

A CRITIQUE OF RECENT OPINIONS
IN PATENT INTERFERENCES¹

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I. INTRODUCTION

This article covers precedential and interesting non-precedential opinions³ relating to interferences published since those discussed in the previous article by Messer. Rollins and Gholz at 88 JPTOS _____ (2006),⁴ which covered volumes 69-72 of the USPQ2d.⁵

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court into those that are “precedential” (i.e., those that may be cited to the court as precedent) and those that are “non-precedential” (i.e., those that may not be cited to the court as precedent). The non-precedential opinions were formerly called “unpublished” opinions, but the court changed its terminology after noting that many of its “unpublished” opinions were in fact published in the United States Patents Quarterly.

The Federal Circuit attempts to discourage citation of its non-precedential opinions to its “feeder” courts and agencies. See, e.g., Hamilton v. Brown, 39 F.3d 1574 (Fed. Cir. 1994). However, the non-precedential opinions of the Federal Circuit have at least the same status as law review articles written by the judges of the Federal Circuit, and in practice some of the non-Trial Section administrative patent judges seem to welcome citation of the non-precedential opinions of the Federal Circuit. After all, what the court did once gives at least some guidance to what the court might do again, and the administrative patent judges can use language out of the non-precedential opinions even if they cannot cite them.

⁴See also Mr. Gholz’s previous articles at 86 JPTOS 464 (2004), 85 JPTOS 401 (2003), 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).

II. CONCEPTION

Nothing interesting this year.

III. CLASSICAL DILIGENCE

Nothing interesting this year.

IV. ACTUAL REDUCTION TO PRACTICE

A. **It is Not Enough to Prove that an Alleged ARP Worked for Its Intended Purpose; You Must Prove that It Worked In the Way Recited in the Count**

Genise v. Desautels⁶

It is, of course, well established that proof of an alleged ARP requires demonstration that the alleged ARP actually worked for its intended purpose.⁷ However, Genise v. Desautels, 73 USPQ2d 1393 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also consisted of SAPJ McKelvey and APJ Moore), goes a step further. If the count recites that the result is achieved in a particular way, the proponent of the ARP must also prove that that the favorable result was achieved in the way recited in the count.

The alleged ARPs relied upon by the junior party were all of a vehicle drive having an engine control which, in response to an operator signal, determines a zero torque parameter value for the engine and which is operable to control the engine to achieve the zero torque parameter

⁵The fact that Mr. Gholz publishes this review every year in a similar format accounts for the sections which read in their entirety “Nothing interesting this year.”

⁶ I am an expert witness for the assignee of the senior party in an infringement action against the assignee of the junior party.

⁷ See, e.g., Newkirk v. Lulejian, 825 F.2d 1581, 1582, 3 USPQ2d 1793, 1794 (Fed. Cir. 1987).

value. The significance of the zero torque parameter value is that, when it is achieved, the transmission of the motor vehicle is free to be shifted to neutral without the engagement of a clutch.

The count recited many elements of the vehicle drive. However, the panel's decision focused on the following recitations:

said engine control including an operator input to allow an operator to signal a desire to eliminate torque[,]...said operator signal requesting said engine control determine a zero torque parameter value[,]...and said engine control being operable to control said engine to achieve said zero torque parameter value.⁸

The junior party's problem was that the desired result (i.e., shifting without engaging the clutch) can be achieved in ways other than the way recited in the count. According to the panel:

The inventors, through their above-quoted testimony, do not explain how they would have known that a determined zero torque parameter value was actually achieved during the road test of August 29th-31st, 1994. The inventors, through their above-quoted testimony, do not explain how they would have known that the software routine actually determined a zero torque parameter value and caused the engine to reach that determined value. The inventors, through their above-quoted testimony, do not explain how they would have known that the electronic engine control unit

⁸ 73 USPQ2d at 1396.

(ECU) actually controlled the engine precisely the way instructed by the software. Genise may not assume that the software was installed properly and correctly interfaced, e.g., receiving all the input variables it needs. Genise also may not assume that the hardware of the electronic control unit worked properly or was properly interfaced with the vehicle engine. Genise further may not assume that the software contained no error or “bug” that would have interfered with and obstructed the intended purpose of the code.⁹

assuming that Genise had a software routine written with the intent to accomplish certain tasks, it does not mean those tasks were in fact actually accomplished when the program was eventually executed on any particular occasion.¹⁰

The testimony of Genise’s corroborating witness John Dresden, III, is no better. His testimony (Exhibit 2049, Bates No. 703, ¶ 10) does corroborate inventor Ronald K. Markyvech’s above-quoted statement about extensive monitoring of the transmission system during testing, including torque values, various engine control parameters, and when the transmission was

⁹ 73 USPQ2d at 1400. See also 73 USPQ2d at 1403 and 1408.

¹⁰ 73 USPQ2d at 1401. See also 73 USPQ2d at 1403 and 1408.

shifted into neutral. But[,] like Ronald K. Markyvech, John Dresden never states that he saw the monitoring results and that the monitored results indicate [sic; indicated] that the gross torque as monitored actually reaching [sic; reached] a level specifically commanded by Markyvech.¹¹

Comments

(1) This was clearly a “failure of proof” case. However, I cannot tell from Judge Lee’s opinion whether the problem was that the witnesses had not done the things pointed out by Judge Lee or that Genise’s counsel had failed to prove that the witnesses had done those things.

(2) The senior party had also put on a priority case. However, the panel ruled that it did not have to consider the senior party’s priority case because the junior party had not proved that any of its three alleged ARPs had been achieved using the way recited in the count. Since it undoubtedly cost the senior party a great deal of money to put on its priority case, the question arises: Shouldn’t there be an analog to FRCP 50(a)(1) in the interference rules?¹²

V. PEELER DILIGENCE

A. Being Busy Isn’t Enough

Kundu v. Rangunathan

Kundu v. Rangunathan, 73 USPQ2d 1180 (PTOBPAI 2002) (non-precedential) (opinion by APJ Torczon for a panel that also consisted of APJs Schafer and Lee), is an excellent didactic

¹¹ 73 USPQ2d at 1402.

¹² See Gholz, The Trial Section Should Have an Analog to FREP 50(a)(1), 12 Intellectual Property Today No. 6 at page 30 (2005).

opinion on Peeler diligence--and a stark reminder that merely being busy isn't enough to repel an inference of suppression or concealment.

Ragunathan filed its application on April 20, 1998, and its patent issued on February 22, 2000. Kundu filed its application on July 21, 2000. Thus, as pointedly noted by the panel:

Kundu's 623 application was filed twenty-seven months after the application for Ragunathan's involved 065 patent was filed and one day short of five months after the 065 patent issued.¹³

Kundu alleged an ARP on August 29, 1997--"eight days short of thirty-five months before its... filing date."¹⁴

The heart of the panel's holding is, curiously, stated in a finding of fact:

Absent some compelling explanation, it is unreasonable to file an initial application thirty-five months after an actual reduction to practice and five months after the issuance of a patent to another for the subject matter of the actual reduction to practice.¹⁵

So, the question in this 37 CFR 1.617 proceeding was whether Kundu had offered a "compelling explanation" for its apparent sloth. According to the panel, it had not--although it had clearly been very busy during all that time on what could be described in general terms as "the project." Of particular interest, much of Kundu's efforts had been directed to preparing an

¹³ 73 USPQ2d at 1183.

¹⁴ 73 USPQ2d at 1183.

¹⁵ 73 USPQ2d at 1183.

ANDA which, if approved, would have permitted it to commercialize the product which was the subject of the interference.

The panel's first interesting holding concerned the parties' burdens of proof and persuasion:

Although the ultimate burden of proof stays with the junior party, the burden of going forward on the question of suppression normally lies with the proponent of the issue. *Young v. Dworkin*, 489 F.2d 1277, 1279, 180 USPQ 388, 390 (CCPA 1974). If, however, there is an unreasonably long delay between reduction to practice and disclosure (to the public or the United States Patent and Trademark Office [USPTO])[,] suppression may be inferred. *Lutzker v. Plet*, 843 F.2d 1364, 1367, 6 USPQ2d 1370, 1372 (Fed. Cir. 1988).¹⁶

On the suppression or concealment issue, the panel again refused to draw a bright line.¹⁷

Rather than focus on the length of delay, suppression must be determined from the reasonableness of the inventor's total conduct in working toward disclosure of the invention. *Fujikawa v. Wattanasin*, 93 F.3d 1559, 1568, 39 USPQ2d 1895, 1902 (Fed. Cir.

¹⁶ 73 USPQ2d at 1187.

¹⁷ See Gholz, *A Critique of the New Rules and the New Standing Order in Contested Case/Interference Practice*, 87 JPTOS 62 (2005) § IV, "Presumptions Relating to Suppression or Concealment," at pages 66-67.

1996). A variety of explanations are possible that can, with the right set of facts, excuse delay and overcome the appearance of spurring. Generally, slow (even fitful), but inexorable progress toward disclosure can overcome the inference of suppression from long delay. *Fujikawa*, 93 F.3d at 1567, 39 USPQ2d at 1902. Significant steps toward perfecting the invention and preparing an application indicate that the invention was not suppressed. 93 F.3d at 1568, 39 USPQ2d at 1903. The work used to overcome the inference, however, must not be directed only to commercialization and should be reflected in the patent application. *Lutzker*, 843 F.2d at 1367, 6 USPQ2d at 1372. Work to prepare the involved application prior to the issuance of the allegedly spurring patent can overcome the inference of spurring. *Fujikawa*, 93 F.3d at 1568, 39 USPQ2d at 1902-03. A showing of intent to file eventually, however, will not negative a holding of suppression. *Shindelar [v. Holdeman]*, 628 F.2d [1337] at 1342, 207 USPQ [112] at 117.¹⁸

Turning to Kundu's evidence offered to repel the inference of suppression or concealment, the panel all but discounted Kundu's ANDA work:

Prior to approval, the FDA treats the existence of, and information about, an ANDA as confidential information. 21 C.F.R. § 314.430(b) and (d). Moreover, Alpharma [Kundu's

¹⁸ 73 USPQ2d at 1188.

assignee] abandoned all development avenues that did not lead to an ANDA filing. If it had not found a bioequivalent formulation, there is no indication the public would ever have benefited from its discovery. Thus, work toward an ANDA is weak evidence of an inexorable effort to place the invention in the possession of the public since an ANDA development program would not necessarily become public or lead to a publically used product.¹⁹

So, Kundu was stuck with its work on its patent application:

Kundu's patent application was the only alternative strategy that Kundu pursued that would have placed the invention in the hands of the public in the event that Alpharma's ANDA failed.²⁰

Since Kundu has the burden of proof to show it was making inexorable progress toward filing, we cannot make any assumptions in Kundu's favor regarding what, if anything, the patent application work before March 2000 means. A 2 - 2½ year delay before beginning work on a patent application would defy characterization as even fitful progress toward public disclosure unless the intervening period were spent "perfecting" the invention.

Lutzker, 843 F.2d at 1367, 6 USPQ2d at 1372.

¹⁹ 73 USPQ2d at 1188.

²⁰ 73 USPQ2d at 1188; footnote omitted.

Kundu's problem in this case, however, is that the standard indicium of perfecting efforts--a reflection of such work in the patent application--has less credibility than usual.²¹

in *Lutzker* and the cases it cites on reporting perfecting work in the application, the applicants did not have Kundu's advantage of knowing what was in the other parties' disclosures when they filed. Applications filed after the other side's patent has issued have the lowered credibility of any post litem motam statement, particularly when as in this case the applicant seeks to provoke a patent interference. The case law provides ample motivation for a new applicant seeking to provoke an interference with a patent, and facing the need to overcome an appearance of suppression, to include any and all remotely related work in the specification.

Even with the advantage of knowing what it was up against, Kundu provided relatively little detailed disclosure of Alpharma's work toward perfecting the invention. While Kundu pointed to many obstacles overcome in its justification for the delay, the obstacles are either not disclosed or are disclosed as alternate embodiments.^[22]

²¹ 73 USPQ2d at 1189.

²² The opinion does not explain why "disclos[ure] as alternate embodiments" should be entitled to less weight than disclosure as principal embodiments.

Had Kundu prepared its application in isolation, these defects would have been easier to overlook, but here Kundu knew it had a higher standard to meet. Similarly, Kundu's brief discloses numerous facts about Alpharma's development efforts, but provides much less guidance on how these efforts improved the resulting disclosure. A party with the burden of proof leaves the work of making the connections to the fact-finders at its own peril.²³

Comment

It is unclear whether Kundu's failure of proof is ascribable to its counsel's failure to prove what Kundu had been doing or to Kundu's failure to have been doing things that its counsel could have proved.²⁴ However, the panel's lengthy opinion should be required reading for any attorney attempting to repel an inference of suppression or concealment.

²³ 73 USPQ2d at 1189.

²⁴ When I asked lead counsel for Kundu, he responded that "the patent attorney who drafted the application did a wonderful job with the evidence he had to work with on 'perfecting' the invention," but he did not comment on the dearth of diligence evidence put on during the interference.

VI. CONSTRUCTIVE REDUCTION TO PRACTICE

- A. Notwithstanding Stevens v. Tamai, an Interferent is Automatically Entitled to the Benefit of the Filing Date of a PCT Application (a) Filed in the United States, (b) in the English Language, (c) Naming the United States (d) Where No Issue Was Raised Concerning the Formalities of the Filing

Harris v. Dobrusin

In Stevens v. Tamai, 366 F.3d 1325, 70 USPQ2d 1765 (Fed. Cir. 2004), discussed in Rollins and Gholz, A Critique of Recent Opinions in Patent Interferences, 88 JPTOS ____ (2006) at pages ____, the Federal Circuit affirmed the holding of a panel of the Trial Section that the appellant was not entitled to the benefit of the filing date of a PCT application (a) filed in Japan, (b) in the Japanese language, (c) designating the United States (d) where no issue was raised during commencement of the national stage prosecution concerning the formalities of the filing because the appellant had failed to timely file a certified translation of the Japanese-language application. In Harris v. Dobrusin, 73 USPQ2d 1537 (PTOBPAI 2004) (non-precedential) (opinion by APJ Torczon for a panel that also consisted of APJs Schafer and Nogumo), a panel of the Trial Section dismissed (not denied) Harris's 37 CFR 1.633(g) motion²⁵ attacking the benefit of the filing date of Dobrusin's PCT application (a) filed in the United States, (b) in the English language, (c) designating the United States, (d) where no issue was raised concerning the formalities of the filing and that benefit had been accorded in the notice declaring the interference. It did so on the ground that, under 35 USC 363 and Article 11(3) of the PCT, as explained in § 1893.03(b) of the MPEP, "we do not have the power ... to provide

²⁵ 37 CFR 1.633(g), now repealed, provided for:

A motion to attack the benefit accorded an opponent in the notice declaring the interference of the filing date of an earlier filed application.

Harris with the relief sought.”²⁶ It explained this startling result (particularly startling in view of the Federal Circuit’s recent opinion in Stevens) by asserting that Dobrusin’s “PCT application is not an earlier application, but rather a stage of the involved application....”²⁷

The panel asserted (rather defensively) that “we do not suggest that the Stevens decision is somehow wrong or that the interference rules are contrary to the statute, but more prosaically that different arguments on different records lead to different results.”²⁸ The key difference, in the panel’s view, was that, “In Stevens, Tamai moved for relief [i.e., the benefit of the filing date of its Japanese-language PCT application], failed to comply with a requirement under Rule 647 to file a certified English translation of the original Japanese PCT filing, and consequently was denied relief.”²⁹

Notably, the panel pointed out that:

We need not, and do not, decide how a movant should properly attack formal deficiencies in the filing at the international stage of PCT application[s] because it is not an issue in this case. Harris preliminary motion 6 attacks the substance of the Dobrusin international application, not the formalities of its filing.³⁰

Comment

While I have no quarrel with the result in either Stevens or Harris, I think that it should

²⁶ 73 USPQ2d at 1539.

