

A CRITIQUE OF RECENT OPINIONS
IN PATENT INTERFERENCES¹

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I. INTRODUCTION

This article covers precedential and interesting non-precedential opinions³ relating to interferences published since those covered in my previous article at 82 JPTOS 296 (2000)⁴ through December 31, 2000.⁵

II. CONCEPTION

Nothing relevant this year.

³Federal Circuit Rule 47.8 divides the opinions and orders of the court into those that are “precedential” (i.e., those that may be cited to the court as precedent) and those that are “non-precedential” (i.e., those that may not be cited to the court as precedent). The non-precedential opinions were formerly called “unpublished” opinions, but the court changed its terminology after noting that many of its “unpublished” opinions were in fact published in the United States Patents Quarterly.

The Federal Circuit attempts to discourage citation of its non-precedential opinions to its “feeder” courts and agencies. See, e.g., Hamilton v. Brown, 39 F.3d 1574 (Fed. Cir. 1994). However, the non-precedential opinions of the Federal Circuit have at least the same status as law review articles written by the judges of the Federal Circuit, and in practice some of the non-Trial Section administrative patent judges seem to welcome citation of the non-precedential opinions of the Federal Circuit. After all, what the court did once gives at least some guidance to what the court might do again, and the administrative patent judges can use language out of the non-precedential opinions even if they cannot cite them. On the other hand, section 14 of the Trial Section’s “STANDING ORDER” says that “Non-precedential decisions of federal courts shall not be cited,” but “Non-precedential decisions of the board may be cited, but are not binding.” The “STANDING ORDER” gives no explanation for this strange dichotomy.

⁴See also my previous articles at 81 JPTOS 241 (1999), 80 JPTOS 321 (1998), 79 JPTOS 271 (1997), 78 JPTOS 550 (1996), 77 JPTOS 427 (1995), 76 JPTOS 649 (1994), 75 JPTOS 448 (1993), 73 JPTOS 700 (1991), 71 JPTOS 439 (1989), and 69 JPTOS 657 (1987).

⁵The fact that I publish this review every year in a similar format accounts for the sections which read in their entirety “Nothing relevant this year.”

III. CLASSICAL DILIGENCE

Nothing relevant this year.

IV. ACTUAL REDUCTION TO PRACTICE

A. There Can be No Actual Reduction to Practice if the Constructed Embodiment or Performed Process Lacks an Element Recited in the Count or Uses an Equivalent of that Element

Eaton v. Evans

Eaton v. Evans, 204 F.3d 1094, 53 USPQ2d 1696 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Gajarsa for a panel that also consisted of Circuit Judge Rader and Senior Circuit Judge Archer),⁶ would have been one of the most revolutionary and controversial⁷ cases of the year if it had gone the other way. But it didn't.

Evans had built and more or less successfully tested a device that lacked one element recited in the count. Evans did not argue that they were equivalents. However, a panel of the board, relying on Scott v. Finney, 34 F.3d 1058, 32 USPQ2d 1115 (Fed. Cir. 1994),⁸ held that the test constituted an actual reduction to practice "because the test results

⁶In the interest of complete candor, I note that my partner Michael Casey and I were co-counsel for Eaton.

⁷As the Eaton opinion notes, controlling CCPA and Federal Circuit opinions would have been effectively overruled -- or, rather, disregarded, since controlling precedent of the CCPA and the Federal Circuit can only be overruled by the Federal Circuit in banc. South Corp. v. United States, 690 F.2d 1368, 215 USPQ 657 (Fed. Cir. 1982) (in banc).

⁸See Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 77 JPTOS 427, 434-35 (1995).

established a reasonable expectation that the...[device] would operate for its intended purpose.”⁹

Fortunately for the interference system, the court reversed. According to it:

for purposes of an interference, there can be no actual reduction to practice if the constructed embodiment or performed process lacks an element recited in the count or uses an equivalent of that element.¹⁰

* * *

by relying on Scott v. Finney to support its finding that Evans reduced the count to practice, the PTO Board in effect reasoned that satisfying the requirement that a constructed embodiment worked for its intended purpose eliminates, or acts as a surrogate for, the requirement that the embodiment contain every element of the count. That analysis, however, misapprehends this Court’s precedent and conflates the two requirements. In Scott, which was an appeal from an interference decision, the issue of whether the constructed embodiment contained every element of the count was not disputed. 34 F.3d at 1059, 32 USPQ2d at 1116. Rather, the only question before this Court concerned the degree of testing necessary for a reduction to practice, and we held that it varies with the nature of the invention. See id. at 1061, 32 USPQ2d at 1118. Accordingly, Scott relates solely to the type of evidence which can establish that a constructed embodiment works for its intended purpose. Contrary to the PTO Board’s reading of Scott, a party cannot obviate the initial requirement that a constructed embodiment include every element of the count through evidence that the embodiment operated for its intended purpose, regardless of the quality of such evidence. Put simply, these are two distinct requirements[,] and a party must satisfy each one to establish an actual reduction to practice.¹¹

⁹204 F.3d at 1096, 53 USPQ2d at 1697.

¹⁰204 F.3d at 1097, 53 USPQ2d at 1698, citing Cooper v. Goldfarb, 154 F.3d 1321, 1327, 47 USPQ2d 1896, 1901 (Fed. Cir. 1998); Estee Lauder Inc. v. L’Oreal, S.A., 129 F.3d 588, 593, 44 USPQ2d 1610, 1614 (Fed. Cir. 1997); Correge v. Murphy, 705 F.2d 1326, 1329, 217 USPQ 753, 755 (Fed. Cir. 1983); Wetmore v. Quick, 536 F.2d 937, 942, 190 USPQ 223, 227 (CCPA 1976); and Martin v. Snyder, 214 F.2d 177, 180, 102 USPQ 306, 308 (CCPA 1954).

¹¹204 F.3d at 1098, 53 USPQ2d at 1699.

Comment

This result is not as harsh as it may look to the uninitiated. During the preliminary motions period of any interference, each party has the opportunity to file a 37 CFR 1.633(c)(1) motion to substitute a broader count omitting any limitation of the or an initial count which does not read on the thing or event on which the party will rely as an actual reduction to practice. However, the right to “broaden out the count” is not unlimited. A party cannot propose a substitute count which reads on unpatentable subject matter. Thus, the significance (or lack of significance) of any limitation which a party proposes to omit is determined by a panel of the board at the “first final hearing” (i.e., the hearing on the preliminary motions) when it grants or denies the motion to substitute a broader count.

- B. An Agent’s Recognition of Practical Utility Only Inures to the Inventor’s Benefit if the Inventor Asks the Agent to Perform the Test that Indicated the Practical Utility With an Expectation that Success in that Test Would Prove the Practical Utility

Genentech, Inc. v. Chiron Corp.

Genentech, Inc. v. Chiron Corp., 220 F.3d 1345, 55 USPQ2d 1636 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Schall for a panel that also consisted of Senior Circuit Judge Archer and Circuit Judge Bryson), adds an interesting gloss to Estee Lauder Inc. v. L’Oreal, S.A., 129 F.3d 588, 44 USPQ2d 1610 (Fed. Cir. 1997).¹² In Genentech, the only contemplated utility for the fusion protein which was the subject of the count was use as a growth-promoting therapeutic agent. In order to win, the party Lee (Genentech) had to

¹²Estee Lauder is discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 80 JPTOS 321 (1998) at 325-28.

prove an actual reduction to practice prior to the party Barr's (Chiron's) filing date. In order to do that, Genentech had to prove (1) that its inventors had made an embodiment within the scope of the count prior to Chiron's filing date, (2) that sufficient tests had been performed prior to the filing date to demonstrate that the embodiment worked for its intended purpose, and, most importantly, (3) that its inventors recognized, prior to Chiron's filing date, that the embodiment worked for its intended purpose. Genentech proved elements (1) and (2), and it proved that a consultant of Genentech's named Dr. Hintz had recognized prior to the critical date that the embodiment worked for its intended purpose. The district court held that that was good enough. On appeal, the Federal Circuit reversed. Why?

As the Federal Circuit recognized, in Estee Lauder it had "suggested that the requirement that an inventor must know that the invention is useful might be satisfied when an agent of the inventor obtains such knowledge."¹³ Dr. Hintz was certainly an agent of the inventors, and he had obtained such knowledge prior to the critical date. However, according to the Federal Circuit, the inventors had asked Dr. Hintz to perform the test which gave Dr. Hintz that knowledge for a reason other than to establish that the fusion protein worked as a growth-promoting agent:

There is no evidence of record that the inventors submitted the fusion protein for testing for the intended purpose of the invention, which is promoting growth. Rather, as the district court found, when the inventors asked Dr. Hintz to

¹³220 F.3d at 1353, 55 USPQ2d at 1642.

test the fusion protein samples for IGF-I “activity,” they were asking him to test the samples for the “the presence of an IGF-I-like substance.” Id. at 45. They were not, as Genentech asserts, asking him to test the sample for the intended purpose of the invention. Because the inventors did not submit the fusion protein samples to Dr. Hintz for testing for growth-promoting activity, his uncommunicated recognition that the fusion protein has that activity does not inure to their benefit. The district court therefore erred when in concluded that the Genentech inventors are entitled to the benefit of Dr. Hintz’s discovery that the fusion protein worked “in a manner...[the inventors] had not anticipated.” Genentech IV, slip op. at 9 (emphasis added [by the Federal Circuit]).¹⁴

Comments

(1) Apparently the inventors did envision that the fusion protein was a growth-promoting agent; they just didn’t realize that success in the test that they asked Dr. Hintz to perform proved that. Hence, they apparently had a conception of the invention, including a use for the fusion protein recited in the count, and Genentech apparently could not have solved its problem by adding Dr. Hintz as a joint inventor.

(2) However, that brings us to the larger problem with the court’s holding. If the inventors had a conception of the fusion protein, how to make the fusion protein, and a utility for the fusion protein, why did it matter that the inventors did not realize that the particular test that they had asked Dr. Hintz to perform established that the fusion protein

¹⁴220 F.3d at 1354, 55 USPQ2d at 1642.

had the utility that they envisioned for the fusion protein? More broadly, suppose (1) that the inventors had all died immediately after producing the fusion protein and before they had given any thought at all to how to prove that the fusion protein had the utility that they envisioned for it and (2) that Dr. Hintz had thereafter and completely independently established that the fusion protein did indeed have the utility that the inventors had envisioned for it. Presumably that would not have made Dr. Hintz a co-inventor of the fusion protein. So why was it important that, prior to the critical date, Dr. Hintz had not communicated to the inventors his recognition that he had established that the fusion protein had the utility envisioned by the inventors?

V. PEELER DILIGENCE¹⁵

Nothing relevant this year.

VI. CONSTRUCTIVE REDUCTION TO PRACTICE

Nothing relevant this year.

VII. DERIVATION

Nothing relevant this year.

¹⁵So called after Peeler v. Miller, 535 F.2d 647, 653-54, 190 USPQ 117, 122 (CCPA 1976) (Rich, J.). See also Shindelar v. Holdeman, 628 F.2d 1337, 207 USPQ 112 (CCPA 1980); and Correge v. Murphy, 705 F.2d 1326, 217 USPQ 753 (Fed. Cir. 1983).

VIII. THE 35 USC 135(b) BAR

Nothing relevant this year.

IX. CORROBORATION

A Corroboration Must Be Independent of the Inventor
and Must Be “To Point in Time” and, Perhaps, in Place

Cabilly v. Boss

Cabilly v. Boss, 55 USPQ2d 1238 (PTOBPAI 1998) (non-precedential) (opinion delivered by APJ Downey for a panel that also consisted of APJ Ronald H. Smith and APJ Schafer), is a sobering example of the care with which the PTOBPAI reviews priority evidence. It should be carefully and thoughtfully reviewed by anyone who is about to draft a 37 CFR 1.672(b) declaration.

Exemplary of the panel’s analysis of Cabilly’s priority evidence is the following:

Corroboration must be independent of the inventor and must be to point in time.¹⁶

For conception, Cabilly et al. ...rely upon a conversation between Riggs and Shively as to Riggs’ proposal. We...do not find Riggs’ testimony that he discussed the proposed project with Shively and Shively’s testimony that he recalled having some conversations “regarding the cotransformation of E. coli with plasmids containing heavy and light

¹⁶55 USPQ2d at 1254.

chain genes” sufficient to establish corroborated conception of the count in this interference. There is no testimony as to when and where this conversation took place, who was present, and exactly what the conversation was and how such alleged conversations satisfy all the limitations of the count. The testimony by both of these witnesses regarding the alleged conversation [or conversations] is conclusory[,] and it fails to explain how Riggs’ discussion and corroborator’s [sic; corroborator] Shively’s vague recollection of some earlier conversations establish a complete conception of the subject matter of the count. We find Riggs’ and Shively’s oral testimony, given some nine years after an alleged conversation, unsupported by any contemporaneous documentation or physical evidence, unreliable and of little probative value.¹⁷ [Emphasis supplied.]

Comment

There was apparently no dispute that, if the conversation took place, it took place in California. Thus, there was no 35 USC 104 issue here, and the panel was not establishing a new requirement that one must always prove exactly “where... [a] conversation took place...” Rather, the reference to there having been “no testimony as to...where this conversation took place...” was only one of the factors that the panel took into account in discounting the probative value of the minimal evidence concerning the substance of the conversation.

¹⁷55 USPQ2d at 1255.

