A Critique of Recent Opinions of the Federal Circuit in Patent Interferences[1]

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I. INTRODUCTION

This article covers the Federal Circuit's precedential and interesting non-precedential opinions[3] published since those covered in my

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court into those that are "precedential" (i.e., those that may be cited to the court as precedent) and those that are "non-precedential" (i.e., those that may not be cited to the court as precedent). The non-precedential opinions were formerly called "unpublished" opinions, but the court changed its terminology after

previous article by the same title at 78 JPTOS 550 (1996)[4] through December 31, 1996.[5]

The Federal Circuit's opinions this year have continued to make drastic changes in interference practice. Notably, the court apparently reduced the requirements for proof of diligence (both classical diligence and *Peeler* diligence) in a fashion comparable to its earlier reduction of the requirements for proofs of an actual reduction to practice.[6] Specifically, in *Mahurkar* v. *C.R. Bard, Inc.*,[7] the court indicated that continuously (but not very diligently) seeking a company capable of actually reducing an invention to practice was enough to establish classical diligence, and in *Fujikawa* v. *Wattanasin*,[8] the court indicated that fitful activity is enough to rebut an inference of suppression or concealment (i.e., is enough to establish *Peeler* diligence). In addition, in *Mahurkar* the court continued its previously noted trend towards lowering the standard for proof of actual reductions to practice. The effect of these trends, if followed by the board, would be to make it far easier than it used to be to establish invention dates long before filing dates, thereby accentuating the difference between this country's first-to-invent system and the rest of the world's first-to-file system. That is, in practical effect the court may be moving us further away from the first-to-file systems—which is contrary to the general trend towards harmonizing the world's patent systems.

II. Conception

Nothing relevant this year.

noting that many of its "unpublished" opinions were in fact published in the United States Patents Quarterly.

The Federal Circuit attempts to discourage citation of its non-precedential opinions to its "feeder" courts and agencies.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 my previous articles by the same title at 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).

5 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."

6 In last year's article, I said that "The most interesting development of the year was the court's continued vigorous erosion in *In re Asahi/America, Inc.* of the standards for what constitutes an actual reduction to practice." Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 78 JPTOS 550, 551 (1996) (footnote omitted).

7 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996).

8 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996).

III. Classical Diligence

A. *Continuously Seeking a Company Capable of Actually Reducing an Invention to Practice May Be Enough to Establish Classical Diligence*

It has long been bedrock interference law that, to establish classical diligence, one must prove specific, frequent activities during the period at issue—i.e., from just prior to the date that one is trying to beat until one's own later reduction to practice. However, in *Mahurkar* v. *C.R. Bard, Inc.*, 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996) (opinion delivered by Circuit Judge Rader for a panel that also consisted of Chief Circuit Judge Archer and Circuit Judge Michel), the court either greatly reduced the stringency of that requirement or simply did not apply it.

Mahurkar was an appeal from a district court infringement action, not an appeal from a decision of the board in an interference, and the issue was whether the patentee could antedate a 35 USC 102(a) reference, not which of two rival inventive entities was entitled to priority. Thus, the overall burden of proof was on the alleged infringer (C.R. Bard) to establish by clear and convincing evidence that Dr. Mahurkar's patent was invalid, whereas in an interference the burden of proof would have been on Dr. Mahurkar to establish by a preponderance of the evidence that he was entitled to his asserted pre-filing invention date.[9] However, the court stated that:

> Resolution of . . . [a 35 USC 102(a) issue] turns on procedural rules regarding burdens of proof as well as several rules of law borrowed from the interference context.[10]

and that:

> Section 102(g) of title 35 contains the basic rule for determining priority. 35 U.S.C. § 102(g) (1994). Section 102(g) also provides basic protection for the inventive process, shielding in particular the creative steps of conception and reduction to practice.[11]

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9 Compare *Wetmore* v. *Quick*, 536 F.2d 937, 943, 190 USPQ 223, 228 (CCPA 1976) ("The law developed in our Rule 131 cases has little bearing on the law relating to interference practice."); *In re Zletz*, 893 F.2d 319, 323, 13 USPQ2d 223, 228 (Fed. Cir. 1990) (quoting *Wetmore* approvingly); and *White v. Habenstein, 219 USPQ 1213, 1219 (PTOBPI 1983), where the board distinguished Ritter v. Rohm & Haas Co., 271 F.Supp. 313, 154 USPQ 518 (SDNY 1967), on the ground that "the 'Ritter' court . . . was concerned not with an interference contest but with a question of whether a prior art reference could be antedated by the patentee in an infringement suit."*

10 79 F.3d at 1576, 38 USPQ2d at 1290.

11 79 F.3d at 1577, 38 USPQ2d at 1290.

Moreover, the court relied for its holding on *Griffith* v. *Kanamaru*, 816 F.2d 624, 2 USPQ2d 1361 (Fed. Cir. 1987), which *was* an interference appeal. Accordingly, it is possible that the court will apply this holding to interferences.[12]

The invention at issue in *Mahurkar* was a double-lumen catheter designed to simultaneously remove blood from and to restore blood to a human body during a transfusion. To accomplish its mission, the catheter had to be flexible.

Dr. Mahurkar had built pre-filing date prototypes of his invention, but those prototypes were brittle, not flexible.[13] However, Dr. Mahurkar argued that he could antedate the reference by proving continuous diligence from prior to the July 1983 effective date of the reference to his October 24, 1983, effective filing date. The court agreed, saying only that:

> From conception to filing, Dr. Mahurkar continuously sought to locate companies capable of extruding his tubing [which was the component of his catheters in issue] with the soft, flexible materials necessary for human use.[14]

Comment: Although the brevity of the court's discussion may have concealed detailed evidence of continuous activities during the three month critical period that was actually at issue, the opinion suggests that Dr. Mahurkar may have successfully relied on the sort of conclusory, non-specific evidence that normally draws an almost derisive dismissal from the board. The sixty four dollar question, of course, is whether the board will adapt its practice to reflect the guidance that it is apparently receiving from the Federal Circuit.

IV. Actual Reduction to Practice

A. *An Actual Reduction to Practice Can be Established By Proof that a Non-Functional Prototype Performed Satisfactorily in Tests "to the limits of . . . [the] design of those tests"*

In *Mahurkar* v. *C.R. Bard, Inc.*, 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996) (opinion delivered by Circuit Judge Rader for a panel

12 It seems clear that the members of the *Mahurkar* panel would apply this holding to interferences. However, it seems less likely that the members of the court with backgrounds in patent law would do so—and it seems highly unlikely that the APJ's will do so unless forced to do so by holdings squarely on point in interferences. See, e.g., *White* v. *Habenstein*, supra note 9.

13 The court nevertheless held in an alternative holding that they constituted actual reductions to practice of the invention. That holding is discussed in section IV.A.