²⁷ 73 USPQ2d at 1539. Of course, that explanation applies also to Tamai’s PCT application.

²⁸ 73 USPQ2d at 1540.

²⁹ 73 USPQ2d at 1540; emphasis in the original.

³⁰ 73 USPQ2d at 1540 n. 4.

be recognized candidly that the entry into the national (i.e., U.S.) phase of a PCT application shares some characteristics with the filing of a CIP application as well as other characteristics with the filing of a straight continuation application. In either case, there is (at least potentially) many a slip between the cup and lip. Even with a straight continuation application, one may lose the benefit of the filing date of the alleged parent application for, e.g., lack of copendency.³¹ With a CIP, the opportunities for losing the benefit of the filing dates of parent applications are, obviously, much more numerous.

There are also at least a plurality, if not a multiplicity, of opportunities for not being entitled to the benefit of the filing date of an initial PCT filing. Stevens illustrates one such opportunity. The panel's footnote, quoted supra, suggests (accurately) that there are more.

In my judgment, it makes no sense to have the result turn on whether the interferent was or was not accorded the benefit of the filing date of the initial PCT application in the notice declaring the interference. In Stevens, Tamai was not accorded the benefit of the filing date of its initial Japanese PCT application in the notice declaring the interference, Tamai moved for that benefit, a panel of the board denied his motion, and the Federal Circuit affirmed. In contrast, in Harris, Dobrusin was accorded the benefit of the filing date of its initial U.S. PCT application in the notice declaring the interference (even though, according to the panel's opinion, "The

³¹ In an infringement case in which I was testifying as an expert witness, I testified that one of the asserted patents was not entitled to the benefit of the filing date of its alleged parent application on exactly that basis, and the district court bought my argument. When I recounted this adventure to then Acting Commissioner Tegtmeyer on a social occasion, he asserted forcefully that it was "impossible" for an alleged continuation application to issue despite the lack of copendency. But it had happened. The PTO does make mistakes!

designation of Dobrusin’s PCT application as a ‘benefit’ application was a legal error in the declaration”³²). Harris moved to take that benefit away from Dobrusin, and a panel of the board ruled that it did not even have authority to consider the merits of Harris’s motion!

VII. DERIVATION

Nothing interesting this year.

VIII. THE 35 USC 135(b) BAR

Nothing interesting this year.

IX. CORROBORATION

A. The Contents of a Software Program Must Be Independently Corroborated by Someone Who Has Personally Evaluated the Code

Genise v. Desautels³³

Any inventive act must be corroborated by evidence that is independent of the individuals designated as having contributed to the subject matter of the count.³⁴ However, Genise v. Desautels, 73 USPQ2d 1393 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also consisted of SAPJ McKelvey and APJ Moore), appears to have established an additional and far more onerous requirement for corroborating software ARPs:

Jon Steeby and Warren Dedow [corroborating witnesses] do not independently corroborate the content of the software routine. Jon Steeby’s knowledge of the software is derived entirely from

³² 73 USPQ2d at 1539.

³³ I am an expert witness for the assignee of the senior party in an infringement action against the assignee of the junior party.

³⁴ Larson v. Johenning, 17 USPQ2d 1610 (PTOBPAI 1990).

presentations by and discussions with the inventors Thomas A. Genise and Ronald K. Markyvech themselves. Exhibit 2051, Bates No. 711, ¶ 6. As for Warren Dedow, whose declaration states that he studied the software, he also stated that he became “familiar with the software that was implemented in the transmission ECU based on presentations by, and discussions with, Thomas A. Genise and Ronald K. Markyvech, as well as studying the software code.” Exhibit 2050, Bates No. 707, ¶ 6. The extent and purpose of Dedow’s study of the software has not been explained. No detail or specifics of such “study” has been provided. The circumstances do not establish that he independently verified the content of the software on [sic; or?] what it was designed to do, and did not need or rely on presentations from the inventors to make his conclusions. On this record, we are not persuaded that that was so.³⁵

Because party Genise is relying on a demonstration of [sic; as an?] actual reduction to practice, each feature in the subject matter of the count must have actually performed as intended. Mere conception of the idea is not enough. Even if we assume that software, once written[,] necessarily performs exactly and flawlessly as intended, Steve Edelen cannot independently

³⁵ 73 USPQ2d at 1406.

corroborate the content of the software because he did not indicate that he had actually reviewed or studied the software to acquire independent knowledge with regard thereto apart from what he was told by the inventors.³⁶

X. INTERFERENCE PRACTICE

A. Pre-Interference Mechanics

1. Don't Forget to Inform the Examiner When You "Copy" a Claim

Tanabe v. Lee

37 CFR 1.607(c), applicable at the time of this decision, required an applicant who presented one or more claims "copied" (either word-for-word or substantially) from an adversely owned patent to identify the source of the copied claim or claims.³⁷ In Tanabe v. Lee, 73

³⁶ 73 USPQ2d at 1408.

³⁷While the new rules do not contain a similar express requirement, presumably 37 CFR 1.56 would require it in any event. Moreover, mystifyingly, § 10.23, "Misconduct," reads in relevant part as follows:

(a) A practitioner shall not engage in disreputable or gross misconduct.

(b) A practitioner shall not:

(1) Violate a Disciplinary Rule.

(2) Circumvent a Disciplinary Rule through actions of another.

(3) Engage in illegal conduct involving moral turpitude.

USPQ2d 1743 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lane for a panel that also consisted of APJs Medley and Tierney), Lee had failed to do that, which led to the following acid comment in the panel's opinion:

(4) Engage in conduct involving dishonesty, fraud, deceit, or misrepresentation.

(5) Engage in conduct that is prejudicial to the administration of justice.

(6) Engage in any other conduct that adversely reflects on the practitioner's fitness to practice before the Office.

(c) Conduct which constitutes a violation of paragraphs (a) and (b) of this section includes, but is not limited to:

(7) Knowingly withholding from the Office information identifying a patent or patent application of another from which one or more claims have been copied. See § 41.202(a)(1) of this title.

The reason that I say that this is mystifying is that 37 CFR 41.202(a)(1) requires identification of a case (patent or application) with which one is seeking to provoke an interference. 37 CFR 1.607(c) required one to identify a patent or application with which one was not seeking to provoke an interference in situations where one was attempting to come as close as possible without being thrown into the briar patch.

While Lee's claims are not verbatim copies of Tanabe's claims, the claims are substantially the same. As we noted in our decision on preliminary motions, we are troubled by Lee's apparent failure, during *ex parte* prosecution, to identify its claims as corresponding substantially to junior party Tanabe's patent claims as is required under our rules. 37 CFR § 1.607(c) Merely citing the Tanabe patents in an information disclosure statement as Tanabe did...does not comply with 37 CFR § 1,607(c)...³⁸

Comment

Counsel who handled Lee's *ex parte* prosecution can thank his or her lucky stars that he or she was not given the opportunity to interact with the friendly folks in the Office of Enrollment and Discipline.

2. The APJ Is Not Bound by the Examiner's 37 CFR 1.611(c)(8) Write-Up and Need Not Send a Copy of It to the Parties

Chapman v. Rhoads³⁹

In Chapman v. Rhoads, 73 USPQ2d 2017 (PTOBPAI 2004) (non-precedential) (opinion by APJ Medley, joined by APJs Schafer and Lee), Chapman moved (1) for the APJ to send it a copy of the examiner's 37 CFR 1.611(c)(8)⁴⁰ write-up, which the APJ had not sent to the parties

³⁸ 73 USPQ2d at 1751 n. 3.

³⁹ My colleagues Michael Casey and Todd Baker represented Rhoads.

⁴⁰ 37 CFR 1.611(c)(8), now repealed, reads as follows:

The examiner's explanation as to why each claim designated as corresponding to the count is directed to the same patentable invention as

with the declaration of the interference, and (2) to restart the times from “service” of the 37 CFR 1.611(c)(8) write-up.

The APJ sent Chapman a copy of the write-up, but denied Chapman’s motion to reset the times. Chapman then requested reconsideration, and the panel denied that request as follows:

Chapman argues that even though the APJ did not rely upon the examiner’s explanation in declaring the interference, the APJ erred in not providing the examiner’s explanation when the interference was declared. Assuming that Chapman is correct, the error was harmless and is not sufficient jurisdiction [sic; justification] to re-set any time period.⁴¹

Chapman argues that it was error for the APJ not to rely upon the examiner’s explanation in declaring the interference, and that the “examiner’s explanation must be an explanation that is prima facie accurate and a legal basis for declaring the interference” (Paper 34 at 5). In essence, Chapman argues that[,] only when the examiner has provided a prima facie accurate and legal basis for declaring an interference, may an interference be declared. The argument is without merit.

The statutory basis for declaring an interference proceeding

the count and why each claim designated as not corresponding to any count is not directed to the same patentable invention as any count;

⁴¹ 73 USPQ2d at 2018.

is 35 U.S.C. § 135(a), which provides that “[w]henver 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 Director, through the current interference rules[,] has delegated the task of determining whether an interference should be declared to an administrative patent judge. *See* 37 CFR § 1.610(a) (“Each interference will be declared by an administrative patent Judge...”). It is the APJ, acting on behalf of the Director, that determines if interference will be declared, and not an examiner. That determination may be made independently from any views that an examiner may or may not have.

The examiner’s write-up, if it even exists at all, has merely the effect of a recommendation to the APJ which may or may not be subscribed to or adopted by the APJ in whole or in part. Here, as indicated in the decision of June 15, 2004, the APJ considered that write-up not beneficial and did not rely on it for the declaration of this interference. Therefore, Chapman was not prejudiced in any way by the write-up’s not having been sent as a[n] attachment to the Notice Declaring Interference dated March 29, 2004, but on June 15, 2004.⁴²

⁴² 73 USPQ2d at 2018-19.

Comment

Since both Rhoads's ex parte file and the file of the interference were available to the public on PAIR, it was a mystery to us why Chapman's counsel did not simply download a copy of the examiner's 37 CFR 1.611(c)(8) write-up immediately after declaration of the interference.

3. Must an Application to Reissue a Patent in Interference Be Allowed Before the APJ Will Add It to an Interference?

Davis v. Saito⁴³

Davis v. Saito, 75 USPQ2d 1448 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee, not joined by any other APJ), Davis had filed an application to reissue its patent in interference, and the examiner (acting with extraordinary dispatch) had rejected all of the claims in the reissue application within a few weeks of its filing. The opinion states that:

in light of the rejection of claims in Davis' reissue application, and the rapid approach of Time Period 1 in this interference, which expires on November 24, 2004, Davis may not file a motion to add the reissue application in the interference.¹

¹If, however, by some means Davis is able to overcome the rejection and obtain a notice of allowance of the reissue application before expiration of Time Period 1, Davis may initiate a telephone conference call and have the APJ to revisit [sic] this matter.⁴⁴

⁴³ My colleague Todd Baker and I represented Davis

⁴⁴ 75 USPQ2d 1448.

Comments

What was not disclosed in the published opinion is that Davis had neither filed the reissue application prior to the scheduling conference nor listed a motion to add a reissue application on its list of proposed motions. Hence, it is to be hoped that this opinion does not state a general rule but will be limited to that unusual situation.

B. Board Mechanics

1. Published Pre-Trial Section Opinions of the Board Are Not Binding on the Trial Section Unless Their Publication Was “Authorized”

Tannas v. Watson

In my 2001 writeup, I included a mildly critical section entitled “The Trial Section Has Three Times Suggested that Pre-Trial Section Binding Precedents Are Not Binding on It.” Gholz, A Critique of Recent Opinions in Patent Interferences, 83 JPTOS 161 (2001) at 189-90.⁴⁵ However, Tannas v. Watson, 73 USPQ2d 1382 (PTOBPAI 2004) (non-precedential) (opinion by APJ Medley for a panel that also consisted of APJs Schafer and Poteate), sets forth a rational basis on which to determine which pre-Trial Section published opinions are binding on the Trial Section and which are not.

Watson had relied on Clayton v. Akiba, 214 USPQ 374 (PTOBPAI 1982), a pre-Trial Section published board opinion, and argued that it was “binding precedent.”⁴⁶ The panel held that it is not, explaining its holding as follows:

Standing Order ¶ 11.1 sets forth those decisions considered

⁴⁵ See also Gholz, Binding Precedent in the Trial Section of the BPAI, 10 Intellectual Property Today No. 7 at page 10 (2003).

⁴⁶ 73 USPQ2d at 1383.

binding precedent, which includes, in pertinent part:

(d) Decision of the Board of Patent Appeals and Interferences that have been determined to be binding precedent in accordance with board Standard Operating Procedure 2. See, e.g., *Reitz v. Inoue*, 39 USPQ2d 1838 (Bd. Pat. App. & Int. 1995).

(e) Trial Section decisions that have been designated as precedential.

Clayton, on its face does not indicate that it is “binding” upon panels of the board, nor is it apparent that *Clayton* was “authorized” to be published.² Accordingly, we are not persuaded that we are bound by *Clayton*.

²See *Ex parte Holt*, 19 USPQ2d 1211, 1214 (BdPatApp&Int 1991) (“In those relatively rare cases where the Federal Circuit has not addressed an issue, but there is ‘authorized published’ Board precedent, that published Board precedent is binding on panels of the Board and Examiners in the Patent Examining Corps.”). See also *In re Zahn*, 617 F.2d 261, 267, 204 USPQ 988, 995 (CCPA 1980) (“One board decision is not binding on the construction of a statute; and[,] of course, we are not saying the issuance of one patent is a precedent of much

moment. Both are not more than food for thought. We turn for guidance to a higher authority.”)

Comments

I am greatly mollified. The interference bar can live with this explanation. However, the Trial Section needs to improve its technique for communicating whether or not a given opinion is precedential. Most published opinions indicate on their faces whether or not they are precedential. However, the published opinion in Harris v. Dobrusin, 73 USPQ2d 1537 (PTOBPAI 2004) (opinion by APJ Torczon for a panel that also consisted of APJs Schafer and Nagumo) (non-precedential), does not so indicate. When I drew this lapse to APJ Torczon’s attention, he responded as follows:

Sir:

The Office of Public Affairs has authorized the following response to your inquiry for your annual critique of interference law for the Journal of the Patent and Trademark Office Society.

A decision of the Board of Patent Appeals and Interferences is precedential only if designated as such under the Board’s

<http://www.uspto.gov/web/offices/dcom/bpai/sop2rev4.pdf>

Standard Operating Procedure 2. Decision designated precedential under SOP 2 are published on the

<http://www.uspto.gov/web/offices/dcom/bpai/prec.htm> BPAI

Precedential Opinions web page.

Best regards,
Richard Torczon

When I checked the board's Precedential Opinion web page, I learned that Harris, is not precedential.

However, I note that, in Harris, a panel carefully distinguished the pre-Trial Section opinion in Gustavsson v. Valentini, 25 USPQ2d 1401 (PTOBPAI 1991), after holding that it was “[n]ot binding precedent under Standard Operating Procedure 2 (2000),”⁴⁷ rather than asserting that it was not binding on them. Thus, it seems likely that the Trial Section will either follow or distinguish pre-Trial Section non-precedential opinions rather than simply noting that they are not binding on it and starting over from a *tabula rasa*. However, it remains troubling that the panel did not indicate its basis for concluding that the opinion in Gustavsson is non-precedential.

