

A CRITIQUE OF RECENT OPINIONS  
IN PATENT INTERFERENCES<sup>1</sup>

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## I. INTRODUCTION

This article covers precedential and interesting non-precedential opinions<sup>3</sup> relating to interferences published since those covered in my previous article at 85 JPTOS 401 (2003)<sup>4</sup> through December 31, 2003.<sup>5</sup>

## II. CONCEPTION

Nothing relevant this year.

## III. CLASSICAL DILIGENCE

Nothing relevant this year.

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court into those that are “precedential” (i.e., those that may be cited to the court as precedent) and those that are “non-precedential” (i.e., those that may not be cited to the court as precedent). The non-precedential opinions were formerly called “unpublished” opinions, but the court changed its terminology after noting that many of its “unpublished” opinions were in fact published in the United States Patents Quarterly.

The Federal Circuit attempts to discourage citation of its non-precedential opinions to its “feeder” courts and agencies.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 However, the non-precedential opinions of the Federal Circuit have at least the same status as law review articles written by the judges of the Federal Circuit, and in practice some of the non-Trial Section administrative patent judges seem to welcome citation of the non-precedential opinions of the Federal Circuit.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least some guidance to what the court might do again, and the administrative patent judges can use language out of the non-precedential opinions even if they cannot cite them. On the other hand, section 14 of the Trial Section’s “STANDING ORDER” says that “Non-precedential decisions of federal courts shall not be cited,” but “Non-precedential decisions of the board may be cited, but are not binding.”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.

<sup>4</sup>See also my previous articles at 84 JPTOS 163 (2002), 83 JPTOS 161 (2001), 82 JPTOS 296 (2000), 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).

<sup>5</sup>The 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.”

#### IV. ACTUAL REDUCTION TO PRACTICE

##### **IV.A. A Computerized Simulation Can Constitute an Actual Reduction to Practice of a Method Count Reciting a Method Step Intended to be Practiced by a Computer**

Taskett v. Dentlinger

In Taskett v. Dentlinger, 344 F.3d 1337, 68 USPQ2d 1472 (Fed. Cir. 2003)

(opinion by Circuit Judge Michel for a panel that also consisted of Circuit Judges Dyk and Prost), the court affirmed the board’s holding that a computerized simulation constituted an ARP of a method count that recited, i.a., “obtaining financial authorization for said request by a central terminal....”<sup>6</sup> The losing party (Taskett) argued that the count required the winning party (Dentlinger) “to obtain actual ‘financial authorization’ from a third-party institution,”<sup>7</sup> but the board had held that “the use of a switch at EDS (Dentlinger’s employer) and a dummy [checking] account could satisfy the count.”<sup>8</sup> The court agreed:

That Dentlinger did not test this step of the count under conditions of actual use does not mean that he did not reduce it to practice. His test was sufficient to determine that the invention would work for its intended purpose. To hold otherwise would be to require an inventor to have created a viable commercial embodiment before the Board

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<sup>6</sup> 344 F.3d at 1338 n. 1, 68 USPQ2d at 1473 n. 1.

<sup>7</sup> 344 F.3d at 1339, 68 USPQ2d at 1474.

<sup>8</sup> 344 F.3d at 1339, 68 USPQ2d at 1474.

or a court could find reduction to practice. This the law does not require.<sup>9</sup>

#### Comment

There is still a shadow over use of computerized simulations to establish ARPs of apparatus counts and limitations of a method count not intended to be practiced in a computer. See, e.g., McDonnell Douglas Corp. v. United States, 208 USPQ 728, 733 (Ct. of Cl. Tr. Div. 1980), rev'd, 214 USPQ 857, 860-62 (Ct. of Cl. 1982). However, there is no reason why a computerized simulation of a step intended to be practiced on a computer should not be judged by the same standards as any other simulation.

#### V. PEELER DILIGENCE

Nothing relevant this year.

#### VI. CONSTRUCTIVE REDUCTION TO PRACTICE

##### **VI.A. The Court Casts Doubt on the Venerable Proposition That, For Priority Purposes, a Prior Application Need Only Disclose a Single Species Within the Scope of the Count**

##### Chen v. Bouchard

In Chen v. Bouchard, 347 F.3d 1299, 68 USPQ2d 1705 (Fed. Cir. 2003) (majority opinion by Circuit Judge Lourie, joined by Circuit Judge Schall; opinion dissenting in part by Circuit Judge Newman), a panel of the board had “held that Chen’s earlier applications did not satisfy the written description requirement for any embodiment

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<sup>9</sup> 344 F.3d at 1342, 68 USPQ2d at 1476, citing Scott v. Finney, 34 F.3d 1058, 1061-63 (Fed. Cir. 1994); Mattor v. Coolegem, 530 F.2d 1391, 1395 (CCPA 1976); and Barmag Barmer Maschinenfabric AG v. Murata Mach. Ltd., 731 F.2d 831, 838 (Fed. Cir. 1984).

within the [scope of the three] counts.”<sup>10</sup> Nevertheless, the majority began its discussion with the statement that, “Whether a specification supports a claim corresponding to a count, and thus satisfies the written description requirement of 35 U.S.C. § 112, ¶ 1, is a question of fact, Vas-Cath v. Mahurkar, 935 F.2d 1555, 1562 (Fed. Cir. 1991)...”<sup>11</sup>-- despite the fact that whether the specification of Chen’s patent in interference supported a claim corresponding to a count was not an issue before the court.

### Comment

It has been the law since Hector was a pup that, for priority purposes (as opposed to the purpose of antedating a reference), a prior application need only disclose a single species within the scope of a count.<sup>12</sup> Of course, the question of whether a prior application adequately discloses a single species within the scope of a count is conceptually similar to the question of whether a prior application supports a claim for the purpose of antedating a reference, and it makes sense to treat both questions as either questions of fact or questions of law. However, the majority’s conflation of the two issues<sup>13</sup> casts doubt on the court’s continued adherence to this venerable proposition.

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<sup>10</sup> 347 F.3d 1299, 68 USPQ2d 1708.

<sup>11</sup> 347 F.3d at 1299, 68 USPQ2d at 1708.

<sup>12</sup> See, e.g., Hunt v. Treppschuh, 523 F.2d 1386, 1389, 187 USPQ 426, 429 (CCPA 1975); and Weil v. Fritz, 572 F.2d 856, 865-66 n.16, 196 USPQ 600, 608 n. 16 (CCPA 1978), which are the opinions most often cited for this proposition. Earlier opinions include Blodgett v. Richter, 79 F.2d 922, 923-24, 27 USPQ 398, 399-400 (CCPA 1935); Walsh v. Davidson, 101 F.2d 224, 226, 40 USPQ 376, 378 (CCPA 1939); and Kyrides v. Anderson, 121 F.2d 514, 516-17, 50 USPQ 131, 132-33 (CCPA 1941).

<sup>13</sup> And the dissent joined the majority on the issue of Chen’s entitlement to the benefit of its priority dates.



## VII. DERIVATION

### VII.A. **Merely Denying Derivation Is Not Enough**

#### Anderson v. Hill

There are not many opinions finding derivation—perhaps because techies are an honest lot and perhaps because the APJs are reluctant to besmirch reputations. However, Anderson v. Hill, 66 USPQ2d 1113 (PTOBPAI 2002) (non-precedential) (opinion delivered by APJ Medley for a panel that also consisted of APJs Schafer and Lee), is an opinion finding that a prominent university professor (Elias Snitzer) derived the invention in issue.<sup>14</sup> Moreover, the panel found that Prof. Snitzer derived the invention while serving as one of the guest editors of the *Annual Review of Material Science* from Dr. Hill, the lead inventor in another party to this interference, who had submitted a paper describing the invention for publication in that review—an inflammatory allegation indeed!

I will start by reviewing the basics.

First:

Derivation is a question of fact. To prove derivation, the movant must establish prior conception of the claimed subject matter and communication of the conception to the adverse claimant. *Price v. Symsek*, 988 F.2d 1187, 1190, 26 USPQ2d 1031, 1033 (Fed. Cir. 1993).<sup>15</sup>

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<sup>14</sup> I have written this opinion up at much greater length in “How Hard Is It, Really, to Prove Derivation?”, 10 Intellectual Property Today No. 12 at page 18 (2003).

<sup>15</sup> 66 USPQ2d at 1129.