14 79 F.3d at 1579, 38 USPQ2d at 1292.

that also consisted of Chief Circuit Judge Archer and Circuit Judge Michel),[15] the court continued to erode the traditional requirement that, to have an actual reduction to practice of subject matter within the scope of a count reciting a device, one must not only have built the device, one must have tested the device successfully either in actual use conditions or in conditions that closely simulate actual use conditions.[16]

The invention at issue in *Mahurkar* was a double-lumen catheter designed to simultaneously remove blood from and to restore blood to a human body during a transfusion. To accomplish its mission, the catheter had to be flexible.

The court described Dr. Mahurkar's alleged actual reductions to practice as follows:

> During this time period, he [i.e., Dr. Mahurkar] also tested polyethylene prototypes and used them in flow and pressure drop tests in his kitchen. These tests used glycerine to simulate blood. These tests showed, to the limit of their design, the utility of his claimed invention. Dr. Mahurkar designed these tests to show the efficiency of his structure knowing that polyethylene catheters were too brittle for actual use with humans. But, he also knew that his invention would become suitable for its intended purpose by simple substitution of a soft, biocompatible material.[17]

However, it is inferable from the opinion that the substitution of "a soft, biocompatible material" was anything but simple, since the court also held (in support of an alternative holding[18] that Dr. Mahurkar had established continuous diligence "From late 1980 through early 1981 . . ."[19] (the period of the alleged actual reductions to practice) to October 24, 1983 (his effective filing date) by "continuously . . . [seeking] to locate companies capable of extruding his tubing [which was the component of his catheters in issue] with the soft, flexible materials necessary for human use."[20] Moreover, the opinion does not indicate that Dr. Mahurkar offered any evidence to prove that glycerine was

15 See the discussion in section III.A. of the effect of the fact that *Mahurkar* was an appeal from a district court infringement action, not an appeal from a decision of the board in an interference.

16 See Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 77 JPTOS 427 (1995), at pages 434–35, discussing *Scott* v. *Finney*, 34 F.3d 1058, 32 USPQ2d 1115 (Fed. Cir. 1994).

17 79 F.3d at 1578, 38 USPQ2d at 1291–92.

18 The alternative holding was that Dr. Mahurkar had antedated the reference by proving conception before the date of the reference coupled with continuous diligence from just prior to the date of the reference until his constructive reduction to practice date. That holding is discussed in section III.A.

19 79 F.3d at 1578, 38 USPQ2d at 1291.

20 79 F.3d at 1579, 38 USPQ2d at 1292.

conventionally used to simulate blood in this field of endeavor or in any other field of endeavor.[21]

Comment: In an interference, the burden would have been on Dr. Mahurkar to prove that his alleged actual reduction to practice closely simulated actual use conditions, whereas here the burden was on the alleged infringer to establish the invalidity of Dr. Mahurkar's patent. Hence, despite the court's citation of an interference opinion as precedent, I very much doubt that the board would have found that Dr. Mahurkar had proved an actual reduction to practice.

B. *To Prove Actual Reduction to Practice of a Chemical Compound, One Must Prove that One Obtained the Compound, Not Merely that One Used Starting Materials Which Might Have Yielded the Compound and that One Obtained Something Which Had Properties Consistent with the Desired Product*

Schendel v. *Curtis*, 83 F.3d 1399, 38 USPQ2d 1743 (Fed. Cir. 1996) (majority opinion delivered by Circuit Judge Lourie and joined by Circuit Judge Bryson; dissenting opinion delivered by Circuit Judge Newman), suggests that, in all but the simplest cases, to prove actual reduction to practice of a chemical compound, one must prove that one obtained the compound, not merely that one used starting materials which might have yielded the compound and that one obtained something which had properties consistent with the desired product.

The count was drawn to a fusion protein. For present purposes, suffice it to say that the fusion protein was a chemical compound consisting of two components "linked either directly or through a peptide linker."[22]

The party Schendel was an applicant junior party. It requested an interference with the party Curtis's patent, and, in support of its 37 CFR 1.607 request for an interference, it submitted six 37 CFR 1.608(b) declarations—one by the inventor and five by colleagues of the inventor. All of the 37 CFR 1.608(b) declarations were fact declarations. An administrative patent judge declared the interference[23] and simultane-

21 When an alleged actual reduction to practice consists of a test that allegedly closely simulates actual use conditions, one normally offers evidence that any deviation from actual use conditions is conventionally accepted in prototype testing in the relevant field of endeavor. For instance, if a laboratory animal is used to simulate a human being, evidence is offered that, for the particular human disease or condition at issue, the particular laboratory animal used is recognized as adequately simulating human beings.

22 83 F.3d at 1401 n. 5, 38 USPQ2d at 1745 n. 5.

23 The majority's opinion says that "The board . . . declared the interference between Schendel and Curtis," 83 F.3d at 1401, 38 USPQ2d at 1745, footnote omitted, but that is clearly wrong. According to 37 CFR 1.610(a), "Each interference will be declared by an administrative patent judge. . . ."

ously put the party Schendel under a 37 CFR 1.617(a) order to show cause why judgment should not be entered against it. The party Schendel's attempt to supplement its original showing was unsuccessful,[24] and, in a rare two-to-one vote,[25] the board entered judgment against it. On appeal, the Federal Circuit affirmed—also in a two-to-one vote.

The party Schendel's evidence in support of its asserted actual reduction to practice can be divided into two parts: (1) evidence of the process by which the party Schendel allegedly obtained the fusion protein and (2) evidence of the biological activity of whatever it was that the party Schendel obtained by its process. According to the majority, neither type of evidence was sufficient.

As to the evidence of the process that the party Schendel used, the majority said that:

> [Schendel] provided no data showing that what he obtained was the purported fusion protein. He did not determine the sequence or the molecular weight of the purported fusion protein, each of which might have indicated preparation of the protein. He clearly had the capability to determine molecular weight; the [i.e., his] declaration describes how he performed such an analysis for an IL-3/IL-3 dimer not within the scope of the count. The absence of corresponding molecular weight or other information for the purported IL-3/G-CSF fusion protein, or even any data confirming the coding sequence of the plasmid [from which the fusion protein was made], leaves unproved the question whether Schendel ever successfully prepared the fusion protein specified by the count.[26]

In dissent, Judge Newman argued that:

> The tests and data well support the reasonable inference that these standard reactions proceeded in a standard way to produce the intended result. The IL-3 and G-CSF are known proteins, and the identity of the starting materials is not disputed. The DNA sequences encoding for these proteins are known, the plasmids were cleaved at known sites, and the fusion was conducted by a known procedure using

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24 Neither the majority's opinion nor Judge Newman's dissenting opinion states that the party Schendel attempted to supplement its originally submitted evidence, as permitted by 37 CFR 1.617(b). However, counsel for the party Curtis informed me (1) that the party Schendel responded to the order to show cause by filing a motion to set a testimony period and a notice of reliance on two declarations and various references from its ex parte file, (2) that the party Curtis opposed the motion, and (3) that the administrative patent judge denied the motion on the ground that the party Schendel was attempting to submit additional evidence in a manner not authorized by 37 CFR 1.617. On the other hand, counsel for the party Schendel informed me that:

> A decision was made by Schendel . . . not to attempt a presentation of additional evidence. This was done to avoid any implicit admission of inadequacy in the original showing (and thus deprive our opponent and the court of a facile attack based on *Hahn v. Wong*).