2. A Corporate Interferent Can Be Represented Pro Se by Its Sole Stockholder

Redox Technologies, Inc. v. Pourreau

Despite the fact that the heading of Redox Technologies, Inc. v. Pourreau, 73 USPQ2d 1435 (PTOBPAI 2004) (non-precedential) (opinion by APJ Schafer for a panel that also consisted of SAPJ McKelvey and APJ Torczon), indicates that the junior party was a corporation, it was represented by the inventor (John Kollar) “pro se,” without any indication in the opinion that the inventor was a patent attorney or a patent agent. When I emailed the panel inquiring “How and why was an individual who is apparently not a patent attorney or patent agent permitted to represent a corporation ‘pro se’,” APJ Schafer responded as follows:

I am not sure of the details, but my recollection is that

⁴⁷ 73 USPQ2d at 1538 n.2.

Kollar was the sole inventor and sole stockholder and CEO of Redox, the owner of record. Kollar petitioned for and was granted limited recognition by OED [Office of Enrollment and Discipline].

Comment

I don't think that we who make our livings representing interferences need worry. Although Mr. Kollar may well have understood the technology better than the patent attorney who represented Poureau, he made a total botch of his arguments. In fact, if you have an inventor client who is thinking of representing himself or herself in an interference, I recommend that you ask him or her to read this opinion. If he or she has a brain in his or her head, he or she will reconsider!

3. A Request for Reconsideration Based on a Post-Decision Opinion of the Federal Circuit Must Be Filed Very, Very Promptly

Harris v. Dobrusin

In Gustavsson v. Valentini, 25 USPQ2d 1401 (PTOBPAI 1991) (non-precedential), a pre-Trial Section panel of the board held that an EIC had not committed reversible error in dismissing a request for reconsideration as belated because:

Although the request for reconsideration was based on the Federal Circuit's decision in Perkins v. Kwon, ... [886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989)], it was not filed until May 12, 1990, more than seven months after Perkins was decided (Sept. 22, 1989) and more than six months after it was published at 12

USPQ2d 1308 (advance sheet Vol. 12, No. 4, Oct. 23, 1989).⁴⁸

However, in Harris v. Dobrusin, 73 USPQ2d 1537 (PTOBPAI 2004) (non-precedential)⁴⁹ (opinion by APJ Torczon for a panel that also consisted of APJs Schafer and Nagumo), a panel of the Trial Section distinguished Gustavsson as follows:

Harris brought the *Stevens* decision to our attention on 12 May 2004, eight days after the Federal Circuit rendered its decision. Thus, the facts of this case stand in considerable contrast to *Gustavsson*, in which the request for reconsideration was filed many months after both the decision to be reconsidered and the Federal Circuit decision (both in September 1989) had issued. Moreover, as *Gustavsson* notes, the question of whether to consider a belated request for reconsideration is left to the discretion of the decision maker. The much closer timing in the present case than in *Gustavsson* justifies a different exercising of discretion here.

4. The Board Has Discretion to Merge an Interference and a Related Ex Parte Reexamination But Need Not Do So

Dietz-Band v. Gray

In Shaked v. Taniguchi, 21 USPQ2d 1288 (Comm'r Pat. 1990), aff'd on reh'g, 21

⁴⁸ 25 USPQ2d at 1409.

⁴⁹ Although the published opinion does not indicate that it is non-precedential, Harris is not on the Trial Section's list of its precedential opinions. See Section X.B.1., supra.

USPQ2d 1291 (Comm’r Pat. 1991), the Commissioner held that the board has discretion to merge an interference and a related ex parte reexamination. In Dietz-Band v. Gray, 73 USPQ2d 1857 (PTOBPAI 2004) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Lane), a panel (1) declined to exercise that discretion for prudential reasons which will apply in most, if not all, similar cases and (2) also declined to stay the interference pending the outcome of the ex parte reexamination (which had been initiated before the interference was declared).⁵⁰

While SAPJ McKelvey listed many reasons in support of the panel’s decision, I think that the key reason was that:

Addition of ...[an ex parte] reexamination to the interference, or consideration of non-original patent claims involved in the reexamination in the interference, will make the interference process less efficient, particularly since the claims in a reexamination are a “moving target.” Moreover, since our jurisdictional statute talks in terms of an “unexpired patent” and non-original patent claims involved in a reexamination proceeding are not claims in a patent, it may be that we have no jurisdiction over what we have referred to as “want-to-be” claims. Jurisdiction aside, we think it inappropriate to be in the business of rendering possible advisory opinions on patentability only to have yet more claims presented in a reexamination which can then be challenged

⁵⁰ Dietz-Band moved for the stay, and Gray moved for the consolidation.

in a merged proceeding by the applicant.⁵¹

To the obvious point that the panel's declining to merge the interference and the ex parte reexamination may lead to a follow-on interference, Judge McKelvey responded as follows:

Shaked...notes that the patentee can render the interference a “moving target” by amending claims in the reexamination. It is precisely for that reason that this interference should be limited to a contest between only interfering original patent claims and claims in the application. Whether another interference might be appropriate after a certificate is issued is a matter which should await the day of the issuance of the certificate. It may well be that any patentable claims would be so narrow that an interference-in-fact would not exist.⁵²

Comments

(1) And, of course, the Trial Section would get another counter for handling the follow-on interference.

(2) Conceptually, the decision not to consolidate the interference and the reexamination and the decision not to stay the interference pending the outcome of the reexamination are separate. However, the panel's opinion makes it appear that both decisions will be based on the same reasoning.

⁵¹ 73 USPQ2d at 1861.

⁵² 73 USPQ2d at 1861.

5. If the Grant of a Motion to Add a Count Would Result in a Party's Being Senior as to One Count and Junior as to Another Count, the Board Will Declare an Additional Interference

Wang v. Imler

In Wang v. Imler, 74 USPQ2d 1253 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lane for a panel that also consisted of APJs Torczon and Spiegel), Imler was originally a junior party in another interference between the same two parties. However, it filed a motion to add a count as to which it would be entitled to a priority date prior to Wang's filing date. When that motion was granted, the panel declared an additional interference the count of which was "essentially the same as the count proposed by Imler in its...motion [to add a count in the first interference]." ⁵³ The panel explained that it did so in order to "avoid having Imler be both senior and junior party in the same interference." ⁵⁴

Comment

The panel did not explain why "having Imler be both senior and junior party in the same interference" would have presented any problem for either it or the parties. Although the two counts would presumptively be patentably distinct, the priority phases of the two interferences would presumably have been run in tandem, for the convenience both of the APJ and the parties. That is, Wang's priority testimony period in one interference could have been set at the same time as Imler's priority testimony period in the other interference and so on. Thus, I am left with the suspicion that giving the APJ two counters rather than one may have figured in the panel's decision to handle the situation the way that it did.

⁵³ 74 USPQ2d at 1257.

⁵⁴ 74 USPQ2d 1256.

6. The Trial Section Can Handle Interferences Between Two Patents -- As Long As There is Also an Application on Each Side

Stampa v. Jackson⁵⁵

Louis v. Okada, 57 USPQ2d 1430 (PTOBPAI 2000) (opinion by APJ Lee for an expanded panel that also consisted of CAPJ Stoner, SAPJ McKelvey, and APJ's Schafer, Torczon, Gardner-Lane, and Medley)(discussed in Gholz, "A Critique of Recent Opinions in Patent Interferences," 84 JPTOS 165 (2002) at §X.E.), was an interference between a Louis patent and an Okada application. Louis filed a motion⁵⁶ to add two Okada patents to the interference. The expanded panel denied the motion on the ground that the board does not have jurisdiction under 35 USC 135(a) to conduct patent versus patent interferences.⁵⁷

Stampa v. Jackson, 74 USPQ2d 1702 (PTOBPAI 2004) (non-precedential) (opinion by APJ Tierney, not joined by any other APJ), was an interference between a Stampa patent and an application to reissue the Stampa patent on one side and a Jackson patent and a Jackson application (apparently not an application to reissue the Jackson patent) on the other. As Judge Tierney conceded at the outset, "Superficially one might reach a conclusion that this interference

⁵⁵ This opinion is also written up in Gholz, "Tierney Interferences," 12 Intellectual Property Today No. 9 at page 31 (2005).

⁵⁶ My colleague Todd Baker and I represented Louis.

⁵⁷ Thus the expanded panel did not consider Louis's evidence that the claims in the two Okada patents that Louis sought to add to the interference were not patentably distinct from the parties' claims already designated as corresponding to the count. Since the expanded panel denied Louis's motion, the two Okada patents are still out there -- notwithstanding that fact that Louis won the interference on the merits.

somehow involves at least one patent versus at least a [sic; one] patent of another”⁵⁸ – which, Judge Tierney noted, would be contrary to the holding of the expanded panel in Louis.⁵⁹

Not to worry, however. There was a simple solution: change the one interference as declared into two interferences, one between the Stampa patent and application on one side and the Jackson application on the other side and one between the Stampa application on one side and the Jackson patent and application on the other. Accordingly to Judge Tierney, his solution to the pesky statutory and precedential problem:

will mean very little extra work on the part of the parties or the board because the board has a wide discretion on how it consolidates interferences and conducts proceedings in consolidated interferences. For example, two interferences can be declared on the same day and the times for taking action during both the preliminary motions phase and the priority phase can be set to run concurrent[ly]. All papers could be filed in the file of the first interference. The file of the second interference could contain as little as (1) the notice declaring interference, (2) an order consolidating [the] interference[s], (3) a decision on preliminary motions, (4) a decision on priority and (5) a judgment, all of which would be entered by the board. The same administrative patent judge could handle both interferences and all panel decisions in

⁵⁸ 74 USPQ at 1702.

⁵⁹ However, see Gholz, “Sometimes the Trial Section **Does** Handle Patent-Patent Interferences After All!”, 10 Intellectual Property Today No. 8 at page 32 (2003).

both interferences could be made by a panel of the same judges.⁶⁰

Comments

So, what we did wrong in Louis was to not file an application to reissue the Louis patent adding a harmless claim or two and then ask to have the one interference as declared be redeclared as three separate interferences, giving the APJ three counters and costing counsel and the real parties in interest (what the PR folks at the PTO are fond of calling the PTO's "customers") only a modest amount of additional work and additional expense, respectively!

I propose that, by analogy to McKelvey counts, such interferences hereinafter be referred to as "Tierney interferences."

7. Correction-of-Inventorship Motions Are Often Deferred to the Priority Phase

Henkel Corp. v. Procter & Gamble Co.

According to Henkel Corp. v. Procter & Gamble Co., 75 USPQ2d 1057 (PTOBPAI 2004) (non-precedential) (APJ Medley, not joined by any other APJ):⁶¹

The issues and evidence presented in a motion to correct inventorship are often the same or similar issues and evidence submitted during the priority phase of an interference. For that

⁶⁰ 74 USPQ at 1703.

⁶¹ Incidentally, this opinion is somewhat confusing because the second sentence in the first full paragraph in the second column on page 1058 begins "Although Henkel did not file its motion to correct inventorship until 20 August, 2004....," when it should begin--Although P & G did not file its motion to correct inventorship until 30 August, 2004....--.

reason, motions to correct inventorship are often deferred to the priority phase of the interference. Deferring the motion saves time and resources, as cross examination of the inventor(s) occurs only once. Furthermore, the issues surrounding priority of invention and inventorship are similar, and thus judicial economy is best served by deciding such issue together.⁶²

Comments

I would think that the same analysis would apply to a motion for a 35 USC 102(f) judgment that an opponent's claim or claims are unpatentable on the ground that the named inventorship is incorrect.

8. The Board and the Court on Appeal Have Jurisdiction Over a Patentee-Interferent Whose Patent Expired for Non-Payment of a Maintenance Fee During an Interference

Capon v. Eshar

In Waterman v. Birbaum, 53 USPQ2d 2024 (PTOBPAI 2000) (non-precedential) (per curiam), discussed in Gholz, A Critique of Recent Opinions in Patent Interference, 83 JPTOS 161 (2001) at § X.D. “The Board Will Terminate an Interference in Which It Lacked Subject Matter Jurisdiction as of the Date the Interference Was Declared,” an expanded panel of the Trial Section terminated an interference without entry of a judgment because it discovered that one of the interferents had filed an express abandonment of its application in interference *prior to the declaration of the interference*. However, in Capon v. Eshar, 418 F.3d 1349, 76 USPQ2d 1078 (Fed. Cir. 2005) (opinion by Circuit Judge Newman for a panel that also consisted of Circuit

⁶² 75 USPQ2d at 1058.

Judges Mayer and Gajarsa), a panel of the Federal Circuit reversed a decision of a panel of the board⁶³ holding four of the claims in one of Capon's two patents in interference invalid despite the fact that the panel of the board had also "held [that that one of Capon's two patents had] expired for non-payment of a maintenance fee."⁶⁴ Moreover, the panel of the court pointedly noted that "The PTO ... [which had intervened in the appeal] included the ... [expired] patent ... in its argument of this appeal."⁶⁵

Comments

(1) Since the expiration of a patent for non-payment of a maintenance fee does not wipe out an infringer's liability for infringement occurring prior to the expiration, there is an obvious public interest in determining the validity of claims in an expired patent designated as corresponding to the count of an interference.

(2) Counsel for Capon suggested (a) that the only reason that the board and the court considered the claims in the expired Capon patent was that the second, unexpired Capon patent was still involved in the interference and (b) that, if only the expired Capon patent had been involved in the interference at the time that it expired, the board would have promptly terminated the interference for want of jurisdiction. However, I hope that the board will not do that if the possibility of its doing so arises. In the first place, as pointed out in (1), there would be a public interest in going on with the interference. And, in the second place, the PTO would still have to deal with the application of the patentee's opponent, and the patentee's invention date (or other

⁶³ According to counsel for Eshar, it was a pre-Trial Section panel of the board.

⁶⁴ 418 F.3d at 1351, 76 USPQ2d at 1079. Counsel for Capon asked me to explain that that patent had expired on predecessor counsel's watch.

⁶⁵ 418 F.3d at 1351, 76 USPQ2d at 1079; footnote omitted.

invalidity arguments) might help it do that. Cf. Mobil Oil Corp. v. Dann, 421 F. Supp. 995, 197 USPQ 59 (D.D.C. 1976); In re Krambeck, 198 USPQ 253 (Comm'r 1977), 198 USPQ 255 (Comm'r 1997) (on reconsideration); and Mobil Oil Corp. v. Dann, 448 F. Supp. 487, 198 USPQ 347 (D.D.C. 1978).

(3) Of course, consistent with Waterman, if the patent had expired due to non-payment of a maintenance fee before the interference was declared, the interference would never have been declared or, if inadvertently declared, would have been terminated without judgment. Petry v. Welsh, 21 USPQ2d 2012 (PTOBPAI 1991). However, the board is not divested of jurisdiction in a properly declared interference because an involved patentee disclaims all claims corresponding to the count. Guinn v. Kopf, 96 F.3d 1419, 40 USPQ2d 1157 (Fed. Cir. 1996), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit In Patent Interferences, 80 JPTOS 321 at § X.A., pages 322-24 (1998). By analogy, expiration for any other reason (e.g., normal expiration or accelerated expiration for non-payment of a maintenance fee) should not divest the board of jurisdiction in a properly declared interference for the reasons stated in Guinn.

