F. 508 (6th Cir. 1912) (discussed in note 127 *infra*) and *Turner Brass Works v. Appliance Mfg. Co.*, 164 F. 195 (C.C.N.D. Ill. 1908) (collateral estoppel effect of interference decision denied on motion for preliminary injunction), 203 F. 1001 (C.C.N.D. Ill. 1909) (injunction granted after trial). The court's statement in *Turner Brass Works* that "the only question raised in interference proceedings is that of priority," 164 F. at 196, is manifestly incorrect.

The next case is not really "in this series," but the fact that it and others like it are not "in this series" has, unfortunately, not always been appreciated. *Hubel v. Tucker*⁷⁶ was a patent-patent interference,⁷⁷ which was the only mechanism of review open at that time to a patentee who had lost an interference in the Patent Office.⁷⁸ The patentee-interferant who had won in the Patent Office argued that "the decision of the patent office in favor of one of the parties is res judicata upon the question of priority of invention between them, and a bar to further litigation in this court."⁷⁹ Judge Wallace quite properly rejected this argument, noting that "[t]he provisions of . . . [R.S. 4915] denote incontestably that the decision of the commissioner is not to be conclusive if the defeated party chose to contest his decision by a direct attack upon the interfering patent in a court of equity."⁸⁰ However, while rejecting the argument of res judicata in what was in effect an appeal, Judge Wallace recognized that the application of that decision in other circumstances might well be called for: "It may very well be held that where the defeated party does not adopt the statutory mode of contesting the decision of the patent-office upon the question of priority of invention, the decision should be held conclusive."⁸¹

In *Minneapolis Harvester Works v. McCormick Harvesting-Machine Co.*,⁸² the court held that since the losing party in an interference decision had filed a bill in equity to review the decision and that review was still pending, the court would not give an interference decision collateral estoppel effect in the infringement action. The court reasoned that, unless the decision in the interference is "fortified by judicial decree or judgment or acquiescence" collateral estoppel will not apply.⁸³ Acquiescence was negated in that case by the bill in equity the losing party had filed.

76. 24 F. 701 (C.C.S.D.N.Y. 1885).

77. See note 25 *supra*.

78. See Patents Trademarks and Copyrights, ch. 1 § 4911, 18 Stat. 950 (1878). See also note 90 *infra*. This peculiar procedure was changed by Act of Feb. 9, 1893, ch. 74, § 9, 27 Stat. 434, 436 (1893), which provided that "any party aggrieved by a decision of the Commissioner of Patents in an interference case may appeal therefrom to . . . [the Court of Appeals for the District of Columbia]." See *Victor Talking Mach. Co. v. Brunswick-Balke-Collender Co.*, 290 F. 565, 568 (D. Del. 1923) (the 1893 act "confers the right of appeal in interference cases in the most general terms."), *aff'd*, 8 F.2d 41 (3d Cir. 1925), *aff'd*, 273 U.S. 670 (1925).

79. 24 F. at 702.

80. *Id.* (citing *Wire Book Sewing Mach. Co. v. Stevenson*, 11 F. 155 (C.C.E.D. Pa. 1882) and *Peck v. Collins*, 70 N.Y. 376 (1877)). Cf. *Laas v. Scott*, 145 F. 195 (C.C.E.D. Wisc. 1906), *aff'd*, 150 F. 764 (7th Cir. 1907), *remanded*, 161 F. 122 (C.C.E.D. Wisc. 1908).

81. 24 F. at 702. *But cf.* *American Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 9 (5th Cir. 1974) (de novo review statutes indicate that Patent and Trademark Office trademark determinations should be given no collateral estoppel effect).

82. 28 F. 565 (C.C.D. Minn. 1886).

83. *Id.* at 566 (emphasis added). Professor Davis, however, has stated: "Only a final decision can be res judicata The orthodox view in the judicial system, however, is that a decision may be final even though it is subject to appeal." DAVIS, *supra* note 3, § 18.06. Similarly, RESTATEMENT OF JUDGMENTS § 41d (1942), provides: "A judgment may be final for the purposes of the rules of res judicata although the time has not expired for the taking of proceedings, either

The last opinion of this era, *Lyon v. Donaldson*,⁸⁴ followed *Greenwood* and applied a strict doctrine of collateral estoppel to the question of priority in an unappealed interference decision.⁸⁵ The *Lyon* opinion was after trial, and there is no suggestion that the prior decision was conclusive only at the preliminary injunction stage.

*Early Opinions Refusing to Give Collateral Estoppel Effect to
Interference Decisions*

The early opinions refusing to give collateral estoppel effect to interference decisions are even more venerable than those that do, and are equally devoid of analysis. The earliest of these opinions, *Pentlarge v. Beeston*,⁸⁶ was an infringement action filed after the defendant had lost an interference. The primary issue in both the interference and the subsequent infringement action was inventorship.⁸⁷ Although that issue was resolved in the interference proceeding, the court refused to find the defendant to be collaterally estopped by the adverse decision in the interference. While the court granted the plaintiff-patentee's motion for a preliminary injunction, it held that the plaintiff's prior victory in the interference case only "cast upon the defendant the burden of showing the determination to have been manifestly wrong."⁸⁸

In so holding, the *Pentlarge* court relied on *Union Paper-Bag Machine Co. v. Crane*,⁸⁹ a case that did not even involve an infringement action. It was a patent-patent interference instituted by the assignee of a patentee, who had lost a patentee-applicant interference, to obtain court review of the Patent Office's decision.⁹⁰ In properly rejecting the contention of the assignee of the winning interferant that the Patent Office's decision was final, thus not subject to review in the patent-patent interference, Judge Lowell reasoned:

in the Trial Court or in an appellate court, to set aside the judgment." *But see In re Baxter*, 656 F.2d 679, 685 n.16, 210 U.S.P.Q. 795, 801 n.16 (C.C.P.A. 1981) (court rejects the established rule in what can only be described as obiter dictum) (decision criticized with respect to this point in C. GHOLZ, *Interferences in U.S.C.C.P.A. CURRENT AWARENESS* (Patent Resource Group, Inc. 1982)); MOORE, *supra* note 2, ¶ 0.409[1] (2d ed. 1976) (because modern courts freely grant leave to appeal the Restatement rule is unneeded and unsound).