25 Panels of the board vote unanimously far more frequently that do panels of the court.

26 83 F.3d at 1403, 38 USPQ2d at 1746.

a peptide linker of known structure. No scientific challenge to these procedures was raised. The junctions between the DNA sequences in the recombinant plasmid were verified by known techniques. This standard procedure for linking the expression plasmids for IL-3 and G-CSF was followed by a standard procedure for transformation into a cell line. There is no evidence or suggestion, by Curtis or by the Board, that the procedures were unreliable or flawed.[27]

In addition, she asserted that:

It is always possible to devise an additional experiment, as does the panel majority in its criticism of the absence of a direct molecular weight determination. However, even if such a test would be interesting to this court, it has not been shown to be critical.[28]

* * *

Determination of whether the evidence is sufficient to make a *prima facie* showing that Schendel produced what he said he produced must be based on objective scientific standards, from the viewpoint of the scientists in the field of the invention. It is thus relevant whether the fusion reaction was scientifically routine and reliable, or exotic and unreliable; whether the bioassays were scientifically routine and professionally performed, or whether they were unusual or performed by amateurs. All of the procedures and data together present a *prima facie* case that Dr. Schendel[29] had produced the molecule of the count. There was no contrary evidence.[30]

* * *

It is not our appellate role to devise experiments that the inventor did not deem it necessary to conduct, and then to hold that the judge's choice of experiments is dispositive of the issue.[31]

As to the evidence of the biological activity of the resultant product, whatever it was, the majority said that:

The biological activity data discussed in these declarations [i.e., the declarations of the three corroborating witnesses who performed the biological assays] do not show that Schendel prepared an IL-3/G-CSF fusion protein. That evidence establishes, at most, that certain tested samples exhibited biological activity characteristic of IL-3 and G-CSF proteins. Schendel's declaration asserts, again in conclusory fashion, that the samples exhibited both IL-3 and G-CSF activity. Even accepting this

27 83 F.3d at 1407–08, 38 USPQ2d at 1750.

28 83 F.3d at 1408, 38 USPQ2d at 1751.

29 Note that Judge Newman (who has a Ph.D in chemistry and who accepted Dr. Schendel's work) used the title "Dr." in most references to the party Schendel. In contrast, Judge Lourie (who also has a Ph.D. in chemistry and who denigrated Dr. Schendel's work) never used the title "Dr." in reference to the party Schendel!

30 83 F.3d at 1409, 38 USPQ2d at 1751.

31 83 F.3d at 1409, 38 USPQ2d at 1751–52.

argument as true, however, as the board stated in its opinion, Schendel did not prove or explain why samples exhibiting biological activity characteristic of IL-3 and G-CSF were more likely to be IL-3/G-CSF fusion proteins than a mixture of the component proteins. On the contrary, the record is devoid of any explanation or evidence linking the biological activity data to the composition or structure of the purported fusion protein. No declarant asserted that a conclusion of chemical composition or structure could be drawn from the biological activity data, let alone explain[ed] why.[32]

In dissent, Judge Newman said that "The product was analyzed using standard bioassay procedures."[33] As for the board's contention that the measured biological activities could have been given by some other product, she said that:

I don't know the absolute scientific correctness of this statement as applied to random samples of unknown provenance, but the undisputed facts make the statement extremely unlikely to be correct, or even reasonable, in this case. These scientists started with the known nucleotide sequences for G-CSF and IL-3; they followed standard procedures that do not disrupt the amino acid sequence of G-CSF or IL-3; and the bioassays established that G-CSF and IL-3 activities were present in the proteins that were expressed by standard procedures. It is surely more likely than not that the products were the G-CSF and IL-3 proteins and not some heretofore unknown mimics. Other than a general nay-saying, the Board offered no basis whatsoever for its finding, on summary judgment, that the known IL-3 and G-CSF nucleotide sequences could reasonably be expected to be transformed into something other than the IL-3 and G-CSF proteins.[34]

Comment: While it is always easy in hindsight to say what else *should* have been done, I suggest that the party Schendel could have avoided this debacle with a straightforward declaration from a suitably credentialed expert witness explaining and commenting on the factual declarations of the fact witnesses and concluding that, in his or her opinion, it was more likely than not that Dr. Schendel had obtained what he set out to obtain.

C. *Evidence of In Vitro Activity Which is "Typically Highly Correlatable" to a Desired Pharmacological Activity is Sufficient to Establish an Actual Reduction to Practice*

In *Fujikawa* v. *Wattanasin*, 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996) (opinion delivered by Circuit Judge Clevenger for a panel

32 83 F.3d at 1403–04, 38 USPQ2d at 1747.
33 83 F.3d at 1408, 38 USPQ2d at 1750.
34 83 F.3d at 1408, 38 USPQ2d at 1751.

that also consisted of Circuit Judges Mayer and Rader),[35] the court affirmed the board's ruling that evidence of *in vitro* activity which the sponsoring party's expert witnesses said was "typically highly correlatable"[36] to a desired pharmacological activity was sufficient to establish an actual reduction to practice.

Judge Clevenger's scholarly opinion contains a lengthy review of the law concerning actual reductions to practice of pharmacological inventions, which makes this opinion a convenient resource.[37] However, the only aspect of his discussion of this issue which is in any way controversial is the discussion of the evidence offered to prove an actual reduction to practice of the compound count.[38] That evidence consisted of (1) evidence that, "When tested *in vitro*, . . . [three] compounds [within the scope of the count] exhibited some cholesterol-inhibiting activity, although not all the chemicals were equally effective,"[39] (2) evidence that, when four more compounds within the scope of the count were later tested for the same *in vitro* activity, "each of the four compounds yielded positive results . . . [although] Again . . . there were significant differences in the level of *in vitro* activity of the four compounds,"[40] and (3):

testimony from those skilled in the art [by which the court apparently meant the party Wattanasin's expert witnesses] that the *in vitro* results convinced them that

35 In the interest of complete candor, I note that one of my partners represented the party Fujikawa.

36 93 F.3d at 1565, 39 USPQ2d at 1900.