Second, the testimony of named inventors offered in rebuttal to evidence of derivation offered by an opponent must be corroborated.<sup>16</sup>

Third, notwithstanding the former language of 35 USC 102(f), interferences have always been able to prove derivation taking place abroad.<sup>17</sup>

Fourth, the burden of proof on the party alleging derivation is allegedly the preponderance of the evidence.<sup>18</sup> However, the board has traditionally indulged in a presumption of integrity which makes the burden on the party attempting to prove derivation feel like clear and convincing evidence.<sup>19</sup>

Fifth, alleged derivers seldom confess, and smoking gun evidence is hard to find.  
So:

It is well established that derivation is difficult to establish by direct evidence; it can generally only be established from the circumstances of a case. *Barnet v. Wied*, 195 F.2d 311, 93 USPQ 161 (CCPA 1952).

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<sup>16</sup> 66 USPQ2d at 1128 (“inventor testimony [rebutting an assertion of derivation] must be corroborated,” citing *Cooper v. Goldfarb*, 154 F.3d 1321, 1330, 47 USPQ2d 1896, 1903 (Fed. Cir. 1998)).

<sup>17</sup> *Hedgewick v. Akers*, 497 F.2d 905, 182 USPQ 167 (CCPA 1974) (derivation in Austria), and *Asari v. Zilges*, 8 USPQ2d 1117 (PTOBPAI 1987) (derivation in Japan).

<sup>18</sup> *Davis v. Reddy*, 620 F.2d 885, 889, 205 USPQ 1065, 1068 (CCPA 1980) (Rich, J.) (“This ‘preponderance of the evidence’ burden of proof applies where the issue is derivation.”), citing *Mead v. McKiernan*, 585 F.2d 504, 507, 199 USPQ 513, 515 (CCPA 1978) (Rich, J.).

<sup>19</sup> *Spaite v. Marsh*, 208 USPQ 145, 154-56 (PTOBPI 1979) (Champion, EI, for a panel that also consisted of EIs Calvert and Boler), particularly 208 USPQ at 156 (“It is incumbent upon one to protect his intellectual property, by whatever legal means available, and if he charges someone else with derivation of that property, he has the burden of proving the charge by more than mere suspicious circumstances.”).

Accordingly, all the circumstances in the record must be considered in evaluating the sufficiency of the communication. *Hedgewick v. Akers*, 497 F.2d 905, 908, 182 USPQ 167, 169 (CCPA 1974).<sup>20</sup>

In this case, Prof. Snitzer strenuously denied having derived the invention from Dr. Hill's submission. However, his story just didn't hang together:

Although there is no direct evidence that Elias Snitzer received and read the Hill manuscript, the facts before us present strong circumstantial evidence which support Hill's charge of derivation.<sup>21</sup>

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In summary, although Dr. Snitzer denied ever reading or receiving the manuscript, based on the record, there is strong circumstantial evidence supporting Hill's charge of derivation.<sup>22</sup>

#### Comment

Given the board's historic reluctance to find derivation, this must have been an extremely difficult case for the panel.

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<sup>20</sup> 66 USPQ2d at 1129.

<sup>21</sup> 66 USPQ2d at 1129. The reader interested in the details is referred to the panel's lengthy opinion or to my article in *Intellectual Property Today*.

<sup>22</sup> 66 USPQ2d at 1131.

## VIII. THE 35 USC 135(b) BAR

Nothing relevant this year.

## IX. CORROBORATION

### **IX.A. Reasonable Diligence is a Tough Standard!**

#### Anderson v. Hill

Reading Anderson v. Hill, 66 USPQ2d 1113 (PTOBPAI 2002) (non-precedential) (opinion delivered by APJ Medley for a panel that also consisted of APJs Schafer and Lee), should be a required and chastening experience for anyone tasked with preparing 37 CFR 1.672(b) declarations seeking to establish reasonable diligence extending from just prior to an adversary's "entry into the field" until one's client's actual or constructive reduction to practice date. Reasonable diligence is a tough standard, and most attempts to establish reasonable diligence are unsuccessful—either because the client wasn't, in fact, reasonably diligent as seen by the APJs or because the hapless attorney or agent tasked with proving reasonable diligence failed to prove what the client actually did.

Anderson v. Hill, doesn't establish any new law on diligence. It is, however, a useful collection of basic principles.

- (1) "To satisfy the reasonable diligence requirement, the work relied on must ordinarily be directly related to reduction to practice of the invention of the count at issue. *Naber v. Cricchi*, 567 F.2d 382, 384, 196 USPQ 294, 296 (CCPA 1977)."<sup>23</sup>

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<sup>23</sup> 66 USPQ2d at 1122.

“The difficulty with Anderson’s diligence case is that there is no demonstration, supported by sufficient evidence, that the inventors were performing all of the other tasks [relied on as evidence of diligence] with the goal in mind of reducing the invention to practice.”<sup>24</sup>

(2) Proving reasonable pre-reduction to practice diligence is much more difficult than proving so-called “Peeler diligence”<sup>25</sup> or post-reduction to practice diligence:

The date of activity that Hill relies on that is prior to 20 October 1992 is 14 September 1992, when a letter was sent to Mr. Pascal, a patent agent, soliciting for a cost estimate for writing a patent application for the Hill invention. Hill directs us to no other evidence of acts of diligence from September 1992 until its application is [sic; was] filed on 29 October 1992.

Hill argues that it is clear that the Hill patent application had to be prepared during the time period between 8 September 1992 and 29 October 1992 (Paper 272 at 42). Hill relies on *Shindelar v. Holdeman*, 628 F.2d 1337, 207 USPQ 112 (CCPA 1980) for the proposition that

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<sup>24</sup> 66 USPQ2d at 1124.

<sup>25</sup> So 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).

three months is considered a reasonable amount of time for preparing a patent application.

The facts here are distinguishable from those in *Shindelar*. The issue in *Shindelar* was whether a party had suppressed or concealed the invention after it had reduced the invention to practice. Here, the issue, is diligence towards reducing an invention to practice, not whether an already reduced to practice invention has been concealed or suppressed. Hill has failed to discuss in any meaningful way why *Shindelar* applies to the issue of [pre-reduction to practice] diligence.

Even if *Shindelar* should be considered with respect to the facts in this case, *Shindelar* does not stand for the proposition that three months to prepare an application is per se reasonable, when there is *no evidence* based on the record, to support a three month preparation time. In *Shindelar*, there was evidence of acts towards preparing the application. Here, there are none.<sup>26</sup>

- (3) Attorney diligence is not self evident or presumed. It must be proved! Hill provides little or no evidence as to what occurred during the period between 14 September 1992 and 29 October 1992. Hill fails to direct us to evidence that would

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<sup>26</sup> 66 USPQ2d at 1125-26.

even explain Mr. Pascal's activities.

Further, while the diligence law permits an attorney to work on his [or her] backlog and related cases, the law also specifies that "the attorney has the burden of keeping good records of the dates when cases are docketed as well as the dates when specific work is done on the applications." *Bey v. Kollonitsch*, 806 F.2d at 1028, 231 USPQ at 970. Here, no dates or records of Mr. Pascal's activities have been offered into evidence.<sup>27</sup>

#### Comment

Everybody spends twenty-four hours a day doing something! Merely proving that a witness was hard at work at something doesn't prove that he or she was hard at work reducing the invention defined by the count to practice.

### X. INTERFERENCE PRACTICE

#### X.A. **Sometimes the Trial Section Does Handle Patent-Patent Interferences After All**

##### Anderson v. Hill

In Louis v. Okada, 57 USPQ2d 1430 (PTOBPAI 2001) (expanded panel consisting of CAPJ Stoner and every then member of the Trial Section), the Trial Section denied Louis's motions to add two Okada patents to the interference without considering

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<sup>27</sup> 66 USPQ2d at 1126. After I sent counsel for the parties copies of a preliminary draft of this write-up, counsel for Hill called me and explained that his problem was that Mr. Pascal did all his work in Canada prior to December 8, 1993. Given the embarrassing nature of Judge Medley's opinion, it wouldn't have hurt her to point that out in her opinion!

Louis's contentions that the claims in those patents were not patentably distinct from the claims of the Okada application in interference on the ground that Louis's case in interference was a patent and that the board does not have jurisdiction over patent-patent interferences.<sup>28</sup> According to the expanded panel's unanimous opinion:

The Board's jurisdiction for declaring and conducting interferences is bottomed on 35 U.S.C. § 135(a), which states:

Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, an interference may be declared and the Commissioner shall give notice of such declaration to the applicants or applicant and patentee, as the case may be. The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability.

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<sup>28</sup> See my write-up of Louis v. Okada in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 84 JPTOS 163 (2002), at pages 192-94. In the interest of complete candor, I note that my colleague W. Todd Baker and I represented Louis.