84. 34 F. 789, 791 (C.C.N.D. Ill. 1888).

85. *Id.* at 791. Citing *Greenwood* as support, the court concluded that, when the Patent Office determined priority in an interference, failure to appeal rendered the decision conclusive on questions of priority of invention. *Id.* See also *Grove v. John J. Gibson Co.*, 237 F. 637, 640 (W.D.N.Y. 1915) (dictum).

86. 19 F. Cas. 207 (E.D.N.Y. 1877) (No. 10,963).

87. *Id.* at 208.

88. *Id.* Accord, *Reed v. Cropp Concrete Mach. Co.*, 239 F. 869, 872 (7th Cir. 1916) (resolution of priority question in an application-application interference may be overturned by convincing and satisfactory evidence), *cert. denied*, 243 U.S. 649 (1917); *Gloucester Isinglass & Glue Co. v. Brooks*, 19 F. 426, 427 (C.C.D. Mass. 1884) (decisions of Commissioner of Patents on priority are not final but are entitled to great weight on questions of priority).

89. 24 F. Cas. 657 (C.C.D. Mass. 1874) (No. 14,388).

90. *Id.* at 657. Under the Act of July 8, 1870, ch. 230, §§ 48, 58, 16 Stat. 198, 205, 207 (codified at R.S. §§ 4911, 4918, 18 Stat. 945, 950, 951 (1878)) (current version at 35 U.S.C. § 141 (1976)), the only means of review available to a patentee who had lost a patentee-applicant interference was by a patent-patent interference following the issuance of the interfering patent.

The decision of the patent office is never final upon the question of the novelty or priority of an invention. The rule may have been adopted at first from a consideration of the ex parte character of the proceedings at Washington, but it has never been confined, as is now maintained by the complainant, to cases in which no contest was had; and it is obvious that it cannot be so limited, because if one party to an interference is concluded as against the other party, the result may be that a patent is valid as against him which is void as against all the rest of the world. If for instance, Crowell's invention was in fact earlier than that patented to the complainant, the later patent is conceded to be void as against every one who had no hearing before the patent office, while the defendants' patent would be void as against the complainant, and all persons claiming under it; so that the only person who could not practise [*sic*] the invention would be he who made it, and his assigns.⁹¹

But Judge Lowell's argument obviously proved too much, for it would be equally applicable if the prior decision had been in an infringement action between the same two parties involved in the subsequent litigation.⁹² That is, the *Union Paper-Bag* opinion effectively rejected the doctrine of collateral estoppel altogether, which is clearly an untenable position. Moreover, the *Union Paper-Bag* opinion was delivered in a case which was not a "second action . . . upon a different cause of action."⁹³ Nevertheless, the *Union Paper-Bag* opinion has given rise to a long line of opinions, constituting the majority view, that rejects the doctrine of collateral estoppel in the limited situation here under consideration.

Some courts failed to distinguish between a patent-patent interference, which was a defeated patentee-interferant's only opportunity to obtain judicial review of the interference under the law then obtaining, and a patent infringement action, which was not an action to review the decision in the interference. After *Pentlarge*, the second opinion actually refusing to apply collateral estoppel effect in the latter situation was *Wire Book Sewing Machine Co. v. Stevenson*.⁹⁴ *Wire Book* is a very brief opinion in a case which was both an infringement action and a patent-patent interference. Since the *Wire Book* opinion states that Stevenson had lost an interference in the Patent Office, and since he nevertheless owned a patent on the invention in question, it is deducible (although the opinion does not so state) that the

91. 24 F. Cas. at 657-58. See *Victor Talking Mach. Co. v. Brunswick-Balke-Collender Co.*, 290 F. 565 (D. Del. 1923), *aff'd*, 8 F. 41 (3d Cir. 1925), *aff'd per curiam*, 273 U.S. 670 (1927).

92. Professor Davis posited that "[o]ften the need for equal treatment of parties in the same position makes undesirable the application of res judicata when the same issues recur between the same parties," and concludes that "[t]he crucial factor is whether the particular issue is a continuing or recurring one." DAVIS, *supra* note 3, § 18.03, at 564, 566. Validity of a patent, both over the prior art and in light of the question of inventorship, is clearly such an issue in the sense that third parties, not involved in the interference, can raise either issue in a subsequent infringement action, notwithstanding that the loser in the interference lost on the identical issue. See *Blonder-Tongue Laboratories, Inc. v. University of Ill. Found.*, 402 U.S. 313, 329 (1971). That would not, however, seem to be sufficient reason to allow the same party (i.e., the defeated interferant or his privy) to relitigate the same issue.

93. See *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n.5 (1979). See also note 2 *supra*.

94. 11 F. 155 (C.C.E.D. Pa. 1882).

