
A Critique of Recent Opinions of the Federal Circuit in Patent Interferences¹

Charles L. Gholz²

TABLE OF CONTENTS

I. INTRODUCTION	551
II. PRIORITY	
A. <i>An Invention That Has No Moving Parts Can be Reduced to Practice Without Testing It to See if It Works</i> In re Asahi/ America, Inc.	551
B. <i>Abandonment, Suppression, and Concealment are Questions of Fact</i> National Presto Industries, Inc. v. Black & Decker (U.S.), Inc.	553
III. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT	
A. <i>Must a Practitioner Disclose to the PTO the Fact That Two Applications Owned by Different Clients Might Possibly Be Deemed to Interfere?</i> Molins PLC v. Textron Inc.	555
B. <i>Notwithstanding In re Van Geuns, Antedating a Reference is Decided on a Claim-by-Claim Basis</i> Eiselstein v. Frank	558
IV. INTERFERENCE PROCEDURE	559
V. POST INTERFERENCE PRACTICE	559
VI. RELATIONSHIP OF INTERFERENCE TO COURT PROCEEDINGS	559

¹ Copyright 1996 by Charles L. Gholz; Oblon, Spivak, McClelland, Maier, & Neustadt, P.C.; Arlington, Virginia. Portions of this article have been published previously by Patent Resources Group, Inc. in the chapter entitled "Interferences" of the materials for PRG's twice-a-year programs on Federal Circuit patent law.

² Partner in Oblon, Spivak, McClelland, Maier & Neustadt, P.C.; Arlington, Virginia.

I. INTRODUCTION

This article covers the Federal Circuit's precedential and interesting non-precedential opinions³ published since those covered in the author's previous article by the same title at 77 JPTOS 427 (1995) through December 31, 1995.⁴

This year saw the fewest opinions of the Federal Circuit in patent interferences in many years. Coupled with the decision of the former chief administrative patent judge to stop publishing opinions of the board except in extraordinary cases, this has meant that there has been very little published guidance for occasional interference practitioners this year. However, the absence of published opinions has definitely not meant that interference practice has been quiet. On the contrary, it has continued to boom.⁵

The most interesting development of the year was the court's continued vigorous erosion in *In re Asahi/America, Inc.*⁶ of the standards for what constitutes an actual reduction to practice.⁷

II. PRIORITY

A. *An Invention That Has No Moving Parts Can be Reduced to Practice Without Testing It to See if It Works*

The general rule is that, to have an actual reduction to practice, one must not only have built an embodiment within the scope of the

³ 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 at least some of the 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 the language out of the non-precedential opinions even if they cannot cite them.

⁴ See also the author's previous articles by the same title at 76 JPTOS 649 (1994), 75 JPTOS 448 (1993), 73 JPTOS 700 (1991), 71 JPTOS 439 (1989), and 69 JPTOS 657 (1987).

⁵ See Calvert and Sofocleous, *Interference Statistics for Fiscal Years 1992 to 1994*, 77 JPTOS 417 (1995).

⁶ 48 F.3d 1204, 33 USPQ2d 1921 (Fed. Cir. 1995).

⁷ For its most recent previous case which I would characterize as an erosion of the standards for what constitutes an actual reduction to practice, see *Scott v. Finney*, 34 F.3d 1058, 32 USPQ2d 1115 (Fed. Cir. 1994), criticized in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 77 JPTOS 427, 434-35 (1995).

claim or count at issue, one must have tested the embodiment to verify that it works in at least a minimally (if not commercially) acceptable manner.⁸ However, there has always been a very narrow exception to that general rule. As the CCPA said in *Sachs v. Wadsworth*,⁹ "There are some devices [that are] so simple that a mere construction of them is all that is necessary to constitute [an actual] reduction to practice."¹⁰

In *In re Asahi/America Inc.*, 48 F.3d 1204, 33 USPQ2d 1921 (Fed. Cir. 1995) (opinion delivered by Senior Circuit Judge Smith for a panel that also consisted of Circuit Judges Rader and Schall), the court appears to have enormously widened that narrow exception. The invention was a double pipe system comprising an inner pipe to carry a liquid, an outer pipe to catch leaks, and "restraint couplings" between adjacent lengths of the inner and outer pipes. The problem to which Asahi's invention was addressed was that, if the inner pipe carried liquid that was either hotter or colder than ambient temperature, there is differential thermal expansion or contraction of the two pipes, and the restraint couplings absorbed the differential movement.