Section 135(a) of Title 35, United States Code, does not authorize declaration of a patent versus patent interference. Even Sauer appears to be in agreement with that view. The “opinion” of the Director in 35 U.S.C. § 135(a) is directed to “an application.” What Sauer contends is that where one of the two patents is owned by a party which also has a pending application drawn to the same patentable invention, then the Board has jurisdiction to declare an interference involving the two patents and the application—*i.e.*, one patent and an application of one party, on one side, versus one patent of another party, on the other side. Sauer contends that if an application from either party is in the picture, the situation is not a patent versus patent interference and thus the Board has jurisdiction under 35 U.S.C. § 135(a) to declare and conduct an interference.

Sauer’s position is based on an erroneous view of § 135(a) interferences as a means to solve all conflicts between parties with respect to an invention *rather* than an administrative tool for the Patent and Trademark Office to decide whether to issue an application as a patent. The conflict between parties, insofar as any interference proceeding in the Patent and Trademark Office is

concerned, arises solely because one or more applications  
*or* patents stands in the way of the issuance of an  
application under examination. As we have mentioned  
above, the “opinion” of the Director, as is referred to in 35  
U.S.C. § 135(a), is directed to “an application.”<sup>29</sup>

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In our view the Board is without jurisdiction under 35  
U.S.C. § 135(a) to adjudicate a conflict between two issued  
patents. That is so no matter how far the parties have  
developed the issues, how much special expertise the  
members of the Board may have in determining them, or  
how quickly and inexpensively the Board may determine  
the issues as compared to a U.S. District Court in an action  
under 35 U.S.C. § 291.<sup>[30]</sup> Even if both parties as well as  
the Board desire to have a conflict between patents  
adjudicated by the Board, the Board is without power to do

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<sup>29</sup> 57 USPQ2d at 1431-32; italics in the original.

<sup>30</sup> 35 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 the 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.

so. Congress imposed these restrictions on our jurisdiction in interferences.<sup>31</sup>

However, Anderson v. Hill, 66 USPQ2d 1113 (PTOBPAI 2002) (non-precedential) (opinion delivered by APJ Medley for a panel that also consisted of APJs Schafer and Lee), which was a three-party interference, was just such a patent-patent interference. The parties Anderson and Hill were both in the interference on patents; only the party Snitzer was in the interference on an application. Nevertheless, the panel (every member of which was on the panel that decided Louis v. Okada and one member of which delivered the opinion in Louis v. Okada) handled the interference without commenting on whether or not it had jurisdiction to do so.

The only possible distinction between Anderson v. Hill and Louis v. Okada is that Anderson v. Hill was a three-party interference, whereas Louis v. Okada was a two-party interference. However, in Louis v. Okada the panel stated that:

A conflict between two patents is no less a conflict between two patents simply because another conflict exists between one of the patents and a separate application. Under 35 U.S.C. § 135(a), the Board is without jurisdictions to adjudicate a conflict between two patents[,] and that is unchanged by having another conflict, one between an

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<sup>31</sup> 57 USPQ2d at 1433-34.

application and one of the conflicting patents, in the same mixing bowl.<sup>32</sup>

The panel's opinion in Louis v. Okada suggests that indeed the fact that Anderson v. Hill involved three different real-parties-in-interest, whereas Louis v. Okada involved only two different real-parties-in-interest, justifies a different result:

In Wilson v. Yakel, 1876 Dec. Comm'r. Pat. 245 (Comm'r. Pat. 1876), a single application of Wilson interfered with a patent of Yakel and also with a patent of Rogers. The Commissioner sanctioned an interference proceeding involving all three parties, which in effect represented a merger of two underlying interferences each involving the applicant Wilson and a patentee. In this case between junior party Sauer and senior party Kanzaki, only one of the multiple underlying interferences would be between an application and a patentee. The other one(s) would be between Kanzaki as a patentee and Sauer as a patentee. The 1984 Notice of Final Rule Making made clear that even in the sanctioned circumstance of Wilson v. Yakel, supra, if the applicant drops out for whatever reason, the interference would have to be terminated between the

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<sup>32</sup> 57 USPQ2d at 1434.

remaining patentees for lack of subject matter jurisdiction.<sup>33</sup>

#### Comment

I submit that the panel in Louis v. Okada was cutting the baloney unreasonably thin. It is no doubt true that if the only party involved in a three real-parties-in-interest interference on an application (Snitzer in Anderson v. Hill) dropped out of the interference, the Board would have to terminate the interference for lack of subject matter jurisdiction under the current, lamentably narrow version of 35 USC 135(a). However, causing a substantive, socially undesirable result to turn on a highly unlikely possibility is no way to run a railroad—or an interference system!<sup>34</sup>

#### **X.B. The Federal Circuit Approves the Two-Way Test for Interfering Subject Matter**

Eli Lilly & Co. v. Board of Regents of the University of Washington

In Eli Lilly & Co. v. Board of Regents of the University of Washington, 334 F.3d 1264, 67 USPQ2d 1161 (Fed. Cir. 2003) (opinion of the Court delivered by Circuit Judge Gajarsa and joined by Circuit Judge Michel; dissenting opinion delivered by Circuit Judge Lourie),<sup>35</sup> the Court approved the two-way test for interfering subject matter enunciated by the Trial Section in Winter v. Fujita, 53 USPQ2d 1234 (PTOBPAI 1999) (expanded panel; opinion by SAPJ McKelvey). According to the majority, the Trial

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<sup>33</sup> 57 USPQ2d at 1434.

<sup>34</sup> Notably, Snitzer didn't drop out of Anderson v. Hill, and Kanzaki was not about to abandon its Okada application in interference either.

<sup>35</sup> I have written this opinion up at much greater length in The Majority of a Three-Judge Panel of the Federal Circuit Has Approved the Two-Way test of Winter v. Fujita—But Help May Be On the Way, 10 Intellectual Property Today No. 9 at page 36 (2003).

Section's "interpretation of 37 C.F.R. § 1.601(n) as establishing a two-way test for determining whether two parties are claiming the 'same patentable invention' is neither plainly erroneous nor inconsistent with the language of the regulation...."<sup>36</sup> According to the dissent, "the Board's action constitutes an abuse of discretion because the language of Rule 601(n) plainly describes a one-way test and does not support a two-way test. While *Winter* does hold that a two-way test is appropriate, its conclusion, not binding on us, is unsupported by any reasoning."<sup>37</sup>

37 CFR 1.601(n) reads as follows:

Invention "A" is the same patentable invention as an invention "B" when invention "A" is the same as (35 U.S.C. 102) or is obvious (35 U.S.C. 103) in view of invention "B" assuming invention "B" is prior art with respect to invention "A". Invention "A" is a separate patentable invention with respect to invention "B" when invention "A" is new (35 U.S.C. 102) and non-obvious (35 U.S.C. 103) in view of invention "B" assuming invention "B" is prior art with respect to invention "A".

Also relevant here are 37 CFR 1.633(b), which reads as follows:

A motion for judgment on the ground that there is no interference-in-fact. A motion under this paragraph is

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<sup>36</sup> 334 F.3d at 1270, 67 USPQ2d at 1162.

<sup>37</sup> 334 F.3d at 1273, 67 USPQ2d at 1167.

proper only if the interference involves a design application or patent or a plant application or patent or no claim of a party which corresponds to a count is identical to any claim of an opponent which corresponds to that count. See § 1.637(a). When claims of different parties are presented in “means plus function” format, it may be possible for the claims of the different parties not to define the same patentable invention even though the claims contain the same literal wording.

and 37 CFR 1.601(j), which reads as follows:

An interference-in-fact exists when at least one claim of a party that is designated to correspond to a count and at least one claim of an opponent that is designated to correspond to the count define the same patentable invention.

During the preliminary motions period, UW filed a 37 CFR 1.633(b) motion for a judgment that there was no interference-in-fact, a panel of the Trial Section consisting of APJs Schafer, Torczon, and Tierney (opinion by APJ Tierney) granted that motion, and this appeal was from that decision.<sup>38</sup> Interestingly, the Solicitor filed an amicus curiae brief supporting UW’s and the Trial Section’s interpretation of 37 CFR 1.601(n).

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<sup>38</sup> The opinions of both the majority and the dissent in the Federal Circuit are confused about what actually happened below. The majority states that “the Board...dismissed the interference,” 334 F.3d at 1266, 67 USPQ2d at 1162, and that Lilly took a particular action “[a]fter failing to instigate an interference. . .,” 334 F.3d at 1266, 67 USPQ2d at 1162. Similarly, the dissent states that “[t]he Board of Patent Appeals and Interferences here declined to declare an interference between Lilly’s reissue application and the

According to the majority’s opinion:

This case presents the question of whether the Director’s two-way test<sup>[39]</sup> for determining whether two parties claim the “same patentable invention” reflects a permissible reading of 37 C.F.R. § 1.601(n), promulgated pursuant to 35 U.S.C. § 135(a), where a species claim to a presumptive senior party allegedly anticipates a genus claim to a presumptive junior party.<sup>40</sup>

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Section 135 of the United States Code, Title 35, governs patent interference proceedings, which are designed to determine whether two patent applications (or a patent application and an issued patent) are drawn to the “same patentable invention” and, if so, which of the competing parties was first to invent the duplicative subject matter.