B. Corroboration of an Inventor's Laboratory Notebook
Apparently Does Not Require Independent Corroboration
of the Dates Contained in the Notebook

Singh v. Brake

In Singh v. Brake, 222 F.3d 1362, 55 USPQ2d 1673 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Lourie and joined by Circuit Judge Schall; opinion concurring in the judgment filed by Circuit Judge Gajarsa), the court accepted as evidence corroborating Singh's alleged date of conception Singh's laboratory notebook entries although they "were witnessed several years after they were made..."¹⁸--which, not surprisingly, was also several years after Brake's filing date. The court said that "those shortcomings [were] harmless,"¹⁹ and it explained its reasoning as follows:

While the witnessing of the laboratory notebooks fell far short of ideal, we do not agree that the belated witnessing undermines all corroborative value that these entries may possess. Under a "rule of reason" analysis, the fact that a notebook entry has not been promptly witnessed does not necessarily disqualify it in serving as corroboration of conception. See Hybritech In. v. Monoclonal Antibodies, Inc., 802 F.2d 1367, 1378, 231 USPQ 81, 89 (Fed. Cir. 1986) (holding that notebook entries not witnessed until several months to a year after entry did not render them "incredible or necessarily of little corroborative value" under the

¹⁸222 F.3d. at 1369, 55 USPQ2d at 1678.

¹⁹222 F.3d at 1369, 55 USPQ2d at 1678.

circumstances and in view of other corroborating evidence). Indeed, Hybritech indicates that[,] in some cases, conception may be proved solely on the basis of laboratory notebook entries witnessed subsequent to their entry. See id. (“The laboratory notebooks, alone, are enough to show clear error in the findings that underlie the holding that the invention was not conceived before May 1980.”) (emphasis added [by the court in Singh]).²⁰

Comment

Hybritech was not an interference; it was a patent infringement action involving a 35 USC 102(g) defense. Moreover, the date of the witnessing (several months after September 21, 1979) was apparently good enough for the alleged infringer’s purpose (to show conception before May 1980). Here, in contrast, the date of the witnessing was not good enough for Singh’s purpose (i.e., to antedate Brake’s filing date); it was after Brake’s filing date. Hence, there was apparently no evidence corroborating Singh’s assertion that he had made those entries when he said that he did or on any date prior to Brake’s filing date. Thus, the court apparently either overlooked or dispensed with the requirement that the date of the alleged conception document be independently corroborated.

X. INTERFERENCE PRACTICE

A. Elucidation of the Procedure for Compelling Testimony of Third Party Witnesses

²⁰222 F.3d at 1369, 55 USPQ2d at 1678; emphasis of “solely” in the original.

Therriault v. Garbe

Most priority testimony is provided in the form of declarations by witnesses under the control of the party on whose behalf the witnesses testify. However, on occasion a third party, not under the control of a party to the interference, has participated in some significant manner in making the invention. When such a third party will not voluntarily provide a 37 CFR 1.672(b) declaration, the interferent's remedy has traditionally been to subpoena the third party under 35 USC 24 and to take a live, inter partes deposition. That solution, however, has never been very satisfactory--to either or any party to the interference. It is expensive, time consuming, and, above all, unpredictable--since no party to the interference knows what an independent (and sometimes hostile) third party witness is going to say and what, if any, documents the third party witness will produce.

Therriault v. Garbe, 53 USPQ2d 1179 (PTOBPAI 1999) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Shafer, Lee, and Torczon), provides an innovative and satisfactory solution to the problems presented by the old technique.²¹ The panel started from the premise that:

It is possible to comply with a subpoena by providing an affidavit. Issuance of a subpoena may provide a third-party with an incentive to help prepare an affidavit because preparation of an affidavit, in operation [sic; co-operation]with counsel for a party, can take less time and avoid the

²¹The Trial Section has followed the technique introduced by Therriault in at least one subsequent case, a case in which we represented one of the parties, and both we and our opponent were very pleased with how the technique worked.

formal nature of a deposition setting. Thus, proceedings under a § 24 subpoena may be (1) formal, difficult and/or costly or (2) informal, simple and inexpensive. The third-party under subpoena may agree to less formal procedures[,] thus saving itself some expense and time.²²

However, it carefully preserved the opposing party's right to cross-examine the third party witness:

At some point, an opposing party in the interference has [must have!] an opportunity to cross-examine by deposition, whether testimony is presented by affidavit or through a transcript of a deposition.²³

To do that, the panel provided an elaborate, two subpoenas procedure--a first subpoena either to induce the third party witness to cooperate with the party that subpoenaed it in the preparation of a declaration or to subject the third party witness to an ex parte deposition by the subpoenaing party and a second subpoena for inter partes cross-examination of the witness by the opposing party.

Comment

In our case (and, I would think, in most cases) no second subpoena was necessary. Once the third party (which, in our case, was a hospital in which certain tests had been conducted) has been subpoenaed, he, she, or it has a substantial incentive to cooperate fully with the subpoenaing party (1) in the preparation of one or more declarations, as

²²53 USPQ2d at 1182.

²³53 USPQ2d at 1182.

appropriate, and (2) in making himself, herself, or its witness(es) available for cross-examination. As Judge McKelvey accurately said, the third party witness can do things the easy way or it can do things the hard way. Most third party witnesses will choose to do things the easy way.

B. Resolution of Charges of Inequitable Conduct Are Being Postponed to the Epilogs of Interferences

Tropix Inc. v. Lumigen Inc.

In Tropix Inc. v. Lumigen Inc., 53 USPQ2d 2018 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Schafer, Lee, and Torczon), a panel of the board asserted that "Inequitable conduct is becoming altogether too routine in interference cases."²⁴ While a cynic might agree that there is some truth to that statement, presumably what the panel meant was that charges of inequitable conduct are becoming altogether too routine in interference cases, particularly since inequitable conduct issues are typically complex and difficult to resolve, thereby slowing down disposition of interferences.

The panel then sought to stir up some entertaining litigation, asserting sua sponte that:

The statute (35 U.S.C. §135(a)) gives the board jurisdiction over priority and patentability. A plausible argument can be made that inequitable conduct is neither priority nor patentability; rather, inequitable conduct is

²⁴53 USPQ2d at 2021.

an equitable issue. *See Gardco Mfg. v. Herst Lighting Co.*, 820 F.2d 1209, 1212, 2 USPQ2d 2015, 2018 (Fed. Cir. 1987) (defense of inequitable conduct is equitable in nature).²⁵

However, the panel "decline[d] at this time to resolve the [sic; its own] argument,"²⁶ thereby ensuring that, sooner or later, an interferent will raise the issue.²⁷ Instead, the panel "exercised...[its] discretion to determine when inequitable conduct may be raised"²⁸ in a fashion that it apparently thinks will ensure that the issue is, in fact, seldom raised--or, at least, seldom decided.

According to the panel:

It is plain on the record that numerous preliminary motions raising patentability will be filed by both parties. If an appropriate number of preliminary motions are granted and it turns out that all of the Tropix claims are unpatentable, then inequitable conduct becomes moot. If some Tropix claims survive the preliminary motion phase, Tropix may still lose on priority, in which case all claims corresponding to the count or counts

²⁵53 USPQ2d at 2021.

²⁶53 USPQ2d at 2021; emphasis supplied.

²⁷In my opinion, "the argument" won't get far with the Federal Circuit in light of Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989); Schulze v. Green, 136 F.3d 786, 45 USPQ2d 1769 (Fed. Cir. 1998); and In re Gartside, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000), all of which stand for the proposition that the court thinks that there is a significant public interest in the board's resolving the issues raised by the parties--even at the cost of the board's doing a little more work.

²⁸53 USPQ2d at 2021.

become unpatentable to Tropix under 35 U.S.C. § 102(g).²⁹

Accordingly, the panel declined "to authorize discovery or testimony on the issue of inequitable conduct at this time,"³⁰ indicating that it would "authorize a preliminary motion based on inequitable conduct to be filed, if at all, no earlier than a date after a decision on preliminary motions."³¹

Comment

In any case where an interferent raises a plurality of potentially outcome-determinative issues, a decision on any one of those issues makes that party's arguments on its other issues, in a sense, "moot." However, the Federal Circuit has repeatedly and emphatically indicated that the board should decide all of the issues raised by the parties³²-thereby minimizing the probability of remands. There is no apparent a priori reason why inequitable conduct should be treated any differently than any other potentially outcome-determinative issue in this regard. Indeed, if anything, the case law suggests that inequitable conduct is an issue of over-arching social significance that should be resolved

²⁹53 USPQ2d at 2021.

³⁰53 USPQ2d at 2021; emphasis supplied.

³¹53 USPQ2d at 2021. One may ask, why not "no earlier than a date after a decision on...[priority]," since that is clearly where the panel's logic was taking it. The probable answer is that the panel in question consisted of the four judges of the trial section. After a decision on the preliminary motions, jurisdiction may be transferred to a panel of the other APJs, and those APJs may not share the view of the APJs in the trial section concerning the inadvisability of deciding inequitable conduct issues. See, e.g., Lutzker v. Plet, 7 USPQ2d 1214 (PTOBPAI 1987), aff'd, 843 F.2d 1364, 6 USPQ2d 1370 (Fed. Cir. 1987).

³²See the opinions cited in footnote 27, supra.

even if other potentially outcome-determinative issues are not resolved.³³

C. It Is Difficult to Obtain Discovery to Support a Charge of Derivation

Tropix Inc. v. Lumigen Inc.

In Tropix Inc. v. Lumigen Inc., 53 USPQ2d 2018 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Schafer, Lee, and Torczon),³⁴ a panel of the board placed three significant road blocks in the way of interferences seeking 37 CFR 1.658(c) discovery³⁵ to support a charge of derivation.

First, the panel used against the party that had charged derivation (Lumigen) the fact that it had said in its motion seeking discovery that it had made out a prima facie case of derivation:

If Lumigen has made out a prima facie case of derivation, as it asserts in its motion, then it is somewhat difficult to understand why

³³See, e.g., Standard Oil Co. v. Montedison S.p.A., 540 F.2d 611, 616-17, 191 USPQ 657, 660-61 (3d Cir. 1976).

³⁴Note that SAPJ McKelvey has taken to designating some interferences by the names of the assignees rather than, as is traditional, by the names of the inventors.

³⁵37 CFR 1.687(c) reads as follows:

Upon a motion (§ 1.635) brought by a party within the time set by an administrative patent judge under § 1.651 or thereafter as authorized by § 1.645 and upon a showing that the interest of justice so requires, an administrative patent judge may order additional discovery, as to matters under the control of a party within the scope of the Federal Rules of Civil Procedure, specifying the terms and conditions of such additional discovery. See § 1.647 concerning translations of documents in a foreign language.

additional discovery is needed at this time to "supplement" Lumigen's proofs in hand. Accordingly, it would not be in the interest of justice to require Tropix at this time to produce the documents requested.

Compliance with discovery can be expensive for the party required to produce discovery. In this case, there is no apparent reason why discovery is needed, if[,] as Lumigen asserts, it has made out a prima facie case of derivation. Under the facts of this case, ordering discovery would be inconsistent with the proposition that the rules should be interpreted to secure a just, speedy and inexpensive determination of interferences.³⁶

Second, the panel asserted that:

With respect to the issues of derivation and priority, it should be manifest to all that[,] in all but the most unusual cases, the "evidence" of derivation and priority is in the hands of the party with the burden of proof. As applied to the facts of this interference, it is Lumigen which knows (1) when and where its inventors conceived and precisely what was conceived and (2) when and how that conception was communicated to Tropix.³⁷

Finally, the panel set up an utterly unusable procedure for derivation discovery,

³⁶53 USPQ2d at 2020.

³⁷53 USPQ2d at 2021.

relegating the party charging derivation to 37 CFR 1.687(b)³⁸ rather than 37 CFR 1.687(c):

Tropix is on notice of documents which Lumigen may seek during cross-examination by virtue of Lumigen's requests 1-3, 8-10 and 15-18. Tropix would be well advised to have those documents available in the event they are needed in Arlington, Virginia, to comply with any Lumigen Rule 687(b) request which might be granted at the evidentiary hearing.^[39] Moreover, immediately prior to the hearing, each party should serve a list of possible documents which it might seek under Rule 687(b) at the evidentiary hearing. Failure to serve a list may be a basis for denying a Rule 687(b) request. Failure of a party to have a document identified in an opponent's list may be a basis for inferring that the document contains information which is not favorable to the position of the party who does not produce the document.⁴⁰

³⁸37 CFR 1.687(b) reads as follows:

Where appropriate, a party may obtain production of documents and things during cross-examination of an opponent's witness or during the testimony period of the party's case-in-rebuttal.

³⁹In footnote 5, the panel ordered that:

On the issue of derivation, all cross-examination will take place in a trial setting at the board in Arlington, Virginia, over which at least one administrative patent judge assigned to the Trial Section will preside.

⁴⁰53 USPQ2d at 2021. This bit of dictum is reminiscent of Rivier v. Coy, 12 USPQ2d 1231 (PTOBPAI 1989).

Comments

(1) So what is the standard that one must meet in order to get 37 CFR 1.687(c) discovery on a derivation issue? Clearly one cannot get it simply by asking for it. The party charging derivation presumably must persuade the APJ (1) that there is a significant likelihood that its opponent derived the invention from it and (2) that there is a significant likelihood that its opponent has evidence that it did so in its possession, custody, or control. If the talismanic words are not that the movant has "made out a prima facie case," just what should the movant say?

(2) As for the panel's assertion that, "in all but the most unusual cases, the 'evidence' of derivation...is in the hands of the party with the burden of proof," I submit that that is errant nonsense. In the first place, even if the alleged communication was directly from one party's inventor to the other party's inventor, the party charging derivation may have only its inventor's word that he or she communicated such and such facts to the other party's inventor on such and such a day. To persuade the panel at final hearing that the communication took place, the party having the burden of proof will need, e.g., a memorandum from the other party's inventor to his or her boss reporting what he or she learned from the other party's inventor. Moreover, it has been my experience that the alleged communication is often indirect. For instance, in this very case, the alleged communication was from employees of Lumigen to employees of Bayer and from employees of Bayer to employees of Tropix. (Bayer was a "neutral" third party; that is, it was not involved in the interference.) In such situations, the "proof" of the derivation almost always consists of documents in the possession, custody, or control of others in the

chain of communication.