(4) An interesting issue is whether non-payment of a required maintenance fee leading to the expiration of an involved patent should be regarded as an abandonment of the contest resulting in a judgment against the patentee by analogy to the treatment resulting from (1) abandonment of an involved application, (2) an abandonment of the contest as to a count, or (3) filing of a reissue application without claims to the invention under old rule 37 CFR 1.662 (a) and (b).⁶⁶

⁶⁶ My colleague, Al Rollins, and I submitted a request for reconsideration arguing that an adverse judgment should be granted against the patentee in an interference in which the opposing party

9. The APJs Assume Authority to Decide “Executive Branch” Petitions

Lee v. Dryja

Lee v. Dryja, 75 USPQ2d 1799 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lane for a panel that also consisted of APJs Schafer and Torczon), is a citable published (if non-precedential) opinion in which a panel of the Trial Section assumed the authority to decide a petition normally decided by the Executive Branch of the PTO.⁶⁷ Specifically, Lee had failed to pay a maintenance fee due after declaration of the interference, which meant that its patent had expired during the interference. Lee then filed a petition for the acceptance of an allegedly unintentionally delayed payment of the maintenance fee.

What makes this opinion interesting is that Lee had filed its petition with the entity in the Executive Branch of the PTO that normally decides such petitions rather than with the APJ to whom the interference was assigned. That, said the APJ, was error:

The Board acquires jurisdiction over any involved file when the Board initiates an interference. Other proceedings for the involved file within the Office are suspended except as the Board may order. Bd. R. 103. Because Lee is a party to an interference, it was improper for Lee to seek relief through the filing of a petition except as the Board may order as part of the interference.

patentee’s patent had expired for failure to file a required maintenance fee during the interference but prior to a decision on motions. Int. No. 104,393, paper No. 76. The requested relief was denied by APJ Metz, and a settlement resulted in termination of the interference.

⁶⁷ See also similar but more fully reasoned opinions in Sehgal v. Revel, Int. Nos. 105,302; 105,303, 105,304, and Int. No. 105,293 at papers 114 and 95, respectively.

Bd. R. 3(b)(2); 121(a)(3). Nonetheless, based on the Lee petition, we understand that it is Lee's position that judgment should not be entered against it because the delay in paying its maintenance fee was unintentional.

Under the present circumstances, Lee will be given an opportunity to show cause why judgment should not be entered against it. An appropriate response to this order includes a motion for the acceptance of the late payment of the maintenance fee under 37 CFR 1.378. Bd. R. 121(a)(3).⁶⁸

Comments

It is far from clear that, in such situations, the APJs will act like petition examiners.⁶⁹

10. Some APJ's Permit One to Trade Time in the Priority Period for Time in the Preliminary Motions Period--and Some Don't

Davis v. Saito⁷⁰

In Davis v. Saito, 76 USPQ2d 1530 (PTOBPAI)(non-precedential)(opinion by APJ Lee, not joined by any other APJ), the parties, being close to but not at settlement prior to the end of the preliminary motions period, sought to trade some time in the priority period for an extension of the non-movable final dates in the preliminary motions period. No dice, said Judge Lee:

⁶⁸ 75 USPQ2d at 1800.

⁶⁹ The opinions in Sehgal v. Revel expressly states that they won't--and, specifically, that they will be more exacting.

⁷⁰ My colleague Todd Baker and I represented Davis.

It is...unwise to allow the parties an extension by taking some time out of the priority period. The parties do not have a good idea on the priority issues yet and are in no position to start using up time reserved for priority.

Comments

Other APJ's readily permit such trades. The moral here is that each judge runs his or her own docket.

C. Riding to the End of the Line⁷¹

1. A Panel Has Again Relied on the Three “Noelle Factors”

Tannas v. Watson

In Tannas v. Watson, 73 USPQ2d 1382 (PTOBPAI 2003) (non-precedential) (opinion by APJ Medley for a panel that also consisted of APJs Schafer and Poteate), a panel of the board applied the three “Noelle factors”⁷² to continue an interference into the priority period despite the fact that Tannas had no patentable claims.

During the preliminary motions period, Watson had obtained a decision that all of Tannas's claims designated as corresponding to the counts were unpatentable for failure to disclose the best mode. Watson thereupon filed a 37 CFR 1.635 motion asking the panel to terminate the interference without going on to a priority period.

Watkins recognized that Perkins v. Kwon, 886 F.2d 325, 326-28, 12 USPQ2d 1308,

⁷¹ See Gholz, Is the Declaration of an Interference a Ticket to Ride to the End of the Line?, 5 Intellectual Property Today No. 5 at page 31 (1998).

⁷² So called after Noelle v. Armitage (PTOBPAI 2003) (non-precedential), which may be found at <http://www.uspto.gov/web/offices/dcom/ptai/its.htm>.

1309-11 (Fed. Cir. 1989):

changed interference practice, so that those issues of patentability and priority that have been fully raised and fully developed will be resolved. *See also, Schulze v. Green*, 136 F.3d 786, 45 USPQ2d 1770 (Fed. Cir. 1998).⁷³

However, it argued:

that *Perkins* and *Schulze* are distinguishable from the instant case since the issue of priority has not been fully developed, and thus it is not mandatory that the Board decide the issue of priority, but rather is discretionary (Paper 147 at 13), citing to *Berman v. Housey*, 291 F.3d 1345, 1352, 63 USPQ2d 1023, 1028 (Fed. Cir. 2002) (if an issue of priority or patentability is fairly raised and fully developed, then the board has the authority to consider the issue...).⁷⁴

and that the panel should:

exercise...[its] discretion and not continue the interference to the priority phase, since Tannas (1) is the junior party by 17 months, (2) has no remaining patentable claims corresponding to either count 1 or count 2, (3) has made no attempt to preserve any such

⁷³ 73 USPQ2d at 1383.

⁷⁴ 73 USPQ2d at 1383.

patentable claims, and [sic] (4) has submitted scant evidence of priority in its preliminary statement and (5) has sought to prevent discovery of any evidence related to priority already made.⁷⁵

The panel agreed with some of Watson's arguments, disagreed with others, and ultimately continued the interference into the priority phase:

Watson correctly notes that Tannas is the junior party in this interference, based on priority benefit, by nearly 17 months, and that Tannas did not file a responsive preliminary motion seeking to redefine the interfering subject matter. However, we disagree with Watson's characterization of "evidence" submitted by Tannas to demonstrate prior invention.

Watson argues that the "evidence", e.g. [sic; i.e.] two pages copied from a notebook purportedly signed by Mr. and Mrs. Tannas, presented in support of Tannas' preliminary statement fails to establish a corroborated conception on the part of Tannas (at 19-2). Watson further argues that there is no evidence (1) of any active exercise of diligence to reduce the invention to practice, (2) of diligence between the five month period of Watson's entry into the field and Tannas' actual reduction to practice, or (3) that Tannas did not abandon, suppress or conceal his invention.

The preliminary statement is a proffer or pleading in which a party to an interference alleges an earliest date of invention. 37

⁷⁵ 73 USPQ2d at 1383.

CFR § 1.629(a). The preliminary statement, and any attachment in support of the preliminary statement[,] are not considered as evidence in the interference. 37 CFR § 1.629(d) and (e). Further, Tannas was not required to provide its priority evidence during the preliminary phase, and thus Watson's arguments that Tannas has failed to provide any evidence of corroboration of conception, diligence, or lack of concealment or suppression is without merit.

We are also not persuaded by Watson's argument that Tannas actively prevented cross-examination of Mr. Tannas on the issue of priority evidence, since the issue of priority is to be determined during the priority phase of the interference and not the preliminary motions phase of the interference. The parties were not authorized to explore each other's priority proofs during the preliminary motions phase (Paper 51). Accordingly, even considering the *Noelle* factors, we are not persuaded that the interference should not continue.

Interferences are declared to assist the examiner in making a determination of whether an involved application should issue as a patent, e.g., to resolve the issue of priority. Here the issue of priority has not been resolved. That Tannas has no patentable claims based on a best mode violation does not assist the examiner in determining whether the Watson claims that correspond to the count are patentable under 35 U.S.C. § 102(g). Thus, we exercise

our discretion and continue this interference to determine priority of invention.⁷⁶

Comment

I still think⁷⁷ that interferences should automatically be continued into the priority phase in cases where all of one party's claims designated as corresponding to the count(s) have been held unpatentable unless that party requests entry of adverse judgment, conceding that it cannot "knock out" the other party's claims under 35 USC 102(g).

2. The Declaration of an Interference is Not a "Ticket to Ride to the End of the Line"

Tanabe v. Lee

In 1998 I wrote an article entitled "Is the Declaration of an Interference a Ticket to Ride to the End of the Line?"⁷⁸ Unfortunately, the answer appears to be that it is not. Tanabe v. Lee, 73 USPQ2d 1749 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lane for a panel that also consisted of APJs Medley and Tierney), appears to put to rest (absent further input from the Federal Circuit) any lingering doubts on that score.

As the two related interferences were declared, Tanabe was junior party in each by "more than four years."⁷⁹ However, Tanabe asked for leave to file a motion for a judgment that Lee did

⁷⁶ 73 USPQ2d at 1383-84.

⁷⁷ See my article cited at the outset of this write-up.

⁷⁸ 5 Intellectual Property Today No. 5 at page 31 (1998).

⁷⁹ 73 USPQ2d at 1750.

not have written description support⁸⁰ for any of its claims designated as corresponding to the count. Not only was that leave granted, but “In each interference, Tanabe was ordered to file the authorized motions in advance of any other preliminary motions because of the motion’s potential to be dispositive of the interference.”⁸¹

On the merits, the panel granted Tanabe’s motions and entered a judgment in each interference for Tanabe. In each interference, Lee sought reconsideration, arguing that it should be allowed to file and obtain the panel’s decision on (1) motions that Tanabe’s claims were unpatentable on various grounds and (2) motions that Tanabe’s claims were unenforceable due to breaches of its duty under 37 CFR 1.56.

The panel disagreed:

In *Gluckman v. Lewis*, 59 USPQ2d 1542, 1543-1544 (BPAI 2001), cited with approval in *Berman [v. Housey]*, 291 F.3d [1345] at 1354, 63 USPQ2d [1026] at 1029 [Fed. Cir. 2002], the Board indicated that quasi-judicial [sic; quasi-jurisdictional] issues, such as whether there is an interference-in-fact, should be resolved before a party’s claims are placed in jeopardy to avoid “an incentive for a party to engineer a thin pretext for an interference, knowing that the pretext will fail under scrutiny, simply to obtain an inter partes opposition or a more liberal inter partes

⁸⁰ Apparently, although they also are founded on the first paragraph of 35 USC 112, alleged absence of how-to-make or how-to-use support are not threshold issues.

⁸¹ 73 USPQ2d at 1750. Of course, unpatentability over the prior art is also “potential[ly] ... dispositive of the interference”!

reexamination, or for other reasons unrelated to the Board's mission under § 135(a).” While we need not make a determination of whether Lee's presentation of its claims amounted to “a thin pretext for an interference”, it is not in the public interest to encourage an applicant to present claims which the applicant cannot make under the description requirement of 35 USC § 112, ¶ 1, for the sole purpose of attacking patented claims under 37 CFR § 1.633(a). Moreover, it is not clear to us that an applicant that is unable to show possession of an invention that interferes with a patentee's claimed invention should have a legal right to challenge the patentee's priority via an interference proceeding under 35 USC § 135(a).

In addition, the panel asserted that:

Even if we were to agree that there is a public policy interest in allowing patented claims to be challenged under appropriate circumstances, that public policy interest is not served under the interference statute when an applicant attempting to take down a patent does not describe the invention claimed in the patent. Other avenues of relief are available to the challenger.⁷

⁷For example our rules allow for both *ex parte* and *inter partes* reexamination proceedings. 37 CFR §§ 1.510 and 1.913. There is no cancellation in patent cases. *Compare* 15 USC § 1069 for

trademarks. We note that in the Director's Strategic Plan, a suggestion is made that a cancellation proceeding would be desirable. See *Action Papers and Implementation Plans as of April 2, 2003, Post Grant Review of Patent Claims*, located at <http://www.uspto.gov/web/offices/com/strat21/action/sr2.htm>.⁸²

Comment

The panel's suggestion that either ex parte or inter partes reexamination is a meaningful alternative "avenue[] of relief...[that is] available to the challenger" is a bad joke. However, the "cancellation proceeding" suggested by the Director may not be. In my opinion, it behooves the members of the interference bar to urge adoption of the Director's suggestion--or, at least, a revised version of what he suggested.

3. The Declaration of an Interference is Not Necessarily a Ticket to Ride to the End of the Line -- But It May Be

Carroll v. McMullin

In 1998, I published an article entitled Is the Declaration of an Interference a Ticket to Ride to the End of the Line?, 5 Intellectual Property Today No. 5 at page 31 (1998). Unfortunately, Carroll v. McMullin, 74 USPQ2d 1777 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also included APJ's Fleming and Medley), makes it absolutely clear that, at least in this panel's view, it is not -- when judgment is being entered against one party on the basis of a "threshold issue."

The panel granted Carroll's motion for a judgment that all of McMullin's claims

⁸² 73 USPQ2d at 1753.

designated as corresponding to the count were unpatentable for lack of 35 USC 112 ¶ 1 written description support. It then asserted that Carroll lacked standing to contest priority. After that, the board dismissed McMullin's motion for a judgment that all of the claims in one of Carroll's involved patents and certain of the claims in McMullin's own involved application were unpatentable over the prior art:

Because we have ruled, in connection with Carroll's Preliminary Motion 2, that the specification of McMullin's involved application does not, under 35 U.S.C. § 112, first paragraph, have written description support for any of McMullin's involved claims 61-81, McMullin is without standing either to contest priority or to attack the patentability of any of Carroll's involved patent claims. In other words, party McMullin has no valid business in this interference to engage in any kind of contest against party Carroll. We regard the question of the existence of a specification that supports at least one interfering claim as a threshold issue the same as the issue of whether an interference-in-fact exists between the parties.⁸³

Based on our decision on Carroll's Preliminary Motion 2, McMullin is in the position of intermeddler whose specification cannot support even one claim drawn to the same subject matter of Carroll's claimed invention. Henceforth, McMullin is without

⁸³ 74 USPQ2d at 1784.

standing to proceed with its attack on Carroll's involved claims.⁸⁴

Comments

Arguably, the declaration of an interference is still a ticket to ride to the end of the line if all of one's claims designated as corresponding to the count are only unpatentable for some "less important" reason -- such as unpatentability over the prior art.

4. Sometimes the Declaration of an Interference Is a Ticket to Ride to the End of the Line!

Stice v. Campbell⁸⁵

In Stice v. Campbell, 76 USPQ 2d 1101 (PTOBAI 2004) (non-precedential) (APJ Nagumo for a panel that also consisted of SAPJ McKelvey and APJ Lane), "A merits panel [had previously] held that junior party Stice was not entitled to a patent on any of its involved claims...."⁸⁶ Nevertheless, "The interference was redeclared with three counts...based solely on certain surviving claims of senior party Campbell."⁸⁷ In this subsequent opinion, a merits panel held:

that Stice has failed to establish, by a preponderance of the evidence, that it conceived an embodiment within the scope of any of counts 4-6, which are all the counts of this interference, before

⁸⁴ 74 USPQ2d at 1785, footnote omitted.