*See Conservolite, Inc. v. Widmayer*, 21 F.3d 1098, 1100-01

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University of Washington’s patent....” 334 F.3d at 1272, 67 USPQ2d at 1167. Actually, the panel of the Trial Section entered a judgment (that there was no interference-in-fact), and Eli Lilly had successfully instigated the interference (if the interference had not been “instigated”—“declared” is the usual term for what happened--, there would have been no preliminary motions period).

<sup>39</sup> More accurately, it was the Trial Section’s two-way test. However, under In re Alappat, 33 F.3d 1526, 1531-36, 31 USPQ2d 1545, 1547-51 (Fed. Cir. 1994) (in banc), the BPAI, including the Trial Section, is deemed to be a mere mouthpiece for the Director.

<sup>40</sup> 334 F.3d at 1267, 67 USPQ2d at 1163.



[30 USPQ2d 1626] (Fed. Cir. 1994). The statutory basis for declaring an interference proceeding, 35 U.

S.C. § 135(a), reads in pertinent part:

Whenever an application is made for a patent which, *in the opinion of the Director*, would interfere with any pending application, or with any unexpired patent, an interference *may* be declared.... The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability.

35 U.S.C. § 135(a) (2000) (emphases added [by the Court]). The plain meaning of this statute demonstrates that Congress has expressly indicated its preference that the declaration of an interference pursuant to § 135 be discretionary. *Burton v. Adang*, 162 F.3d 1140, 1144 [49 USPQ2d 1128] (Fed. Cir. 1998) (“The plain meaning of this statute is clear from the use of the permissive term ‘may’ that the [Director] has discretion whether to declare an interference.”); *see also In re Alappat*, 33 F.3d 1526, 1531 [31 USPQ2d 1545] (Fed. Cir. 1994) (*en banc*) (“When statutory interpretation is at issue, the plain and unambiguous meaning of a statute prevails in the absence

of clearly expressed legislative intent to the contrary.”)

Section 135(a) states that the Board shall determine questions of priority once an interference proceeding is declared. This authority for the Board to determine questions of priority, however, does not vitiate the Director’s discretion to begin or discontinue an interference once declared. *See* 35 U.S.C. § 135(a). Accordingly, the mandatory language only instructs the Board of its jurisdiction over an active interference. *See id.*<sup>41</sup>

The majority concluded that the Trial Section’s interpretation of 37 CFR 1.601(n), while “under-inclusive because it concludes there is no interference-in-fact even if an interference proceeding would have led to the conclusion that the species was invented before the genus,”<sup>42</sup> was “textually defensible”<sup>43</sup> and “at least as plausible as competing...[interpretations<sup>44</sup> of 37 CFR 1.601(n)].”<sup>45</sup> According to the majority:

the one-way test is over-inclusive because it concludes there is an interference-in-fact even if an interference proceeding would have led to the conclusion that the genus

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<sup>41</sup> 334 F.3d at 1267, 67 USPQ2d at 1163.

<sup>42</sup> 334 F.3d. at 1270, 67 USPQ2d at 1165.

<sup>43</sup> 334 F.3d at 1269, 67 USPQ2d at 1165.

<sup>44</sup> I believe that there are actually only two competing interpretations of 37 CFR 1.601(n)—the two-way test adopted by the Trial Section in Winter and the one-way test espoused by Eli Lilly—and many (probably most) members of the interference bar.

<sup>45</sup> 334 F.3d at 1269, 67 USPQ2d at 1165.

was invented before, and separately patentable from, the species. Section 1.601(n) reasonably can be interpreted to require an election between either a one-way or a two-way test. The Director has reasonably opted for a two-way test to avoid subjecting broad patents for basic inventions to interferences, some of which would have been unnecessary. To read the regulation, as Lilly and our colleague in dissent urge, to require the continuance of an interference proceeding where a genus claim to a presumptive junior party is allegedly anticipated by a species claim to a presumptive senior party, is a plausible alternative reading, but a reading which in the Director's discretion he has chosen not to accept.<sup>46</sup>

According to the dissent:

In each case [i.e., in each sentence in 37 CFR 1.601(n)], a one-way test is set forth: whether invention A is the same as or is obvious with respect to invention B, *assuming B is prior art with respect to A*. The rule does not require that B be the same as or obvious with respect to A, or assume that A is prior art with respect to B. Thus, the rule provides a

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<sup>46</sup> 334 F.3d at 1270, 67 USPQ2d at 1165-1166.

one-way test, not a two-way test, as the Board erroneously held.<sup>47</sup>

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Applying the one-way test clearly set forth by Rule 601(n), UW's generic claim 1 must be held to be the same patentable invention, not because a genus and a species are the same, but because Rule 601(n) refers to 35 U.S.C. § 102 after its reference to "same invention," and thereby indicates that the phrase "same patentable invention" encompasses the concept of "is anticipated by." Lilly, on the present record, would be the senior party were an interference to be declared.<sup>[48]</sup> Clearly, the species in Lilly's prior filed claims anticipates UW's later-filed generic claim. If an interference were to be declared, UW might antedate Lilly's claim, in which case UW's generic claim would remain in force. In that case, however, Lilly's species claim would also remain, because the Board already found the species to be a separate patentable invention with respect to the prior genus. The interference will seem to have been conducted in vain, but the issues will have been settled in accordance with the statutory

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<sup>47</sup> 334 F.3d at 1273, 67 USPQ2d at 1168.

<sup>48</sup> Of course, an interference had been declared, and Lilly was the senior party in that interference.

procedure for resolving a possible conflict of priority between an application (albeit a reissue application) and a patent. If UW does not antedate Lilly's species, then UW's generic claim will be invalid under 35 U.S.C. 102(g), and the matter will have been settled by the optimal tribunal.<sup>49</sup>

### Comments

Most of us think that we are over-worked and under-paid. However, it is part of the Federal Circuit's task to keep the PTO's nose to the grindstone.

What the majority's decision does is to approve the board's latest labor-saving stratagem. In the interference context, the Federal Circuit has twice rejected such labor-saving stratagems in recent years—to the general approbation of the interference bar.

The board's first labor-saving stratagem was to hold that an interferent's filing of a 37 CFR 1.633(a) motion attacking the patentability of an opponent's claim designated as corresponding to the or a count over the prior art was a binding admission that the interferent's claim or claims designated as corresponding to that count were unpatentable over the prior art. Guglielmino v. Winkler, 11 USPQ2d 1389 (PTOBPAI 1989). The Federal Circuit overruled that labor-saving stratagem in Winkler v. Guglielmino, 17 USPQ2d 1175 (Fed. Cir. 1990) (per curiam) (non-precedential). The Federal Circuit's opinion was, unfortunately, non-precedential. However, the Court's holding fortunately led to a Commissioner's Notice published at 1118 OG 19 (Sept. 11, 1990) that required the board to abandon that labor-saving stratagem.

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<sup>49</sup> 334 F.3d at 1273-74, 67 USPQ2d at 1168.

The board's second labor-saving stratagem was to hold that, if a count is unpatentable over the prior art, all claims designated as corresponding to that count are unpatentable over that prior art. The Federal Circuit overruled that labor-saving stratagem in In re Van Geuns, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993), which held that the patentability of the claims designated as corresponding to the or a count must be determined on a claim-by-claim basis.

This is the board's third, conceptually similar labor-saving stratagem. Its origin, as previously pointed out, is Winter v. Fujita, 53 USPQ2d 1234 (PTOPBAI 1999) (expanded panel), 53 USPQ2d 1478 (PTOBPAI 2000) (expanded panel)—so it is not a “long-standing...test,” as erroneously stated by the majority.<sup>50</sup> Presumably what the majority meant was that 37 CFR 1.601(n) is, relatively speaking, long-standing. However, 37 CFR 1.601(n) does not set forth a two-way test. Rather, the Trial Section created the two-way test out of whole cloth in Winter v. Fujita—and, as the dissent correctly noted, the Trial Section's holding in Winter v. Fujita is “unsupported by any reasoning.”<sup>51</sup>

I am not entirely unsympathetic to the Trial Section's efforts to avoid unnecessary or socially unproductive labor. However, the problem with the Trial Section's latest labor-saving stratagem is that the labor that it is attempting to avoid is neither unnecessary nor socially unproductive. A simple Venn diagram will illustrate why.