(3) Finally, obtaining discovery via 37 CFR 1.687(b) rather than 37 CFR 1.687(c) is often virtually useless. I flatter myself that I am fairly quick on cross-examination, but I will concede that I don't ask my best questions about documents that have just been handed to me across the table and that I've never seen before! Moreover, since the amendments to 35 USC 104 effective January 01, 1996, more and more of those documents have been and will continue to be in foreign languages. While one can, of course, come to a deposition with a translator from the appropriate language, it is utterly preposterous to expect the examining attorney to obtain useful "translations" from his or her translator, then formulate meaningful questions on the spot. Clearly, what we need is real discovery in patent interferences.⁴¹

D. The Board Will Terminate an Interference in Which It Lacked Subject Matter Jurisdiction as of the Date the Interference Was Declared

Waterman v. Birbaum

It is often said that, under the new practice, every interference terminates by a judgment. However, that is not literally true. In Waterman v. Birbaum, 53 USPQ2d 2024 (PTOBPAI 2000) (per curiam)(expanded panel consisting of SAPJ McKelvey and APJs Schafer, Lee, and Torczon), the board "terminated [the interference] for lack of subject

⁴¹See generally Gholz, Patent Interferences -- Big Ticket Litigation With No Effective Discovery, 4 Intellectual Property Today No. 9 at page 10 (1997).

matter jurisdiction"⁴² because it discovered that one of the interferents had filed an express abandonment of its application in interference prior to the declaration of the interference.

According to the board:

The Patent Statute (35 U.S. C. § 135(a)) does not authorize an interference between an abandoned application and an unexpired patent.⁴³

As support for this holding, the panel cited Petrie v. Welsh, 21 USPQ2d 2012 (PTOBPAI 1991), in which a panel of the board terminated an interference for lack of subject matter jurisdiction after discovering that the patent of one of the interferents had expired prior to the declaration of the interference for failure to pay a maintenance fee.⁴⁴

Comment

In Mobil Oil Corp. v. Dann,⁴⁵ Judge Sirica (of Watergate fame) ordered the PTO to reconsider its decision on a petition requesting a retroactive extension of time to file an appeal in order to (in effect) revive or hold not abandoned an application in order to set up an interference between a patent and a then-abandoned application. On reconsideration, the PTO granted the petition (i.e., it revived the abandoned application and put the revived

⁴²53 USPQ2d at 2024.

⁴³53 USPQ2d at 2024.

⁴⁴Contrast Guinn v. Kopf, 96 F.3d 1419, 40 USPQ2d 1157 (Fed. Cir. 1996), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 80 JPTOS 321, 339-42 (1998), in which the court held that the board does have authority to enter judgment against a patentee interferent despite the fact that it disclaimed all of its claims designated as corresponding to the count after the declaration of the interference.

⁴⁵421 F. Supp. 995, 197 USPQ 59 (D.D.C. 1976).

application into an interference) on the condition that the applicants agree not to seek a patent.⁴⁶

In Lorenz v. Finkl, 333 F.2d 885, 142 USPQ 26 (CCPA 1968), the court affirmed the board's decision that awarded priority to Finkl on the ground that Lorenz's application in interference was abandoned (Rich, J. dissenting). Lorenz had not taken a timely appeal from the final rejection. That is, the Lorenz interference was set up on an application that was abandoned (for lack of prosecution) when the interference was declared, but the board awarded priority to the opposing party instead of "dissolving" the interference or terminating it for lack of jurisdiction. Curiously, the board in Waterman did not distinguish, discuss, or even mention the Lorenz case.

Of course, an abandonment of an application (other than an application for reissue having a claim of the original patent sought to be reissued) after an interference has been declared is treated as a request for adverse judgment against the applicant involved in the interference. 37 CFR 1.662(a).

E. 37 CFR 1.617 Practice Explained and Clarified

Basmadjian v. Landry

As the board's precedential opinion in Basmadjian v. Landry, 54 USPQ2d 1617 (PTOBPAI 1997) (opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJ Hanlon), makes clear, there is a difference between summary

⁴⁶For the subsequent history of this case, see In re Krambeck, 198 UPQ 253 (Comm'r 1977), 198 USPQ 255 (Comm'r 1977) (on reconsideration). The Commissioner's decision was upheld by Judge Sirica. Mobil Oil Corp. v. Dann, 448 F.Supp. 487, 198 USPQ 347 (D.D.C. 1978).

judgment proceedings under FRCP 56 and summary judgment proceedings under 37 CFR 1.617. Moreover, as their Honors conceded in an uncharacteristic display of humility, “The use of the phrase ‘summary judgment’ in 37 CFR § 1.617, and its predecessor 37 CFR § 1.228, probably was an unfortunate choice of words.”⁴⁷

Basmadjian contains a lengthy, didactic discussion of how 37 CFR 1.617 proceedings (which I agree should not be called summary judgment proceedings) actually work. Most importantly, it construes the phrase “prima facie” in 37 CFR 1.617(a), which reads as follows:

(a) An administrative patent judge shall review any evidence filed by an applicant under § 1.608(b) to determine if the applicant is *prima facie* entitled to a judgment relative to the patentee. If the administrative patent judge determines that the evidence shows the applicant is *prima facie* entitled to a judgment relative to the patentee, the interference shall proceed in the normal manner under the regulations of this part. If in the opinion of the administrative patent judge the evidence fails to show that the applicant is *prima facie* entitled to a judgment relative to the patentee, the administrative patent judge shall, concurrently with the notice declaring the interference, enter an order stating the reasons for the opinion and directing the applicant, within a time set in the order, to show cause why summary judgment should not be entered against the applicant.

⁴⁷54 USPQ2d at 1622.

According to the panel:

in a patent interference proceeding, a summary judgment determination boils down to whether the applicant has *prima facie* established facts, by a preponderance of the uncontested evidence, that would entitle the applicant to a judgment as a matter of law if the patentee relies on its filing date and presents no evidence in rebuttal. Application of any other evidentiary standard at the summary judgment stage would mean that an applicant might not prevail at final hearing even if (1) the applicant relies on the same evidence presented with the Rule 608(b) showing and (2) the patentee relies on its filing date and presents no evidence in rebuttal.⁴⁸

Comments

(1) The last sentence of the foregoing quotation should be contrasted with Cavanagh v. McMahon, ___ F.3d ___, ___ USPQ2d ___ (Fed. Cir. April 07, 1999) (non-precedential), discussed at Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 82 JPTOS 296, 302-03 (2000), which indicates that an applicant can fail to prevail at final hearing if it relies on the same evidence presented with its 37 CFR 1.608(b) showing and the patentee relies on its filing date and presents no evidence in rebuttal. However, Cavanagh is non-precedential, and Basmadjian is precedential, so presumably the board will rely Basmadjian rather than Cavanagh.

⁴⁸54 USPQ2d at 1624.

(2) Basmadjian is also important for its discussion of the question “Are facts alleged in...[a 37 CFR 1.608(b)] affidavit accepted as true?”⁴⁹ According to the panel, “The answer is generally ‘yes’.”⁵⁰ However, the panel goes to some pains to point out that the answer is not always yes:

The day-to-day practice at the board in evaluating Rule 608(b) affidavits has been that, *absent a good reason*, facts alleged in...[a Rule 608(b)] affidavit are accepted as true.

What would be a “good reason” for not accepting an allegation of fact as true?

Suppose the circumstances are that an applicant alleges in a first affidavit that the applicant personally mixed A with B for the first time on May 4, 1997, while a corroborating witness alleges in a second affidavit that the applicant was observed mixing A and B on May 1, 1997. Under these circumstances, a determination would be made as to whether the difference between the applicant’s allegation and the corroborating witnesses’ allegation is material, and, if so, whose allegation most likely represents the correct statement of events. Another example might be where an applicant makes an allegation in a Rule 608(b) affidavit which is inconsistent with statements in the applicant’s specification. The APJ

⁴⁹54 USPQ2d at 1624.

⁵⁰54 USPQ2d at 1624.

and/or the merits panel would then weigh the applicant's allegation against the statement in the specification to determine whether the applicant's allegation is true. Experience at the board is that there have been, and should be, few occasions when a fact alleged in...[a Rule 608(b)] affidavit is not accepted as true.⁵¹

F. The Burden of Proof as to Priority on a Junior Patentee in a 35 USC 291 Action is the Preponderance of the Evidence

Environ Products, Inc. v. Furon Co.

Environ Products, Inc. v. Furon Co., 215 F.3d 1261, 55 USPQ2d 1038 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Newman for a panel that also consisted of Chief Circuit Judge Mayer and Circuit Judge Lourie), was a three party civil action involving two patentees and an applicant. Each of the two parties active on the appeal (the third party, the applicant, having settled) sued the other for infringement of its patent and defended against the other's charge of patent infringement on the ground that its inventor had made the invention first. Moreover, according to the Federal Circuit, "It was agreed before the district court that the same invention, a flexible double-wall pipe for containment of hazardous fluids, is common to the two involved patents and the pending patent application."⁵² Thus, it was very close to being a 35 USC 291 action,⁵³ although

⁵¹54 USPQ2d at 1624.

⁵²215 F.3d at 1262, 55 USPQ2d at 1039. According to a letter to me from Joseph R. DelMaster, Jr., counsel for Environ, that sentence does not mean that the parties had stipulated that their claims interfered. According to Mr. DelMaster, "claims can interfere though they contain differing language. But to have an interference between claims of two (continued...)

neither patentee had pled 35 USC 291.⁵⁴

The sole issue tried below was inventorship.⁵⁵ Environ's inventor, Michael Webb, had filed his patent application on March 25, 1992, and Furon's inventor, Steven Skaggs, had filed his application on October 16, 1992. The district court had submitted the issue of inventorship to the jury with a special verdict form that read, inter alia, as follows:

No. 12. Who is the original inventor of the coaxial pipe described in Environ's U.S. Patent number 5,297,896, Furon's U.S. Patent No. 5,343,738, and Advanced Polymer Technology's U.S. Patent Application No. 07,859,034? (Check only one):

a. ___ Leo LeBlanc and Andrew Youngs, jointly (as shown by

⁵²(...continued)
involved patents, the claims cannot be of unequal scope." I disagree. However, the fact that a party can make a good faith argument to that effect highlights the undesirability of 35 USC 291 actions. See generally Gholz, Litigating Interfering Patents in Federal Court as an Alternative to PTO Interference Proceedings, 6 The IP Litigator No. 6 (Nov. 2000) at page ____.

⁵³35 USC 291 reads as follows:

The owner of an interfering patent may have relief against the owner of another by civil action, and the court may adjudge the question of validity of any of the interfering patents, in whole or in part. The provisions of the second paragraph of section 146 of this title shall apply to actions brought under this section.

⁵⁴In the interests of complete candor, I should disclose that, throughout the pendency of this action in the district court and on appeal, I was active in the background attempting to provoke a three party interference in the PTO among the applicant (which I represented) and the two patentees. Regrettably, the PTO did not declare that interference.

⁵⁵Other issues, notably reciprocal charges of misappropriation and conversion of the common invention, were separated by the trial court for subsequent trial.

clear and convincing evidence)

b. ___ Leo LeBlanc, Andrew Youngs, and Michael Webb, jointly

(as shown by clear and convincing evidence)

c. ___ Steven Skaggs (as shown by clear and convincing evidence)

d. ___ Michael Webb (as shown by a preponderance of the evidence)

e. ___ None of the parties has met its burden of proof.⁵⁶

The jury found for Webb, the district court entered the verdict, and, on appeal “Furon contend[ed] that a new trial is required, on the ground that the jury instructions were in error as to the standard of proof of priority and inventorship.”⁵⁷ Specifically:

Furon argue[d] that it was error to place the “clear and convincing evidence” standard of proof of inventorship on those claimants whose filing dates were later than (i.e., junior to) the filing date of the Webb patent (the first application filed). Furon state[d] that the proper standard for all claimants should have been a preponderance of the evidence, the same standard as prevails in PTO interference practice for determining priority among co-pending applications.⁵⁸

The Federal Circuit held that “the jury instruction that Furon was required to show

⁵⁶215 F.3d at 1264, 55 USPQ2d at 1041.

⁵⁷215 F.3d at 1264, 55 USPQ2d at 1041; footnote omitted.

⁵⁸215 F.3d at 1265, 55 USPQ2d at 1041.

that Steven Skaggs was the original inventor of the coaxial pipe by clear and convincing evidence was flawed”⁵⁹ because:

The two issued patents and the pending application were all co-pending in the Patent and Trademark Office. In a PTO administrative proceeding it would have been the burden of the junior applicants to establish prior invention by a preponderance of the evidence. See 37 C.F.R. § 1.657(b) (1998) (“In an interference...a junior party shall have the burden of establishing priority by a preponderance of the evidence.”); Bruning v. Hirose, 161 F.3d 681, 685-86, 48 USPQ2d 1934, 1938 (Fed. Cir. 1998) (“During an interference involving a patent issued from an application that was copending with the interfering application, the appropriate standard of proof for validity challenges is the preponderance of the evidence standard.”). The same burden would apply in a district court proceeding under 35 U.S.C. § 291. Cf. Kimberly-Clark Corp. v. Proctor & Gamble Distrib. Co., 973 F.2d 911, 914, 23 USPQ2d 1921, 1924 (Fed. Cir. 1992) (stating that[,] in a § 291 action, the presumption of validity provided by 35 U.S.C. § 282 is “eroded by the grant of an interfering’ patent.”)⁶⁰

and:

⁵⁹215 F.3d at 1266, 55 USPQ2d at 1042.

⁶⁰215 F.3d at 1265, 55 USPQ2d at 1041-42; footnote omitted.

The formality of invoking §291 does not affect the standard of proof of priority of invention between co-pending interfering patents, whether the issue arises as a defense in an infringement suit or in an action designated as under §291. The correct standard of proof of priority of invention, as between co-pending interfering patents, is the preponderance of the evidence, the junior patentee bearing the burden of pleading and proving priority.⁴

⁴ The question relates solely to that of priority of invention of common claimed subject matter in issued patents; this does not affect the standard of proof as to any other question that may be in dispute.⁶¹

However, the Federal Circuit held that the District Court's erroneous jury instruction and special verdict form were harmless error because "the only possible consistent view of the jury's [special] verdicts is that Webb was the [prior] inventor,"⁶² which meant that the "procedural flaw [in the district court's jury instructions and special verdicts form] could not have changed the result, and there is [accordingly] no ground for viewing the trial as unfair."⁶³

Comments

⁶¹215 F.3d at 1266, 55 USPQ2d at 1042.