37 There was also an entertaining aspect to Judge Clevenger's discussion of the evidence offered to prove an actual reduction to practice of the method count. That count recited a method of inhibiting the biosynthesis of cholesterol by administering to a "patient in need of said treatment" an appropriate dosage of a compound within the scope of the compound count. 93 F.3d at 1561, 39 USPQ2d at 1896. The party Wattanasin's alleged actual reduction to practice consisted of administering appropriate dosages of compounds within the scope of the compound count to healthy laboratory rats. As to the fact that the rats were healthy (i.e., not "in need of said treatment"), the court declined to consider that issue because it was a "novel ground [for finding no actual reduction to practice] not raised below. . . ." 93 F.3d at 1566 n.7, 39 USPQ2d at 1901 n.7. As to the fact that the compounds were administered to laboratory rats rather than to human beings, "the Board . . . held that the term 'patient' in the count is broad enough to encompass mammals, such as the laboratory rats tested *in vivo*," 93 F.3d at 1566 n.7, 39 USPQ2d at 1901 n.7, and the court affirmed without meaningful discussion. *Query*: Why was the board's holding limited to mammals? That is, if a laboratory rat can be a "patient in need of said treatment," why not a laboratory reptile or laboratory amphibian?

38 That count recited the compound per se. That is, it did not recite any particular utility for the compound.

39 93 F.3d at 1561, 39 USPQ2d at 1896. Of course, the actual reduction to practice need only have been of a single compound within the scope of the count. See, e.g., *Weil* v. *Fritz*, 572 F.2d 856, 865–66 n.16, 196 USPQ 600, 608 n.16 (CCPA 1978).

40 93 F.3d at 1561, 39 USPQ2d at 1897.

the claimed compounds would exhibit the desired pharmacological activity when administered *in vivo*. This included testimony that "*in vivo* activity is typically highly correlatable to a compound's *in vitro* activity" in this field.[41]

The party Fujikawa countered with the testimony of its own expert witness, who testified that:

> there is a reasonable element of doubt that some elements may be encountered which are active in the *in vitro* assay, but yet inactive in the *in vivo* assay.[42]

However, the party Fujikawa's argument lost on two grounds. First, the court said that, "to the extent the record presents a conflict in the testimony, the Board was well within its discretion as fact finder to credit the testimony of Wattanasin's witnesses over that of Fujikawa's."[43] Second, even the party Fujikawa's expert witness testified on cross-examination that "there would be a reasonable expectancy [that *in vitro* activity implies that the compound will be active *in vivo*]."[44] Accordingly, the court concluded that "the Board did not err in finding that Wattanasin's *in vitro* tests established a practical utility for the genus recited in the compound count."[45]

Comment: Although this case does not establish new law on this point, it is a particularly good illustration of the fact that *in vitro* tests do *not* have to *prove* that the compound in question will have a practical utility. All that they have to do is to establish that there is "a reasonable probability" that it will.[46]

Of course, one can be sure that the compound *does* in fact have a practical utility, since otherwise the parties wouldn't be fighting over it. However, that utility *need not be* (and frequently isn't) the utility that the party asserting an actual reduction to practice was originally testing for. What that apparently means is that *in vitro* tests establishing that there is a "reasonable probability" that a compound will have a pharmacological property X can be used to establish an actual reduction to practice of a compound that (1) in fact doesn't have the pharmacological property X, but (2) *does* have pharmacological property Y.[47]

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41 93 F.3d at 1565, 39 USPQ2d at 1900.
42 93 F.3d at 1565, 39 USPQ2d at 1900.
43 93 F.3d at 1565, 39 USPQ2d at 1900.
44 93 F.3d at 1565, 39 USPQ2d at 1900; interpolation by the court.
45 93 F.3d at 1566, 39 USPQ2d at 1900.
46 The court has never quantified what "a reasonable probability" means. I posit that it means $> .2$.
47 The statement in the text presumes that, as in this case, the count does not contain a limitation relating to intended use or to a property of the compound or compounds in question. See, e.g., *Campbell* v. *Wettstein*, 476 F.2d 642, 646–47, 177 USPQ 376, 379 (CCPA 1973) (Rich, J.).

V. Peeler Diligence[48]

A. *Fitful Activity is Enough to Rebut an Inference of Suppression or Concealment*

In *Fujikawa* v. *Wattanasin*, 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996) (opinion delivered by Circuit Judge Clevenger for a panel that also consisted of Circuit Judges Mayer and Rader),[49] the court affirmed the board's holding (albeit on a very different rationale) that the party Wattanasin had not suppressed or concealed the inventions defined by the two counts (one a compound count, one a method count) after having actually reduced them to practice. The board had held that the period of time involved (fifteen months for the method count; seventeen months for the compound count) was too short to raise an inference of suppression or concealment.[50] However, the court affirmed on the basis that the party Wattanasin's evidence established that it had not suppressed or concealed the inventions after having actually reduced them to practice.

Judge Clevenger's opinion distinguishes between two types of suppression and concealment cases: (1) cases in which the inventor (or, more realistically, the real party in interest) is alleged to have deliberately suppressed or concealed the invention[51] and (2) cases in which it is alleged that a legal inference of suppression or concealment should be drawn based on "too long" a delay in filing a patent application.

48 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).

49 In the interest of complete candor, I note that one of my partners represented the party Fujikawa.

50 The court did not comment on the board's rationale. The court's failure to do so should add fuel to the interference bar's request that the interference rules be amended to provide a fixed period (e.g., > one year) between an alleged actual reduction to practice and the associated filing date which would automatically trigger an inference of suppression or concealment. That is, if the period between the alleged actual reduction to practice and the filing date is ≤ one year, the burden would be on the opponent to prove that the party which allegedly actually reduced the invention to practice did thereafter suppress or conceal the invention, whereas, if the period between the alleged actual reduction to practice and the filing date is > one year, the burden would be on the party to prove that it did not suppress or conceal the invention after having actually reduced it to practice. Such an ad hoc distinction would be similar in concept to the ad hoc distinction between the ≤ three month period of 37 CFR 1.608 (a) and the > three month period of 37 CFR 1.608 (b). It would do rough justice, and it would remove a contentious and unpredictable variable (namely, whether or not the burden of proof has shifted) from suppression or concealment cases.

51 *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), is a leading example of such a case.

The party Fujikawa argued (1) that there was evidence that the party Wattanasin had intentionally suppressed or concealed the inventions and (2) that, even if it hadn't, it had waited too long to file its application.