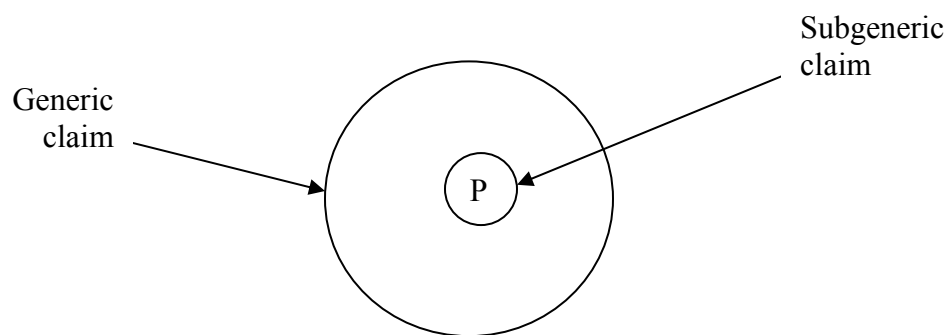
Assume that the commercially important product (called P in the Venn diagram below) is encompassed by both parties' claims designated as corresponding to the count.

This very common situation can be illustrated as follows:

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<sup>50</sup> 334 F.3d at 1270, 67 USPQ2d at 1166.

<sup>51</sup> 334 F.3d at 1273, 67 USPQ2d at 1167.



What that means is:

1. The owner of the subgeneric claim cannot safely commercialize P without paying for a license from the owner of the generic claim;
2. The owner of the generic claim cannot safely commercialize P without paying for a license from the owner of the subgeneric claim; and
3. Third parties cannot safely commercialize P without paying for a license from both the owner of the generic claim and the owner of the subgeneric claim because both could sue it for patent infringement—perhaps in different courts!<sup>52</sup>

Of course, if the assignee of the subgeneric claim really did make its invention before the assignee of the generic claim (as Lilly alleges was the case here), the generic claim is invalid or unpatentable, depending on whether it is in a patent or in an application. However, the majority in effect said, “Don’t worry about that. The district courts will take care of that.”

The problem with the majority’s reasoning, from the perspective of the users of the interference system, is twofold.

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<sup>52</sup> And wouldn’t it be interesting if the different courts reached conflicting judgments! Of course, the Federal Circuit might ultimately sort things out—but at what a cost!

First, for a variety of reasons that I will not go into here in detail because of the space limitation, it costs approximately ten times as much to “take down” a claim in infringement litigation as it costs to “take down” a claim in an interference.<sup>53</sup>

Second, a company concerned by a situation such as this (and, perhaps, hesitating to start or continue a multi-million dollar project because of that concern) cannot even bring a declaratory judgment action to deal with that concern unless it has been placed in justifiable apprehension of being sued for patent infringement—a situation that it will not be in unless it commits the resources to bring the product to market. In sharp contrast, all that such a company needs to provoke an interference is an application containing an interfering claim to which it is entitled but for the existence of the prospective interference.

Hence, the majority’s holding is not a “victimless crime.” It has appalling real-world consequences.

### **X.C. The Board Has Total Discretion to Ignore the “Rule” that Redirect Must Be Within the Scope of the Cross**

#### Taskett v. Dentlinger

In Taskett v. Dentlinger, 344 F.3d 1337, 68 USPQ2d 1472 (Fed. Cir. 2003) (opinion by Circuit Judge Michel for a panel that also consisted of Circuit Judges Dyk and Prost), the court held that the board had discretion to consider evidence elicited on re-direct despite Taskett’s argument that Dentlinger’s re-direct exceeded the scope of its

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<sup>53</sup> In brief, interferences are an order of magnitude less expensive than district court infringement litigations because (a) they are tried to specialized judges who do not need to be educated concerning basic patent law and (b) juries are not involved. Accordingly, as noted by the dissent, the PTOBPAI would be “the optimal tribunal,” 334 F.3d at 1274, 67 USPQ2d at 1168, to decide the validity issue which the Trial Section and the majority ducked.



cross-examination. The board had denied Taskett's motion to strike the re-direct on the ground that, "even if it exceeded the scope of cross-examination, the re-direct examination was proper because its purpose was 'to bring out additional facts and circumstances concerning the invention'."<sup>54</sup> On appeal, the court affirmed, saying:

we conclude that the Board did not abuse its discretion.

The Board has ample authority and discretion to admit relevant testimony of the kind given by Landa. We think it unclear that anything that Landa said on re-direct was, as argued, beyond the scope of the cross-examination. But[,] even if it were, it was entirely appropriate for the Board to admit it anyway in order to clarify facts that were not made sufficiently clear by either cross-examination or direct examination, as the Federal Rules of Evidence, and thus the Board's Rules, so permit. See 37 C.F.R. § 1.671(b)<sup>[55]</sup>; Fed. R. Evid. 611(b).<sup>[56]</sup><sup>57</sup>

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<sup>54</sup> 344 F.3d at 1339, 68 USPQ2d at 1474. According to counsel for Dentlinger, that is not what the board held. According to counsel for Dentlinger, the board held that Dentlinger's re-direct was within the scope of Taskett's cross.

<sup>55</sup> 37 CFR 1.671(b) reads as follows:

Except as otherwise provided in this subpart, the Federal Rules of Evidence shall apply to interference proceedings. Those portions of the Federal Rules of Evidence relating to criminal actions, juries, and other matters not relevant to interferences shall not apply.

<sup>56</sup> FRE 611(b) reads as follows:

### Comment

This was a pre-Trial Section interference. It is difficult to imagine any member of the Trial Section so holding.<sup>58</sup>

Moreover, if the board could let in Landa's testimony on re-direct on this ground, is there anything to the "Rule" that re-direct must be within the scope of cross?

#### **X.D. Failure to Call an Available Corroborating Witness Can Lead to Suppression of the Corroborating Witness's Records**

##### Chen v. Bouchard

In Chen v. Bouchard, 347 F.3d 1299, 68 USPQ2d 1705 (Fed. Cir. 2003) (majority opinion by Circuit Judge Lourie, joined by Circuit Judge Schall; opinion dissenting in part by Circuit Judge Newman), a panel of the board had suppressed the records of Dr. Wei, a laboratory technician who had worked for Dr. Chen. Chen argued that "the suppression of ... [Dr. Wei's records] was unreasonable, because ... the suppressed exhibits had been authenticated. ..." <sup>59</sup> The majority disagreed:

We agree with Bouchard that Chen has failed to demonstrate that the Board abused its discretion in its

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Scope of cross-examination. Cross-examination should be limited to the subject matter of the direct examination and matters affecting the credibility of the witness. The court may, in the exercise of discretion, permit inquiry into additional matters as if on direct examination.

<sup>57</sup> 344 F.3d at 1343, 68 USPQ2d at 1477.

<sup>58</sup> See footnote 54, supra. According to counsel for Dentlinger, the panel (per APJ Urynowicz) did not so hold.

<sup>59</sup> 347 F.3d at 1308, 68 USPQ2d at 1711.

evidentiary rulings. The Board took particular note of the fact that Wei, the author of the notebooks, was not called to testify. The Board also properly concluded, on the basis of its quite thorough analysis, that Wei's notebooks do not fall within the "business records" exception<sup>2</sup> or the "catchall" exception<sup>3</sup> to the hearsay rule. \*\*\* While notebook records are obviously of prime importance in proving the elements of invention, the failure of the notebooks' alleged author to testify; the fact that it was not established on the record that those notebooks were actually the notebooks of Wei, except by the circular testimony of Chen, whose activity was what was intended to be corroborated by the notebooks; and the lack of evidence of Bristol-Myers Squibb's policies regarding maintenance of laboratory notebooks, all compel affirmance of the Board's decision to exclude the notebooks, under our abuse of discretion standard. We therefore affirm the Board's evidentiary rulings.<sup>60</sup>

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<sup>2</sup> The so-called "business records" exception to the hearsay rule, Fed. R. Evid. 803(6), at all times relevant to this interference, read as follows:

The following are not excluded by the hearsay rule, even though the declarant is available as a witness:...

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<sup>60</sup> 347 F.3d 1308, 68 USPQ2d at 1711-12.

(6) Records of regularly conducted activity. A memorandum, report, record, or data compilation, in any form, of acts, events, conditions, opinions, or diagnoses, made at or near the time by, or from information transmitted by, a person with knowledge, if kept in the course of a regularly conducted business activity, and if it was the regular practice of that business activity to make the memorandum, report, record, or data compilation, all as shown by the testimony of the custodian or other qualified witness, unless the source of information or the method or circumstances of preparation indicate lack of trustworthiness.