⁶²215 F.3d at 1266, 55 USPQ2d at 1043.

⁶³215 F.3d at 1267, 55 USPQ2d at 1043.

(1) The district court's special verdicts form certainly did not correspond to the burdens of proof that would have prevailed in an interference in the PTO! There the party Webb would have been presumed the prior inventor, and it would have had no burden of proof as to priority if it had stood on its filing date.⁶⁴ However, the burdens of proof on the party Skaggs and the party Webb et al. would have been the preponderance of the evidence.

(2) The Federal Circuit's statement that its holding concerning the burden of proof as to priority "does not affect the standard of proof as to any other question that may be in dispute" is probably intended merely to emphasize that no other issue was before it. However, the board has held that the burden of proof on a party (junior or senior) attacking the validity of a patentee's claim on any ground other than inequitable conduct is preponderance of the evidence. See, e.g., Lamont v. Berguer, 7 USPQ2d 1580, 1582 (PTOBPAI 1985) (expanded panel). Assuming that the Federal Circuit ultimately adopts that holding (it hasn't done so yet), query whether the same would be true in a 35 USC 291 action--or in a quasi 35 USC 291 action such as this one.

G. 37 CFR 1.637 Only Details the Procedural Requirements for the Various Preliminary Motions; the Substantive Requirements Are Not Set Forth in the Rule But Must Be Met in the Motion

⁶⁴According to Mr. DelMaster, "Webb could not rely only on his filing date[,] as the evidence presented by the junior parties went behind Webb's filing date. We [i.e., Environ/Webb] needed to prove earlier conception and other related facts." The party Webb's burden of proof in the PTO, had there been an applicant-patent-patent interference and had the party Webb sought to prove "earlier conception and other related facts" would have been the preponderance of the evidence.

Hillman v. Shyamala

In Hillman v. Shyamala, 55 USPQ2d 1220 (PTOBPAI 2000) (expanded panel) (opinion delivered by APJ Torczon for a panel that also consisted of SAPJ McKelvey and APJs Schafer and Lee), the party Hillman had filed a 37 CFR 1.633(f) motion that complied with all of the requirements of 37 CFR 1.637(f). However, although the named inventorship in the alleged priority application was different than the named inventorship in the party Hillman's involved patent, the motion did not explain how the party Hillman could be entitled to the benefit of the filing date of the alleged priority application. A motions panel of the board therefore denied the motion "without waiting for an opposition, because Hillman failed to set forth a prima facie case for relief..."⁶⁵

The party Hillman sought reconsideration, but lost again. According to the expanded panel that decided its request for reconsideration:

Hillman argues that compliance with 37 CFR § 1.637(f) is all that is required in a motion for benefit. This proposition is simply wrong.⁶⁶

The salient points of ...[37 CFR 1.637(a)] in this context are that the movant has the burden of proof and that the motion must contain a full statement of the reasons why the relief requested should be granted.

Moreover, the requirements of 37 CFR § 1.637 are *procedural*, not

⁶⁵55 USPQ2d at 1221.

⁶⁶55 USPQ2d at 1221.

substantive. It would be impossible to list all of the substantive requirements for each kind of motion specifically and exhaustively. Consequently, 37 CFR § 1.637 should be construed to set a minimum procedural requirement, which includes among other things that the movant provide a full statement of reasons on which it intends to rely in support of its motion.⁶⁷

Since the party Hillman's motion did not cover a point that the panel thought that it should have known to cover in its motion,⁶⁸ it was out of luck.

Comment

It is sometimes very difficult to know what a given panel of the board will think

⁶⁷55 USPQ2d at 1221; footnote omitted. See also *Lee v. McIntyre*, 55 USPQ2d 1406, 1411 (PTOBPAI 2000) (expanded panel), which construes "the requirement of Rule 637(c) that a moving party shall explain why the interfering subject matter should be redefined" as an overarching additional requirement, independent of the specific requirements contained in 37 CFR 1.637(c) (i), (ii), (iii), (iv), and (v).

⁶⁸In its request for reconsideration, the party Hillman attempted to explain why it was entitled to the benefit of the filing date of the earlier application despite the difference in the named inventorship. However, the panel turned that attempt aside summarily, stating:

It is sufficient to note that none of these arguments were made in,⁴ or were readily apparent from[,] the motions.⁵

⁴*Cf. Carbino v. West*, 168 F.3d 32, 34 (Fed. Cir. 1999) (A late or improper presentation of an argument—even on a question of law—need not, and ordinarily should not, be considered).

⁵*Cf. Ernst Haas Studio, Inc. v. Palm Press, Inc.*, 164 F.3d 110, 112, 49 USPQ2d 1377, 1379 (2d Cir. 1999) (declining invitation to scour record to make out a case for a party). [55 USPQ2d at 1222.]

should be in a party's opening arguments. Accordingly, the best advice is to cover everything that you think that the panel might possibly consider to be part of your burden! Hold nothing back for the reply. As demonstrated by this opinion, you may never get to file a reply.

H. According to Judge McKelvey, a McKelvey Count Consists of the Sum of the Independent Claims, Not the Sum of All of the Claims

Fang v. Pischel

It seems to me (and, apparently, to other practitioners) that a McKelvey count should, logically, consist of the sum of all of the claims of all of the parties (1) that are drawn to patentably indistinguishable subject matter and (2) that are patentable over the prior art.⁶⁹ However, according to Judge McKelvey, that is not so.

In Fang v. Pischel, 55USPQ2d 1383 (PTOBPAI 2000) (non-precedential) (opinion delivered by SAPJ McKelvey), Pischel had four claims, all of which were designated as corresponding to the count. Claims 19, 21, and 22 were in independent form; claim 20 depended from claim 19. Pischel's "half" of the McKelvey count read "a composition of matter in accordance with any of claims 19, 21, or 22 of Pischel."⁷⁰ Pischel filed a paper asking that its claim 20 be included in the count. There is no indication that Fang opposed

⁶⁹Of course, unpatentable claims can be designated as corresponding to a count. Orikasa v. Oonishi, 10 USPQ2d 1996, 2002 n.19 (Comm'r 1989). However, such claims cannot be made part of a McKelvey count or a party could prevail as to priority by proving prior possession of unpatentable subject matter. Davis v. Uke, 27 USPQ2d 1180, 1186-87 (Comm'r 1993).

⁷⁰55 USPQ2d at 1384.

that request. Nevertheless, Judge McKelvey denied it, reasoning as follows:

A count is merely a vehicle for contesting priority and determines what evidence is relevant on the issue of priority. *Squires v. Corbett*, 560 F.2d 424, 433, 194 USPQ 513, 519 (CCPA 1977); *Case v. CPC International, Inc.*, 730 F.2d 745, 749, 221 USPQ 196, 199 (Fed. Cir. 1984). All of the claims mentioned in the court [sic; count] are independent claims. A review of the record will show that Pischel claim 20 depends from Pischel claim 19. The count mentions Pischel claim 19. Hence, the subject matter of Pischel claim 20 is within the scope of the count. Stated in other terms, proof of priority may be based, *inter alia*, on the embodiment of dependent claim 20. Also within the scope of the count are Fang dependent claims 2-8.

The subject matter “involved” (35 U.S.C. § 135(a)) in an interference is the claims of the parties designated as corresponding to a count—not the count. When all is said and done in an interference, what is actually determined in the priority phase of an interference is who is not entitled to claims corresponding to a count. Claims designated as corresponding to a count are all directed to the same patentable invention. Thus, should Fang prevail on priority, each of the Pischel claims designated as corresponding to the count would be unpatentable as a result of a judgment on priority. Likewise, should Pischel prevail on priority, each of the Fang claims designated as corresponding to the count would

be unpatentable as a result of the judgment.⁷¹

I. Engagement in Settlement Negotiations Does Not Excuse Failure to Comply with Dates Set in the Scheduling Order!

Lee v. McIntyre

In Lee v. McIntyre, 55 USPQ2d 1406 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJs Schafer, Lee, and Torczon), SAPJ McKelvey reminded us with his customary vigor that engagement in settlement negotiations (even settlement negotiations that are very close to success) does not excuse failure to comply with dates set in the scheduling order.

In this interference, the preliminary statements were due on January 21, 2000. However, the parties were engaged in settlement negotiations, and Lee (the junior party) did not file its preliminary statement. SAPJ McKelvey accordingly placed it under an order to show cause why judgment should not be entered against it. Lee's "excuse" was that its counsel "was mistakenly of the opinion that ***[a] Settlement Agreement *** [said to have] been reached in principle between the parties *** would take the place of and supplant this Interference proceeding...."⁷²

SAPJ McKelvey read Lee's counsel the riot act:

a party in an interference is well advised *not* to assume that because settlement may have been reached that it need not comply with times for

⁷¹55 USPQ2d at 1384.

⁷²55 USPQ2d at 1408; interpolations in the original.

taking action. Rather, the party should either (1) comply with times set in the interference or (2) request, or have its opponent request, entry of an adverse judgment. In no case should a junior party assume that an agreement “in principle” to settle somehow excuses the junior party from filing a preliminary statement.⁷³

Nevertheless, the panel did not enter judgment against Lee because “it is manifest that McIntyre did not suffer any actual prejudice by Lee’s untimely filing of its preliminary statement.”⁷⁴ However, it closed this portion of its opinion with a warning that we would all do well to heed:

While we have excused Lee’s failure to timely file a preliminary statement in this particular case, we wish to emphasize the fact that involvement in settlement negotiations, and even a high likelihood that settlement may occur, under no circumstances excuses a party from meeting deadlines set by the board. We make this point because the activities which took place in this case are not a model for future behavior in other cases. *Compare Key Pharmaceuticals v. Hercon Laboratories Corp.*, 161 F.3d 709, 715-16, 48 USPQ2d 1911, 1916 (Fed. Cir. 1998) and *Hockerson-Halberstadt v. Converse Inc.*, 183 F.3d 1369, 1374 [51 USPQ2d 1518] (Fed. Cir. 1999). We may not be so charitable after this

⁷³55 USPQ2d at 1408.

⁷⁴55 USPQ2d at 1408.

opinion is published.⁷⁵

J. A Count Can Be Construed to Encompass Subject Matter Expressly Excluded by Its Literal Language

Lee v. McIntyre

When does a count not mean what it plainly says? Why, when the panel says that it doesn't, of course!

In Lee v. McIntyre, 55 USPQ2d 1406 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJs Schafer, Lee, and Torczon), the sole count was a McKelvey count reading as follows:

A composition of matter according to claims 1 or 6 of Lee ¶28,

or

a composition of matter according to claims 12 or 21 of McIntyre ¶25.⁷⁶

Lee's claim 1 recited, i.a., a blowing agent "comprising ethane and a different alkane selected from the group consisting of C₁, C₂, C₃, C₄, C₅, and C₆ hydrocarbons and mixtures thereof..."⁷⁷ Similarly, McIntyre's claim 21 recited, i.a., a blowing agent "consisting of ethane and a different alkane selected from the group consisting of C₃ and C₄ hydrocarbons and mixtures thereof..."⁷⁸ As the panel said:

⁷⁵55 USPQ2d at 1408.

⁷⁶55 USPQ2d at 1409.

⁷⁷55 USPQ2d at 1408-09.

⁷⁸55 USPQ2d at 1409.

The terms “hydrocarbon” and “alkane” have definite meanings in organic chemistry. A hydrocarbon is “[a] compound consisting of carbon and hydrogen.” *Hackh’s Chemical Dictionary*, page 418 (3d ed. 1944).

An “alkane” is “[a] group of aliphatic hydrocarbons, $C_n H_{2n+2}$; cf. the *methane series*.” *Id.* at 32.⁷⁹

Simple, huh? No, according to the panel. According to their honors, “the words ‘alkane’ and ‘hydrocarbon’ in Lee claim 1 are ambiguous,”⁸⁰ and “McIntyre claim 21 also suffers from at least one ambiguity.”⁸¹

Why?! Because Lee’s claim 2, which depended from claim 1, said that “said C_1 , C_2 , C_3 , C_4 , C_5 , and C_6 alkanes are selected from the group consisting of methane, fluorinated ethane, propane, fluorinated propane, n-butane, isobutane, the pentanes, the hexanes, and mixtures thereof,”⁸² and McIntyre’s claim 22, which depended from claim 21, similarly said that “the alkane is selected from the group consisting of fluorinated ethane, propane, n-butane, isobutane, and combinations thereof.”⁸³ Because the dependent claims were inconsistent with the claims from which they depended,⁸⁴ the panel

⁷⁹55 USPQ2d at 1409.

⁸⁰55 USPQ2d at 1409.

⁸¹55 USPQ2d at 1410.

⁸²55 USPQ2d at 1409.

⁸³55 USPQ2d at 1409.

⁸⁴The problem was that fluorinated ethane and fluorinated propane are not

(continued...)

“construed” the independent claims to encompass the subject matter recited in the dependent claims. Moreover, the panel had the gall to add the following plainly untrue assertion:

We wish to emphasize that we have not read limitations from the specification into Lee claim 1. Rather, we simply have construed Lee claim 1 in the light of the specification and Lee dependent claim 2.⁸⁵

Comment

Do not assume that a panel of the board would do this for you! The panel noted in a footnote that “Lee did not file a preliminary motion seeking judgment against McIntyre claim 22 on the basis of (1) indefiniteness (35 U.S.C. § 112, second paragraph) or (2) that it fails to comply with the fourth paragraph of 35 U.S.C. § 112, fourth paragraph, as an improper dependent claim.”⁸⁶ Oddly, it did not make the same comment about McIntyre’s failure to file such motions attacking Lee’s claims. Be that as it may, however, I suspect that either entering judgment sua sponte on the ground suggested by the footnote or, at a minimum, inviting the parties to file such motions would be a far more likely outcome of such a situation in the future.