During reexamination of its patent, Asahi submitted a 37 CFR 1.131 declaration establishing that it had built an embodiment of its system prior to the filing date of a 35 USC 102(e) reference (the Sweeney '652 patent), but not that it had tested that embodiment prior to the filing date of the Sweeney '652 patent. The examiner rejected Asahi's claims, and the board affirmed:

Citing *Newkirk v. Lulejian*, 825 F.2d 1581, 3 U.S.P.Q. [2d] 1793 (Fed. Cir. 1987), the Board held that proof of actual reduction to practice requires a showing that the invention existed and worked for its intended purpose. Finding that the 131 declaration failed to show any evidence that the claimed coupling worked for its intended purpose, the Board held the declaration insufficient to prove reduction to practice and ineffective to remove the Sweeney '652 patent as a prior art reference with respect to the . . . [claims in the Asahi patent].¹¹

On appeal, the court reversed. According to it:

The invention in *Newkirk* was a relatively complex "electronic glassware conveyor delivery apparatus having a pushout robot means." *Newkirk*, 825 F.2d at 1582. In contrast, the invention in *Sachs* was an electric switch box equipped with a simple shielding device attached to the lid of the box which prevented access to any

⁸ See, e.g., *Newkirk v. Lulejian*, 825 F.2d 1581, 3 USPQ2d 1793 (Fed. Cir. 1987), discussed in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 71 JPTOS 439, 443-44 (1989).

⁹ 48 F.2d 928, 9 USPQ 252 (CCPA 1931).

¹⁰ 48 F.2d at 928, 9 USPQ at 253.

¹¹ 48 F.3d at 1207, 33 USPQ2d at 1922.

portion of the interior of the switch box except the exposed fuses. *Sachs*, 48 F.2d at 929. The shielding device thereby avoided the danger of contact or inadvertent tampering with the wiring or switching elements within the box, yet allowed access to the fuses simply by lifting the lid. *Sachs*, 48 F.2d at 928. Because the device was so simple, the board held that the mere inspection of it by the applicant's brother and son, coupled with opening and closing the lid, disclosed that it was operative. *Sachs*, 48 F.2d at 929. The device claimed in . . . [Asahi's] patent is even simpler than the switch box in *Sachs* because the claimed restraint coupling has no moving parts. Hence, "mere construction" of the restraint coupling "is all that is necessary to constitute reduction to practice." *Sach*, 48 F.2d at 929.¹²

Comment: This is absolute insanity. The whole point of Asahi's invention was to accommodate relative movement of the inner and outer pipes! Just because the movement was not gross movement easily visible to the naked eye¹³ does not mean that there was no movement and that there was not a possibility that, in an actual test, Asahi's resistant couplings would not have accommodated the relative movement.

Moreover, how sweeping is the exception for inventions "ha[ving] no moving parts"? Most electrical and chemical inventions do not have "moving parts" in the sense of parts the movement of which is visible to the naked eye. Does the court's holding in *Asahi* mean that they, too, do not have to be tested to have an actual reduction to practice?

Post Script: On April 24, 1995, the court vacated its judgment and withdrew its opinion. See 50 PTCJ 37 (May 11, 1995). However, on October 04, 1995, the court reinstated both its judgment and its opinion, and its opinion is reprinted at 68 F.3d 442, 37 USPQ2d 1204.

B. *Abandonment, Suppression, and Concealment are Questions of Fact*

In *National Presto Industries, Inc. v. Black & Decker (U.S.), Inc.*, ___F.3d ___, ___USPQ2d ___ (Fed. Cir. 06/20/95) (nonprecedential) (opinion delivered by Circuit Judge Newman for a panel that also consisted of Circuit Judge Rader and Circuit Judge Schall), the court asserted (without discussion and without the citation of any precedent) that:

Whether Presto's [i.e., the assignee's] activities during the twenty-two months between reduction to practice and filing of the patent application established that Presto had not abandoned, suppressed, or concealed the invention was a question of fact.¹⁴

¹² 48 F.3d at 1208-09, 33 USPQ2d at 1223.

¹³ According to counsel for Asahi/America Inc., the movement of the pipes is in fact plainly visible to the naked eye.

¹⁴ Slip opinion at 10, ___USPQ2d at ___.