Because Chen presented no testimony from the “custodian or other qualified witness” that Wei’s notebooks were “records of regularly conducted activity,” relying instead only on Chen’s uncorroborated testimony, the Board properly concluded that those notebooks did not fall within the purview of the exception.

<sup>3</sup> In relevant part, the “catch-all” exception, Fed. R. Evid. 807, reads as follows:

A statement not specifically covered by Rule 803 or 804 but having equivalent circumstantial guarantees of trustworthiness, is not excluded by the hearsay rule....

Because the Board found that Chen offered no evidence of the “circumstantial guarantees of trustworthiness” other than the very documents of Wei that Bouchard sought to exclude, the Board properly concluded that those documents also do not fall within this exception.

Judge Newman (who, like Judge Lourie, is a Ph.D. in chemistry and was chief patent counsel at a major research company before her elevation to the bench) dissented as to this issue:

Chen’s conception of the cyclopropataxol of the counts, and the extensive documentary and testimonial evidence of its synthesis, identification, analysis, and biological activity, were presented and documented in a

straightforward manner, in accordance with standard laboratory practices and scientific protocols. The Board abused its discretion in refusing to admit the research notebooks of Chen's assistant Jianmei Wei. The Board excluded the notebooks on the basis that they were hearsay and not within the business records exception to the hearsay rule. The Board held, citing Fed. R. Evid. 803(6), that Chen was required to prove that the notebooks were

made at or near the time by, or from information transmitted by, a person with knowledge, if kept in the course of regularly conducted business activity, and if it was the regular practice of that business activity to make the memorandum, report, record or data compilation, all as shown by the testimony of the custodian or other qualified witness, unless the source of information or the method or circumstances of preparation indicate lack of trustworthiness.

Board Op. at 52 (emphasis by the Board). There can be no dispute that Chen satisfies the criteria of a "qualified witness," under Rule 803(6), or that it was the regular practice to keep research notebooks. See Air Land Forwarders, Inc. v. United States, 172 F.3d 1338, 1344 (Fed. Cir. 1999) (where additional guarantees of reliability were present, the business records "were properly admitted by the trial court even though the government did not produce a witness that could testify with first-hand

knowledge as to the procedures used in the original preparation of each of the repair estimates”); Conoco v. Department of Energy, 99 F.3d 387, 391 (Fed. Cir. 1996) (“Courts have made clear, however, that the ‘custodian or other qualified witness’ who must authenticate business records need not be the person who prepared or maintained the records, or even an employee of the record-keeping entity, as long as the witness understands the system used to prepare the records.”). Chen testified that the notebooks were those of Ms. Wei,<sup>[61]</sup> that he supervised her work and reviewed the notebooks, and that the information sought to be admitted was timely recorded. The Board erred in refusing to consider Chen’s testimony on the ground that it was not corroborated. Not every aspect of an inventor’s testimony requires corroboration.<sup>62</sup>

#### Comment

Obviously, if Dr. Wei’s records were to be considered, Bouchard’s counsel needed the opportunity to cross-examine her! That he or she had the opportunity to cross-examine Dr. Chen was no substitute for having the opportunity to cross-examine the technician who actually did the work. Hence, I applaud the majority’s ruling.

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<sup>61</sup> Judge Dr. Lourie refers to the technician as Dr. Wei, and Judge Dr. Newman refers to the technician as Ms. Wei.

<sup>62</sup> 347 F.3d at 1312-1313, 68 USPQ2d at 1715.

**X.E. Must an Expert Witness's Opinions be "Supported by Cited Literature"?**

Velander v. Garner

Velander v. Garner, 348 F.3d 1359, 68 USPQ2d 1769 (Fed. Cir. 2003) (opinion by Circuit Judge Schall joined by Circuit Judge Prost; dissenting opinion by Circuit Judge Gajarsa<sup>63</sup>), apparently approves a panel of the BPAI's<sup>64</sup> having given no weight to the opinions of the expert witnesses of either of the parties because those opinions were not "supported by cited literature." However, the panel of the BPAI then went on to grant the motion of the party whose expert witness it had denigrated (based on the expert opinions of the APJs), and the panel of the CAFC approved that, too.

Garner filed a 37 CFR 1.633(a) motion for a judgment that Velander's claims were unpatentable over certain prior art and conceded, pursuant to 37 CFR 1.637(a),<sup>65</sup>

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<sup>63</sup> Judge Gajarsa's dissent was not based on the issue discussed here.

<sup>64</sup> The panel was apparently not a panel of the Trial Section. According to Judge Schall's opinion, "On June 30, 1998, the Examiner allowed claims 64-73 of the Velander application, but declared an interference between those claims and the issued Garner patent." 348 F.3d at 1362, 68 USPQ2d at 1770. Of course, examiners cannot declare interferences. Interferences are declared by APJs. 37 CFR 1.610(a) ("Each interference will be declared by an Administrative Patent Judge..."). More importantly, the fact that this interference was declared prior to October 01, 1998, suggests (but does not prove) that it was not conducted by the Trial Section. Regrettably, it is the Federal Circuit's custom not to identify the administrative judges whose decisions they review.

<sup>65</sup> 37 CFR 1.637(a) 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.

that, if Velander's claims designated as corresponding to the count were unpatentable, so were Garner's claims designated as corresponding to the count. Garner filed a 37 CFR 1.639(b) declaration from an expert witness in support of that motion, and Velander filed three 37 CFR 1.639(b) declarations from expert witnesses in support of its opposition to that motion. It was common ground that all of the elements recited in both parties' claims designated as corresponding to the count were in the prior art. The key question was whether a person of ordinary skill in the art as of the critical date would have had "a reasonable expectation of success" in combining those elements to obtain the claimed invention. Garner's expert said that such a person would have had such an expectation, and Velander's experts said that such a person would not have had such an expectation.

The panel of the board "cautioned...that the...testimony [of Garner's expert witness] was to be accorded little weight, except where it was supported by cited literature"<sup>66</sup> and "performed a similar analysis with respect to the declarations of Velander's experts...."<sup>67</sup> In particular, "The [panel of the] Board considered, but then discounted, Dr. Rosen's testimony about a lack of reasonable expectation of success because he did not explain how the references that he cited...supported his opinion that a skilled worker would not have expected to succeed."<sup>68</sup>

Notwithstanding its denigration of the testimony of all of the expert witnesses, the panel of the BPAI granted Garner's motion (based primarily on its own analysis of the

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<sup>66</sup> 348 F.3d at 1365-1366, 68 USPQ2d at 1773-1774.

<sup>67</sup> 348 F.3d at 1366, 68 USPQ2d at 1774.

<sup>68</sup> 348 F.3d at 1367, 68 USPQ2d at 1775.



cited references<sup>69</sup>) and entered judgment that all of the claims of both parties designated as corresponding to the count were unpatentable.

On appeal, a panel of the Federal Circuit affirmed. The linchpin of its affirmance was, as is so often the case, its standard of review:

On appeal, we review the Board's ultimate conclusion of obviousness without deference, while we review the Board's underlying factual determinations for substantial evidence. In re Gartside, 203 F.3d 1305, 1316 (Fed. Cir. 2000).<sup>70</sup>

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Understandably, Velander directs our attention to the evidence in the record that discusses the difficulties in transgenic expression of complex proteins like fibrinogen. Such material arguably supports a conclusion contrary to the one reached by the Board. At the same time, other evidence in the record supports the conclusion reached by the Board. If the evidence will support several reasonable but contradictory conclusions, we will not find the Board's

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<sup>69</sup> According to 35 USC 6, "The administrative patent judges...[are] persons of competent legal knowledge and scientific ability...." However, there is nothing in the statute, the Code of Federal Regulations, or the Standard Operating Procedures of the BPAI that guarantees that any of the APJs assigned to a panel to decide a given interference are persons of ordinary skill, much less experts, in the field of the invention or inventions involved in that interference.

<sup>70</sup> 348 F.3d at 1374, 68 USPQ2d at 1780.

decision unsupported by substantial evidence simply because the Board chose one conclusion over another plausible alternative. Jolly, 308 F.3d at 1320. That is the case here. In other words, in this complex case, it is not for us to second-guess the Board’s assessment of the evidence. Our task is to determine whether substantial evidence supports the conclusion chosen by the Board. We hold that substantial evidence supports the Board’s conclusion that Garner established by a preponderance of the evidence that, as of February 18, 1993, one of ordinary skill in the art would have believed that there was a reasonable expectation of producing a recoverable amount of biologically active fibrinogen by successfully generating a “transgenic non-human female mammal that produces recoverable amounts of biologically active human fibrinogen...in its milk.”<sup>71</sup>

#### Comments

I am concerned by the sweeping statements of the panel of the board that the testimony of the expert witnesses “was to be accorded little weight, except where it was supported by cited literature.” Sometimes there is no citable literature that is directly on point! I have no trouble with saying that mere conclusory statements of expert witnesses are entitled to little weight. However, sometimes all that an expert witness can do is

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<sup>71</sup> 348 F.3d at 1378-1379, 68 USPQ2d at 1784.

reason from general principles. Sometimes such reasoning is persuasive, and sometimes it isn't. However, there is nothing wrong with reliance on such evidence!