⁸⁵ My colleague Frank West and I are local counsel for Stice in the follow-on 35 USC 146 action.

⁸⁶ 76 USPQ2d at 1102. The panel did not indicate the basis of that holding. However, it was lack of written description support.

⁸⁷ 76 USPQ2d at 1102-1103.

Campbell's constructive reduction to practice;

that Stice has failed to establish, by a preponderance of the evidence, that it reduced to practice an embodiment within the scope of any of counts 4-6; [and]

that Stice has failed to establish, by a preponderance of the evidence, that it was diligent in its attempts to reduce to practice an embodiment within the scope of any of counts 4-6.⁸⁸

Comments

Sometimes it is not enough to hang the convicted; justice demands that the body of the convicted also be drawn and quartered.

This was an extremely high profile case. I suspect that that was the "special circumstance" which demanded the duplicate executions.

However, my suspicion aside, it would be awfully nice if the board would articulate more clearly the basis for its decisions sometimes to go on to the priority phase when one party has no surviving claims and sometimes not to do so.

5. The Declaration of an Interference May Be a Ticket to Ride to the End of the Line If and Only If One of The Motions Listed in 37 CFR 41.201 is Not Granted During the Preliminary Motions Period

McMullin v. Carroll

In McMullin v. Carroll, ___ Fed. Appx. ___, 2005 U.S. App. LEXIS 23622 (Fed. Cir. 2005)

⁸⁸ 76 USPQ2d at 1110.

(non-precedential) (opinion delivered by CJ Bryson for a panel also consisting of Ch.J. Michel and CJ Newman), Carroll had prevailed below on the ground that the specification of McMullin’s application did not provide an adequate description of the invention set forth in its claim designated as corresponding to the count.⁸⁹ The court affirmed that holding and then went on to deal with McMullin’s argument that it should have been able to obtain a judgment that Carroll’s claims designated as corresponding to the count were likewise unpatentable. The board had dismissed McMullin’s motions attacking Carroll’s claims, and the court affirmed:

We agree with the Board that[,] under the circumstances of this case, where the Board made a threshold finding that the subject matter of McMullin’s application did not provide written support for the subject matter of the count, it was not error for the Board to decline to address McMullin’s challenge to the patentability of Carroll’s claims.⁹⁰

The Board’s current regulations pertaining to interference proceedings identify several “threshold issues” and provide that[,] if any of those threshold issues is “resolved in favor of the

⁸⁹ The introduction of the opinion says that Carroll had prevailed because McMullin’s specification did not contain an adequate written description “of the invention set forth in the count.” Slip opinion at 1, ___ Fed. Appx. at ___. However, the body of the opinion makes it clear that the board had, correctly, focused on McMullin’s claims designated as corresponding to the count.

⁹⁰ Slip opinion at 14, ___ Fed. Appx. at ___.

movant,” that decision “would deprive the opponent of standing in the interference.” 37 C.F.R. § 41.201 (2005). Those threshold issues include no interference in fact, repose under 35 U.S.C. § 135(b), and unpatentability for lack of written description of an involved application claim. The Patent and Trademark Office has included written description as a threshold issue because of the “perception that some applicants would copy a claim simply to provoke interferences . . . regardless of whether [they] had actually invented the same subject matter as the [opposing] patentee had claimed.” 69 Fed. Reg. 49960, 49991 (Aug. 12, 2004).⁹¹

Comment and Questions

Just what is a “threshold issue” is far from clear. While 37 CFR 41.201 gives an exemplary list of threshold issues, it has been my experience that APJs can occasionally be persuaded that other issues are also threshold issues. For instance, in Caillat v. Lifson, Int. No. 105,288, my colleague Todd Baker and I persuaded APJ Medley that unpatentability pursuant to the recapture doctrine is a threshold issue.

Suppose that Lifson had appealed (it didn’t), arguing that the board was not entitled to treat that issue as a threshold issue unless it was listed in 37 CFR 41.201? Would the court agree that individual APJs can designate any issue that they want to as a threshold issue, thereby permitting the board to dismiss all of the other party’s motions? The Trial Section has not done so consistently. See Gholz, “When is the Declaration of an Interference a Ticket to Ride to the

⁹¹ Slip opinion at 14-15, ___ Fed. Appx. at ___.

End of the Line?,” 12 Intellectual Property Today No. 2 at page __ (February 2006). However, it could avoid a lot of work by adopting that practice in the future!

6. Or Maybe Not

Lanuza v. Fan

Lanuza v. Fan, 76 USPQ2d 1559 (PTOBPAI 2005) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Poteate), is similar to Carroll v. McMullin. Fan was an applicant which had lost on a “threshold issue” which was not taken up out of turn but which also had numerous fully briefed motions attacking Lanuza’s claims. Again, the panel saved itself a great deal of work by declining to decide those motions:

The United States has a first-to-invent system. Because different inventors separately make the same patentable invention and apply for patents based on that invention, it becomes necessary from time to time to determine which inventor first made the invention. Hence, the Patent Statute authorizes the Director to determine priority of invention as between inventors who made the same patentable invention. 35 U.S.C. § 135(a).

Generally, the need for an interference first becomes manifest before the examiner. For example, generally speaking an examiner will find that an application cannot be allowed because it claims the same patentable invention as an issued patent. To assist the examiner in determining whether the application can be allowed notwithstanding the patent, the board through the Trial Section will conduct an interference.

Once it is determined that an applicant does not have any claim which complies with the written description requirement, then all steps have been taken to assist the examiner in determining whether a patent can issue to the applicant. By virtue of not being able to present a claim which meets the written description requirement, it becomes manifest that the applicant really has no business being involved in an interference tying up the time and money of the patentee. For this reason, the Trial Section has adopted a practice of treating certain issues as threshold issues. To date those threshold issues include (1) no interference-in-fact, (2) failure to meet the requirements of 35 U.S.C. § 135(b) with respect to an involved patent and (3) failure to meet the written description requirement of 35 U.S.C. § 112. See 37 CFR § 41.201 (definition of “threshold”), reprinted in 69 Fed. Reg. 50018 (Aug. 12, 2004), codifying prior Trial Section practice. It should be noted that none of these issues has anything to do with the patentability of claims of an involved patent. Lastly, we observe that an interference is not a statutory procedure having as its principal objective cancellation of a patent. Since Fan in effect lacks standing to be in the interference, there is no occasion to consider Fan’s preliminary motions attacking the patentability of Lanuza’s claims over the prior art. Fan is free to file a request for reexamination of the Lanuza patent based on the prior art patent and printed publication

mentioned in Fan’s preliminary motions.⁹²

Comments

The panel’s statement that “To date... [the] threshold issues include... [the three listed in 37 CFR 41.201]” suggests that at least SAPJ McKelvey envisions deciding that other issues are “threshold issues” permitting (indeed, encouraging!) the board not to decide the issues raised by the other party.

D. Deposition Mechanics

1. One Must Prove One’s Case by Direct Testimony, Not by the Absence of Cross-Examination

Genise v. Desautels⁹³

There is nothing that requires one’s opponent to cross-examine one’s witnesses. Hence, the absence of cross-examination establishing the opposite of a point does not establish the point. Genise v. Desautels, 73 USPQ2d 1393 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also consisted of SAPJ McKelvey and APJ Moore), is an example:

Steve Edelen [a corroborating witness] did not state that he shifted into neutral “without engaging the clutch.” He simply stated that he “could easily move the shift lever from the engaged position to the neutral position.” Whether the movement was made without engaging the clutch is not specified. We are reluctant to assume that Steve Edelen meant also to say that the movement was made

⁹² 76 USPQ2d at 1579.

⁹³ I am an expert witness for the assignee of the senior party in an infringement action against the assignee of the junior party.

without engaging the clutch. Note that the testimony was produced during this proceeding. The possibility cannot be ignored that broad language was used because the witness cannot say that the shifting was done without engaging the clutch. Genise argues that Steve Edelen should not have to say that the shifting was done without engaging the clutch because the entire test was to see how easy it was for him to shift gears without using the clutch. The argument is rejected. Nothing guaranteed that shifting without engaging the clutch could be achieved[,] and nothing precluded the driver from engaging the clutch in order to shift. Therefore, unless the testimony itself specifies that the shifting was done without engaging the clutch, we do not assume that it was. Junior party Genise erroneously suggests that it is Desautels who must probe the matter on cross examination. In our view, it is Genise who must establish that the clutch was not engaged when shifting into neutral if that is a fact relied upon by Genise in any argument.⁹⁴

2. Expert Disqualification

Genentech v. Chiron

In its lengthy and fascinating opinion in Genentech v. Chiron, 75 USPQd 1637 (PTOBPAI 2004) (non-precedential) (APJ Tierney for a panel that also consisted of APJs Lane

⁹⁴ 73 USPQ2d at 1408.

and Medley), the panel candidly conceded that “The USPTO does not have a specific rule governing situation where a party retains an expert that had previously been retained by an opponent in a separate but related proceeding.”⁹⁵ However, under its 37 CFR 41.104(a) authority to “determine a proper course of conduct” in “situations not specifically covered by the rules,” the panel discussed and applied the law applied by the federal district courts in comparable situations. Specifically, it applied the following “two pronged test”⁹⁶:

- (1) Whether it was objectively reasonable for the first party who claims to have retained the expert to believe that a confidential relationship existed; and
- (2) Whether that party disclosed any confidential information to the expert.⁹⁷

Perhaps the most interesting part of the opinion is the panel’s response to Genentech’s argument that Chiron should not be able to obtain exclusion of the testimony of Genentech’s expert witness because Chiron had unclean hands, basically because it did not respond promptly to Genentech’s inquiries concerning the previous relationship between Chiron and the expert witness who Genentech wished to retain. In a section headed “Neither Party is Without Fault,”⁹⁸ the panel chided Genentech’s counsel because he “did not follow up with Chiron [after his initial inquiry] for a period of over five months.”⁹⁹ However, the panel clearly also felt that Chiron’s

⁹⁵ 75 USPQ2d at 1643.

⁹⁶ 75 USPQ2d at 1644.

⁹⁷ 75 USPQ2d at 1644; emphasis supplied.

⁹⁸ 75 USPQd at 1648.

⁹⁹ 75 USPQd at 1648.

counsel indeed should have responded promptly to the initial inquiry from Genentech’s counsel. Balancing those considerations, the panel concluded as follows:

While Chiron is not completely without blame in this matter, as Genentech knew that Dr. Vitetta had been previously retained by Chiron, and as Genentech knew that Chiron objected to Genentech’s retention of Dr. Vitetta in this interference, we find that Genentech bore the responsibility of contacting this Board prior to proceeding with the retention and submission of testimony from Dr. Vitetta in this proceeding.¹⁰⁰

Comment

The teaching point here is clearly that, in such situations, one should involve the APJ early on and get the issue resolved one way or the other before having invested a lot of time and money in an expert witness who is subject to any challenge.

Question

The panel stated the second prong of the two-pronged test as “Whether... [the] party [which claims to have previously retained the expert] disclosed any confidential information to the expert.”¹⁰¹ Does that mean that, even if the confidential information disclosed to the expert during his or her first retention is provably unrelated to any issue involved in the second proceeding, the second prong has been satisfied?

¹⁰⁰ 75 USPQd at 1649.

¹⁰¹ 75 USPQd at 1644; emphasis supplied.

3. How to Redact an Exhibit for Use in an Interference

Cone v. Kain¹⁰²

In Cone v. Kain, 73 USPQ2d 1608 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee, not joined by any other APJ), the Trial Section published the less informative of the two opinions that I wrote up in Gholz, “How to Redact an Exhibit for Use in an Interference,” 11 Intellectual Property Today No. 11 at page 16 (2004). Rather than repeating that write-up here, I refer the reader to my earlier write-up.

4. Explication of the Procedure for Obtaining and Using Third Party Subpoenas

Khanna v. Kimura

Khanna v. Kimura, 74 USPQ2d 1797 (PTOBPAI 2004) (non-precedential) (APJ Nagumo, joined by no other APJ), sets up what, in my opinion, is a needlessly complicated procedure for using third party subpoenas.

Mr. Khanna and Mr. Yu (Mr. Khanna’s former colleague) had left the company by which they were employed at the time that their assignee alleged that they made their invention. Mr. Khanna’s new employer would not let him testify “in the absence of proof that his testimony is compulsory”¹⁰³ and Khanna represented that “attempts to contact Mr Yu...[had] been unsuccessful.”¹⁰⁴ (No doubt Khanna hoped to ascertain Mr. Yu’s whereabouts through Mr. Khanna.)

Judge Nagumo’s decision predates the new rules. Apparently Khanna, which was the

¹⁰² My colleague Todd Baker and I represented Cone.

¹⁰³ 74 USPQ2d 1798.

¹⁰⁴ 74 USPQ2d 1798.

junior party, had already filed its priority brief when it sought authorization from Judge Nagumo to issue 35 USC 24¹⁰⁵ subpoenas to its two “run-away” inventors in order to obtain testimony in support of its already filed brief.¹⁰⁶ To induce Judge Nagumo to authorize the issuance of those subpoenas, Khanna was required “to submit detailed proffers of the expected testimony of Mr. Khanna and Mr. Yu....¹⁰⁷ However, Judge Nagumo did not authorize Khanna to take those depositions of Messrs. Khanna and Yu immediately. Rather he ruled that:

Depositions of Mr. Khanna and of Mr. Yu are not authorized until the beginning of the cross examination period following the submission of senior party Kimura’s case-in-chief on priority, following the close of TIME PERIOD 12. Thus, all the

¹⁰⁵ 35 USC 24 reads in relevant part as follows:

The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent and Trademark office shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent and Trademark Office.

¹⁰⁶ This sequence is not absolutely clear from the opinion.

¹⁰⁷ 74 USPQ2d at 1798.

rest of junior party Khanna's case in chief will have been served on Kimura's prior to the depositions of Mr. Khanna and Mr. Yu. Cross examination of the deponents shall begin immediately on the conclusion of direct examination.¹⁰⁸

To deal with the fact that Khanna had to file its priority brief before it took the depositions of Messrs. Khanna and Yu, Judge Nagumo ruled that:

It is not to be expected that Khanna's proffer will match Khanna's or Yu's testimony to the last detail. Accordingly, Khanna will be permitted to amend its principal brief solely to conform to its inventors' testimony, provided Khanna makes such a request in a conference call in which it outlines the amendments to its brief. (This conference call is intended to be in the nature of a call to request authorization to file a miscellaneous motion under current 37 CFR § [1.] 635 (on 13 September 2004, 37 CFR § 41.121(a)(3) will replace § 635.) On receipt of the amended brief, the original brief will be returned. Similarly, if Khanna files an amended brief, Kimura will be authorized to file an amended opposition, if necessary, to address the changes. On receipt of the amended brief, Kimura's original brief will be returned.¹⁰⁹

Comments

(1) What an awkward procedure! Why couldn't Judge Nagumo have stayed the

¹⁰⁸ 74 USPQ2d at 1799

¹⁰⁹ 74 USPQ2d at 1798

interference briefly to allow Khanna to depose the two run-aways before submitting its priority brief and to then incorporate what they actually said into that brief? I suppose that the answer to that is that Judge Nagumo was less concerned about the added cost to the real parties in interest than he was about delaying the time schedule of the interference.