K. There is No Per Se Rule that a Count Ultimately Must be as Broad as the Broadest Patent Claim Designated as

⁸⁴(...continued)
hydrocarbons, since they do not “consist[] of carbon and hydrogen.”

⁸⁵55 USPQ2d at 1410.

⁸⁶55 USPQ2d at 1410 n.3.

Corresponding to the Count

Lee v. McIntyre

37 CFR 1.606 states in relevant part that:

At the time an interference is initially declared (§ 1.611), a count shall not be narrower in scope than any application claim that is patentable over the prior art and designated to correspond to the count or any patent claim designated to correspond to the count. [Emphasis supplied.]

However, as made clear by the opinion in Lee v. McIntyre, 55 USPQ2d 1406 (PTO BPAI 2000)(expanded panel)(opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJs Shafer, Lee, and Torczon), that does not mean that a narrower count can not be substituted for such an original count on motion under 37 CFR 1.633(c)(1).

According to Lee:

It is only at the time that an interference is declared that the count will be [sic; must be] as broad as the broadest patentable claim of an application designated as corresponding to a count and as broad as the broadest claim of a patent designated as corresponding to the count.⁸⁷

During the course of an interference, a count may be narrowed to exclude patentable subject matter within the scope of a claim designated as corresponding to the count where the claim is directed to more than one

⁸⁷55 USPQ2d at 1411.

patentable invention.⁸⁸

Comment

A 37 CFR 1.633(c)(1) motion to substitute a count narrower than an application or patent claim designated as corresponding to the count can also be granted if the movant establishes that the initial count and the claim read on subject matter that is unpatentable to the applicant or patentee. See Davis v. Uke, 27 USPQ2d 1180, 1186-87 (Comm'r 1993), citing MPEP 2309.03, p. 2300-24 (1989). This section has been incorporated into MPEP 2309.01(B) and (C) of the current MPEP p. 2300-20 (1998).

L. The Trial Section Has Three Times Suggested that
Pre-Trial Section Binding Precedents Are Not Binding on It

Bamberger v. Cheruvu, Lee v. McIntyre, and Argyropoulos v. Swarup

In Bamberger v. Cheruvu, 55 USPQ2d 1523 (PTOBPAI 1998) (opinion delivered by SAPJ McKelvey for a panel that also consisted CAPJ Stoner and APJ Schafer) (non-precedential), a non-expanded panel of the Trial Section termed the prior opinion by an expanded panel of the board in Lamont v. Berguer, 7 USPQ2d 1580 (PTOBPAI 1988) (opinion delivered by APJ Urynowicz for an expanded panel that also consisted of Chairman Serota, Vice-Chairman Calvert, EIC Boler, and EIC McCandlish), a “non-binding precedent.”⁸⁹ In Lee v. McIntyre, 55 USPQ2d 1406 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJs Schafer, Lee, and Torczon), an expanded panel of the board said that it

⁸⁸55 USPQ2d at 1411.

⁸⁹55 USPQ2d at 1526.

“disagree[d] with, and decline[d] to follow”⁹⁰ Heymes v. Takaya, 6 USPQ2d 1448 (PTOBPAI 1988) (opinion delivered by EIC R. Smith for a panel that also consisted of EICs Winters and Calvert). More importantly for purposes of this discussion, the Lee panel said that the opinion in “Heymes... is not binding precedent of this board.”⁹¹ Finally, in Argyropoulos v. Swarup, 56 USPQ2d 1795 (PTOBPAI 2000) (opinion delivered by SAPJ McKelvey for a panel that also consisted of Administrative Patent Judges Schafer and Torczon) (non-precedential), a non-expanded panel of the Trial Section cited the opinion of the expanded panel in Behr v. Talbott, 27 USPQ2d 1401 (PTOBPAI 1992) (opinion delivered by EIC Martin for an expanded panel that also consisted of Vice-Chairman Calvert and EICs Boler, R. Smith, and McCandlish), and then said “Without debating whether Behr should be considered binding precedent, we adopt the principle announced in Behr as our own.”⁹²

The language of the Trial Section in Bamberger v. Cheruvu, Lee v. McIntyre, and Argyropoulos v. Swarup should be compared with the following passage from Ex parte Holt, 19 USPQ2d 1211, 1214 (PTOBPAI 1991) (opinion delivered by EIC Emery for a panel that also consisted of Chairman Serota and EIC Goolkasian):

We take this occasion to explain what precedents are considered binding in proceedings in the Patent and Trademark Office (PTO). *** In those relatively rare cases where the Federal Circuit has not addressed an issue, but there is “authorized published” Board precedent, that published Board precedent is binding on panels of the Board and Examiners in the Patent Examining Corps.

⁹⁰55 USPQ2d at 1411.

⁹¹55 USPQ2d at 1411.

⁹²56 USPQ2d at 1805 n.1.

A published Board opinion may be overruled only by the Board sitting en banc, or by an expanded panel of the Board (i.e., one with more than three members).

Lamont, Heymes, and Behr were “authorized published” board precedents. Bamberger and Argyropoulos were not opinions by an expanded panel of the board. Lee on the other hand, was an opinion by an expanded panel of the board, so it could have overruled Ex parte Holt. However, it did not purport to do so.

Comment

No wonder the non-Trial Section APJs who used to handle interferences do not love their successors in jurisdiction!

M. It Is Difficult to Obtain Discovery to Support a Charge of Fraud

Shiokawa v. Maienfisch

In Shiokawa v. Maienfisch, 56 USPQ2d 1970 (PTOBPAI 2000) (expanded panel) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Schafer, Lee, Torczon, Gardner-Lane, and Medley), a panel of the board made clear its continued hostility to obtaining evidence to support a charge of fraud.⁹³

Shiokawa believed that the results of certain experimental work relied upon by Maienfisch in 37 CFR 1.132 declarations submitted during pre-interference ex parte prosecution in order to obtain declaration of the interference were inconsistent with the result of other experimental work relied upon by Maienfisch assignee (Novartis) in

⁹³In the interest of complete candor, I note that my colleague former EIC Alton D. Rollins and I were co-counsel for Shiokawa.

documents submitted to the EPO in an opposition that was related to the interference.⁹⁴

Furthermore, Shiokawa suspected

(1) that Novartis had done at least some of the experimental work the results of which it reported to the EPO before it submitted the inconsistent results to the USPTO and (2) that its failure to apprise USPTO of the inconsistent results was deliberate and knowing--i.e., that it was fraudulent. Accordingly, it sought discovery to, i.a., find out when the work reported to the EPO had been done. However, it got nowhere.

The panel started off by asserting that:

It is a well-established practice in interference cases that discovery as broad as that authorized by the Federal Rules of Civil Procedure is not available in interference cases pending before the USPTO. Tropix v. Lumigen,... [53 USPQ2d 2018 (PTOBPAI 2000)].⁹⁵

It then asserted (accurately enough, I concede) that:

Shiokawa has embarked on what only can be called a “fishing expedition” in search of “fraud fish” which Shiokawa suspects are swimming in Novartis’s “fish ponds.”⁹⁶

It then denied Shiokawa’s motion on two grounds.

⁹⁴The reason that Novartis submitted at least arguably inconsistent data in the two proceedings is complicated. Suffice to say that, because the US is a first-to-invent country and the EPO is a first-to-file jurisdiction, it was to Novartis’s advantage to make different arguments in the USPTO and the EPO.

⁹⁵56 USPQ2d at 1974.

⁹⁶56 USPQ2d at 1974.

First:

Fishing expeditions are not authorized by the additional discovery provisions of 37 CFR §1.687(c). To perhaps beat a dead horse, we again remind counsel that additional discovery under the interference rules is not commensurate in scope with discovery under the Federal Rules of Civil Procedure.⁹⁷

Second:

Apart from being a fishing expedition, there is [a] further fundamental flaw in Shiokawa's miscellaneous motions for additional discovery. The evidence necessary to support a miscellaneous motion is to accompany the motion. 37 CFR §1.639(a). Yet, Shiokawa failed to call our attention to evidence which would support its suspicions, beliefs and other assertions of fact. Thus, Shiokawa attempts to engage in a fishing expedition sans pole and reel. The argument of counsel in a brief is not evidence.⁹⁸

Comments

(1) I challenge the panel to show where in the Federal Rules of Civil Procedure “fishing expedition[s]” are authorized! Obviously, this is a pejorative term that judges and APJs apply to discovery requests that they are about to deny, not a term that is very helpful in predicting the result on a specific discovery motion.

⁹⁷56 USPQ2d at 1974.

⁹⁸56 USPQ2d at 1974; emphasis in the original.

(2) A major purpose of discovery is to obtain evidence useful in supporting a position that a party would like to take. By denying discovery requests despite fair grounds for suspecting the existence of the evidence needed to support a position, the Trial Section can often prevent a party from ever obtaining the evidence it needs to support the position.⁹⁹

(3) The Trial Section is, obviously, extremely hostile to (a) charges of fraud and (b) legal theories that complicate interference proceedings. Shiokawa's motions fell afoul of both Trial Section predilections.

N. A 37 CFR 1.633(a) Motion Need Not Address or Rebut a
37 CFR 1.132 Declaration Submitted During Pre-Interference
Ex Parte Prosecution

Glaxo Wellcome Inc. v. Cabilly

The relationship between events in pre-interference ex parte prosecution and events in an interference itself are complicated and difficult to predict. On the one hand, some APJs seem to give a great deal of weight to decisions by the (presumably) more technically knowledgeable examiners. On the other hand, some APJs seem to give little, if any, weight to the decisions of the examiners, even on technical issues.

Glaxo Wellcome Inc. v. Cabilly, 56 USPQ2d 1983 (PTOBPAI 2000)(expanded panel) (opinion delivered by APJ Gardner-Lane for a panel that also consisted of SAPJ McKelvey and APJs Schafer, Lee, Torczon, and Medley), raised such an issue. During pre-interference ex parte prosecution, Cabilly had overcome a 35 USC 112 ¶1 rejection by

⁹⁹In this case, however, there is a related district court litigation pending between the assignees of the two interferents. See Bayer AG v. Novartis Crop Protection, Inc., 55 USPQ2d 1509 (M.D.La. 2000). Accordingly, Bayer may ultimately be able to obtain the evidence that it needs to support its suspicion that Novartis committed fraud on the PTO.

filing a 37 CFR 1.132 declaration by an expert witness named Ridgeway. Before filing a plurality of 37 CFR 1.633(a) motions, which apparently were going to argue that the examiner's original position had been right, Glaxo sought "additional discovery, including testimony from Mr. Ridgeway...."¹⁰⁰

An expanded panel consisting of all the judges in the Trial Section denied Glaxo's motion, saying:

Glaxo seems to be under the impression that it must address or rebut the Ridgeway declaration in its preliminary motion for judgment since it apparently believes that the examiner relied on the declaration in support of a decision to withdraw the 35 USC § 112, ¶1, rejections. However, neither the Board nor Glaxo is bound by an ex parte decision of the examiner made during prosecution of the involved Cabilly application. Compare Switzer v. Sockman, 333 F.2d 935, 942, 142 USPQ 226, 232 (CCPA 1964) and Sze v. Bloch, 458 F.2d 137, 141, 173 USPQ 498, 501 (CCPA 1972). When considering a preliminary motion for judgment, such as the one Glaxo says it intends to file, the Board looks solely to the evidence in the interference. The Ridgeway declaration has not been placed in evidence in the interference.¹⁰¹

Glaxo has the burden of proving unpatentability vel non of Cabilly's claims. 37 CFR § 1.637(a). To prove unpatentability, Glaxo must file a preliminary motion under 37 CFR § 1.633(a). A preliminary motion under Rule 633(a) is not an appeal from an examiner's decision to allow a claim. Rather, it is an independent request to the Board for entry of judgment against a party. In rendering a decision on a preliminary motion for judgment, the Board is not compelled to defer to an examiner's decision to allow a claim. If Cabilly relies on the Ridgeway declaration in opposing any Glaxo preliminary motion for judgment, Glaxo will have an opportunity to cross-examine Mr. Ridgeway.

The discovery requested by Glaxo does not appear to be necessary for Glaxo to support its preliminary motions for judgment. Hence, it would impose an unnecessary expense on Cabilly that would be inconsistent with a just, speedy, and inexpensive resolution of the

¹⁰⁰56 USPQ2d at 1983.

¹⁰¹56 USPQ2d at 1984.

interference. 37 CFR § 1.601. Accordingly, Glaxo has not shown that the interest of justice requires the requested discovery.¹⁰²

Comment

I certainly agree that Glaxo had the burdens of proof and persuasion on its proposed 37 CFR 1.633(a) motions and that the panel that will decide those motions will not be compelled to defer to the examiner's decision. However, I am left with the strong suspicion that a probing cross examination of Mr. Ridgeway before Glaxo filed its 37 CFR 1.633(a) motions would have improved the quality of those motions, thus increasing the probability of the panel's making "a just, speedy, and inexpensive resolution of the interference."

XI. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT

A. Even Though One Side Gives Up, the Board Has Jurisdiction to Go Ahead and Decide Patentability Issues Concerning the Other Side

In re Gartside

In re Gartside, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Lourie for a panel that also consisted of Circuit Judges Clevenger and Rader), started off as an interference named Forgac v. Gartside. Forzac was a patentee junior party, and Gartside was an applicant senior party. Forzac filed a 37 CFR 1.633(a) preliminary motion¹⁰³ for a judgment that all of Gartside's claims designated

¹⁰²56 USPQ2d at 1984; emphasis in the original.