Moreover, the panel of the board did not really rely on "the evidence" (i.e., the cited literature) so much as on its own assessment of the inferences to be drawn from that literature. That is, having decided to give "little weight" to the inferences drawn from the cited literature by the parties' expert witnesses (and there was apparently no dispute that those witnesses were experts in the relevant field), the APJs then proceeded to give great weight to their own assessment of the inferences to be drawn from that literature! While the APJs may, in general, be better suited to that task than the average Article III judge, I question whether they were really better suited to that task than the parties' expert witnesses.

## XI. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT

### XI.A. **The Halliburton Rejection Is Alive and Well in the Trial Section**

#### Sanada v. Reynolds

In Sanada v. Reynolds, 67 USPQ2d 1459 (PTOBPAI 2003) (non-precedential) (opinion delivered by APJ Lee for a panel that also consisted of CAPJ Stoner and APJ Barrett)<sup>72</sup>, a panel of the Trial Section ruled that the Halliburton rejection lives on except to the limited extent that it has been statutorily overruled by what is now the sixth paragraph of 35 USC 112:

In our view, under the Supreme Court's decision in

Halliburton Oil Well Cementing Co. v. Walker, 329 U.S. 1,

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<sup>72</sup> APJ Barrett is not in the Trial Section. This was one of the rare appearances of a non-Trial Section APJ on an opinion of the Trial Section.

71 USPQ 175 (1946), there is a judicially created “dead zone” for claims using purely functional language to define a structural component. An exception exists only when such language is regarded as a means-plus-function clause under 35 U.S.C. § 112, last paragraph and narrowly construed under the same.<sup>73</sup>

In the case before it, the question was whether the odd language employed by Reynolds’s counsel was entitled to the benefit of the sixth paragraph of 35 USC 112. In what must be regarded as a bit of polite legal fiction, the panel said that:

The guideline provided by the Court of Appeals for the Federal Circuit on when to treat a certain claim language as means-plus-function recitation under 35 U.S.C. § 112, last paragraph, is clear. Use of the word “means” creates a presumption that § 112, sixth paragraph, applies.

Personalized Media Communications LLC v. ITC, 161 F.3d 696, 703, 48 USPQ2d 1880, 1886 (Fed. Cir. 1998). Failure to use the word “means” creates a presumption that § 112, sixth paragraph, does not apply, Id., 161 F.3d at 703-704, 48 USPQ2d at 1887. But the presumptions can be rebutted. The Federal Circuit stated:

These presumptions can be rebutted if the evidence intrinsic to the patent and any relevant

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<sup>73</sup> 67 USPQ2d at 1460; italics omitted.

extrinsic evidence so warrants. [Footnote  
omitted.[by the Court]]<sup>74</sup>

Surprisingly, the panel found that the presumption had been rebutted despite the fact that Reynolds's counsel submitted no evidence but instead merely submitted a paper stating:

In response to the show cause order dated February 20, 2003, it is submitted that the recitation in claim 7 of “a destroying member for destroying said thermally processed film after said film has been scanned” should be regarded as a means-plus function recitation under 35 U.S.C. § 112, sixth paragraph. As explained on page 6 of the Show Cause Order [sic[added by the panel]], it is recognized that failure to use the word “means” creates a presumption that 112, sixth paragraph does not apply but the presumption can be rebutted. It is noted that the term “a destroying member” in claim 7 is provided within the context of functional language to describe the feature of destroying the thermally processed film after the film has been scanned. That is, it is submitted that the functional claim language of claim 7 with respect to “a destroying member” is permissible under the conditions of 35 U.S.C. 112, sixth paragraph and thus, Applicants are entitled to the

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<sup>74</sup> 67 USPQ2d at 1461; italics omitted.

corresponding structure, material or acts disclosed in the specification and equivalents thereof.<sup>75</sup>

#### Comment

Apparently, non-traditional (and non-statutorily sanctioned) language is to be treated (at least by the Trial Section) as the equivalent of means-plus-function language if counsel for the party using that language says that it should be!

#### XII. COURT REVIEW OF DECISIONS IN INTERFERENCES

Nothing relevant this year.

#### XIII. POST INTERFERENCE PRACTICE

Nothing relevant this year.

#### XIV. RELATIONSHIP OF INTERFERENCE PROCEEDINGS TO COURT PROCEEDINGS

##### **XIV.A. A Pending 35 USC 291 Patent-Patent Interference Does Not Preclude an APJ from Declaring a 35 USC 135(a) Interference**

###### Stampa v. Jackson

In Stampa v. Jackson, 65 USPQ2d 1942 (Tierney, APJ, not joined by any other APJ, 2002) (non-precedential), APJ Tierney declared a 35 USC 135(a)<sup>76</sup> interference (1)

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<sup>75</sup> 67 USPQ2d at 1464.

<sup>76</sup> 35 USC 135(a) reads as follows:

Whenever an application is made for a patent which, in the opinion of the Director, would interfere with any pending application, or with any unexpired patent, an interference may be declared and the Director shall give

despite the pendency of a 35 USC 291<sup>77</sup> interference between the same two real parties in interest involving the same claims (as well as additional claims in the 35 USC 135(a)

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notice of such declaration to the applicants, or applicant and patentee, as the case may be. The Board of Patent Appeals and Interferences shall determine questions of priority of the inventions and may determine questions of patentability. Any final decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office of the claims involved, and the Director may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved in the patent, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation by the Patent and Trademark Office.

<sup>77</sup> 35 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 the validity of any of the interfering patents, in whole or in part. The provisions of the second

interference) and (2) despite the fact that the Article III district court judge had held that there was no interference in fact!<sup>78</sup>

The party (Jackson) that had won on the interference-in-fact issue in the district court argued that the district court's ruling "ha[d] a preclusive effect upon the declaration of an interference by the United States Patent & Trademark Office."<sup>79</sup> Judge Tierney disagreed, citing Musco Corp. v. United States, 303 F.3d 1316, 1329, 64 USPQ2d 1182, 1190 (Fed. Cir. 2002), and In re Freeman, 30 F.3d 1459, 1465, 31 USPQ2d 1444, 1448 (Fed. Cir. 1994), for the proposition that:

Issue preclusion is appropriate only when the following four elements are satisfied:

- (1) the issue is identical to one decided in the first action;
- (2) the issue was actually litigated in the first action; (3)

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paragraph of section 146 of this title shall apply to actions brought under this section.

<sup>78</sup> One of the parties involved in the 35 USC 291 patent-patent interference had filed an application to reissue its patent, thereby creating jurisdiction in the PTO. The District Court for the Southern District of New York decided that there was no interference-in-fact under 35 USC 291 between the claimed invention of Stampa's U.S. patent No. 6,084,100 and Jackson's U.S. Patent No. 6,093,827. Stampa appealed the decision. See Medichem S.A. v. Rolabo S.L., 353 F.3d 928, 69 USPQ 1283 (Fed. Cir. 2003). I have also commented on this opinion. See Section XIV.B. below.

<sup>79</sup> 65 USPQ2d at 1945. Note that Judge Tierney stated that Stampa admitted that Jackson's claim 17, if prior art to Stampa, would make the subject matter defined by Stampa's claims 2 obvious. 65 USPQ2d at 1947. However, according to the district court "the inclusion of tertiary amine in Medichem's [Stampa's] patent...[was] a material element of each of the claims of that patent and...the removal of tertiary amine in Rolabo's [Jackson's] patent...[would have been] significant but far from obvious in the prior art." 65 USPQ2d at 1943-44; interpolations supplied by Judge Tierney.



resolution of the issue was essential to a final judgment in the first action; and (4) plaintiff had a full and fair opportunity to litigate the issue in the first action.<sup>80</sup>

According to Judge Tierney, the prior decision by the Article III judge did not qualify for issue preclusion effect for two different reasons: the interference-in-fact issues in the two proceedings were not identical<sup>81</sup> and the decision by the district court was not final because it was on appeal.

As to the first ground, Judge Tierney stated that:

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<sup>80</sup> 65 USPQ2d at 1945.