(2) Although Judge Nagumo did not cite Therriault v. Garbe, 53 USPQ2d 1179 (PTO BPAI 1999) (expanded panel), discussed in Gholz, A Critique of Recent Opinions in Patent Interferences, 83 JPTOS 161 (2001) § X.A. “Elucidation of the Procedure for Compelling Testimony of Third Party Witnesses,” perhaps Judge Nagumo hoped that his authorization of the issuance of the subpoenas would induce Mr. Khanna’s new employer and Mr. Yu to cooperate in the preparation and submission of testimonial declarations.

5. Trouble With an Expert Witness Does Not Justify the Resetting of the Non-Extendable Time Periods

University of Iowa Research Foundation v. University of California

From time to time we all have problems eliciting timely cooperation from expert witnesses. However, Iowa’s problem in University of Iowa Research Foundation v. University of California, 75 USPQ2d 1059 (PTOBPAI 2004) (non-precedential) (Moore, APJ, not joined by any other APJ), was even worse. It had hired as its expert witness a UC professor, albeit one who worked at a different campus than UC’s inventors. According to outside counsel for UC, inside counsel at UC asked Iowa’s expert witness “whether he recognized that his testimony was adverse to UC,” but did not pressure Iowa’s expert witness in any way. Be that as it may, Iowa’s expert witness then withdrew -- terribly late in the game.¹¹⁰

¹¹⁰ As Judge Moore explained it, the UC professor “at this late date recognized which side his bread is buttered on and requests withdrawal of his declaration.” 75 USPQ2d at 1060.

At that point, the parties jointly requested extensions of time periods 7 and 8.¹¹¹ However, Judge Moore initially twice denied Iowa's unopposed motion to reset those time periods on the ground that Iowa had brought its trouble on itself by "select[ing] an expert witness from the opposite side to begin with..."¹¹² --although he also asserted that UC was partially to blame because it had "not ...[kept] their employees properly advised and supervised as to the existence of conflicts of interest in their expert witnessing."¹¹³

Ultimately, Judge Moore gave Iowa a break, but on a ground that is unlikely to reoccur in our lifetimes:

The APJ in charge of this interference observes that the Board of Patent Appeals and Interferences will be moving on October 5, 2004. As a consequence, and for the convenience of the Board and the parties hereto and no other reason, the APJ in charge of this interference is resetting time periods 7 and 8....¹¹⁴

Comments and Questions

(1) It is not easy to "properly advise[]" and supervise[]" university professors as to anything, let alone "as to the existence of conflicts of interest" when there is serious money involved!

(2) Presumably, the same rule would apply to a time period that is resettable by joint

¹¹¹ Iowa was fortunate to have Danny Huntington as its opponent's counsel. I have always found Danny to be a perfect gentleman and a pleasure to do business against.

¹¹² 75 USPQ2d at 1060.

¹¹³ 75 USPQ2d at 1060.

¹¹⁴ 75 USPQ2d at 1060.

agreement if one's opponent refuses to agree.

(3) I have long wondered whether, in the far more common situation of an expert witness who simply informs the law firm that hired him at the last moment that he or she does not have time to comply with one of the Trial Section's deadlines, either that law firm or the entity that hired that law firm (which is presumably a third party beneficiary under the expert witness's retention agreement) could successfully sue the expert witness for breach of his or her retention agreement. Has anyone out there had experience with such a suit?

(4) Could Iowa or Iowa's counsel successfully sue UC for tortious interference with the counsel's contract with the expert witness?¹¹⁵

(5) According to a lengthy letter that I received from counsel for Iowa after I sent both counsel a draft of this note, he felt that his hiring of the expert witness was proper because, in the words of 37 CFR 10.87(a), the expert was not one who "supervises, directs, or regularly consults with ...[UC's] lawyers concerning the matter or has authority to obligate...[UC] with respect to the matter or whose act or omission in connection with the matter ... [could have been] imputed to ... [UC] for purposes of civil or criminal liability." In addition, he stated that "it is also of significance to the ethical issue that the witness we contacted had no connection with the California inventors and was not in possession of any confidential information related to their work."

(6) Practice tip: Avoid this situation by asking a prospective university professor expert witness to check with house counsel at the university or a prospective former or moonlighting corporate employee expert witness to check with house counsel at his or her former or present

¹¹⁵ These issue are discussed in Gholz & Wilcox, Expert Witness Problems-- and Proposed Solutions, 12 Intellectual Property Today No 11 at page 30 (2005).

corporate employer before he or she accepts the retention.

(7) In what I consider to be a brilliant move, the APJs in the Trial Section are now putting into their notices declaring interferences an order that any declarant witness (including, but not limited to, expert witnesses) put in their declarations the following paragraph:

In signing this affidavit/declaration, I recognize that the affidavit/declaration will be filed as evidence in a contested case before the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office. I also recognize that I may be subject to cross examination in the case and that cross examination will take place within the United States.^[116] If cross examination is required of me, I will appear for cross examination within the United States during the time allotted for cross examination.

While this paragraph would not have helped Iowa, it will help counsel in the far more common situation of witnesses who simply “flake out” after having signed a declaration.

6. Why Can’t Interferents Take Depositions Abroad? Because the Director Says So!

Lowery v. Frazer

In Lowry v. Frazer, 75 USPQ2d 1797 (PTO BPAI 2004) (non-precedential) (opinion by APJ Nagumo for a panel that also consisted of SAPJ McKelvey and APJ Torczon), a panel of the Trial Section reaffirmed the PTO’s policy of making it all but impossible for interferents to take

¹¹⁶ This sentence is obviously placed in the paragraph for the benefit of witnesses who reside outside the United States and who for whatever reason are reluctant to come to the United States for cross-examination.

depositions abroad¹¹⁷ and explained it as follows:

One reason for requiring testimony to take place in the United States is that a contested case, such as an interference proceeding before the Board of Patent Appeals and Interferences, is an administrative proceeding in the United States. Consistent with a contested case being an administrative proceeding in the United States, the Director has determined that testimony in a contested case shall generally take place within the United States. The Director's policy decision to generally require cross-examination depositions in contested cases to take place within the United States is within the discretion given to the Director by Congress in 35 U.S.C. § 23. The Director's policy also avoids the costs of determining whether foreign laws provide adequate guarantees of candor, via comparable prohibitions on perjury and comparable scope of discovery and testimony. These costs fall on the parties as well as the board. While the Director has given the board discretion to permit deposition testimony in a foreign country, that discretion will not be exercised absent compelling circumstances. Any other standard would undermine the policy determination made by the Director in promulgating Bd. R. 41.157(b)(2).¹¹⁸

¹¹⁷ I criticized that policy in Gholz, Producing Witnesses in an Interference for Cross-Examination Abroad, 7 Intellectual Property Today No. 5 at page 6 (2000).

¹¹⁸ 75 USPQ2d at 1798.

Comments

Of course, if a bureaucrat has discretion, there is no guarantee that he or she will exercise it wisely – or for the benefit of the Government’s “customers.” The problem here is the Director’s cockamamie policy of imposing “the costs of determining whether foreign laws provide adequate guarantees of candor, via comparable prohibitions on perjury and comparable scope of discovery^[119] and testimony.”¹²⁰ Absent that requirement, it would be easy enough to take depositions abroad.

7. Deposition Ruses Must be Approved in Advance

Genentech v. Chiron

We all like to ask “tricky” questions. However, Genentech v. Chiron, 75 USPQ2d 1881 (PTOBPAI 2004) (non-precedential) (opinion by APJ Tierney for a panel that also consisted of APJs Lane and Medley), makes it clear that there are limits on how tricky one can get--at least without advance approval from the responsible APJ.

Counsel for Genentech thought that one of Chiron’s expert witnesses was so biased that she would say anything to support Chiron’s positions. So, he manufactured what appeared to be an excerpt from a Genentech laboratory notebook, made it a cross-examination exhibit, and asked her questions about it. After the deposition, Chiron’s counsel became suspicious about the authenticity of the exhibit and asked Genentech’s counsel to produce the entire laboratory notebook from which the excerpt was allegedly taken. Genentech’s counsel responded

¹¹⁹ The reference to “comparable scope of discovery” is particularly curious in view of the fact that the board has no effective discovery! See Gholz, Patent Interferences – Big Ticket Litigation With No Effective Discovery, 4 Intellectual Property Today No. 9 at page 10 (1997).

¹²⁰ 75 USPQ2d at 1798.

evasively. However, Chiron's counsel was eventually able to prove that the exhibit was fabricated. At that point, Chiron's counsel contacted the APJ. During a transcribed conference call, Genentech's counsel admitted what he had done but sought to explain it as a "ruse" to demonstrate the witness's bias.

The APJs didn't buy Genentech's counsel's explanation. To begin with, they pointed out that there were many other, conventional ways to attempt to demonstrate bias. Interestingly, however, they did not indicate that the use of a fabricated document was per se objectionable--so long as counsel obtained advance authorization from the responsible APJ to engage in the ruse:

Genentech's creation and use of the non-authentic lab notebook was conducted without the prior consultation [with] and authorization of an Administrative Patent Judge. That Genentech chose to manufacture "definitive" lab notebook data on a disputed, material question of fact in this interference highlights Genentech's need to provide the Board with notice of its intent to mislead Dr. Taylor with manufactured documentation.¹²¹

Genentech did not provide contemporaneous notification of the creation and use of the manufactured evidence to either the Board or Chiron. There can be no doubt that Genentech's counsel had the right to expose what he believed to be Dr. Taylor's lack of credibility[,] but this right is not unlimited. Genentech must question Dr. Taylor's credibility by fair and just means, free from

¹²¹ 75 USPQ2d at 1890.

falsehood and misrepresentation. Genentech’s conduct in creating and using manufactured evidence and its failure to provide contemporaneous, or even prompt, notification of its ruse undermines the fairness of the proceeding and imposed unwarranted burdens upon Chiron. After the ruse was discovered by Chiron, Genentech acknowledged the ruse and argued to the Board and Chiron that its true intent was to demonstrate bias of a witness. Even assuming that this was Genentech’s sole intent, based upon the evidence of record, we conclude that Genentech’s creation and use of the manufactured GX 2195 evidence was inappropriate.¹²²

The panel “exercise[d]...[its] discretion...[to] allow...[the] interference to continue with the issue of appropriate sanctions being determined at a later date,”¹²³ and it sent a copy of its opinion to the Office of Enrollment and Discipline.¹²⁴

Comment

Obtaining advance authorization from the responsible APJ to employ an unusually tricky “ruse” will work fine in the normal case, but of course your opposing counsel will be in on the conference call. So, what should you do if you don’t trust your opposing counsel not to alert the target witness to the impending ruse?

¹²² 75 USPQ2d at 1892.

¹²³ 75 USPQ2d 1892.

¹²⁴ 75 USPQ2d at 1889 n.6.

My colleague Alex Gasser suggested that a solution to this problem would be to ask the witness to leave the room and then disclose on the record what one was about to do. At that point, opposing counsel could insist on a conference call with the APJ, but he or she would not be able to talk privately to the witness before the ruse was employed.

8. A Panel Threatens to Impose Sanctions for Violations of the “Guidelines” for Cross-Examination

Lanuza v. Fan

In Lanuza v. Fan, 76 USPQ2d 1559 (PTOBPAI 2005) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJ’s Schafer and Poteate), a panel “advise[d] counsel in interference cases...that we [presumably meaning the entire Trial Section] are serious about our guidelines [for cross-examination]”¹²⁵ and threatened to impose sanctions for violations of those “guidelines.” According to the panel:

We do not want to get involved in the sanctions business because it merely raises the cost of doing business for the parties and the board and generally results in unneeded acrimony in an interference. However, all are warned that we will continue to observe behavior during cross-examination and will take whatever steps may be necessary to enforce the letter and spirit of our guidelines. Inappropriate “objections” may lead to exclusion from evidence of testimony and in an appropriate case may result in exclusion of direct declaration testimony from evidence.¹²⁶

¹²⁵ 76 USPQ2d at 1578.

¹²⁶ 76 USPQ2d at 1578.

Comments

So far the board has not prohibited counsel from going “off the record” to resolve the minor issues which apparently so irritate Judge McKelvey. See Gholz, How Should We Deal With §16.3 of the Trial Section’s Standing Order?, 11 Intellectual Property Today No. 9 (2004) at page 8.

9. Errata Sheets Are Not Authorized

Chapman v. Rhoads¹²⁷

In Chapman v. Rhoads, 76 USPQ2d 1697 (PTOBPAI 2005) (non-precedential) (opinion by APJ Medley, not joined by any other APJ), Judge Medley wrote that:

Chapman has failed, in the first instance, to specifically direct the board’s attention to where in the rules, standing order or schedule of time, a party is authorized to serve and/or file errata sheets. As Chapman’s errata sheets were apparently not authorized or contemplated by the rules in the first place, there was no occasion to consider the errata sheets....¹²⁸

I criticized this opinion in Gholz, Errata Sheets in Interferences, 12 Intellectual Property Today No. 8 at page 10 (2005). Rather than repeating that write-up here, I refer the reader to my earlier write-up.

¹²⁷ My colleagues Michael Casey and Todd Baker represented Rhoads.

¹²⁸ 76 USPQ2d at 1699.

10. An Objection to Testimony During a Deposition Is a Necessary Predicate to a Motion to Suppress

Stanton v. Dahlen

In Stanton v. Dahlen, 76 USPQ 1959 (PTOBPAI) (non-precedential) (opinion by APJ Lane not joined by any other APJ), the APJ expunged from the record and returned to the counsel who has submitted it a motion to suppress testimony because “Stanton’s motion was not authorized as Stanton did not timely object to the evidence it now wishes to have suppressed.”¹²⁹

E. Motions, Oppositions, and Replies

1. One Must Prove Every Element of One’s Case in One’s Opening Paper

Genise v. Desautels¹³⁰

For many years the interference rules have required one to carry one’s burden in one’s opening brief, not in one’s reply brief. Genise v. Desautels, 73 USPQ2d 1393 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also consisted of SAPJ McKelvey and APJ Moore), is an excellent example of that venerable rule.

The invention was a vehicle drive controlled by software, and the issue was whether the junior party had proved an ARP prior to the senior party’s filing date. In its brief, the senior party had pointed out a “bug” in the junior party’s software highlighted by a contemporaneously written “programmer comment.” The junior party sought to deal with the programmer’s comment in its reply brief, but by then it was too late:

¹²⁹ 76 USPQ2d at 1960.

¹³⁰ I am an expert witness for the assignee of the senior party in an infringement action against the assignee of the junior party.

Genise in its reply brief explains (Reply at page 18) that the “omission” to address the programmer’s comment “was an oversight by counsel, without deceptive intent.” It does not matter whose oversight it was for party Genise to not have addressed the programmer’s comment. Even assuming that the oversight was without “deceptive” intent, the failure raises substantial doubt on the determining function allegedly provided by the software.¹³¹

2. Permission to File Oversized Papers Must be Sought and Obtained in Advance

Lanuza v. Fan

The Trial Section’s Standing Order has for years sharply limited the length of motions, oppositions, and replies. In Lanuza v. Fan, 74 USPQ2d 1704 (PTOBPAI 2004) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), Fan had submitted three oversized replies without obtaining advanced permission to do so, and SAPJ Mckelvy enforced the provision of the Standing Order with his customary vigor:

FURTHER ORDERED that Fan Reply 1 (Paper 137), Fan Reply 2 (Paper 138), and Fan Reply 3 (Paper 139) are returned without prejudice to being resubmitted in compliance with paragraph 13.5 of the Standing Order within *five (5) business days* of this order. The replies exceed ten (10) pages in length. Permission to file replies exceeding ten (10) pages was not asked for or received prior to the time the replies were filed.

¹³¹ 73 USPQ2d at 1400.