¹⁰³37 CFR 1.633 reads in relevant part as follows:

A party may file the following preliminary motions:

- (a) A motion for judgment against an opponent's claim

(continued...)

as corresponding to the count were unpatentable under 35 USC 103. The APJ granted that motion in part and sua sponte entered an order under 37 CFR 1.641¹⁰⁴ tentatively ruling that Gartside's remaining claims designated as corresponding to the count were unpatentable, but on a ground other than that on which Forgac had based its motion. In addition, the APJ also tentatively ruled that all of Forgac's claims designated as corresponding to the count (which were less than all of Forgac's claims) were invalid over the same prior art on which he or she¹⁰⁵ relied in holding Gartside's claims unpatentable.¹⁰⁶ Both parties responded to the APJ's tentative rulings, but "neither... [response] persuaded the examiner [sic; the APJ] to depart from his earlier holdings...."¹⁰⁷

¹⁰³(...continued)

designated to correspond to a count on the ground that the claim is not patentable to the opponent.

¹⁰⁴37 CFR 1.641 reads in relevant part as follows:

(a) During the pendency of an interference, if the administrative patent judge becomes aware of a reason why a claim designated to correspond to a count may not be patentable, the administrative patent judge may enter an order notifying the parties of the reason and set a time within which each party may present its views, including any argument and any supporting evidence, and, in the case of the party whose claim may be unpatentable, any appropriate preliminary motions under §§ 1.633(c), (d) and (h).

¹⁰⁵The opinions of the Federal Circuit traditionally do not identify the APJ who issued the order and/or judgment on appeal.

¹⁰⁶See 37 CFR 1.637(a), which reads in relevant part as follows:

If a party files a motion for judgment under § 1.633(a) against an opponent based on the ground of unpatentability over prior art, and the dates of the cited prior art are such that the prior art appears to be applicable to the party, it will be presumed, without regard to the dates alleged in the preliminary statement of the party, that the cited prior art is applicable to the party unless there is included with the motion an explanation, and evidence if appropriate, as to why the prior art does not apply to the party.

¹⁰⁷203 F.3d at 1310, 53 USPQ2d at 1772.

At that point, both parties requested a final hearing before the board. However, after having requested a final hearing, “Forgac withdrew his request for a final hearing and authorized the APJ to cancel... [all of his claims designated as corresponding to the count].”¹⁰⁸ That action raised one of the principal issues on appeal: in view of what the court characterized as “Forgac’s withdrawal from the interference...,”¹⁰⁹ did the board have jurisdiction to go ahead and decide the issues raised by Gartside? Over Gartside’s protest,¹¹⁰ the board held that it did,¹¹¹ and, on appeal, the Federal Circuit affirmed.¹¹²

According to the court:

¹⁰⁸203 F.3d at 1310, 53 USPQ2d at 1772. Since Forgac was a patentee, apparently what actually happened was that he filed a 35 USC 253 disclaimer. According to 37 CFR 1.662(c):

The filing of a statutory disclaimer under 35 U.S.C. 253 by a patentee will delete any statutorily disclaimed claims from being involved in the interference. A statutory disclaimer will not be treated as a request for entry of an adverse judgment against the patentee unless it results in the deletion of all patent claims corresponding to a count.

Since Forgac’s 35 USC 253 disclaimer did result in the disclaimer of all of his claims designated as corresponding to the count, it was treated as a request for entry of adverse judgment.

¹⁰⁹203 F.3d at 1310, 53 USPQ2d at 1772.

¹¹⁰Gartside asked that the interference be terminated by judgment against Forgac and that “his application be remanded to the primary examiner for further prosecution.” 203 F.3d at 1310, 53 USPQ2d at 1772.

¹¹¹The board relied on Schulze v. Green, 136 F.3d 786, 45 USPQ2d 1769 (Fed. Cir. 1998), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 81 JPTOS 241 (1999) at XI.A., “A Party Against Which Judgment is Concededly Going to be Entered is Entitled to Remain in the Interference for the Purpose of Attempting to Obtain a Judgment Against the Other Party,” 81 JPTOS at 263-67.

¹¹²The board also affirmed the APJ’s holding that Gartside’s claims designated as corresponding to the count were unpatentable, and, on appeal, the Federal Circuit also affirmed that holding.

in Perkins^{113]} we interpreted the language "may determine issues of patentability" [in 35 USC 135(a)] as nearly mandatory when these issues have been fairly raised and fully developed before the Board.¹¹⁴

* * *

the Board acted within its discretion to decide the patentability of... [Gartside's] claims based on the public interest as noted in Perkins and the fact that Gartside was in no way prejudiced by resolution of those issues by the Board rather than the examiner.¹¹⁵

* * *

By deciding the patentability of [Gartside's] claims..., the Board avoided yet another round of duplicative arguments before the examiner and achieved a timely resolution to the benefit of the parties and the public in general.¹¹⁶

* * *

Moreover, we agree with the Commissioner that Gartside was not denied any procedural safeguards by the Board's refusal to remand to the examiner. Gartside was afforded the opportunity to redefine the interfering subject matter by amending his claims, see 37 C.F.R. § 1.633(c)(2) (1999), and he was free to file a continuation application, see 37 C.F.R. § 1.633(d) (1999); see also 35 U.S.C. § 120 (1994). Moreover, 37 C.F.R. § 1.639 permits a party to introduce evidence in support of motions, oppositions, and replies, and 37 C.F.R. § 1.640(e)(3) also enables a party to introduce evidence in response to an order to show cause. Although Gartside alleges that he was prejudiced for want of other assorted procedural safeguards, these allegations are similarly without merit.¹¹⁷

Comments

¹¹³Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 73 JPTOS 700 (1991) at III.A., "Disposition of Cases Involving Both Priority and Patentability Issues," 73 JPTOS at 705-707.

¹¹⁴203 F.3d at 1317, 53 USPQ2d at 1777.

¹¹⁵203 F.3d at 1318, 53 USPQ2d at 1777.

¹¹⁶203 F.3d at 1318, 53 USPQ2d at 1777.

¹¹⁷203 F.3d at 1318, 53 USPQ2d at 1778.

(1) I question the word “discretion” in the first paragraph of the foregoing quotation. Surely the question was whether the board had continuing jurisdiction after Forgac filed his disclaimer. If the board did not have continuing jurisdiction, the board had no “discretion” to decide the case. On the other hand, if the board did have continuing jurisdiction, it had no “discretion” not to decide the case!

(2) Notwithstanding the facts (a) that, as stated in the second paragraph of the foregoing quotation, the court in Perkins interpreted the word "may" in 35 USC 135(a) as nearly mandatory and (b) that the court in Schulze reiterated and reemphasized that interpretations of 35 USC 135(a), the board is continuing to rely on the "permissive" nature of that word to avoid resolving issues that have been raised and argued by the parties. See

Winter v. Fujita, 53 USPQ2d 1478, 1485-90 (PTOBPAI 20000) (expanded panel).¹¹⁸
Perhaps In re Gartside will cause the board to mend its ways -- but I doubt it.¹¹⁹

(3) In the fourth paragraph of the foregoing quotation, the court underestimates the difficulty of “prosecuting” an application before the board. In the first place, while 37 CFR 1.633(c)(2) permits an interferent to ask to have a claim amended, the amended claim must be designated as corresponding to the or a count. 37 CFR 1.633(c)(2) does not permit an interferent to amend a claim and ask to have the amended claim designated as not corresponding to the or a count.¹²⁰ If an interferent wishes to do that, it must file a continuing application, present the amended claim as a new claim in the continuing

¹¹⁸In the interest of complete candor, I note that my colleague Alton D. Rollins and I were co-counsel for Fujita and that, while Fujita won overall, it lost on this issue.

¹¹⁹Unfortunately, for the development of the law, Fujita decided not to appeal.

¹²⁰L’Esperance v. Nishimoto, 18 USPQ2d 1534 (PTOBPAI 1991).

application, and argue that the new claim is patentable despite the interference estoppel codified in 37 CFR 1.658(c).¹²¹ In the second place, 37 CFR 1.633(d) permits an interferent to move to substitute a different application into an interference (usually in order to obtain the benefit of an earlier filing date), not to add an additional application to an interference. If an interferent wants to add an additional application to the interference, it must move under 37 CFR 1.635 and 37 CFR 1.642 to do so, and such motions are usually treated in a very grudging fashion.¹²² Finally, while it is perfectly true that “37 C.F.R. §1.639 permits a party to introduce evidence in support of motions, oppositions, and replies, and 37 C.F.R. §1.640(e)(3) also enables a party to introduce evidence in response to an order to show cause,”¹²³ the time periods for doing so are typically much shorter than those available *ex parte*, and the APJs are typically much more exacting in their patentability standards than the *ex parte* examiners. Hence, it is easy to sympathize with Gartside’s counsel’s desire to be thrown back into the briar patch!

¹²¹37 CFR 1.658(c) reads as follows:

A judgment in an interference settles all issues which (1) were raised and decided in the interference, (2) could have been properly raised and decided in the interference by a motion under §1.633(a) through (d) and (f) through (j) or §1.634, and (3) could have been properly raised and decided in an additional interference with a motion under §1.633(e). A losing party who could have properly moved, but failed to move, under §1.633 or 1.634, shall be estopped to take *ex parte* or *inter partes* action in the Patent and Trademark Office after the interference which is inconsistent with that party’s failure to properly move, except that a losing party shall not be estopped with respect to any claims which correspond, or properly could have corresponded, to a count as to which that party was awarded a favorable judgment.

¹²²See the discussion of 37 CFR 1.635/1.642 motions in Winter v. Fujita, 53 USPQ2d 1478, 1485 (PTOBPAI 2000) (expanded panel). The addition of another application to an interference increases the APJ’s work, but it does not increase the credit that the APJ receives for disposing of the interference.

¹²³203 F.3d at 1318, 53 USPQ2d at 1778.

(4) Gartside was an applicant, a fact which the court emphasized.

Accordingly, it is at least arguable that a different result would be reached in a case involving a patentee in the same position. However, it is a basic principle of modern interference practice that patentee-interferents and applicant-interferents are treated identically, so it is likely that the same result would be reached in such a case.

B. The Presumption of Validity Does Not Apply to the Claims of Patents Involved in Interferences

Bamberger v. Cheruvu

Terming the prior opinion by an expanded panel in Lamont v. Berguer, 7 USPQ2d 1580 (PTOBPAI 1988) (opinion delivered by APJ Urynowicz for an expanded panel that also consisted of Chairman Serota, Vice-Chairman Calvert, EIC Boler, and EIC McCandlish), a “non-binding precedent,”¹²⁴ the non-expanded panel in Bamberger v. Cheruvu, 55 USPQ2d 1523 (PTOBPAI 1998) (opinion delivered by SAPJ McKelvey for a panel that also consisted of CAPJ Stoner and APJ Schafer) (non-precedential), considered at length the question of whether a patent claim involved in an interference is entitled to a presumption of validity and came to exactly the same conclusion that the expanded panel had come to in Lamont:

We hold that an applicant asserting unpatentability of a patent claim in an interference bears a burden of proving its case by a preponderance of the evidence.¹²⁵

However, the panel did add one interesting caveat to the holding in Lamont:

¹²⁴55 USPQ2d at 1526. See section X.K. of this article.

¹²⁵55 USPQ2d at 1526.

We recognize that when an application is filed after a patent issues, that [sic] the applicant must prove priority by clear and convincing evidence. *Price v. Symsek*, 988 F.2d 1187, 26 USPQ2d 1031 (Fed. Cir. 1993). In the interference before us, the Bamberger application was copending with the application which matured into the Cheruvu patent. We leave for another case the determination of whether unpatentability should be based on clear and convincing evidence in those interferences where the junior party application was filed after the senior party patent issued.¹²⁶

C. The Trial section Offers “Guidance” as to the Evidence to be Submitted to Establish the Background of a Person of Ordinary Skill in the Art

Argyropoulos v. Swarup

In Argyropoulos v. Swarup, 56 USPQ2d 1795 (PTOBPAI 2000) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Torczon), Argyropoulos’s expert witness (Dr. Koleske) identified a person of ordinary skill in the art as having:

at least a Bachelor’s degree in Chemistry or Chemical Engineering, more likely a Master of Science degree or a Doctor of Philosophy degree. This person would have been employed for several years, i.e., about 3 or more, in the field of polymer chemistry, researching, making, and developing polymers as coating materials. Such an individual would also have had knowledge of various monomers, including (meth)acrylate monomers, suitable for use in making polymers, and would have had some knowledge

¹²⁶55 USPQ2d at 1526.

of the characterization of polymers and the properties of coatings made from such polymers.¹²⁷

Swarup put in no contrary evidence and apparently did not even attack Argyropoulos's evidence with attorney argument. Nevertheless, a panel of the Trial Section stated that:

We are confused by Dr. Koleske's testimony. The description of a skill level based on degrees and years working in the field has not been particularly helpful. According to Dr. Koleske, the "person" would have at least a B.S. degree, "more likely" an M.S. degree or a Ph.D. degree. Which is it? Moreover, what skill would a "person" who has a B.S., M.S. or Ph.D. degree have? What skills would the "person" have as a result of having worked for three or more years? Knowledge of "monomers" and "characterization of polymers and the properties of coating[s]" made from certain polymers are abstract principles. We have not given much weight to Dr. Koleske's definition of the "person"[,] preferring instead to consider the content of the prior art relied upon by Argyropoulos as the principal evidence of what a skilled "person" would know.¹²⁸

Comment

So, what should an expert witness say about the qualifications of a person of ordinary skill in the relevant art? Expert witnesses are apparently expected to say something on this point in order to comply with Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966) ("Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved"; emphasis supplied.). However, the Trial Section's "guidance" appears to me to conflate the first Graham factor with the third Graham factor, leaving me totally at sea as to what evidence the Trial Section does want to see to establish the third Graham factor.

¹²⁷56 USPQ2d at 1802.

¹²⁸56 USPQ2d at 1807.

I agree that information such as that supplied by Dr. Koleske is normally useless to the decision maker, but I am reluctant to leave such information out of the declarations of my expert witnesses for fear that a member of the Trial Section will hammer me for failing to supply evidence required by Graham.