Patent Office interference had been between the plaintiff's assignor as an applicant and the defendant as a patentee.⁹⁵ Under the circumstances, the patent-patent interference aspect of the case was in effect an appeal from the Patent Office's adverse decision,⁹⁶ and the court was amply justified in saying that "this decision [i.e., the decision of the Patent Office in the interference] is not conclusive here."⁹⁷

If the *Wire Book* court had held that the Patent Office's decision was conclusive, there could have been no court review of the Patent Office's decision when it was adverse to a patentee-interferant, and, as pointed out in *Hubel v. Tucker*,⁹⁸ that clearly was not the legislative intent. However, an enormous distinction exists between cases such as *Wire Book*, where the court action was in effect an appeal from the Patent Office's decision and the defeated patentee-interferant's only opportunity to obtain court review of that decision,⁹⁹ and *Greenwood v. Bracher*,¹⁰⁰ where the defeated interferant voluntarily did not seek available court review, thus "acquiescing" in the Patent Office's decision.¹⁰¹ Unfortunately, this distinction has not always been appreciated in subsequent decisions.

Not only have the courts in this series of cases misapplied the early opinions giving collateral estoppel effect to interference decisions, but they also have misconstrued the governing statute. One such case, which also provides an interesting variation on the theme, is *Gloucester Isinglass & Glue Co. v. Brooks*.¹⁰² This case was a straight infringement action brought by the loser of an application-patent interference on a reissue of the patent which had been in interference. According to the court:

The interference was contested by the parties, the decision of the patent office was in favor of Stanwood [defendants' assignor]. The defendants

95. *Id.*

96. See note 90 and accompanying text *supra*. The patent-patent interference was not a second action upon a different cause of action but was, essentially, a continuing appellate court proceeding on the same cause of action. See generally DAVIS, *supra* note 3, § 18.01.

97. 11 F. at 155.

98. 24 F. 701, 702 (C.C.S.D.N.Y. 1885). See notes 76-81 *supra*.

99. See also *Union Paper-Bag Mach. v. Crane*, 24 F. Cas. 657 (C.C.D. Mass. 1874) (No. 14,388) (discussed in notes 89-93 and accompanying text *supra*).

100. 1 F. 856 (C.C.D. N.J. 1880). See notes 65-67 and accompanying text *supra*.

101. *Id.* at 857-58. See *Minneapolis Harvester Works v. McCormick Harvesting Mach. Co.*, 28 F. 565 (C.C.D. Minn. 1886). The court concluded that each case in which an injunction was granted was based on "the ground of acquiescence in the decision of the patent-office." *Id.* at 566. See notes 82-83 and accompanying text *supra*. See also *Stonemetz Printers' Mach. Co. v. Brown Folding Mach. Co.*, 57 F. 601 (C.C.W.D. Pa.), *aff'd*, 58 F. 571 (3d Cir. 1893); *Kirk v. Du Bois*, 33 F. 252 (C.C.W.D. Pa. 1887), *aff'd mem.*, 158 U.S. 58 (1895). In *Stonemetz*, the losing party in an application-application interference disclaimed the subject matter of the interference, but later defended against an infringement on the ground that his assignor was the prior inventor. According to the court, the defendant's disclaimer, "although not an estoppel . . . bears strongly against him in the present contest." 57 F. at 604. The Court of Appeals for the Third Circuit agreed, holding that the defendant's disclaimer undercut his defense in the infringement action. 58 F. at 572. In *Kirk*, the interferant was adjudged to have acquiesced in the decision of the examiner pursuant to a statement filed with the patent office stating that he had "built no dam similar to that shown in his pending case." 33 F. at 254.

102. 19 F. 426 (C.C.D. Mass. 1884).

rely in their answer upon this decision as a final adjudication settling the question of priority in favor of the Stanwood patent. But it is well settled that the decisions of the commissioner of patents though entitled to great weight on questions of priority, are not final, even between those who have been fully heard in the interference.¹⁰³

The *Brooks* court cited *Union Paper-Bag* and *Whipple v. Miner*¹⁰⁴ as support for their statement. However, both the previously discussed *Union Paper-Bag* case and *Whipple* were actions seeking review of adverse interference decisions, and they accordingly were no authority for the court's decision.

The next opinion in this series, *Celluloid Manufacturing Co. v. Chrolithian Collar & Cuff Co.*,¹⁰⁵ contains both types of erroneous analyses. The court initially indicated that it might apply collateral estoppel,¹⁰⁶ but in interpreting the earlier cases the court eventually held that:

[t]he decision upon an interference is not conclusive in suits upon the patent granted in pursuance of it. Rev. St. § 4914. But it is sufficient adjudication upon the patentability of the invention, and the right of the successful party to a patent for it, to lay the foundation for a preliminary injunction against the losing parties and privies to prevent infringement of the patent; and neither alleged anticipation of the invention by others known to them while they were seeking to obtain a patent for it themselves, nor their own alleged prior invention, will avail them to prevent the injunction, without being made clearly to appear.¹⁰⁷

Thus, according to this interpretation of the earlier cases, the victorious party in the interference gained only a prima facie right to a preliminary injunction—that is, the opinion indicates that a winning interferant is entitled to a preliminary injunction unless it is “made clearly to appear” that his erstwhile vanquished opponent was, in fact, the prior inventor notwithstanding the contrary decision in the interference proceeding.¹⁰⁸ However, the earlier cases which the court relied on actually held that the prior interference decision would be given collateral estoppel effect—although it is true that they all did involve applications for preliminary injunctions.¹⁰⁹ In addition, the court overlooked the unqualified language of earlier opinions such as *Greenwood v. Bracher*¹¹⁰ and *Swift v. Jenks*,¹¹¹ which did not indi-

103. *Id.* at 427.

104. 15 F. 117 (C.C.D. Mass. 1883).

105. 24 F. 275 (C.C.S.D.N.Y. 1885).