As to intentional suppression or concealment, the court held briefly that:

> Intentional suppression . . . requires more than the passage of time. It requires evidence that the inventor intentionally delayed filing in order to prolong the period during which the invention is maintained in secret. *** Fujikawa presented no evidence that Wattanasin delayed filing for this purpose. On the contrary, all indications are that [,] throughout the period between reduction to practice and filing, Sandoz [the assignee of the party Wattanasin] moved slowly (one might even say fitfully), but inexorably, toward disclosure [i.e., toward filing a patent application]. We therefore hold that Wattanasin did not intentionally suppress or conceal the invention in this case.[52]

As to the legal inference to be drawn from the length of the period, the court accepted remarkably little activity by the party Wattanasin and its assignee as sufficient to rebut the inference.[53] According to it:

> Given a total delay of 17 months [as to the compound count], an unexplained delay of three months, the complexity of the subject matter at issue, and our sense from the record as a whole that throughout the delay Sandoz was moving, albeit slowly, towards filing an application, we conclude that this case does not warrant an inference of suppression or concealment. Consequently, we affirm the Board on this point.[54]

It should be noted, however, that the seventeen month period was the period between the party Wattanasin's *last* actual reduction to practice and its filing date. The party Wattanasin had made several *earlier* actual reductions to practice as to the compound count. The earliest of those actual reductions to practice was more than four years before the

52 93 F.3d at 1567, 39 USPQ2d at 1901–02.

53 During the critical period, the party Wattanasin and its assignee had (1) subjected three of the seven compounds that it had actually reduced to practice (by *in vitro* testing) to *in vivo* testing; (2) discussed whether or not to file a patent application on the invention "[s]everal times" at meetings of Sandoz's patent committee but "decided that it was too early in the invention's development to file a patent application," 93 F.3d at 1562, 39 USPQ2d at 1897; (3) after the *in vivo* testing of the three compounds was complete, finally decided to file a patent application; (4) spent several months (!) "collect[ing] additional data from the inventor which was needed to prepare the patent application," 93 F.3d at 1562, 39 USPQ2d at 1897; (5) completed a first draft of the patent application in November 1988; and (6) "after several turn-arounds with the inventor, ultimately filed [the patent application] in March of 1989," 93 F.3d at 1562, 39 USPQ2d at 1897–98.

54 93 F.3d at 1569, 39 USPQ2d at 1903.

party Wattanasin's filing date, and the party Fujikawa argued that the period for which the party Wattanasin had to account was that *entire* period. However, the court rejected that argument based upon the court's "reasoning, if not its holding,"[55] in *Paulik* v. *Rizkalla*.[56] According to Judge Clevenger, a "simple hypothetical"[57] illustrates why the period that the party Wattanasin had to account for ran from the actual reduction to practice closest in time to the filing date to the filing date, *not* from the actual reduction to practice that was earliest in time to the filing date:

> Imagine a situation similar to the one facing Sandoz in early 1987. A decisionmaker with limited funds must decide whether additional research funds should be committed to a project which has been neglected for over two years. In making this decision, the decisionmaker would certainly take into account the likelihood that the additional research might yield valuable patent rights. Furthermore, in evaluating the probability of securing those patent rights, an important consideration would be the earliest priority date to which the research would be entitled, especially in situations where the decisionmaker knows that he and his competitors are "racing" toward a common goal. Thus, the right to rely on renewed activity for purposes of priority would encourage the decisionmaker to fund the additional research. Conversely, denying an inventor the benefit of renewed activity would discourage the decisionmaker from funding the additional research.
> Here, Wattanasin returned to his abandoned project well before Fujikawa's effective date and worked diligently towards reducing the invention to practice a second time. For the reasons explained above, we hold that, on these facts, Wattanasin's earlier reduction to practice in 1984 does not bar him from relying on his earliest date of renewed activity for purposes of priority.[58]

Comment: It would seem that, if the decisionmaker's company had "neglected [the project] for two years," it was not "racing" toward the goal! However, the "earliest date of renewed activity" to which the court referred was an actual reduction to practice. In contrast, in *Paulik* v. *Rizkalla*, the "renewed activity" consisted simply of, at long last, beginning work on the preparation of a patent application on the work done years before. Thus, the party Wattanasin's equities were arguably even stronger than the party Paulik's equities.

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55 93 F.3d at 1569, 39 USPQ2d at 1903.

56 760 F.2d 1270, 226 USPQ 224 (Fed. Cir. 1985) (in banc). *Paulik* is discussed in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 69 JPTOS 657, 658–663 (1987). The point at issue here is discussed at 660 n.6.

57 93 F.3d at 1569, 39 USPQ2d at 1903.

58 93 F.3d at 1569, 39 USPQ2d at 1903–04.

VI. Constructive Reduction to Practice

Nothing relevant this year.

VII. Corroboration

A. *The Corroboration Requirement Applies Only to Oral Testimony of a Named Inventor, Not to Documents Generated By a Named Inventor and Offered to Prove Conception*

In a stunning reversal of traditional law, the court held in *Mahurkar* v. *C.R. Bard, Inc.*, 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996) (opinion delivered by Circuit Judge Rader for a panel that also consisted of Chief Circuit Judge Archer and Circuit Judge Michel),[59] that the corroboration requirement applies only to the oral testimony of a named inventor, not to documents generated by a named inventor.

According to the court in *Mahurkar*:

> This court has developed a rule requiring corroboration where a party seeks to show conception through the oral testimony of an inventor. *Price* [v. *Symsek*, 988 F.2d 1187, 26 USPQ2d 1031 (Fed. Cir. 1993)[60]], 988 F.2d at 1195. This requirement arose out of a concern that inventors testifying in patent infringement cases would be tempted to remember facts favorable to their case by the lure of protecting their patent or defeating another's patent.[61]
>
> * * *
>
> In assessing corroboration of oral testimony, courts apply a rule of reason analysis. *Price*, 988 F.2d at 1195. Under a rule of reason analysis, "[a]n evaluation of all pertinent evidence must be made so that a sound determination of the credibility of the inventor's story may be reached." *Id.*
>
> This court does not require corroboration where a party seeks to prove conception through the use of physical exhibits. *Id.* The trier of facts can conclude for itself what documents show, aided by testimony as to what the exhibit would mean to one skilled in the art. *Id.*[62]

Comment: It is, of course, astonishing that the court would so casually overturn decades of precedent concerning the requirement for corroboration of allegedly contemporaneous documents generated by a

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59 See the discussion in section III.A. of the effect of the fact that *Mahurkar* was an appeal from a district court infringement action, not an appeal from a decision of the board in an interference.

60 *Price* is discussed in Gholz, *A Critique of Recent Opinions of the Federal Circuit in Patent Interferences*, 76 JPTOS 649, 658–60 (1994).

61 79 F.3d at 1577, 38 USPQ2d at 1291.

62 79 F.3d at 1577–78, 38 USPQ2d at 1291.

named inventor without any discussion of those precedents.[63] However, it is possible that the court did not realize what it was doing and that, when the inconsistency of what the panel said in *Price* and *Mahurkar* with what the CCPA often said in banc is pointed out to it, it will feel compelled by *South Corp.* v. *United States*, 690 F.2d 1368, 215 USPQ 657 (Fed. Cir. 1982) (in banc), to reassess this issue in banc.