XII. COURT REVIEW OF DECISIONS IN INTERFERENCE

- A. The Decision of the Board is Subject to De Novo Review in a 35 USC 146 Action as to Any Issue on Which the Plaintiff Submits Live Testimony

Winner Int'l Royalty Corp. v. Wang

The Supreme Court's decision in Dickinson v. Zurko, 119 S. Ct. 1816, 50 USPQ2d 1930 (1999), has focused attention on the standard of review of decisions by the various decisional authorities within the PTO. In Winner International Royalty Corp. v. Wang, 202 F.3d 1340, 53 USPQ2d 1580 (Fed. Cir. 2000) (opinion by Circuit Judge Michel for a panel that also consisted of Circuit Judges Rader and Gajarsa), the court decided that the decisions of the Board of Patent Appeals and Interferences are subject to de novo review in 35 USC 146 actions as to any issue on which the plaintiffs submit live testimony.¹²⁹

The court first noted that, "Because the record before the district court may include the evidence before the Board as well as evidence that was not before the Board, we have often described the district court proceeding as 'a hybrid of an appeal and a trial de novo'."¹³⁰ It then stated that "The issue before us is whether the scope of the evidence

¹²⁹In the interest of complete candor, I note that I was co-counsel for Winner International Royalty Corp.

¹³⁰202 F.3d at 1345, 53 USPQ2d at 1584, citing Estee Lauder Inc. v. L'Oreal, S.A. 129 F.3d 588, 592, 44 USPQ2d 1610, 1612 (Fed. Cir. 1997); General Instrument Corp. v. Scientific-Atlanta, Inc., 995 F.2d 209, 212, 27 USPQ2d 1145, 1147 (Fed. Cir. 1993); Case v. CPC Int'l, Inc., 730 F.2d 745, 752, 221 USPQ 196, 202 (Fed. Cir. 1984); and

(continued...)

admitted by the district court was sufficient to require a complete trial de novo, or whether the district court was instead required to give deference to some or all of the Board's findings of fact."¹³¹ It conceded that, "Although our precedent makes clear that a de novo trial is appropriate in some circumstances in actions under both section 146 and the parallel provisions in 35 U.S.C. § 145, it does not make clear exactly what those circumstances are,"¹³² and it asserted that "The statutory provisions themselves offer little guidance...."¹³³ Accordingly, the court turned to public policy, logic, and its understanding of how patent interferences are handled at the administrative level.

The outcome determinative point, according to the court, is that:

at no point in the interference proceeding is a party allowed to present live testimony before the Board. The Board reviews testimony only in the form of affidavits and transcripts of depositions, and other facts in the form of responses to interrogatories and requests for admissions. See 37 C.F.R. §§ 1.653(a), 1.677(a). Thus, although the proceeding before the Board in an interference differs from that following an ex parte examination, the two proceedings are the same in at least one important respect -- in no case is live testimony given before the Board, which would allow the Board to observe demeanor, to hear the witnesses rebut one another's testimony in response to questioning from the parties and the judges, and thus to determine credibility. As we have stated before, because the district court may observe witnesses under examination and cross-examination[,] it can have a "powerful advantage" over the Board[,] which can never receive testimony in such a manner. Burlington Indus.[, Inc. v. Quigg, 822 F.2d 1581, 1582, 3 USPQ2d 1436, 1437 (Fed. Cir. 1987)].¹³⁴

The court accordingly held that:

¹³⁰(...continued)
Conservolite, Inc. v. Widmayer, 21 F.3d 1098, 1102, 30 USPQ2d 1626, 1629 (Fed. Cir. 1994).

¹³¹202 F.3d at 1345, 53 USPQ2d at 1584.

¹³²202 F.3d at 1345, 53 USPQ2d at 1584.

¹³³202 F.3d at 1345, 53 USPQ2d at 1584.

¹³⁴202 F.3d at 1347, 53 USPQ2d at 1585.

the admission of live testimony on all matters before the Board in a section 146 action, as in this case, makes a factfinder of the district court and requires a de novo trial.⁴ Thus, although the live testimony before the district court might be the same or similar to testimony before the Board in the form of affidavits and deposition transcripts, a district court should still make de novo factual findings, while treating the record before the Board when offered by a party "as if [it was] originally taken and produced" in the district court. 35 U.S.C. § 146. Accordingly, because Winner submitted live testimony on all matters before the Board, the entire district court proceeding should have been a trial de novo, based both on the Board record and the district court evidence.

⁴ As this case involved further testimony relating to everything in issue before the Board, we express no opinion on whether testimony relating solely to some facts or issues results in other facts or issues being reviewed deferentially based solely on the fact findings of the Board. Indeed, we do not decide whether a given dispute could be parsed into discrete "issues" or facts so that such a determination could be made, or if it could, how a court would draw the line between such facts or issues.¹³⁵

¹³⁵202 F.3d at 1347, 53 USPQ2d at 1585-86; interpolation by the court.

Comments

(1) The court's footnote 4 is fascinating -- and suggestive of much litigation to come.¹³⁶ How the issue is defined will often control the outcome of the case.¹³⁷ For example, it is not clear what would happen if a plaintiff (or, for that matter, a defendant) in a 35 USC 146 action put in live testimony on less than all of the four Graham factors. The teaching point, of course, is that one should always put in live testimony on at least the first three of the Graham factors!

(2) The court's blanket assertion that "in no case is live testimony given before the Board, which would allow the Board to observe demeanor, to hear the witnesses rebut one another's testimony in response to questioning from the parties and the judges, and thus to determine credibility"¹³⁸ is not right.¹³⁹ In the first place, one can submit video depositions, and they are actually more useful than live testimony if one really believes that a judge can tell whether a witness is lying by observing the witnesses demeanor, since the judge can stop the video, zoom in on the witness's upper lip (to see if beads of sweat have formed), etc. In the second place, the APJs have taken actual live testimony in a

¹³⁶See Genentech, Inc. v. Chiron Corp., 220 F.3d 1345, 1351, 55 USPQ2d 1636, 1640 (Fed. Cir. 2000), which held that, "Although it does not appear that the district court here heard live testimony on all issues decided by the Board,*** the district court was not required to give deference to the Board's finding... [on the issue that the court found to be "dispositive"] because "the [district] court heard live testimony on... [that] issue...." Emphasis by the court.].

¹³⁷See Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 80 JPTOS 321, 353-54 (1998).

¹³⁸202 F.3d at 1347, 53 USPQ2d at 1585.

¹³⁹Please note that we did not make that argument to the court! The court came up with that argument on its own.

hearing room at the board on at least one occasion¹⁴⁰ -- and I think that they will do that more often in the future.¹⁴¹

(3) Despite the court's offhand characterization of 35 USC 145 as being "parallel"¹⁴² to 35 USC 146, in point of fact 35 USC 145 and 35 USC 146 are not parallel. Most importantly, 35 USC 145 does not contain a sentence that parallels 35 USC 146's statement that "the record in the Patent and Trademark Office shall be admitted on motion of either party upon the terms and conditions as to costs, expenses, and the further cross-examination of the witnesses as the court imposes, without prejudice to the right of the parties to take further testimony." Moreover, the ex parte nature of an appeal to the board under 35 USC 134 is so different from the inter partes nature of an interference trial before the board under 35 USC 135 that I recommend against assuming that the holding in Winner is also applicable to 35 USC 145 proceedings.

¹⁴⁰Chao v. Iwamoto, Interference No. 104,051.

¹⁴¹See Tropix Inc. v. Lumigen Inc., 53 USPQ2d 2018, 2020 n. 5 (PTOBPAI 2000) (expanded panel):

On the issue of derivation, all cross-examination will take place in a trial setting at the board in Arlington, Virginia, over which at least one administrative patent judge assigned to the Trial Section will preside.

¹⁴²202 F.3d at 1345, 53 USPQ2d at 1584.

- B. The Ultimate Determination of Obviousness by a District Court in a 35 USC 146 Action is Reviewed by the Federal Circuit De Novo, and the Underlying Factual Holdings are Reviewed for Clear Error

Winner Int'l Royalty Corp. v. Wang

A second issue in Winner International Royalty Corp. v. Wang, 202 F.3d 1340, 53 USPQ2d 1580 (Fed. Cir. 2000) (opinion by Circuit Judge Michel for a panel that also consisted of Circuit Judges Rader and Gajarsa), was the standard to be employed by the Federal Circuit in reviewing opinions concerning obviousness by a district court in a 35 USC 146 action.¹⁴³ As to that issue, the court's discussion was exceeding brief and to the point:

The ultimate determination of obviousness by a district court is reviewed by this court de novo[,] while the underlying factual inquiries are reviewed for clear error. See Weatherchem Corp. v. J.L. Clark, Inc., 163 F.3d 1326, 1331, 49 USPQ2d 1001, 1006 (Fed. Cir. 1998). We hold that this is so as much in a section 146 action as on review of the judgment in an infringement suit.¹⁴⁴

Comment

Presumably the same would be true of other invalidity/patentability issues. That is, the ultimate determination of any legal issue by a district court in a 35 USC 146 proceeding should be reviewed by the Federal Circuit de novo, while the underlying factual holdings should be reviewed for clear error.

¹⁴³In the interest of complete candor, I note that I was co-counsel for Winner International Royalty Corp.

¹⁴⁴202 F.3d at 1348, 53 USPQ2d at 1586.

C. Factual Determinations of the Board are To Be Reviewed Under the “Substantial Evidence” Standard

In re Gartside

A second issue in In re Gartside, 203 F.3d 1305, 53 USPQ2d 1769 (Fed. Cir. 2000) (opinion delivered by Circuit Judge Lourie for a panel that also consisted of Circuit Judges Clevenger and Rader), was the standard to be employed by the Federal Circuit in reviewing factual determinations by the Board of Patent Appeals and Interferences. In Dickinson v. Zurko, 119 S.Ct. 1816, 1818, 50 USPQ2d 1930, 1931-32 (1999), the Supreme Court held that the Federal Circuit “must apply one of the standards set forth in the Administrative Procedure Act (“APA”) at 5 U.S.C. §706 (1994)¹⁴⁵ ...,”¹⁴⁶ but it “did not determine whether the correct standard of review for PTO findings of fact is the ‘arbitrary, capricious’ or the ‘substantial evidence’ test.”¹⁴⁷ In Gartside, the court said that:

¹⁴⁵5 USC 706 reads in relevant part as follows:

§706. Scope of Review

The reviewing court shall —

- (2) hold unlawful and set aside agency action, findings, and conclusions found to be —

(A)

arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(E)

unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute....

¹⁴⁶203 F.3d at 1331, 53 USPQ2d at 1773.

¹⁴⁷203 F.3d at 1312, 53 USPQ2d at 1773.

We feel compelled to decide that question, in order to secure the standard of review through which we will test the decision of the Board in this case.¹⁴⁸

The Federal Circuit started off by noting that “The Supreme Court has indicated that the ‘arbitrary, capricious’ standard of review is highly deferential,”¹⁴⁹ more deferential than the “substantial evidence” standard. It then said that:

Section 706(2)(E) provides that “substantial evidence” review is afforded to agency factfinding performed during an adjudication in two circumstances: (1) factfinding performed in “a case subject to sections 556 and 557 of this title,” and (2) factfinding performed in a case “reviewed on the record of an agency hearing provided by statute.”¹⁵⁰

The first possibility did not apply, since 5 USC 554¹⁵¹ “excludes agency adjudication from these requirements when the subject matter of that adjudication is subject to a subsequent trial de novo..., as in the case of Board adjudication....”¹⁵² However, the court held that, henceforth, it will review factual determinations of the board under the “substantial

¹⁴⁸203 F.3d at 1312, 53 USPQ2d at 1773.

¹⁴⁹203 F.3d at 1312, 53 USPQ2d at 1773.

¹⁵⁰203 F.3d at 1313, 53 USPQ2d at 1774.

¹⁵¹5 USC 554(a) reads in relevant part as follows:

This section applies, according to the provisions thereof, in every case of adjudication by statute to be determined on the record after opportunity for an agency hearing, except to the extent that there is involved

- (1) a matter subject to a subsequent trial of the law and the facts de novo in a court....

¹⁵²203 F.3d at 1313, 53 USPQ2d at 1774. See generally Winner International Royalty Corp. v. Wang, 202 F.3d 1340, 53 USPQ2d 1580 (Fed. Cir. 2000), discussed ante.

evidence” standard of review because “the plain language of §§ 7 and 144 of Title 35 indicates that we review Board decisions ‘on the record of an agency hearing provided by statute’”¹⁵³ Interestingly, the court went beyond its painstaking parsing of the statutory language to say that:

Supreme Court precedent and the law of our sister circuits also indicate that “substantial evidence” review is appropriate in view of the plenary nature of the record before us. The Supreme Court has stated generally that the “basic requirement” for “substantial evidence” review is that the agency hearing produce a record that serves as the foundation for the agency’s action. See Overton Park,^[154] 401 U.S. at 415; Camp v. Pitts, 411 U.S. 138, 141 (1973) (noting that “substantial evidence” review “is appropriate when reviewing findings made on a hearing record”).¹⁵⁵

Comments

(1) There is seldom a “hearing record” in the sense of a transcript of a hearing before the board.¹⁵⁶ However, the transcripts of depositions, the motions papers, and the orders of the APJs probably constitute a far more complete evidentiary record than is available in many administrative proceedings to which the courts apply the “substantial evidence” standard of review.

¹⁵³203 F.3d at 1313, 53 USPQ2d at 1774.

¹⁵⁴Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402 (1971).

¹⁵⁵203 F.3d at 1314, 53 USPQ2d at 1774-75.

¹⁵⁶SAPJ McKelvey does occasionally ask the parties to share the cost of producing a transcript of a hearing before the board — particularly, I think, when he hopes to elicit admissions from counsel during oral argument that he can then rely on in his opinion.