On the merits, the court held that Presto's activities during that period had rebutted "an inference of intent to abandon, suppress, or conceal"¹⁵ because (1) "numerous engineering and design changes . . . were made to the initial design during this period"¹⁶ and (2) those changes were "described in the specification of the '755 patent. . . ."¹⁷

Comment: In the first place, abandonment was not even at issue in *National Presto*; only suppression and concealment were at issue.¹⁸ In the second place, what a panel of the court said in *National Presto* was flatly contrary to what the in banc court said in *In re Oda*:¹⁹

The problem here is whether the changes appellants wish to make constitute "new matter" within the meaning of section 251. "New matter" is a technical legal term in patent law—a term of art. Its meaning has never been clearly defined for it cannot be. The term is on a par with such terms as infringement, obviousness, priority, *abandonment*, and the like which express ultimate legal conclusions and are in the nature of labels attached to results after they have been reached by processes of reasoning grounded on analyses of factual situations. In other words, the statute gives us no help in determining what is or is not "new matter." We have to decide on a case-by-case basis what changes are prohibited as "new matter" and what changes are not.²⁰

And, in the third place and most importantly, the *National Presto* panel would have done far better to label the ultimate determination of suppression or concealment (and abandonment, too, for that matter) as a question of law rather than as a question of fact. What Presto did during a relevant period was no doubt a question of fact, but whether the totality of what it did was sufficient to rebut the inference of suppression or concealment raised by the twenty-two month gap between its actual reduction to practice and its filing date was, ultimately, for the court to decide based upon its assessment of the relevant policy concerns. That is what the unanimous court said in *In re Oda*; it was right then; and it would have been equally right here.

¹⁵ Slip opinion at 10, ___USPQ2d at ___.

¹⁶ Slip opinion at 10, ___USPQ2d at ___.

¹⁷ Slip opinion at 10, ___USPQ2d at ___. See *Lutzker v. Plet*, 843 F.2d 1364, 6 USPQ2d 1370 (Fed. Cir. 1988), discussed in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 71 JPTOS 439, 446-47 (1989).

¹⁸ Concerning the meaning of abandonment in 35 USC 102(g), see generally *In re Gibbs*, 437 F.2d 486, 168 USPQ 578 (CCPA 1971) (Rich, J.).

¹⁹ 443 F.2d 1200, 170 USPQ 268 (CCPA 1971) (Rich, J.).

²⁰ 443 F.2d at 1203, 170 USPQ at 270-71; footnote deleted; emphasis supplied.

III. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT

A. *Must a Practitioner Disclose to the PTO the Fact That Two Applications Owned by Different Clients Might Possibly Be Deemed to Interfere?*

Molins PLC v. Textron Inc., 48 F. 3d 1172, 33 USPQ2d 1823 (Fed. Cir. 1995) (principal opinion delivered by Circuit Judge Lourie; opinion dissenting in part delivered by Circuit Judge Nies; opinion concurring in the judgment delivered by Circuit Judge Newman), raises, but does not answer, the troubling question of whether a practitioner must disclose to the PTO the fact that two applications the practitioner is prosecuting for two different clients might possibly be deemed to interfere.

In *Molins*, a single practitioner (Smith) had simultaneously handled two applications on closely related subject matter,²¹ but he never drew to the attention of the PTO the possibility that those two applications might be deemed to interfere, and no interference was ever declared. One of those applications was a Williamson application which eventually matured into the '563 patent, which was one of the patents involved in *Molins*. The other one of those two applications was a Lemelson application. The two applications did not contain identical claims, but:

At trial, Textron [which stood accused of infringing the '563 patent] argued that Lemelson claim 11 and Williamson claim 160 defined the same patentable invention, and that Smith violated his duty of candor by not disclosing the Lemelson application to the patent examiner responsible for the Williamson application. See MPEP §2001.06 (b) (4th ed., rev. 8, Oct. 1981) (duty to disclose material information includes "duty to bring to the attention of the examiner . . . information within [applicant's] knowledge as to other co-pending United States applications which are 'material to the examination' of the application in question."). The [district] court found that Smith's failure to disclose the copending application of Lemelson constituted inequitable conduct because the court found that claim 11 of the Lemelson application was material to the patentability of claim 160 of the '563 application, and because the court inferred an intent to deceive the PTO from the fact of Smith's dual representation of Molins and Lemelson.²²

²¹ It should be noted that this was *not* a case where a single law firm had simultaneously handled two applications on closely related subject matter and there was an attempt to impute the knowledge of one practitioner within the firm to another practitioner within the firm. Here, Smith was simultaneously handling both applications, and there was apparently no argument that he had forgotten about one of the applications by the time he picked up the other one. That is, there was apparently no question but that Smith was aware that he was simultaneously handling two applications on closely related subject matter, and the question was what his obligations were under the circumstances.