106. The court in *Celluloid* acknowledged that the defendants had had an adequate forum in the interference proceeding and “are bound by the judgment to the same extent as parties to the record.” *Id.* at 275.

107. *Id.*

108. *Id.*

109. See *Swift v. Jenks*, 19 F. 641, 643 (C.C.N.D.N.Y. 1884) (collateral estoppel should be applied absent great injury to the losing party without corresponding benefit to the winning party); *Shuter v. Davis*, 16 F. 564 (C.C.S.D.N.Y. 1883) (priority question already determined by Patent Office is res judicata as to same parties); *Greenwood v. Bracher*, 1 F. 856 (C.C.D.N.J. 1880) (interference decision of Patent Office is final absent bad faith in procuring patent).

110. See notes 65-67 and accompanying text *supra*.

111. See notes 73-75 and accompanying text *supra*.

cate that the doctrine of collateral estoppel was limited to situations involving applications for preliminary injunctions.

More importantly, however, the *Celluloid* court misinterpreted R.S. 4914¹¹² which empowered the Supreme Court of the District of Columbia to hear and determine ex parte appeals from decisions refusing to allow patent applications. That statute provided:

The . . . [Supreme Court of the District of Columbia], on petition, shall hear and determine such appeal, and revise the decision appealed from in a summary way, on the evidence produced before the Commissioner After hearing the case the court shall return to the Commissioner a certificate of its proceedings and decision, which shall be entered of record in the Patent-Office, and shall govern the further proceedings in the case. But no opinion or decision of the court in any such case shall preclude any person interested from the right to contest the validity of such patent in any court wherein the same may be called in question.¹¹³

Read by itself, R.S. 4914 does appear to support the *Celluloid* court's position. However, the "such appeal" referred to at the beginning of R.S. 4914 was an ex parte appeal from a decision refusing to allow a patent application, whereas R.S. 4911 provides that "[i]f such party, *except a party to an interference*, is dissatisfied with the decision of the Commissioner, he may appeal to the Supreme Court of the District of Columbia, sitting en banc."¹¹⁴ Thus, the portion of section 4914 which the *Celluloid* court relied on was really intended to ensure that an alleged infringer was not precluded from attacking the validity of a patent that was issued as the result of an ex parte decision of the Supreme Court of the District of Columbia reversing the Patent Office's refusal to issue the patent. The statute had nothing to do with the effect of a prior inter partes decision in an interference between the same two parties.¹¹⁵

The next case in this series, *Kirk v. Du Bois*,¹¹⁶ involved the aftermath of an application-application interference, and is irreconcilable with such cases as *Greenwood v. Bracher*¹¹⁷ and *Hubel v. Tucker*.¹¹⁸ After the initial deci-

112. Patents Trademarks and Copyrights, ch.1, § 4914, 18 Stat. 950 (1878) (current version at 35 U.S.C. § 144 (1976)).

113. *Id.*

114. Patents Trademarks and Copyrights, ch. 1, § 4911, 18 Stat. 950 (1878) (current version at 35 U.S.C. § 141 (1976)) (emphasis added). It should be noted that the Board of Patent Interferences had not yet been created. At this time interferences were decided initially by an "examiner in charge of interferences," and appeal lay from the examiner's decision to the "board of examiners-in-chief" (the forebearer of the present day Board of Appeals), *id.* § 4909, and from there to the Commissioner. *Id.* §§ 4909-4910.

115. *Accord*, *Victor Talking Mach. Co. v. Brunswick-Balke-Collender Co.*, 290 F. 565, 568 (D. Del. 1923), *aff'd*, 8 F.2d 41 (3d Cir. 1925), *aff'd per curiam*, 273 U.S. 670 (1927). *But see* *Shuter v. Davis*, 16 F. 564 (1883).

116. 33 F. 252 (C.C.W.D. Pa. 1887), *aff'd mem.*, 158 U.S. 58 (1895).

117. *See* notes 65-67 and accompanying text *supra*.

118. *See* notes 76-81 and accompanying text *supra*.

sion in the Patent Office, that of the examiner-in-charge-of-interferences, the losing applicant-interferant (Du Bois) had expressly waived his right of appeal to the board of examiners-in-chief,¹¹⁹ which appeal was a condition precedent to a subsequent appeal to the courts. Nevertheless, when Du Bois defended a subsequent infringement action on the ground that he was the prior inventor, the court held (without citation of authority or analysis of any kind) that the decision in the interference "was not conclusive against Du Bois," although "the decision itself, coupled with his acquiescence in it, is strongly persuasive that it was right."¹²⁰

Stonemetz Printers' Machinery Co. v. Brown Folding Machine Co.,¹²¹ also involved the aftermath of an application-application interference that the defendant's assignor had lost. Thereafter, the assignor formally disclaimed the subject matter of the interference. Nevertheless, when sued for infringement, the assignee of the losing interferant defended on the ground that his assignor was the prior inventor. The court did not apply collateral estoppel to the issue, but it did give limited deference to the disclaimer, observing that "Brown's subsequent disclaimer, upon the strength of which he obtained the allowance of the restricted claim of his patent No. 331,762, although not an estoppel, yet bears strongly against him in the present contest."¹²² On appeal, however, the circuit court of appeals apparently gave the formal disclaimer more weight, although it too stopped short of the language of estoppel. According to the court, "Brown's disclaimer, in taking his patent No. 331,762, is of itself, a sufficient answer to the claim now made in his favor."¹²³

The *Pentlarge* doctrine was carried into this century by a court that refused to apply collateral estoppel based on its conception of the "public interest". The court in *Davis & Roesch Temperature Controlling Co. v. National Steam Specialty Co.*¹²⁴ refused to recognize the defense of res judicata when "public rights are in issue" and "have never been adjudicated."¹²⁵ While this decision may be praised for its sincere attempt to provide an analytical foundation for its refusal to apply the doctrine of collateral estoppel, the court's argument proves too much. An alleged infringer is always, to some degree, a representative of the public and a would-

119. 33 F. at 254.