B. *The Corroboration Requirement Does Apply To Documents Generated by a Named Inventor and Offered to Prove an Actual Reduction to Practice*

Only six weeks after holding in *Mahurkar* v. *C.R. Bard, Inc.*, 79 F.3d 1572, 38 USPQ2d 1288 (Fed. Cir. 1996), that "corroboration [is not required] where a party seeks to prove conception through the use of physical exhibits,"[64] in *Schendel* v. *Curtis*, 83 F.3d 1399, 38 USPQ2d 1743 (Fed. Cir. 1996) (majority opinion delivered by Circuit Judge Lourie and joined by Circuit Judge Bryson; dissenting opinion delivered by Circuit Judge Newman), the court said[65] that corroboration *is* required where a party seeks to prove an actual reduction to practice through the use of physical exhibits.

The count was drawn to a fusion protein. The party Schendel was a junior party applicant that had provoked an interference with the party Curtis's patent by filing 37 CFR 1.608(b) declarations. However, the administrative patent judge to whom the interference was assigned placed the party Schendel under a 37 CFR 1.617(a) order to show cause why judgment should not be entered against it on the grounds (1) that "there was insufficient corroboration of Schendel's statements concerning his alleged reduction to practice of the invention"[66] and (2) that the party Schendel's evidence "did not establish that . . . [it] had reduced to practice a fusion protein meeting every limitation of the count."[67] The party Schendel's attempt to supplement its original showing was unsuccessful,[68] and, in a rare two-to-one vote, the board entered

63 An exemplary, but non-exhaustive, list of those precedents includes: *Mikus* v. *Wachtel*, 542 F.2d 1157, 1161, 191 USPQ 571, 575 (CCPA 1976); *Reese* v. *Hurst*, 61 F.2d 1222, 211 USPQ 936 (CCPA 1981); and *Hahn* v. *Wong*, 892 F.2d 1028, 1033–34, 13 USPQ2d 1313, 1318 (Fed. Cir. 1989).

64 79 F.3d at 1577, 38 USPQ2d at 1291.

65 Since the majority *said* that its holding was based on the party Schendel's failure to prove an actual reduction to practice *apart from* the corroboration issue, everything it said about corroboration was apparently obiter dictum.

66 83 F.3d at 1402, 38 USPQ2d at 1745.

67 83 F.3d at 1402, 38 USPQ2d at 1745.

68 See footnote 24, supra.

judgment against it. On appeal, the Federal Circuit affirmed—also in a two-to-one vote.

The majority affirmed on the basis that, even apart from its corroboration problem, the party Schendel had failed to prove its asserted actual reduction to practice.[69] However, it also discussed the corroboration issue.

Dr. Schendel had given three of his corroborating witnesses samples that he had labeled or otherwise identified as being the fusion protein recited in the count, they had tested the samples given to them by Dr. Schendel, and they had obtained results consistent with the samples' being what Dr. Schendel said they were. The problem was that "none of these declarants had any first-hand knowledge of the composition or structure of the proteins contained in Schendel's samples; they all derived their understanding from Schendel's *labelling* of the samples as fusion proteins."[70] According to the majority:

> None of the declarants stated that their tests showed that the samples were . . . fusion proteins. Thus, there is no proof that any of these declarants knew what was actually in the samples provided to them by Schendel. *See Frilette v. Kimberlin*, 412 F.2d 1390, 1398, 162 USPQ 148, 155 (CCPA 1969) ("Of course, the designation of the material involved in the . . . tests in Lago's records as 'Linde Molecular Sieve 13X calcined ammonium exchange' cannot establish identification since that designation was merely copied by Lago from the label on the bottle in which the sample was given to him by Frilette and was not based on either knowledge or analysis by Lago."), *cert. denied*, 396 U.S. 1002 (1970).[71]

Judge Newman's dissenting opinion did not expressly discuss the corroboration issue. However, it is notable that she asserted that "Dr. Schendel's declarations [sic; declaration] describing the various procedures involved, and notebook records showing the experiments that he [i.e., Dr. Schendel] conducted . . . are in evidence . . ."[72] without mentioning that there was no direct corroboration that Dr. Schendel had done what his notebook records said that he had done.

Comment: Unless one is to draw a distinction between corroboration of evidence of conception (per *Mahurkar*, not required) and evidence of actual reduction to practice (per *Schendel*, required), the law on whether corroboration of physical exhibits allegedly contempora-

69 This aspect of the case is discussed in Section IV.B.
70 83 F.3d at 1403, 38 USPQ2d at 1746–47; emphasis in the original.
71 83 F.3d at 1403, 38 USPQ2d at 1747.
72 83 F.3d at 1407, 38 USPQ2d at 1750.

neously produced by a named inventor is now in a hopeless state of confusion.

VIII. Interference Procedure

A. *Must the Allegations Contained in a 37 CFR 1.608(b) Declaration Be Assumed to Be True in a 37 CFR 1.617 Proceeding?*

Schendel v. *Curtis*, 83 F.3d 1399, 38 USPQ2d 1743 (Fed. Cir. 1996) (majority opinion delivered by Circuit Judge Lourie and joined by Circuit Judge Bryson; dissenting opinion delivered by Circuit Judge Newman), raises but does not decide a *very* interesting point: must the allegations contained in a 37 CFR 1.608(b) declaration be assumed to be true in a 37 CFR 1.617 proceeding? Put another way, is a 37 CFR 1.617 judgment really like an FRCP 56 judgment, or is it sui generis?

The majority refused to consider the issue, saying only:

> The dissent, citing *Kahl v. Scoville*, 609 F.2d 991, 203 USPQ 652 (CCPA 1979), . . . takes the position that, for summary judgment purposes, all of Schendel's allegations must be assumed to be true for purposes of determining whether he established a *prima facie* case of priority. Because Schendel did not argue for such a rule, either before the board or on appeal,[73] we decline to decide whether such a rule is appropriate.[74]

However, Judge Newman's dissent hammered incessantly on the point that the court was reviewing a summary judgment rather than a judgment after trial. In her view, the court should have reviewed the decision in the 37 CFR 1.617 proceeding the way that it reviews decisions on summary judgment in appeals from district courts.[75] According to her:

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73 Counsel for the party Curtis agreed that this was true. However, counsel for the party Schendel disagreed:

> Judge Lourie was incorrect in his statement that we did not argue this point. While in retrospect, and with the benefit of Judge Lourie's statement, the issue could have been more fully developed, we clearly stated in our Brief in the "Standard of Review" section that for purposes of evaluating its sufficiency under 37 CFR §1.608(b), the proof was unrebutted. This was coupled with a footnote that this standard applied only for purposes of summary judgment and might not be the case at final hearing based on a full record containing cross-examination by both parties. This statement was not challenged by my opponent and I assumed it was conceded.