(2) The Federal Circuit’s holding in this case could be viewed as an attempt by it to maintain some of its supervisory authority over the board — a supervisory authority that was severely impaired by the Supreme Court’s ruling in Dickinson v. Zurko.

XIII. POST-INTERFERENCE PRACTICE

- A. A Losing Party Must Place in Issue Subject Matter Supported by Both Parties or It Will Be Estopped to Claim that Subject Matter Later Even if the Winning Party Does Not Claim It

Ex parte Kimura

There may be many ways to skin a cat, but Ex parte Kimura, 55 USPQ 1537 (PTOBPAI 2000) (non-precedential) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Smith and Robinson),¹⁵⁷ stands for the proposition that interference procedure is not so forgiving.

A Kimura patent had been involved in an interference with a Kehne application. As of the date of the declaration of that interference, Kimura had a reissue application pending that contained the single claim (claim 13) involved on this appeal. Kehne had support for a claim that would have interfered with Kimura’s reissue application claim 13, but it did not have such a claim pending. Kimura did not move either to add its reissue application to the interference or to declare a second interference between its reissue application and the Kehne application. Instead, Kimura and Kehne entered into a settlement agreement in which Kehne agreed that it would not claim Kimura’s “alleged

¹⁵⁷In the interest of complete candor, I note that my partner Richard Kelly represented the appellant.

separate patentable invention as presented by ...reissue claim 13.”¹⁵⁸ Kimura then requested entry of adverse judgment in the interference.

During post-interference ex parte prosecution of its reissue application, Kimura argued that the judgment in the interference did not prevent it from obtaining a patent on the selection invention of claim 13. The panel disagreed. It rejected¹⁵⁹ claim 13 on what it called “alternative, and probably inconsistent, grounds”¹⁶⁰--namely, (1) estoppel under 37 CFR 1.658(c) for failure to take action during the interference to place the subject matter of claim 13 in issue in the interference and (2) estoppel based on the rationale of In re Deckler, 977 F.2d 1449, 24 USPQ2d 1448 (Fed. Cir. 1992).¹⁶¹ According to the panel:

If, as applicants maintain, claim 13 defines an invention which is separately patentable from the subject matter of lost Counts 1-3, then applicants are not entitled to claim 13 based on applicants failure to have moved to add the reissue application and a new count to Interference 103,406. Rule 658(c); Rule 633(c)(1); *In re Rhodes*, 23 CCPA 816, 80 F.2d 525, 28 USPQ 75 (1936), the vitality of which was reaffirmed in *Steinmayer v. Ramsey*, 30 CCPA 802, 132 F.2d 1007, 56 USPQ 374

¹⁵⁸55 USPQ2d at 1541.

¹⁵⁹The panel reversed two grounds of rejection entered by the examiner and stated that, while it agreed with the decision of the examiner as to estoppel, it disagreed with the examiner’s rationale supporting his or her estoppel rejection so thoroughly that it designated its decision affirming the examiner’s estoppel rejection as a new ground of rejection under 37 CFR 1.196(b).

¹⁶⁰55 USPQ2d at 1543.

¹⁶¹In re Deckler is discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 75 JPTOS 448 (1993) at pages 475-76.

(1942) Alternatively, applicants are estopped under Rule 658(c) for failure to move under 37 CFR § 1.633(e) to have a second interference declared between applicants and Kehne involving the allegedly separately patentable subject matter of applicants' claim 13.

If, as the examiner maintains, claim 13 defines an invention which is *not* separately patentable from the subject matter of lost Counts 1-3, then claim 13 is not patentable based on the proposition that a party losing an interference is not entitled to claim an invention which is not separately patentable from the lost count. *In re Deckler, supra.*¹⁶²

Interestingly, the panel decided that:

There is no apparent reason to resolve the issue of whether claim 13 defines an invention which is separately patentable from lost Counts 1-3. Applicants are not entitled to claim 13 regardless of how the issue is resolved.¹⁶³

Comments

(1) Apparently what Kimura should have done was to obtain a settlement agreement providing (1) that Kehne would not oppose Kimura's 37 CFR 1.633(h) motion to add the reissue application to the interference and its contingent 37 CFR 1.633(c)(1) motion to redefine the interfering subject matter by adding a count addressed to the subject

¹⁶²55 USPQ2d at 1543; italics in the original.

¹⁶³55 USPQ2d at 1543-44.

matter defined by Kimura's reissue claim 13, (2) that Kehne would file a contingent 37 CFR 1.633(c)(2) motion to add a claim that would have interfered with Kimura's reissue claim 13,¹⁶⁴ and (3) that, as soon as the panel granted all those motions and redeclared the interference, Kehne would file a request for entry of adverse judgment as to the new count. As all patent attorneys know, hindsight is wonderful.

(2) In Kimura, the claim that Kimura sought to prosecute post-interference was subordinate to the claims involved in the interference and, hence, allowable over the prior art if the claims involved in the interference were. However, it sometimes happens that both parties in an interference have non-elected claims that have been the subject of a restriction requirement and that, accordingly, have never been examined. Also, one party could have such claims and the other party could have support for such claims but have not

¹⁶⁴According to the panel's opinion:

During Interference 103,406, had applicants filed a preliminary motion to add their reissue and a preliminary motion to redefine the interference by adding a count directed to the invention of claim 13 on appeal, (1) the preliminary motions would have been granted and (2) Kehne and applicants could have contested priority on the subject matter of claim 13. [55 USPQ2d at 1540-41; footnote omitted.]

Of course, that ex post facto statement by the panel does not deal explicitly with the problem that, as of the preliminary motions period in the interference, Kehne did not have a claim drawn to the subject matter of Kimura's reissue claim 13. However, 37 CFR 1.637(c)(1)(iii) provides that a party moving to add or substitute a count shall:

Identify all claims in an opponent's application which should be designated to correspond to each proposed count; if an opponent's application does not contain such a claim, the moving party shall propose a claim to be added to the opponent's application. The moving party shall show the patentability of any proposed claims to the opponent and apply the terms of the claims to the disclosure of the opponent's application. [Emphasis supplied.]

yet presented such claims. In those situations, there is no reason to assume that those claims are allowable. Query whether the board would reach the same result in those situations that it did in Kimura--that is, whether the parties would, in effect, be forced to put those non-examined claims into interference.

(3) According to counsel for Kimura:

The last word is not in on the Kimura decision. We requested reconsideration. The board declined to rubber stamp its original decision and instead declared a new interference (with SAPJ McKelvey as the 37 CFR 1.610 APJ) limited to the subject matter that Kimura claimed to be patentably distinct. The position which we are taking, which to date is unopposed, is that in the first interference the rules precluded Kimura from taking any action. The only action that we could have taken, which was precluded by the rules, was to have moved to add a new claim to be designated as not corresponding to the count. Since we could not take that action, we preceded to ex parte prosecution. The issue should be whether or not we are patentable over the generic claims of the winning party as a selection invention. (Contrary to what the board said, the winning party could not have presented claims to our selection invention because of a lack of written description.)

XIV. RELATIONSHIP OF INTERFERENCE PROCEEDINGS TO COURT PROCEEDINGS

A. Stay of a Parallel Infringement Action Granted to Take Advantage of the Expertise of the Board and Because the Board's Decision Might "Dispose of" the Infringement Action

Bayer AG v. Novartis Crop Protection, Inc.

In Bayer AG v. Novartis Crop Protection, Inc., ___ F. Supp.2d ___, 55 USPQ2d 1509 (M.D. La. 2000) (Porteous, J.), the court stayed a patent infringement action pending

decision in a parallel interference¹⁶⁵ in order to take advantage of the expertise of the board and because the board's decision might "dispose of" the infringement action.

Specifically, the court held that:

there is no reason why litigation between the same parties, embracing common issues, should be prosecuted simultaneously. To do so would create an economic hardship on the parties and also result in the ineffective administration of justice. It seems more efficient to allow the administrative study of the patent to conclude before this matter moves toward trial. Additionally, this Court agrees with the Court in *Childers [Foods, Inc. v. Rockingham Poultry Marketing Co-op, Inc.]*, 203 F. Supp. 794, 133 USPQ 648 (W.D. Va. 1962)] that a ruling by the Patent Office, with the expertise possessed in the sorts of issues to be addressed in this case, would be helpful in making a determination of this cause on the merits. Moreover, if the patent held by Bayer is held to be invalid in the Interference proceeding, this case may be disposed of in its entirety.¹⁶⁶

Comment

The district court underestimated the potential impact of the proceedings in the interference on the patent infringement litigation. While it appreciated that a judgment in the interference adverse to Bayer would result in the cancellation of the claims in Bayer's patent pursuant to 35 USC 135(a), it apparently did not appreciate that a judgment in the interference adverse to Novartis would have issue preclusion effect in the infringement action. See Coakwell v. United States, 292 F.2d 918, 130 USPQ 231 (Ct. Cl. 1961), made applicable to the Federal Circuit by South Corp. v. United States, 690 F.2d 1368, 215 USPQ 657 (Fed. Cir. 1982) (en banc); Gholz, Collateral Estoppel Effect of Decisions by the Board of Patent Interferences, 65 JPOS 67 (1983); and Gholz, The Decisions of the

¹⁶⁵In the interest of complete candor, I note that we represent Bayer in the parallel interference.

¹⁶⁶ ____ F. Supp.2d at ____, 55 USPQ2d at 1511-12.

Board in an Interference Are Entitled to Issue-Preclusive Effect in a Parallel Patent Infringement Action but not Vice Versa, 6 Intellectual Property Today No. 8 at page 8 (1999).

B. Claims Originally Presented to Provoke an Interference Are Interpreted in Light of the Specification of the Patent in Which They Reside, Not in Light of the Specification of the Patent or Application From Which They Were “Copied”

Cultor Corp v. A. E. Staley Mfg. Co.

In In re Spina, 975 F.2d 854, 24 USPQ2d 1142 (Fed. Cir. 1992) (opinion delivered by Circuit Judge Newman for a panel that also consisted of Senior Circuit Judge Cowen and Circuit Judge Lourie),¹⁶⁷ the court (speaking through Judge Newman) did a great deal of mischief by saying that:

When interpretation is required of a claim that is copied^[168] for interference purposes, the copied claim is viewed in the context of the patent from which it was copied. DeGeorge v. Bernier, 768 F.2d 1318, 1322, 226 USPQ2d 758, 761 (Fed. Cir. 1985) (if claim language is ambiguous[,] “resort must be had to the specification of the patent from which the copied claim came”).¹⁶⁹

¹⁶⁷The opinion in Spina is criticized in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 75 JPTOS 448 (1993) at pages 456-57.

²It should be noted that “copied” is a term of art in interference law which does not have its normal meaning. What it really means is that a claim that allegedly interferes with a target claim is presented as part of an attempt to provoke an interference. The “copied” claim is usually more or less different than the target claim.

¹⁶⁹975 F.2d at 856, 24 USPQ2d at 1144.

However, in Cultor Corp v. A.E. Staley Mfg. Co., 224 F.3d 1328, 56 USPQ2d 1208 (Fed. Cir. 2000) (an opinion delivered by Circuit Judge Newman for a panel that also consisted of Senior Circuit Judge Friedman and Circuit Judge Rader), the court, again speaking through Judge Newman, has undone that mischief.

In Cultor, the patentee was arguing in an infringement action for a broad interpretation of its claims on the ground that “the claims it is asserting against Staley were obtained in an interference contest, and ...the claims should be given the same broad interpretation they received in the interference.”¹⁷⁰ An initial problem with Cultor’s argument was that, although “The PTO declared the interference, ...[the interference] was later settled,”¹⁷¹ so it is unclear that Cultor’s claims were given a broad interpretation in the interference. More substantively, however, Cultor’s problem was that its specification gave a certain term in the claims a narrow definition, and Cultor was arguing that that term should be given a broad interpretation free of the limiting definition in its specification because the specification of the other side in the interference did not contain such a limiting definition. Fortunately, that argument did not fly:

Every patent claim is construed in the context of the specification in which it appears as part of the patent document. When a claim is copied from another patent for interference purposes, it must be supported by the specification of the copier. In Spina the application into which the claim was copied was deemed to contain sufficient

¹⁷⁰224 F.3d at 1332, 56 USPQ2d at 1211.

¹⁷¹224 F.3d at 1332, 56 USPQ2d at 1211.

written description to support the claim, although the structure by which the claimed function was performed was not the same as the structure shown in the specification from which the claim was copied. The court in Spina did not hold that the copier of the claim for interference purposes thereby acquires the benefit of the descriptive text of the copied patent.

The claims to which Cultor demonstrated priority in the interference are construed in light of Cultor's specification; it becomes irrelevant whether the specific text of the claim was copied from the interfering patent. See Young Dental Mfg. Co. v. Q3 Special Prods., Inc., 112 F. 3d 1137, 1143, 42 USPQ2d 1589, 1594 (Fed. Cir. 1997) ("The specification that is relevant to claim construction is the specification of the patent in which the claims reside.").¹⁷²

Comment: I think that there is nothing left of the unfortunate dictum in Spina.

XV. CONCLUSION

Clearly the big news of the year in interference law was the board's (or the Trial Section's--it is not clear which) decision to start publishing opinions--a practice which it abandoned several years ago. Those opinions have been eye-opening, to say the least, and they have lead to a lively debate concerning some of the Trial Section's practices.¹⁷³ With

¹⁷²224 F.3d at 1332, 56 USPQ2d at 1211.

¹⁷³To engage in, or at least monitor, that debate, you can sign up on the List Serve of the Interference Committee of the American Intellectual Property Law Association. To join
(continued...)

perseverance and a little luck, that debate might even lead the Trial Section to change some of its practices.

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¹⁷³(...continued)

the “patentinterference” online group, point your browser to www.egroups.com, and log in to the egroups web site. Once you respond to the automated email confirming that you have given your correct email address, enter “patentinterference” as the name of the egroup that you want to join. Once you have joined the patentinterference group, you will see stored emails and links to the uploaded files. Click the appropriate item to view it. To send email to the group members, send to patentinterference@egroups.com.