120. *Id.*

121. 57 F. 601 (C.C.W.D. Pa.), *aff'd*, 58 F. 571 (3d Cir. 1893).

122. 57 F. at 604. *Cf.* *Covert v. Covert*, 106 F. 183, 186 (C.C.W.D.N.Y. 1901) (dictum) (prior decision in favor of inventor is entitled to great weight and careful consideration in subsequent proceedings), *aff'd*, 115 F. 493 (2d Cir. 1902).

123. 58 F. at 572.

124. 164 F. 191 (C.C.N.D. Ill. 1908).

125. *Id.* at 193. According to Professor Davis, "[c]ourts often assert a reluctance to hold that a public interest is estopped by res judicata." DAVIS, *supra* note 5, § 18.03 at 561. He cautions, however, that "[a] question of protecting a public interest is not necessarily the same as a question of either criminal or civil liability." *Id.* at 562. It may also be argued that, despite the judges' concern in *Davis & Roesch*, few patent infringement cases actually involve any significant "public interest."

be defender of "the public rights". If the public interest alone were sufficient to avoid the application of collateral estoppel, a prior adverse decision against an alleged infringer would never estop a subsequent attack on the validity of the patent.

Despite its questionable antecedents, this line of cases prevailed over the precedent previously discussed that applied collateral estoppel. Typical of the twentieth century cases is *Reed v. Cropp Concrete Machinery Co.*,¹²⁶ an infringement action brought against the loser of an application-application interference. The *Reed* court reasoned:

The question of priority involved in the interference having been thus settled in Reed's favor, and [a] patent including the claim in interference awarded to him, in this suit for infringement thereof against Cropp and his privies, there arises a strong presumption in favor of Reed's priority, which can be overcome only by evidence of a most convincing and satisfactory nature.¹²⁷

In light of the weak legal analysis and reliance on invalid precedent displayed by these opinions, it is surprising that they were followed for such a long period of time. Perhaps the courts were hesitant to accord the same deference to decisions of an administrative agency as to decisions of a sister court. In recent years, however, the courts have again begun to accord collateral estoppel effect to the decisions of the Board of Patent Interferences.

126. 239 F. 869 (7th Cir. 1916), *cert. denied*, 243 U.S. 649 (1917).

127. *Id.* at 872. The *Reed* court cited *Smart v. Wright*, 227 F. 84 (8th Cir. 1915); *Computing Scale Co. v. Standard Computing Scale Co.*, 195 F. 508 (6th Cir. 1912); *Hillard v. Remington Typewriter Co.*, 186 F. 334 (2d Cir. 1911); *Novelty Glass Co. v. Brookfield*, 170 F. 946 (3d Cir. 1909); *Stonemetz Printers Mach. Co. v. Brown Folding Mach. Co.*, 57 F. 601 (C.C.W.D. Pa.), *aff'd*, 58 F. 571 (3d Cir. 1893) (discussed at notes 121-23 and accompanying text *supra*); *Kirk v. Du Bois*, 33 F. 252 (C.C.W.D. Pa. 1887), *aff'd mem.*, 158 U.S. 58 (1895) (discussed at notes 116-20 and accompanying text *supra*); *Celluloid Mfg. Co. v. Chrolithian Collar & Cuff Co.*, 24 F. 275 (C.C.S.D.N.Y. 1885) (discussed at notes 105-15 and accompanying text *supra*); and *Wire Book Sewing Mach. Co. v. Stevenson*, 11 F. 155 (E.D. Pa. 1882) (discussed notes 94-101 and accompanying text *supra*).

In *Smart v. Wright*, an infringement action brought by the winner of an application-application interference against the defeated applicant, the court held that "[the adjudication in the interference] does not estop the appellee from making the defenses set up in his answer [which included prior invention by the losing interferent]." *Id.* at 87. The court, however, gave no reasoning for this assertion and cited *Reckendorfer v. Faber*, 92 U.S. 347 (1876), which held only that patents are not conclusively presumed valid, but may be challenged in the courts, and *Christie v. Seybold*, 55 F. 69 (6th Cir. 1893), which was an action on a bill in equity to review an adverse interference decision, not a subsequent independent action.

In *Computing Scale Co. v. Standard Computing Scale Co.*, the party attempting to assert collateral estoppel sought to rely on the primary examiner's decision on an issue not ancillary to priority and therefore not reviewable by the Board of Examiners in Chief and the Commissioner on appeal. The court held that "[i]t is therefore clear that the Patent Office has not, according to its own construction, authoritatively passed on the question of fact we have been considering, and no adjudication exists." *Id.* at 516. *Contra*, *Swift v. Jenks*, 19 F. 641, 642 (C.C.N.D.N.Y. 1884) (Commissioner required to decide on patentability on motion to dissolve interference).

*Recent Opinions Concerning the Collateral Estoppel Effect of
Interference Decisions*

After *Lyon v. Donaldson*¹²⁸ was decided in 1888, many years passed before a court again forthrightly gave collateral estoppel effect to a prior interference decision. During the intervening years, the courts steadfastly refused to give collateral estoppel effect to such decisions.¹²⁹ The opinion in *Coakwell v. United States*,¹³⁰ however, conspicuously failed to mention any of these decisions, treating the issue as if it were a new one easily decided by resort to basic principles. According to Judge Whitaker:

It is obvious that a decree of the District Court [pursuant to 35 U.S.C. § 146] upholding the action of the Patent Office . . . would be a final adjudication of the question [of priority] and would be *res adjudicata* [sic] in all other courts, and defendant would not be heard to say in this court that plaintiff was not the first inventor. Where the losing party fails to effectively review the Patent Office action in one of the courts and it becomes final, it is equally binding on the parties.