<sup>81</sup> The reason that he said that was not, as one might suspect, that the counts were different. According to Judge Tierney:

A count defines the interfering subject matter between the parties. The district court, having determined that there was no interfering subject matter, did not need to articulate a count. In contrast, the APJ has determined that there exists an interference-in-fact and declared this interference based upon Count 1, a process according to claim 17 of U.S. Patent No. 6,093,827. The parties will be afforded an opportunity to file preliminary motions, including motions to redefine the interfering subject matter under 37 C.F.R. § 1.633(c). [65 USPQ2d at 1948.]

Under 35 U.S.C. § 135(a), an interference may be declared whenever an application is made for a patent, which, in the opinion of the Director, would interfere with any pending application or any unexpired patent.<sup>82</sup>

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As the Director's opinion regarding the existence of an interference is not an issue in a § 291 proceeding, the two proceedings raise different issues.<sup>83</sup>

As to the second ground, Judge Tierney stated that:

For a judgment to be “final” for purposes of issue preclusion, “the decision need only be immune, as a practical matter, to reversal or amendment.” *Vardon Golf Company, Inc. v. Karsten Manufacturing Corporation*, 294 F.3d 1330, 1333, 63 USPQ2d 1468, 1670 (Fed. Cir. 2002). The district court's decision is presently on appeal. As such, there is no issue preclusion as the district court's decision is not immune to reversal or amendment.<sup>84</sup>

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<sup>82</sup> 65 USPQ2d at 1945.

<sup>83</sup> 65 USPQ2d at 1945.

<sup>84</sup> 65 USPQ2d at 1947.

## Comments

It is certainly true that the language of 35 USC 135(a) and 35 USC 291 is different. However, it strikes me that Judge Tierney's reliance on the fact that 35 USC 291 does not make the Director's opinion a factor in deciding whether or not an interference-in-fact exists is cutting the baloney extremely thin.<sup>85</sup> Perhaps he would have

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<sup>85</sup> The "opinion of the Director" is an issue in an interference only implicitly. The substantive correctness of the Director's decision to declare an interference, presumably based on that opinion, is determined by the board in deciding motions to issue a judgment based on no interference in fact—i.e., the exact issue before the district court. In practice, the decision to declare an interference is made by an APJ, who is presumed to determine what would be (or is) "the opinion of the Director." That is, the "determination" of the Director is a pure legal fiction. In any event, the Director has (and his predecessors, the Commissioners, have) never been called upon to testify concerning their opinions regarding issues of interference-in-fact.

Judge Tierney's own analysis of the interfering claims states that "Both processes involve reacting a dibenzob-suberone with an aliphatic ketone, such as ethyl 4-oxopiperidine-1- carboxylate." 65 USPQ2d at 1946. However, the latter compound is a heterocyclic ketone, not an aliphatic ketone. See In re Cavallito, 306 F.2d 505, 510, 134 USPQ 370, 374 (CCPA 1962), for definitions of "aliphatic." Thus, Stampa's reactant ketone is not simply a typical member of Jackson's class of "aliphatic ketones."

Apparently the characterization of ethyl 4-oxopiperidine-1-1 carboxylate as an aliphatic ketone, while erroneous, was present in Jackson's specification as filed. Moreover, according to counsel for Stampa, the actual reactants disclosed in Jackson's patent and in Stampa's application are identical, so the mischaracterization of the genus is irrelevant. Compare Lee v. McIntyre, 55 USPQ2d 1406, 1409-10 (PTOBPAI 2000) (expanded panel), where a panel of the board "construed" claims that were apparently not intended to mean what they said "in light of the specification" and dependent claims to make them mean what the SAPJ thought that they should have said. See Gholz, A Critique of Recent Opinions in Patent Interferences, 83 JPTOS 161, 185-86 (2001). But also compare In re Barr, 444 F.2d 588, 597, 170 USPQ 330, 338-39 (CCPA 1971) (Rich, J.) (dependent claim inconsistent with base claim held to be indefinite.); and In re Hill, 161 F.2d 367, 368-69, 73 USPQ 482, 484 (CCPA 1947) ("While it is trite, as is contended here, to say that a patent specification may explain the language of the claim, it is incorrect, as pointed out by the solicitor in his brief, to say '\*\*\* the specification may distort a term to mean something it does not mean'").

done better to forthrightly assert that the substantive standards for finding the existence of an interference-in-fact appear to be different in the two types of proceedings.<sup>86</sup>

Finally, reading Judge Tierney's opinion I get the definite feeling that the real basis for Judge Tierney's holding is that he thought that the district court's holding was egregiously erroneous. If my feeling is correct, then the Federal Circuit's opinion in Medichem S.A. v. Rolabo S.L., discussed below, strongly supports that basis.

**XIV.B. 35 USC 135(a) Interferences are Preferable to 35 USC 291 Patent-Patent Interferences as a Consequence of the Board's Expertise in Interference Matters**

Medichem S.A. v. Rolabo S.L.

In Medichem S.A. v. Rolabo S.L., 353 F.3d 928, 69 USPQ2d 1283 (Fed. Cir. 2003) (opinion of the Court delivered by Circuit Judge Gajarsa and joined by Circuit Judge Clevenger and Circuit Judge Dyk), the Court found that the district court for the Southern District of New York erred (i) in its application of the two-way obviousness test for determining whether an interference-in-fact existed and (ii) by determining priority prior to engaging in the interference-in-fact analysis.

Regarding the district court's premature determination of priority, the Court stated:

'[I]nterference between patents is a sine qua non of an action under §291.' [*Albert v. Kevex Corp.*, 729 F.2d 757, 760-761, 220 USPQ 202 (Fed. Cir. 1984)]. Without first identifying an interference-in-fact under the two-way test, a court has no jurisdiction to make a priority determination

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<sup>86</sup> See Gholz, A Critique of Recent Opinions in Patent Interferences, 85 JPTOS 401 (2003) (in press), at section X.A., "Interfering Claims in Patent-Patent Interferences."

between two patents under §291. [Id.] This jurisdictional limitation on a court's power has significant import where, as here, the district court ultimately finds no interference-in-fact. While the district court is free to reach the same conclusion on remand, it may do so only once proper jurisdiction—an interference-in-fact—has been established.<sup>87</sup>

Because the Court found that the district court erred in its application of the two-way obviousness test, the Court vacated the district court's priority determination and remanded the case for further proceedings.

In view of a related 35 USC 135(a) proceeding before the Board in *Stampa v. Jackson*,<sup>88</sup> the Court suggested to the district court that:

Although proceedings in the PTO under §135 and proceedings in a district court under §291 are not identical, they are closely related. The Board has already declared an interference-in-fact. [*Stampa v. Jackson*, 65 USPQ2d 1942 (BPAI 2003).] While the issues of interference before the Board may, as pointed out by the Board itself, differ from those in front of the district court, the Board's resolution of the matter will certainly aid the district court in subsequent

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<sup>87</sup> 353 F.3d at 935-36, 69 USPQ2d at 1288-89.

<sup>88</sup> See section XIV.A regarding my comments on *Stampa v. Jackson*.

proceedings. See *Fisher Controls Co. v. Control Components, Inc.*, 443 F.Supp. 581, 582, 196 USPQ 817 (S.D. Iowa 1977). The record generated by the Board, particularly in light of the Board's expertise in the matter, may permit the district court to avoid a needless duplication of efforts.<sup>89</sup>

#### Comment

35 USC 291 interferences are to be avoided if at all possible. District court judges struggle with traditional patent law issues such as infringement and claim construction. Interference matters are even more obscure than issues of that nature and should be placed before the Board by filing a reissue application, if possible, in order to give the PTO jurisdiction.

While the court's opinion stated that:

The discretion to stay proceedings pending the outcome of the PTO proceedings remains available to the district court, and the district court should in no way view our remand as suggesting otherwise,<sup>90</sup> the opinion's conclusion stated that “[we] remand with an order to stay further proceedings

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<sup>89</sup>353 F.3d at 936, 69 USPQ2d at 1289.

<sup>90</sup> 353 F.3d at 936, 69 USPQ2d at 1289.

pending the outcome of the interference proceedings  
involving the ‘659 Reissue.’”<sup>91</sup>

That order certainly seems, to say the very least, to suggest otherwise.

#### XV. CONCLUSION

The Federal Circuit’s decision in Eli Lilly & Co. v. Board of Regents of the University of Washington approving the two-way obviousness test for determining whether an interference-in-fact exists overshadowed all of the other interference related opinions in 2003. It appears that the PTO’s trend of declaring fewer interferences using its “discretionary” powers will continue unless addressed by Congress.

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<sup>91</sup> Id.