Of course, 37 CFR 1.608(b) evidence is *always* "unrebutted" in a 37 CFR 1.617 proceeding, since 37 CFR 1.617(d) does not permit an opponent to file opposition declarations.

74 83 F.3d at 1405 n. 8, 38 USPQ2d at 1748 n. 8.

75 Judge Newman expressed surprise at what is standard board practice:

> The Board was constituted in a curious manner: first an administrative patent judge, in his role as examiner, made the decision; then it was reviewed by a three-member Board presided over by the same administrative patent judge, who wrote an opinion sustaining his action, quoting himself with approval. [83 F.3d at 1406 n. 1,

The grant of summary judgment is reviewed *de novo* on appeal to the Federal Circuit, without deference to the Board's conclusions of law, and "assum[ing] that the allegations in appellants' affidavits are true."[76]

* * *

Although our standard of review of the Board's grant of summary judgment is plenary, at this stage of the proceedings neither the Board nor we can weigh evidence; to the contrary, reasonable factual inferences must be drawn in favor of the party Schendel.[77]

Comments: Judge Newman finds more on this point in *Kahl* v. *Scoville* than I do. However, she has raised a very interesting issue. There has been a tendency for the Federal Circuit to treat interferences like any other litigation, and, up to a point, that is good. However, there really are fundamental differences between 37 CFR 1.617 proceedings and FRCP 56 proceedings. In the first place, Federal judges are generalists who are presumed to need the aid of expert witnesses on many matters, whereas administrative patent judges are supposed to be "persons of competent legal knowledge *and scientific ability*. . . ." 35 USC 7; emphasis supplied. In the second place, 37 CFR 1.617(g) specifically directs "the administrative patent judge or the Board . . . [to] decide whether the evidence submitted under § 1.608(b) and any additional evidence properly submitted under paragraphs (b) and (c) of this section shows that the applicant is *prima facie* entitled to a judgment relative to the patentee." That language does not sound remotely like FRCP 56(c). Traditionally, administrative patent judges have been very willing to evaluate the persuasive value and/or credibility of 37 CFR 1.608(b) declarations in 37 CFR 1.617 proceedings. Thus, I think it unlikely that either the court or the board will be persuaded by Judge Newman's dissent if and when the issue is raised in a timely fashion.

B. *A Decision in One Interference Can Be Given Issue Preclusion Effect in Another Interference, But Only If the Issue Is Actually Litigated*

It is very common for a plurality of related interferences to involve common issues. *Schendel* v. *Curtis*, 83 F.3d 1399, 38 USPQ2d 1743

38 USPQ2d at 1749 n. 1.]

She might have added that the administrative patent judge performing in this "curious manner" referred to himself in the third person—just like Bob Dole!

76 83 F.3d at 1407, 38 USPQ2d at 1750, citing *Kahl* v. *Scoville*, 609 F.2d 991, 995, 203 USPQ 652, 656 (CCPA 1979).

77 83 F.3d at 1409, 38 USPQ2d at 1751, citing *Kahl* v. *Scoville*, 609 F.2d 991, 995, 203 USPQ 652, 656 (CCPA 1979); and *Anderson* v. *Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986).

(Fed. Cir. 1996) (majority opinion delivered by Circuit Judge Lourie and joined by Circuit Judge Bryson, dissenting opinion delivered by Circuit Judge Newman), involved the question of whether a decision in one such interference can be given issue preclusion effect in another such interference. The answer, not surprisingly, is yes—but only if the usual prerequisites for a holding of issue preclusion are present.[78]

In *Schendel*, the count was drawn to a fusion protein. The count in an earlier interference had been drawn to the DNA that the party Schendel alleged that it had used as a starting material to produce the fusion protein involved in the subject interference. The party Curtis argued (1) that, in the earlier interference, "the board [had] determined that Schendel 'never had possession of' the DNA . . ."[79] and (2) that "Schendel is collaterally estopped from relitigating his 'possession' of the DNA because the board already decided that issue. . . ."[80]

According to the court, the basic problem with the party Curtis's argument was that the board *hadn't* decided that issue.[81] Instead, the party Schendel had requested adverse judgment in the earlier interference one month after the interference was declared. As the court put it:

> For issue preclusion to apply here, (1) an identical issue must have been present in the two interferences, (2) that issue must have been litigated by the parties in the first interference and actually decided by the board, (3) resolution of the issue must have been essential to the board's judgment in the first interference, and (4) the party against whom the estoppel is asserted, Schendel, must have had a full and fair opportunity to litigate the issue in the first interference. *See In re Freeman*, 30 F.3d 1459, 1465–67, 31 USPQ2d 1444; 1448–50 (Fed. Cir. 1994).
> Significantly, at least two of these four requirements were not met here. The parties did not litigate, and the board did not actually decide in the DNA interference [,]

78 See generally Gholz, *Collateral Estoppel Effect of Decisions by the Board of Patent Interferences*, 30 DePaul L. Rev. 789 (1981), 65 JPOS 67 (1983).

79 83 F.3d at 1405, 38 USPQ2d at 1748.

80 83 F.3d at 1405, 38 USPQ2d at 1748.

81 According to counsel for the party Curtis, (1) in the earlier interference, the party Schendel had been put under a 37 CFR 1.617(a) order to show cause why judgment should not be entered against it, (2) the party Schendel filed a 37 CFR 1.662(a) request for entry of an adverse judgment shortly before the period for responding to the 37 CFR 1.617(a) order to show cause expired, (3) the board apparently did not receive the 37 CFR 1.662(a) request, (4) whether or not the board received the 37 CFR 1.662(a) request, it entered judgment on the basis of the party Schendel's failure to respond to the 37 CFR 1.617(a) order rather than on the basis that the party Schendel had filed a 37 CFR 1.662(a) request, and (5) the party Curtis argued that the administrative patent judge's decision to place the party Schendel under a 37 CFR 1.617(a) order to show cause was enough of a decision to trigger issue preclusion. However, none of this history appears in either Judge Lourie's opinion for the majority or Judge Newman's dissenting opinion.

the factual question whether Schendel "had possession of" the relevant DNA molecule. Rather, the board entered judgment for Curtis based on Schendel's voluntary abandonment of the DNA application (and interference) one month after the interference was declared. Manifestly, resolution of the factual question of "possession" of DNA was not essential to the board's judgment.[82] Thus, the principle of issue preclusion is clearly inapplicable. *See Restatement (Second) of Judgments* §27 cmt. e (1982) ("In the case of a judgment entered by confession, consent, or default, none of the issues is actually litigated" [,] and thus issue preclusion does not apply absent an agreement between the parties.).[83]

Comment: The fact that the party Curtis lost on the issue preclusion issue should not discourage others from trying it. Due to the board's refusal to consolidate interferences,[84] many interferences involve closely related issues. Giving litigated decisions in one interference issue preclusion effect in another interference saves an enormous amount of time and expense!