FURTHER ORDERED that Time Period 5 remains /
October 2004.

Comments

At least Fan was permitted to submit slimmed down versions of his replies! However, it is surprising that SAPJ McKelvey did not expressly indicate that Fan could make no new arguments in its revised replies -- particularly since, in view of the second paragraph of the above quote, Lanuza's counsel was no doubt going forward based on Fan's originally filed replies.

3. The Rules Regarding Opposition Format Must be Obeyed

Chapman v. Rhoads¹³²

Chapman v. Rhoads, 75 USPQ2d 1159 (PTOBPAI 2004) (non-precedential) (APJ Medley, not joined by any other APJ), should be read in conjunction with Lanuza v. Fan, 74 USPQ2d 1704 (PTOBPAI 2004) (non-precedential), discussed supra § X.E.2. This time the party (Chapman) that wanted to file oversized papers at least asked the APJ in advance for permission to do so. However, that permission was denied in a particularly stinging opinion:

As explained, there is a format that is to be followed in presenting an argument in an opposition.

The format of an opposition is important. The format assures that an argument in an opposition is precise and clearly stated. The format eliminates unnecessary explanation. For

¹³² My colleagues Michael Casey and Todd Baker represented Rhoads.

example, instead of having to quote an entire argument made, or to explain the argument made in great depth, an opposing party need only cite to the page and line number of the motion where the argument is made along with a paraphrase of the argument, potentially eliminating several lines, if not pages[,] of text from the opposition. The board is fully capable of reading a party's arguments presented in the first instance in connection with a preliminary motion. There is no need for an opposing party to rehash or restate those arguments.

Moreover, Rhoad's preliminary motions are all fifteen pages or less in length. A request for a forty page response to a fifteen page preliminary motion appears on its face to be unfathomable. Mr. Morris was reminded of the opposition format set forth in ¶13.2(d) of the Standing Order. The APJ questioned the need for such a lengthy opposition to a fifteen page motion if the proper format is followed.

In response, Mr. Morris was apparently unaware of the required format for oppositions set forth in the Standing Order, and could not sufficiently demonstrate that even if the proper format is followed that [sic] the party Chapman would still require additional pages. Accordingly, the request is denied.

Comment

The same logic applies (in spades) to the required format of replies.

4. Format Of Diligence Table

Cone v. Kain¹³³

Cone v. Kain, 75 USQP2d 1381 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee, not joined by any other APJ), and Cone v. Kain, 75 USPQ2d 1383 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee, not joined by any other APJ), together give detailed instructions for completing diligence tables.

5. Experimental Reformatting of Motions, Oppositions, and Replies

Liu v. Kawase

Apparently the APJs are coming to realize how unrealistic the page limitations in the Standing Order ¶¶ 13.2 and 14.2 are!¹³⁴ Liu v. Kawase, 75 USPQ2d 1447 (PTOBPAI) (non-precedential) (APJ Schafer, not joined by any other APJ), (1) denies Liu's motion to enlarge the number of permissible page for its unpatentability-over-the-prior-art motion to 50 pages, but (2) continues as follows:

However, as an experiment, the parties may file their respective motion, opposition and reply as follows:

1. Liu's substantive motion asserting that Kawase's involved claims are unpatentable over prior art and Kawase's opposition to the motion shall be limited to

¹³³ My colleague Todd Baker and I represented Cone.

¹³⁴ Gholz, A Suggestion for Saving Trees--and File Space at the Board, 12 Intellectual Property Today No. 3 at page 12 (2005).

20 pages.

2. The Liu's reply shall be limited to 10 pages.
3. The parties proposed statements of fact and admission or denial of those facts shall be included as a separate appendix which shall not be counted as part of the motion, opposition and reply page limit. There is no limit on the number of pages in the appendices.
4. Each proposed statement of fact shall be a single non-compound sentence and include a specific citation to the evidence relied upon to support the proposed fact (e.g. the column or page number and lines of any patent document; the page number, column and lines of any publication; page and lines of any declaration; and the page and lines of any deposition transcript).

Comments

Some of the other APJ's are now putting a similar authorization into their scheduling orders.

6. In Order to Place Evidence Before the Board, a Party Must List the Evidence by Exhibit Number

Lanuza v. Fan

In Lanuza v. Fan, 76 USPQ2d 1559 (PTOBPAI 2005) (non-precedential) (opinion by SAPJ McKelvey joined by APJs Schafer and Poteate), the panel asserted that "Fan has not

properly placed any evidence before us in support of its motion”¹³⁵ because:

In order to place evidence before the board in a contested case, a party must list the evidence by exhibit number(s) in a motion, opposition or reply. Broad incorporations by reference, along the lines apparently attempted by Fan, are totally unacceptable. None of the “documents” referred to in the incorporation by reference are before the board in connection with Fan Preliminary Motion 6.

The requirement for an exhibit by exhibit listing in a motion, opposition or reply should not be viewed as a “technicality.” Instead the requirement has a practical application in the administration of interference cases. Judges often work off the PTO campus (off-campus). All a judge needs to work on a particular motion is the motion, opposition and reply and all the exhibits listed in the motion, opposition and reply. Often off campus work involves consideration of less than all motions filed. In other words, a judge typically will not have the entire record off campus. So a judge working off campus on a first motion may not have an exhibit mentioned only in a second motion.¹³⁶

Comment

I think that most of the APJs do their “off campus” work from electronic copies of the

¹³⁵ 76 USPQ2d at 1571.

¹³⁶ 76 USPQ2d at 1577.

entire files and accordingly have no need for a listing of the exhibits. However, this is an easy directive to comply with. Just do it!

7. The Trial Section Asserts That It Can Limit the Number of References Relied Upon

Magdych v. Dark

In Magdych v. Dark, 76 USPQ2d 1703 (PTOBPAI 2005) (non-precedential) (opinion by APJ Lee, not joined by any other APJ), Judge Lee ordered both parties to file substitute lists of their intended motion in which each party was to:

select the best prior art to apply against the ...[other] party's claims rather than make a number of alternative assertions of unpatentability over prior art. For each claim, no more than one attack under 35 U.S.C. § 102 and no more than one attack under 35 U.S.C. § 103 is authorized.¹³⁷

Comment

In order to preserve one's right to rely on different references and different combinations of references in the ensuing 35 USC 146 action which this Trial Section practice makes still more likely, I recommend listing all of one's prior art theories in one's list of intended motions. However, in order to avoid unnecessarily antagonizing one's APJ, I also recommend citing this opinion and indicating on which single theory of anticipation and on which single theory of obviousness one will rely for each claim during the administrative phase of the proceeding. That should make it clear to the district court that one attempted to rely on one's alternative theories

¹³⁷ 76 USPQ2d at 1704.

during the administrative phase of the proceeding but was prevented from doing so by this practice.

8. Responsive Motions Must Respond to First Round Motions

Bott v. Svendsen

37 CFR 1.633(i), now repealed, read as follows:

When a motion is filed under paragraph (a), (b), or (g) of this section, an opponent, in addition to opposing the motion, may file a motion to redefine the interfering subject matter under paragraph (c) of this section, a motion to substitute a different application under paragraph (d) of this section, or a motion to add a reissue application to the interference under paragraph (h) of this section.¹³⁸

37 CFR 1.633(c) read as follows:

A motion to redefine the interfering subject matter by (1) adding or substituting a count, (2) amending an application claim corresponding to a count or adding a claim in the moving party's

¹³⁸ The comparable section in the new rules is 37 CFR 41.121(a)(2), which reads as follows:

Responsive motions. The Board may authorize a party to file a motion to amend or add a claim, to change inventorship, or otherwise to cure a defect raised in a notice of requested relief or in a substantive motion.

application to be designated to correspond to a count, (3) designating an application or patent claim to correspond to a count, (4) designating an application or patent claim as not corresponding to a count, or (5) requiring an opponent who is an applicant to add a claim and to designate the claim to correspond to a count. See § 1.637 (a) and (c).

In Bott v. Svendsen, 76 USPQ2d 1764 (PTOBPAI 2005) (non-precedential) (opinion by SAPJ McKelvey, not joined by any other APJ's), Svendsen had filed what purported to be a responsive motion "under 37 CFR 1.633(i) and 1.633(c)(2)."¹³⁹ However, according to the SAPJ:

Svendsen Preliminary Motion 10 does not cogently or convincingly explain how it is responsive to any Bott Preliminary motions filed during Time Period 1.¹⁴⁰

As noted earlier, Svendsen Preliminary Motion 10 is said to have been filed pursuant to Rule 633(i) and Rule 633(c)(2) (Finding 19). Svendsen can take absolutely no comfort relying on Rule 633(c)(2) because the preliminary motions was not filed within Time Period 1.

Svendsen likewise can find little comfort in relying on Rule 633(i). Rule 633(i) was designed to permit a party to overcome a motion for judgment as to a first claim by permitting the party to

¹³⁹ 76 USPQ2d at 1765.

¹⁴⁰ 76 USPQ2d at 1765.

substitute a second (and presumably patentable) claim for the first claim. Rule 633(i) was never intended to be a “license” for a party to seek to add any number of claims just because an opponent has filed a preliminary motion for judgment. Rather, in the absence of an explanation what a Rule 633(i) motion is being filed, it becomes manifest that a party may multiply the issues to be opposed and decided in the interference--all contrary to the goal of a just, speedy and inexpensive determination. See 37 CFR § 1.601 (2004).¹⁴¹

It may be that Svendsen Preliminary Motion 10 seeks to “hedge” against certain Svendsen claims being held unpatentable. However, in presenting the preliminary motion, Svendsen tells us that many of the claims sought to be added do not define “a different invention than Count 1” (Paper 56, e.g., page 9). However, if Count 1 goes down[,] so do the claims proposed to be added via Svendsen Preliminary Motion 10. It is not clear to us how any “hedge” attempt would “hold water.”¹⁴²

Comment

The SAPJ’s assertion that, “if Count 1 goes down[,] so do the claims proposed to be

¹⁴¹ 76 USPQ2d at 1767.

¹⁴² 76 USPQ2d at 1768.

added via Svendsen Preliminary Motion 10”¹⁴³ is contrary to the Federal Circuit’s statement in In re Van Geuns, 988 F.2d 1181, 1185, 26 USPQ2d 1057, 1060 (Fed. Cir. 1993), that:

As a general proposition, the position of the Commissioner that claims designated as corresponding to the count stand or fall with the patentability of the subject matter of the count is overbroad.¹⁴⁴

F. Burdens of Proof

1. A Patentee-interferent Asserting the Unpatentability of an Applicant-interferent’s Claims Must Prove Unpatentability by a Preponderance of the Evidence

Redox Technologies Inc. v. Pourreau

In Redox Technologies Inc. v. Pourreau, 73 USPQ2d 1434 (PTOBPAI 2004) (non-precedential) (opinion by APJ Schafer for a panel that also consisted of SAPJ McKelvey and APJ Torczon), a panel answered the interesting but unusual question of the burden of proof (1) born by an applicant-interferent that filed after its opponent’s patent had issued (2) on a non-priority motion for judgment.

According to the panel:

it is well established that a party asserting invalidity in a civil action for infringement must prove the facts by clear and convincing evidence. But this is an interference under § 135(a), not an infringement action under § 281 where an invalidity defense

¹⁴³ 76 USPQ2d at 1768.

¹⁴⁴ 988 F.2d at 1185, 26 USPQ2d at 1060.

under § 282 is asserted. Section 135(a) uses the work “patentability” not “validity.”

The presumption of validity in § 282 has not been held to apply [sic; has been held not to apply] in proceedings before the Patent and Trademark Office involving patents.¹⁴⁵

There is no reason apparent to us for requiring a party in an interference to prove by clear and convincing evidence that a claim in its opponent’s application is unpatentable. Arguments based on the presumption of validity under § 282 (“[a] *patent* shall be presumed valid”) can have no applicability with respect to the claims of an application. Reason and common sense dictate that the party moving to prove unpatentability of claims in an application should have the same burden of proof as an examiner asserting unpatentability. It is well established that the burden is preponderance of the evidence. [*In re*] *Sneed*, 710 F.2d [1544] at 1550 n. 4, 218 USPQ [385] at 389 n. 4; *Ethicon [Inc. v. Quigg]*, 849 F.2d [1422] at 1427, 7 USPQ2d [1152] at 1155-56; [*In re*] *Caveney*, 761 F.2d [671] at 674, 226 USPQ [1] at 3.

Copendency of a patent and an application involved in an interference is important. Copendency *vel non* determines the junior party applicant’s burden of proof *on priority*. Where the

¹⁴⁵ 73 USPQ2d at 1438.

patent and application are copending[,] facts must be proved by a preponderance of the evidence. *Bosies v. Benedict*, 27 F.3d 539, 541-42, 30 USPQ2d 1862, 1864 (Fed. Cir. 1994) citing *Peeler v. Miller*, 535 F.2d 647, 651 n. 5, 190 USPQ 117, 120 n.5 (CCPA 1976). Where the patent and application are not copending[,] the standard is clear and convincing evidence. *Price v. Symsek*, 988 F.2d 1187, 1194, 26 USPQ2d 1031, 1033 (Fed. Cir. 1993). Thus, on the issue of priority, since Kollar's application was not copending with Pourreau's application, Kollar would have to meet the clear and convincing standard.¹⁴⁶

While the burden of proof on the issue of patentability in an interference is on a moving party (37 CFR § 1.637(a)), none of these reasons justify applying a clear and convincing standard in favor of an applicant who did not file an application until after the patent issued. If anything, it would seem that the standard should be lessened in favor of a patentee against an applicant who comes late to the game after having had a full opportunity to see and contemplate the patentee's hand.¹⁴⁷

¹⁴⁶ 73 USPQ2d at 1439.

¹⁴⁷ 73 USPQ2d at 1439.

We hold that a patentee asserting unpatentability of an application claim in an interference bears a burden of proving its case by a preponderance of the evidence. Thus, Pourreau bears the burden of proving the facts showing Kollar's involved claims are unpatentable by a preponderance of the evidence.¹⁴⁸

Comment

Note that Kollar must have borne its burden of proof under 37 CFR 1.608(b) in order to get into the interference to begin with. However, that finding was, of course, not binding on the panel.

2. The Burden of Persuasion is on Both Parties Filing a Joint Motion for a Judgment of No Interference in Fact, and a Free Shot at the Basket is no Guarantee of Success

Pechiney Emballage Flexible Europe v. Cryovac Inc.