. . . .
[The United States, which was the assignee of the losing interferant] has had "its day in court." It had the opportunity to present before the Patent Office and the District Court all the facts and advance all the arguments presented here. It is this opportunity that is the basis for the rule of *res adjudicata* [sic]. We think it should be applied here. Defendant should not be permitted to relitigate an issue already litigated and finally decided.¹³¹

Thus, holding that the assignee of the losing interferant had had "his day in court," the court treated the judgment as final.

Similarly, the district court's opinion in *Wm. T. Burnett & Co. v. General Tire & Rubber Co.*¹³² made no reference to the long and sharply contested history of this issue, and indeed, cited no authority in holding that "plaintiff is bound by the former decision on priority under principles of *res judicata*."¹³³

On appeal, Senior Circuit Judge Bryan of the Fourth Circuit Court of Appeals at least cited some authority:

Resolution of this controversy rests upon the determination by Burnett not to pursue its various contentions in a suit to review the decision in the interference.*** That resolve foreclosed any further claims that the loss of priority was attributable to any issue open to litigation in that proceed-

128. 34 F. 789 (C.C.N.D. Ill. 1888). See notes 84-85 and accompanying text *supra*.

129. See note 127 and accompanying text *supra*.

130. 292 F.2d 918, 130 U.S.P.Q. 231 (Ct. Cl. 1961).

131. *Id.* at 920-21, 130 U.S.P.Q. at 234. See also *Hoeltke v. C.M. Kemp Mfg. Co.*, 80 F.2d 912, 924, 26 U.S.P.Q. 114, 127 (4th Cir.) (dictum), *cert. denied*, 298 U.S. 673 (1936).

132. 454 F. Supp. 794, 200 U.S.P.Q. 223 (D. Md. 1978), *aff'd mem.*, 609 F.2d 512 (4th Cir. 1979).

133. 454 F. Supp. at 799, 200 U.S.P.Q. at 228. The *Burnett* court simply stated that the plaintiff could not relitigate the issue of priority when priority was the very issue litigated by the parties in the interference proceeding. *Id.* at 798, 200 U.S.P.Q. at 227.

ing, including fraud. Principles of res judicata squarely bar Burnett's demands for damages. *Daniels v. Coe*, 116 F.2d 941, 47 U.S.P.Q. 203 (D.C. Cir. 1940). In *Daniels*, Vinson, A.J., later Chief Justice of the United States, announced for the court:

An interference determination settles not only the claims made, but all that could have been presented.

Whether the second proceeding is an interference, a reissue, a suit to obtain letters patent, or other type of action, the first proceeding is res judicata on all claims that were made or could have been made therein.¹³⁴

A careful reading of *Daniels*, however, reveals that it did not support Judge Bryan's opinion in *Burnett*. First, *Daniels* itself was an action under R.S. 4915, the predecessor of 35 U.S.C. § 145, not an infringement action. *Daniels* had lost an interference, and, after having returned to ex parte prosecution, he attempted to obtain patent claims other than those that had been involved in the interference.¹³⁵ The issue before the *Daniels* court, therefore, was interference estoppel, not collateral estoppel.¹³⁶ Moreover, although the *Daniels* court asserted that interference estoppel "is an adaption for patent cases of the basic doctrine of res judicata, estoppel by judgment,"¹³⁷ which is undoubtedly true, in support of its subsequent statement that the doctrine applies "whether the second proceeding is an interference, a reissue, a suit to obtain letters patent, or any other type of action,"¹³⁸ the court cited only cases involving traditional interference estoppel.¹³⁹ In particular, to support its assertion that "the basic doctrine of res judicata" applies in "any other type of action," the court cited only opinions involving attempts to obtain patent rights, as opposed to attempts to enforce patent rights.¹⁴⁰

134. 609 F.2d 512, 203 U.S.P.Q. 801, 802-03 (4th Cir. 1979) (opinion printed in 203 U.S.P.Q. only).

135. 116 F.2d 941, 942-43, 47 U.S.P.Q. 203, 205-06 (D.C. Cir. 1940). In response to the plaintiff's attempt to obtain claims other than those present in the interference, the court stated that the "interference determination settles not only the claims made, but all that could have been presented." *Id.* at 943, 47 U.S.P.Q. at 205.

136. For a general discussion of the venerable and complex doctrine of interference estoppel, see C. RIVISE & A. CAESER, INTERFERENCE LAW AND PRACTICE §§ 216-252 (1943) and Walterscheid, *The Effect of Loss of Priority on Claims Not in Interference*, 65 J. PAT. OFF. SOC'Y 419 (1981).

137. 116 F.2d at 943, 47 U.S.P.Q. at 205.

138. *Id.* at 943, 47 U.S.P.Q. at 205-06.

139. *Id.* at 943 nn.6-9, 47 U.S.P.Q. at 206 nn.6-9.

140. *Id.* at 943 n.9, 47 U.S.P.Q. at 206 n.9 (citing *In re Birdshares*, 24 F.2d 751, 24 U.S.P.Q. 207 (C.C.P.A. 1935); *New Departure Mfg. Co. v. Robinson*, 39 App. D.C. 504 (1913)). See *Davis & Roesch Temp. Controlling Co. v. National Steam Specialty Co.*, 164 F. 191 (C.C.N.D. Ill. 1908), discussed at notes 124-25 and accompanying text *supra*. According to this opinion, the question of priority was not res judicata on appeal since the appellant was not seeking to have the invention accorded to him, but rather was raising a defense of anticipation, thereby putting at issue for the first time the rights of the public. *Id.* at 193.