C. *The Issue of Whether Two Counts Are Patentably Distinct "May Be Framed in Terms of Predictability"*

37 CFR 1.601(f) states that, "When there is more than one count, each count shall define a separate patentable invention," and 37 CFR 1.601(n) states that "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'." However, it is not always easy to apply those deceptively simple rules in practice.

Loesch-Fries v. *Beachy*, ___ F.3d ___, 41 USPQ2d 1158 (Fed. Cir. October 30, 1996) (opinion delivered by Circuit Judge Plager for a panel that also consisted of Circuit Judges Rich and Michel) (non-precedential), was apparently a spin-off from a multi-way interference.[85] Judgment had been entered against the party Loesch-Fries in the parent interference, but judgment was entered against the party Beachy in the interference on appeal. The only issue on appeal was whether the single count of the spin-off interference was patentably distinct from count 2

82 In my experience, the board normally enters judgment immediately based on a request for adverse judgment without investigating the basis upon which the request was made.

83 83 F.3d at 1405, 38 USPQ2d at 1748–49.

84 *Irikura* v. *Petersen*, 18 USPQ2d 1362, 1364 (PTOBPAI 1990).

85 The opinion does not expressly say that, but it does say that the interference on appeal was declared as the result of the granting of a 37 CFR 1.633 (e) (2) motion in another interference. Since 37 CFR 1.633 (e) (2) motions can only be filed in "interference[s] [that] involve [ ] three or more parties . . .," it follows that the parent interference must have been a multi-way interference.

of the parent interference. If it was, the party Loesch-Fries kept its judgment; if it was not, the judgment would be reversed.

It is the way that the court framed the issue that makes this opinion interesting. According to the opinion:

> Obviousness is a question of law, decided anew by this court, taking into account the Board's decision and discussion. The underlying factual findings are reviewed for clear error. *In re Woodruff*, 919 F.2d 1575, 1577, 16 U.S.P.Q.2d 1934, 1935 (Fed. Cir. 1990). In this case, we conclude that an invention as described in count 1 of the '045 interference [i.e., the subject interference] would not have been obvious to one skilled in the art in light of an invention as described in count 2 of the '614 interference [i.e., the parent interference]. The question may be framed in terms of predictability. In light of count 2 of the '614 interference, was there a reasonable expectation of success for the invention of count 1 of the '045 interference? *In re Merck & Co., Inc.*, 800 F.2d 1091, 1097, 231 USPQ 375, 379 (Fed. Cir. 1986).[86]

On the merits, the court affirmed, saying that there was "nothing in the record to suggest a reasonable probability of success"[87] and that, "Therefore, the Board correctly found the two counts patentably distinct."[88]

Comment: The court's statement that the issue of whether the two counts were patentably distinct could be "framed in terms of predictability" by answering the question "In light of count 2 of the '614 interference, was there a reasonable expectation of success for the invention of count 1 of the '045 interference?", if taken literally, is so broad and simplistic that it is clearly erroneous.[89]

A count, like a claim, is simply a definition of an invention. The question of patentable distinctness between counts, like the question of patentable distinctness between claims, often cannot be determined solely from a comparison of the counts. Of course, prior art must always be considered,[90] but the context of the defined invention must also be considered.

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86 41 USPQ2d at 1159.

87 41 USPQ2d at 1159.

88 41 USPQ2d at 1159.

89 Of course, the court *may* have meant that, in this particular case, the issue of patentable distinctness could be decided by answering that question without meaning to imply that, in other cases, similar issues could be decided by answering similar questions. However, so limiting the court's language would seem to be contrary to the spirit of the common law and to the bar's hunger for reliable precedent.

90 Deciding what *is* prior art is not always simple. One of the biggest unresolved question relating to issues of count distinctness is the date that divides prior art from subsequent art. Is it the senior party's filing date? One year before the senior party's filing date? Some other date?

For example, a claim or a count often defines an invention only in terms of its structure. That is, the purpose or utility of the defined invention is often not included in the claim or count. Therefore, a claim or count defined solely by structure legally provides no motivation for any modification of that structure.[91] Moreover, a claim or count defining a structure and indicating that the structure is useful for one purpose may or may not suggest a modification of that structure for a different purpose.[92]

I submit that the court's statement should *not* be read as suggesting that "a reasonable expectation of success" can necessarily (or even frequently) be formed from a comparison of counts or claims *alone*. Success can only be measured with regard to particular goal(s) or purpose(s). The courts have long recognized that patentable distinction between claims cannot be determined without reference to the prior art[93] and/or to the specifications of the applications or patents where the claims or counts originated.[94]

The court's statement that there was "nothing in the record to suggest a reasonable expectation of success" for the invention of count 1 suggests that the court applied the proper test. That is, the court apparently considered *all* of the evidence and arguments of record (not just the two counts) in its determination of patentable distinctness. Unfortunately, its statement of "[t]he question" may be more emphasized in citations to the board[95] than its additional explanation.

IX. Patentability Issues Arising in an Interference Context

Nothing relevant this year.

X. Post-interference Practice

Nothing relevant this year.

XI. Relationship of Interference Proceedings to Court Proceedings

Nothing relevant this year.

91 *In re Stemniski*, 444 F.2d 581, 170 USPQ 343 (CCPA 1971).

92 Compare *In re Lalu*, 747 F.2d 703, 223 USPQ 1257 (Fed. Cir. 1984), with *In re Dillon*, 919 F.2d 688, 16 USPQ2d 1897 (Fed. Cir. 1990) (in banc).

93 E.g., *In re Dunn*, 349 F.2d 433, 146 USPQ 479 (CCPA 1965); and *In re Cladrow*, 406 F.2d 1376, 160 USPQ 674 (CCPA 1969).

94 E.g., *In re Higgins*, 369 F.2d 414, 152 USPQ 103 (CCPA 1966) (Rich, J.); and *In re Simmons*, 312 F.2d 821, 136 USPQ 450 (CCPA 1963).

95 Of course, this opinion can't be cited to the court because of Federal Circuit Rule 47.8.

XII. Conclusion

While it is always difficult to tell whether a few outlying data points represent a trend or are only random and transitory departures from a far away mean, there is cause for concern that the court may be moving U.S. priority law even farther away from international standards than it has been in the past. If that is so, it may provide increased incentive for the United States to switch from its traditional first-to-invent system to a first-to-file system. In my opinion, that would be a good thing, since the present system is enormously wasteful of scarce economic resources—notably including the time of the scientists and engineers who get caught up in priority disputes. However, in the short run the court's apparent shift in direction has led to some fairly bizarre results.