²² 48 F.3d at 1185, 33 USPQ2d at 1832.

Parenthetically, it should be noted that, despite the use of the phrase "define the same patentable invention" (which immediately suggests 37 CFR 1.601(n)), all of the conduct in question took place before the February 11, 1985 effective date of the "new" patent interference rules.²³

On appeal, the Federal Circuit reversed—as to this issue; it affirmed the district court's holdings of fraud in several other respects.

There are, of course, two questions here: Smith's obligations to his clients (Molins and Lemelson) and Smith's obligations to the PTO. As to the former, Judge Lourie simply indicated that the issue was not before the court:

The position in which Smith placed himself was one fraught with possible conflict of interest because Smith's dual representation of two clients seeking patents in closely related technologies created a risk of sacrificing the interest of one client for that of the other and of failing to discharge his duty of candor to the PTO with respect to each client. Whether or not there was a conflict of interest, however, is not before us, and we express no opinion thereon. Nor do we express any opinion regarding the apparent conflict between an attorney's obligations to the PTO and the attorney's obligation to clients.²⁴

On the latter, however, Judge Lourie found no liability on a rather questionable basis:

regarding Smith's obligation to the PTO, which is before us, we agree with Smith that Textron failed to establish by clear and convincing evidence that inequitable conduct occurred in the nondisclosure of claim 11 of the Lemelson application.²⁵ Lemelson claim 11 was not material to the patentability of the '563 claims because it was cumulative to art already made of record during prosecution of the '563 patent. A reference that is cumulative to other references of record does not meet the threshold of materiality needed to prove inequitable conduct. *** Claim 11 was not more pertinent to Williamson claim 160 than was claim 26 of the Lemelson '770 patent,²⁶ which was already of record in the '563 patent prosecution. Thus, the [district] court's finding that the Lemelson claim 11 was material was clearly erroneous [,] and the [district] court's determination of inequitable conduct based on that finding was an abuse of discretion.²⁷

²³ The '563 patent issued on January 25, 1983.

²⁴ 48 F.3d at 1185, 33 USPQ2d at 1833.

²⁵ In view of the fact that Judge Nies expressly disagrees with Judge Lourie on this point and that Judge Nies concurred in the judgment for an entirely different reason, the "we" in this sentence must be interpreted as the royal we. That is, only Judge Lourie agreed with Smith on this point.

²⁶ Although Judge Lourie did not articulate this argument clearly, apparently the argument was that claim 26 in the Lemelson '770 patent was just as good a candidate for an interference with claim 160 in the Williamson application as was claim 11 in the Lemelson application.

²⁷ 48 F.3d at 1185, 33 USPQ2d at 1833; emphasis supplied.

Judge Nies, who dissented in part, would have affirmed the judgment of the district court in its entirety.

According to her:

The appellants are guilty of a pattern of misconduct during the prosecution of the '563 patent, the subsequent reexamination of that patent, and the litigation below, during which documents were destroyed. These acts are interrelated and cannot in this case be isolated from each other.²⁸

With respect to the Lemelson application, she said that:

Smith's representation of clients with conflicting interests provides no justification for deceiving the PTO. Ethics required him to withdraw. The record amply supports the district court's finding of a pattern of conduct by appellants that reflects a concerted, ongoing effort to withhold material prior art from the PTO with an intent to deceive.²⁹

Judge Newman disagreed. According to her:

The majority appears to assume [1] that Smith was required to disclose information concerning Lemelson's pending application to the PTO, but for the fact that this subject matter was cumulative to prior art already before the examiner and [2] that Smith did not really take the inconsistent positions asserted by Textron.³⁰ I do not see that Smith had such an obligation. Indeed, his obligation to preserve the confidentiality of his client Lemelson was absolute. Smith had neither authority nor obligation to breach the confidentiality of that client's pending application, on behalf of a different client.³¹

Comments:

It is not at all clear that the same result should be reached with respect to applications pending after February 11, 1985. Under the interference rules that became effective then, if an interference is declared between two cases, all claims drawn to the same patentable invention are placed at risk, and the parties have an inter partes opportunity to challenge the patentability/validity of each others' claims. Thus, it is probably not fair to say that, after February 11, 1985, the existence of a potential interference is merely the equivalent of a reference—which is how Judge Lourie seemed to treat it.