A still more recent case involved an unsuccessful attempt to apply the doctrine of collateral estoppel to the decision of the Board of Patent Appeals in a quasi-inter partes reissue proceeding.¹⁴¹ Because of the different procedures of the various boards in the Patent and Trademark Office,¹⁴² an opinion holding that an earlier decision by one of the boards is or is not entitled to collateral estoppel effect is of little precedential value when a similar question of estoppel effect is raised with respect to a decision by another one of the boards.¹⁴³ Nevertheless, the opinion in *PIC Inc. v. Prescon Corp.*¹⁴⁴ contains one of the rare reasoned analyses of this type of question.¹⁴⁵ Therefore, the opinion is of analogical interest when examining the collateral estoppel effect of decisions by the Board of Patent Interferences.

Judge Schwartz, in the *PIC* opinion, refused to give the decision of the Board of Appeals collateral estoppel effect in subsequent infringement litigation between two parties who had been involved in a quasi-inter partes reissue proceeding because of the following "glaring deficiencies" in the Patent and Trademark Office procedures:

[1] [T]he nature of the reissue proceeding is . . . essentially *ex parte*. There is no named defendant and the only way for a party other than the patentee to participate is as a protestor. . . .

[2] [The applicant's counsel] "was able to discuss his application with the Examiner in an interview and telephone conversation without the presence of . . . [counsel for the protestor]. In contrast, the PTO guidelines make it clear that protestors are to refrain from any oral communication with examiners except to ask purely procedural questions. . . .

[3] The record before the PTO is entirely a paper record. As the PTO has chosen not to deem reissue applications "contested cases," the "parties" are given no opportunity to examine and cross-examine witnesses at a hearing. . . .

141. *PIC Inc. v. Prescon Corp.*, 485 F. Supp. 1302, 1311, 205 U.S.P.Q. 228, 239 (D. Del. 1980).

142. See note 20 *supra*.

143. For discussions concerning the collateral estoppel effect of administrative decisions concerning patent matters by administrative agencies other than the boards of the Patent and Trademark Office, see Brunsvold, *Analysis of the United States International Trade Commission as a Forum for Intellectual Property Disputes*, 60 J. PAT. OFF. SOC'Y, 505, 523-26 (1978) and Kaye & Plaia, *Unfair Competition in Imports: A Review of Development During the Year 1979 Under Section 337 of the Tariff Act of 1930*, 62 J. PAT. OFF. SOC'Y 582, 616-18 (1980), concerning patent decisions by the International Trade Commission; and *North Carolina v. Chas. Pfizer & Co.*, 537 F.2d 67, 73-74, 189 U.S.P.Q. 262, 266-67 (4th Cir.) (criticized in Callen & Kadue, *To Bury Mutuality, Not to Praise It: An Analysis of Collateral Estoppel After Parklane Hosiery Co. v. Shore*, 31 HAST. L.J. 755, 801 n.221 (1980)), *cert. denied*, 429 U.S. 870 (1976), concerning patent decisions by the Federal Trade Commission.

144. 485 F. Supp. 1302, 205 U.S.P.Q. 228 (D. Del. 1980) (noted approvingly at PAT. L. PERSP. § B.3[1]-129 (1981 Dev.)).

145. The reasoned analysis in the *PIC* opinion may be contrasted with the conclusory disposal of the same issue in *Balley Mfg. Corp. v. Diamond*, 629 F.2d 955, 958 n.4, 960 n.7, 207 U.S.P.Q. 177, 180-01 n.4, 182 n.7 (4th Cir. 1980).

[4] [N]o opportunity for discovery is provided by the PTO.

[5] [P]rotestors may be denied the opportunity to appear at oral argument [before the Board of Appeals] if the reissue applicant does not desire oral argument. . . .

[6] While the absence of no one procedural safeguard is determinative, a particularly significant deficiency in the reissue proceeding is the failure to afford the protestor a right to appeal an adverse decision. In contrast, the reissue applicant may appeal from the Primary Examiner's decision to the Board of Appeals and from the Board of Appeals to the Court of Custom and Patent Appeals or a district court pursuant to 35 U.S.C. § 145.¹⁴⁶

The corresponding procedures of the Board of Patent Interferences, however, may be contrasted with Judge Schwartz's criticisms as follows:

First, the nature of a patent interference is essentially *inter partes*.¹⁴⁷ There is a named defendant (i.e., the senior party), and both or all parties can participate as of right and to the same extent that the other party or parties can participate.¹⁴⁸

Second, *The Manual of Patent Examining Procedure* provides that "[e]xaminers are admonished that *inter partes* questions should not be discussed *ex parte* with any of the interested parties and that they should so inform applicants or their attorneys if any attempt is made to discuss *ex parte* these *inter partes* questions."¹⁴⁹

Third, an interference is a "contested case" within the meaning of 35 U.S.C. § 24, and the parties are given the opportunity to examine and cross-examine witnesses during the trial of the interference.¹⁵⁰ The "trial," however, is not conducted before a hearing officer or the Board of Patent Interferences, but is similar to the taking of discovery depositions in ordinary civil litigation.¹⁵¹ Thus, the board does not receive "demeanor evidence," a significant deficiency in all Patent and Trademark Office proceedings according to some practitioners.

Fourth, the Patent and Trademark Office does provide the opportunity for discovery in patent interferences,¹⁵² albeit less extensive discovery than is available in litigation before the federal courts.

146. 485 F. Supp. at 1309-10, 205 U.S.P.Q. at 238-39. It should be noted that the procedures discussed in the *PIC* opinion date from the early days of the quasi-*inter partes* reissue procedure. That procedure was subsequently made much more nearly truly *inter partes*. Unfortunately, the Patent and Trademark Office now proposes to eliminate that procedure altogether, except for cases already pending. See 46 Fed. Reg. 55666-72 (1981) (to be codified at 37 C.F.R. pt. 1) (proposed Nov. 10, 1981).

147. MANUAL OF PATENT EXAMINING PROCEDURES § 1101.01 (4th rev. ed. 1981).

148. Rules of Practice in Patent Cases, 37 C.F.R. § 1.201 (1981).

149. MANUAL OF PATENT EXAMINING PROCEDURES § 1101.01 (4th rev. ed. 1981).

150. Rules of Practice in Patent Cases, 37 C.F.R. § 1.251 (1981). Specific guidelines and requirements for the examination and cross-examination procedure are set forth at §§ 1.271-.275.

151. *Id.* § 1.272.

152. *Id.* § 1.287. See note 46 and accompanying text *supra*.

Fifth, any party to a patent interference is entitled to oral argument before the Board of Patent Interferences, whether or not the other party or parties desire oral argument.¹⁵³

Finally, the losing party is entitled to appeal an adverse decision to the Court of Customs and Patent Appeals or seek quasi-de novo review in a district court.¹⁵⁴

Thus, it may be argued that none of Judge Schwartz's reasons for denying collateral estoppel effect to a decision of the Board of Appeals in a quasi-inter partes reissue proceeding applies to a decision of the Board of Patent Interferences, with the possible exception that an interference "trial" is not conducted before a hearing officer or the Board of Patent Interferences and that the scope of discovery is less extensive than in federal court litigation. Federal court litigation, however, can be decided on the basis of testimony taken in discovery depositions and not replicated in court without raising any due process problems,¹⁵⁵ and it is apparent that the doctrine of collateral estoppel was formulated long before discovery in federal courts approximated what it is now. Accordingly, neither of these facts justifies failing to give collateral estoppel effect to the decisions of the Board of Patent Interferences.

CONCLUSION

No adjudication, whether by a court or an administrative body, is guaranteed to be free from error. No one could argue that the decisions of the Board of Patent Interferences are always correct. However, all that any litigant may ask is that he be given a fair opportunity to present his argument to an impartial tribunal. In the highly complex and specialized field of patent law, it is preferable to have tribunals knowledgeable in that particular field

153. *Id.* § 1.256(a). An exception found in § 1.228 provides that, if an applicant-patentee interference is instituted based on an applicant's showing under § 1.204(c), the interference may be instituted with the applicant-interferant being simultaneously put under an order to show cause why summary judgment should not be entered against him based on the insufficiency of his showing. If the applicant responds to the order to show cause and requests that his response be considered at an oral hearing, the patentee-interferant is entitled to present oral argument, but, if the applicant-interferant does not request oral argument, the patentee-interferant is not entitled to request oral argument. However, if the decision goes against the applicant, he will not obtain a patent, and the issue of collateral estoppel in a subsequent infringement litigation will never come up. If, on the other hand, the decision goes against the patentee, the only effect is that summary judgment is not entered, the interference goes forward in the normal manner, and the "final decision" which might later be sought to be made the basis for a holding of collateral estoppel will be one after a "final hearing," at which both or all parties are entitled to present oral argument. *Id.* § 1.256.

154. 35 U.S.C. §§ 141, 146 (1976).

155. FED. R. CIV. P. 32(a)(3). Rule 32 plainly expresses a preference for live testimony by requiring that a non-party witness be unavailable before his deposition testimony can be so used. *Id.* 32(a)(3)(A)-(D). The point, however, is that use of depositions in place of live testimony and the consequent absence of demeanor evidence raise no due process problems. See also 4A J. MOORE & J. LUCAS, MOORE'S FEDERAL PRACTICE ¶ 32.05 (2d ed. 1981).

decide disputes.¹⁵⁶ Admittedly, a danger exists that the members of the Board of Patent Interferences may gain a feeling of false expertise and close their minds to innovative arguments that a less knowledgeable federal judge might consider without prejudice. That danger, however, is mitigated by the possibility that federal courts, including the Supreme Court, may review the board's decisions. In any event, this speculative danger is preferable to the unpredictability and inefficiency that results from endless litigation.¹⁵⁷

The procedure of the Board of Patent Interferences was structured by individuals knowledgeable in the field of patent law who made the procedure quite similar to that used in federal court proceedings. As has been set forth at length herein, the Supreme Court's criteria for giving an administrative decision collateral estoppel effect seem to be met by the procedures of the Board of Patent Interferences. Given the present cost of patent litigation in terms of time and money, the application of the doctrine of collateral estoppel to the decisions of the Board of Patent Interferences is amply justified.

156. See generally Wepner, *Appellate Review of Patentability*, 56 J. PAT. OFF. SOC'Y 216 (1974). The ancient quest for a single court of patent appeals has at last succeeded. Effective Oct. 1, 1982 the Court of Customs and Patent Appeals and the United States Court of Claims will be merged into a single "Court of Appeals for the Federal Circuit." Act of April 2, 1982 Pub. L. No. 97-164.

157. See generally Callen & Kadue, *To Bury Mutuality, Not to Praise It: An Analysis of Collateral Estoppel After Parklane Hosiery Co. v. Shore*, 31 HAST. L. J. 755 (1980).