As for the factual situation itself, it seems to me that this excruciatingly uncomfortable situation could have been handled by Smith's

²⁸ 48 F.3d at 1187, 33 USPQ2d at 1834.

²⁹ 48 F.3d at 1190, 33 USPQ2d at 1836.

³⁰ The phrase following the interpolated [2] does not appear to go with either the rest of the sentence or the rest of the paragraph. In any event, I do not understand what it means.

³¹ 48 F.3d at 1192, 33 USPQ2d at 1839.

informing each client that he was handling another application for another client which might be deemed to interfere with the application that he was handling for that client (without, of course, disclosing the identity of the other client) and asking that client's authority to inform the PTO of the existence of a possible interference. If both clients had authorized disclosure, if Smith had then made the disclosure, and if the PTO had not declared an interference, Smith could have gone on representing both clients. If the PTO had declared an interference, Smith would of course have had to withdraw from both cases. Also, if either client had refused to authorize disclosure, Smith could then have immediately filed a petition for leave to withdraw from representing that client on the ground that there were irreconcilable differences between himself and his client concerning how prosecution should be conducted. My experience with petitions for leave to withdraw suggests that the Office would not have required Smith to disclose what those differences were.

B. *Notwithstanding In re Van Geuns, Antedating a Reference is Decided on a Claim-by-Claim Basis*

Without even a mention of *In re Van Geuns*,³² the court in *Eiselstein v. Frank*, 52 F.3d 1035, 34 USPQ2d 1467 (Fed. Cir. 1995) (opinion delivered by Circuit Judge Lourie for a panel that also consisted of Circuit Judges Plager and Schall), decided the patentability of the party Eiselstein's claims designated as corresponding to the count on a claim-by-claim basis despite the fact that the count was anticipated by the prior art!

The count was drawn to a nickel-base alloy consisting essentially of various specified components "and the balance nickel with nickel being at least about 50% of the alloy."³³ The prior art described a number of nickel-base alloys that apparently fell squarely within the ranges recited in the count.³⁴ However, the party Eiselstein's patent in interference matured from an application that was a CIP of an appli-

³² 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993). *Van Geuns* held that claims designated as corresponding to a count fall with the count if the count is anticipated by the prior art, but that, if the count is unpatentable over the prior art, the patentability of the claims designated as corresponding to the count must be determined on a claim-by-claim basis. The opinion in *Van Geuns* is criticized in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 76 JPTOS 649, 654-57 (1994).

³³ 52 F.3d at 1037, 34 USPQ2d at 1468.

³⁴ The court did not so state. However, it *did* state that the board had held that the prior art anticipated all of the party Eiselstein's claims, all of which were designated as corresponding to the count, and the holding was not an issue on appeal.

ation that was a CIP of another application, and the filing date of the grandparent application preceded the effective date of the reference. Thus, the only question was whether the party Eiselstein was entitled to the benefit of the filing date of its grandparent application. The court divided the party Eiselstein's claims into two groups, the claims in one of which recited, inter alia, "the balance nickel with nickel constituting about 50 to about 60% of the alloy"³⁵ and the claims in the other one of which recited, inter alia, "the balance nickel, the nickel being from about 45% to about 55% of said alloy."³⁶ The board had held that both groups of claims were anticipated by the prior art because none of the claims was entitled to the benefit of the filing date of the party Eiselstein's grandparent application.

On appeal, the court paid no attention to the fact that the count was anticipated by the prior art. Rather, it went directly to the question of whether any of the party Eiselstein's claims was entitled to the benefit of filing date of the grandparent application—holding that the claims in the latter group were and that the claims in the former group were not.

Comment: The amendments to 37 CFR 1.633(a) effective April 21, 1995 have, in effect, overruled *Van Geuns* for the future by providing that a 37 CFR 1.633(a) motion must "separately address each claim alleged to be unpatentable." However, this case may indicate that *Van Geuns* will not be applied even to cases that do not get the benefit of the amendment to 37 CFR 1.633(a).

IV. INTERFERENCE PROCEDURE

There was no opinion discussing an interesting interference procedure issue in 1995.

V. POST-INTERFERENCE PRACTICE

There was no opinion discussing a post-interference practice issue in 1995.

VI. RELATIONSHIP OF INTERFERENCE TO COURT PROCEEDINGS

There was no opinion discussing the relationship of interference proceedings to court proceedings in 1995.

³⁵ 52 F.3d at 1037, 34 USPQ2d at 1468.

³⁶ 52 F.3d at 1037, 34 USPQ2d at 1469.