In Pechiney Emballage Flexible Europe v. Cryovac Inc., 73 USPQ2d 1571 (PTOBPAI 2004) (non-precedential) (APJ Spiegel for an expanded panel also consisting of SAPJ McKelvey and APJs Schafer and Torczon), the parties filed a joint motion for a judgment that there was no interference in fact, and they both lost. According to the panel:

The declaration of an interference raises a rebuttable presumption that a interference-in-fact exists between the parties' claims. A party filing a preliminary motion under 37 CFR § 1.633(b) has the burden of proof. 37 CFR § 1.637(a). That burden can be met by *prima facie* establishing that the party is entitled to

¹⁴⁸ 73 USPQ2d at 1440.

the relief requested. The fact that a preliminary motion is effectively unopposed does not relieve the parties of meeting the burden of establishing that they are *prima facie* entitled to the relief requested. Here, the parties have filed a joint motion and, therefore, the burden rests on both parties.¹⁴⁹

In a preliminary motion for judgment of no interference-in-fact[,] the moving party bears the burden and must establish a “negative,” i.e., that the involved claims of one party are nonobvious from the subject matter of the opponent’s claims when each of the opponent’s involved claims is treated as prior art. 37 CFR §§ 1.601(j) and 1.601(n). Thus, the claims of one party become the “primary references” in the analysis for no interference-in-fact. Therefore, the moving party must not only identify the differences between its claims and the “primary references” of its opponent’s claims, but also show that these differences do not render the opponent’s claimed subject matter as a whole obvious in light of the scope and content of the prior art and the level of ordinary skill in the art. Further, even if a *prima facie* case of obviousness exists, so-called secondary considerations of nonobviousness may mitigate [sic; militate]

¹⁴⁹ 73 USPQ2d at 1573.

against a conclusion of obviousness.¹⁵⁰

Consequently, the burden put on movant by 37 CFR § 1.637(a) could be [sic; must be?] construed to require proof that there is no prior art that when combined with the opponent's claims would render the movant's claimed subject matter as a whole obvious. Moreover, the obviousness determination must be made from the perspective of a hypothetical person of ordinary skill in the art at the time the invention was made[,] and this person is presumed to have knowledge of all the pertinent prior art. *** Thus, consideration of both the prior art and the level of ordinary skill in the art cannot be avoided. Therefore, movant must provide some evidentiary basis for considering the obviousness of the invention in light of the scope and content of the prior art and the level of ordinary skill in the prior art. This might be done by testimony of a person skilled in the relevant art, e.g., an inventor, that he is unaware of any prior art or other reasons, e.g., a teaching away from using a particular method of making or using, that would teach or suggest modifying the subject matter of the opponent's claims to account for the differences between the claimed invention and the "primary references" of the opponent's

¹⁵⁰ 73 USPQ2d at 1573.

claims. This standard applies to both opposed and unopposed no interference-in-fact motions.¹⁵¹

In the panel's view, the parties had failed to carry that burden.

Comments

(1) A joint motion for a judgment of no interference in fact is a classic “business compromise.” Of course, that does not mean that the real parties in interest are not right that their claims do not interfere. However, it does mean that the APJs, in their capacity as representatives of what the Supreme Court called the “mute and helpless victims of deception and fraud,”¹⁵² must be especially vigilant in reviewing the evidence in support of such motions. After all, the same considerations which led the CCPA to require the filing of terminal disclaimers that provide that two interfering cases owned by the same real party in interest will automatically destruct if one of those cases is assigned to a different party¹⁵³ are present in spades where there are two separate real parties in interest ab initio.

(2) According to successor counsel for Cryovac (not the individual listed in the PQ): the Board criticized the joint motion, which was supported by declaration evidence, because there was “no testimony of a person skilled in the art indicating that the person is unaware of any basis

¹⁵¹ 73 USPQ2d at 1574.

¹⁵² Hazel-Atlas Glass Co. v. Hartford-Empire Co., 322 U.S. 238, 246, 61 USPQ 241, 245 (1944).

¹⁵³ Gholz, The Law of Double Patenting in the CCPA, 4 APLAQJ 261 (1976) at pages 276-77, “Requirement that Common Ownership Be Maintained Where One Patent Is to be Issued as the Result of the Filing of a Terminal Disclaimer.”

in the prior art or level of skill in the art which would suggest modifying the subject matter of one party's claims to render its opponent's claimed invention obvious or anticipated" and because the "state of the prior art, including the prior art cited in the parties' specifications, was not discussed by the parties." With respect to [the] former criticism, I would not have a declarant make such a statement, especially where the prior art is close. With respect to the latter criticism, the prior art was voluminous[,] and it would have been unduly burdensome for the parties to have discussed each reference cited in each party's specification, each party's IDS, and [the] art cited by the PTO to show why each reference could not be combined with one party's claims and not render the other party's claims unpatentable.

I disagree.

With respect to counsel's first comment, I would (and I have) had a declarant make a statement of the kind that the panel was looking for--but only after having made sure to the best of my ability that he or she really believed it and that he or she would not be embarrassed (or embarrass my client!) during examination in a subsequent infringement action.

With respect to counsel's second comment, one can usually group the references into categories, thereby mitigating the burden. And, if one cannot, that's the price of playing the game.

(3) According to counsel for Pechiney:

My recollection is that there was evidence of [separate] patentability but the board made an arbitrary decision on this issue which was not well reasoned or supported.

G. Evidentiary Issues

1. Procedure for Examining Questioned Documents

Tannas v. Watson

Yes, Virginia, from time to time interferents do alter or forge outright evidentiary documents. Hence, from time to time an interferent that suspects that its opponent has done that wants to have the evidentiary document(s) in question examined by a professional examiner of questioned documents. Counsel for the interferent whose document(s) is or are under suspicion may well object--not only because the examiner may offer his or her opinion that the document(s) is or are indeed false, but also on the ground that the document(s) may be damaged or destroyed during the examination process.

In Tannas v. Watson, 73 USPQ2d 2021 (PTOBPAI 2004) (non-precedential) (opinion by APJ Medley, not joined by any other APJ), Judge Medley handled that sticky situation as follows:

Watson is authorized to take control, for the purpose of inspection through its expert witness, of the original May 22, 1993 notebook pages. However, if the documents is lost, misplaced, or destroyed, Watson can not object to the copy of the original as not being authentic. In other words, if the document becomes lost or destroyed while in Watson's possession, then Watson cannot assert that Tannas exhibit 2038 has been altered, or is not what it

purportedly is said to be.

Counsel for the parties are encouraged to discuss an arrangement for delivering the original Tannas May 22, 1993 notebook pages to Watson that would be suitable to both parties. For example, Watson may arrange for a courier to pick up the exhibit, obtaining appropriate signatures for handing off the document, etc. as opposed to mailing the document. If the parties cannot come to an agreement, the parties may initiate a conference call with the APJ to discuss the matter further.¹⁵⁴

Comments

Of course, counsel for the party whose document(s) is or are under suspicion can similarly be suspicious that, if opposing counsel is left alone with the document(s), he or she will alter the document(s). The solution that I have used in this situation is to arrange for the examiner of questioned documents or his or her representatives to pick up the questioned document(s) and to keep it or them in his or her custody throughout the examination process. Of course, the opponent's examiner of questioned documents and both counsel can be present during the examination process.

Counsel for Watson told me that, as an additional precaution, he had the questioned document copied so that he could prove how it looked before he took control of it.

2. Ya Gotta Have an Expert!

Jurgovan v. Ramsey

¹⁵⁴ 73 USPQ2d at 2022-23.

One of the Trial Section's favorite ways to dismiss a contention is to characterize it as "mere attorney argument." Jurgovan v. Ramsey, 75 USPQ2d 1399 (PTOBPAI 2004) (non-precedential) (opinioned by APJ Medley for a panel that also consisted of SAPJ McKelvey and APJ Lee), is an extreme (and, to me, highly persuasive) example of that practice.

The invention was mechanical, and it involved numerous parts related in precisely specified ways. Jurgovans had moved (1) for a judgment that Ramsey's claims were all unsupported by an adequate written description and (2) for a judgment redesignating some of its claims as not corresponding to either one of the counts. However, Jurgovan had no expert witness, but, instead relied on complicated attorney arguments. That didn't fly:

Jurgovan has presented no evidence of what one of ordinary skill in the art would understand from reading Ramsey's disclosure. Instead, Jurgovan relied on attorney argument, which is insufficient. *See Estee Lauder Inc. v. l'Oreal, S.A.*, 129 F.3d 588, 595, 44 USPQ2d 1610, 1615 (Fed. Cir. 1997) (Argument of counsel cannot take the place of evidence lacking in the record).

For this reason alone, Jurgovan preliminary Motion 1 is *denied*.¹⁵⁵

Jurgovan preliminary motion 1 is *denied*. Since Jurgovan preliminary motion 1 fails to make a *prima facie* case, we need not

¹⁵⁵ 75 USPQ2d at 1403.

and have not considered Ramsey opposition 1, or Jurgovan reply

1¹⁵⁶

In connection with its preliminary motion 2, Jurgovan's arguments with respect to nonobviousness, e.g., the scope of the Ramsey and Jurgovan claims, the differences between those claims, and what the prior art teaches, with respect to all of the claims it seeks to undesignated is based on attorney argument alone.

Jurgovan does not direct our attention to evidence of the record, e.g. a declaration, that would support Jurgovan's conclusions.¹⁵⁷

Comments

(1) All this emphasis on having an expert witness is not simply an attempt to provide gainful employment for two individuals (i.e., the patent attorney and the expert witness) rather than one (i.e., the patent attorney). A good expert witness will not simply sign a declaration prepared by the attorney who hired him or her. Rather, he or she will tell that attorney when a draft declaration suggests that the attorney has been smoking funny green cigarettes.

(2) The panel's unqualified assertion that "attorney argument ... is insufficient" is inconsistent with the Commissioner's assertion in Orikasa v. Oonishi, 10 USPQ2d 1996, 2000 n. 12 (Comm'r 1989), that:

¹⁵⁶ 75 USPQ2d at 1403.

¹⁵⁷ 75 USPQ2d at 1404.

A motion to redefine an interference does not necessarily have to be supported by “evidence” *** A party may be able to make a necessary showing with argument.

3. Ya Gotta Have an Expert -- Take Two

Stice v. Campbell¹⁵⁸

In Stice v. Campbell, 76 USPQ 2d 1101 (PTOBAI 2004) (non-precedential) (APJ Nagumo for a panel that also consisted of SAPJ McKelvey and APJ Lane), a panel of the board held against Stice on conception, actual reduction to practice, and diligence -- all arguably because Stice failed to have an expert witness to explain the documents on which it relied. The key language is:

These statements by counsel emphasize the necessity of testimony by a witness intimately familiar with laboratory notebooks. Such records are highly technical, and in practice are often rather abbreviated and idiosyncratic documents. The significance of a given entry or series of entries is often not apparent to an outsider, expert or not, although it may become so if explained. Without such testimony--and commentary, if available, from an opposing expert (perhaps better, an independent expert)--a lay panel cannot reasonably be assured of coming to any reliable conclusions from its own study of the notebooks. In the absence of

¹⁵⁸ My colleague Frank West and I are local counsel for Stice in the follow-on 35 USC 146 action.

testimony explaining and evaluating the experimental procedures, tests, and the conclusions that may be drawn from them, we decline to accord any weight to the unexplained raw data of Cibelli's notebooks.¹⁵⁹

4. How Much Detail Do You Have to Put in a Technical Expert Witness's Declaration?

Benson v. Ginter¹⁶⁰

The last several versions of the Trial Section's Standing Order have provided that a technical expert's opinion expressed without disclosing the facts or data underlying that opinion "may be" given no weight. However, Benson v. Ginter, 75 USPQ2d 1487 (PTOBPAI 2004) (non-precedential) (opinion by APJ Lee for a panel that also consisted of APJs Torczon and Medley), makes it clear that such an opinion may be given weight:

Ginter correctly notes that an expert's opinion, expressed without disclosing the underlying facts or data[,] may be given no weight. However, the operative word is "may," and each case depends on its own facts. In this case, no analytical data is necessary for Mr. Nuttall's conclusion to be accorded some weight. One can plainly observe similarity in language between the corresponding portions of count 3 and proposed count 4, and the logic behind Mr. Nuttall's opinion. Mr. Nuttall may give an

¹⁵⁹ 76 USPQ2d at 1109

¹⁶⁰ My colleagues Michael Casey and Todd Baker and I represented Benson.

opinion based on his prior professional and technical experiences.¹⁶¹

In its motion [to exclude portions of Mr. Nuttall's declaration], Ginter has not challenged the technical qualifications of Francois-Xavier Nuttall. We see no reason why the technical and professional experiences of Mr. Nuttall as outlines in his curriculum vitae ... are inadequate to constitute sufficient reliable foundation to enable Mr. Nuttall to opine upon the meaning of two technical recitations and their relative scope.¹⁶²

Comment

Notwithstanding what Judge Lee had to say in this case, it is always a good idea to put as many supporting facts and data into a technical expert's opinion as possible.

H. Discovery

1. The Board Treats as an Open Question Whether or Not Reliance on Attorney Diligence Waives the Attorney-Client Privilege

Ginter v. Benson¹⁶³

A colleague and I wrote up Ginter v. Benson, 74 USPQ2d 1930 (PTOBPAI 2004) (non-precedential) (opinion by SAPJ McKelvey for an panel that also consisted of APJs Lee and Moore), in Gholz & Wilcox, Does Reliance on Attorney Diligence Waive the Attorney-Client

¹⁶¹ 75 USPQ2d at 1493.

¹⁶² 75 USQP2d at 1495.

¹⁶³ My colleagues Michael Casey, Todd Baker, and Ken Wilcox and I represented Benson.

Privilege?, 12 Intellectual Property Today No. 7 at page 32 (2005). Rather than repeating that write-up here, I refer the reader to our earlier write-up.

I. Settlement

1. Settlement Is Good

Medimmune, Inc. v. Genentech, Inc.

In Medimmune, Inc. v. Genentech, Inc., 427 F.3d 958, ___ USPQ2d ___ (Fed. Cir. 2005) (opinion by C.J. Newman joined by C.J. Mayer; separate opinion dissenting on a different point by C.J. Clevenger), Medimmune argued “that the interference settlement between Genentech and Celltech [in an interference involving the application that matured into Genentech’s patent in suit] was collusive and fraudulent...”¹⁶⁴ in that Genentech’s “patent expires significantly later than...[Celltech’s patent in interference] (because of the interference delays)...”¹⁶⁵ and “that extension of control of the invention was the motivation for the agreement to award priority to...[Genentech’s inventors]”¹⁶⁶:

Medimmune refers to United States v. Singer Mfg. Co., 374 U.S. 174 (1963), wherein the Court found Sherman Act violation based on interference settlements and other agreements among domestic sewing machine manufacturers for the purpose of excluding Japanese competitors from the United States market.

Medimmune argues that settling interferences “at least in part, to

¹⁶⁴ 427 F.3d at 965, ___ USPQ2d at ___.

¹⁶⁵ 427 F.3d at 965, ___ USPQ2d at ___.

¹⁶⁶ 427 F.3d at 965, ___ USPQ2d at ___.

prevent an open fight over validity” of itself violates the Sherman Act, quoting the concurring opinion in Singer, 374 U.S. at 199, 83 S.Ct. [at]1773 (White, J., concurring).¹⁶⁷

The Federal Circuit sharply rejected Medimmune’s argument:

The settlement of disputes such as priority in patent interferences is not a presumptive violation of antitrust laws; such violation requires a showing of market power and other antitrust predicates. A patent does not of itself confer market power or a presumption thereof for purposes of the antitrust laws. [Citations omitted.]¹⁶⁸

The antitrust posture that Medimmune urges for patent interferences can discourage if not prevent settlements, placing unnecessary burdens on the courts and the PTO. Priority determinations may raise complex questions of law and scientific fact, and the delays in their resolutions by the PTO are notorious; settlement can, as here, expedite resolution of difficult issues. The *per se* or presumptive illegality urged by Medimmune for interference settlements in contrary to both precedent and policy, as recorded in the Antitrust Guidelines for the Licensing of Intellectual Property, 4 Trade. Reg. Rep. (CCH) ¶13, 132, §2.2

¹⁶⁷ 427 F.3d at 965, ____ USPQ2d at ____.

¹⁶⁸ 427 F.3d at 965-66, ____ USPQ2d at ____.

(1995).¹⁶⁹

Comments

They taught me in law school that there is a public policy in favor of settlements, and I have always believed that. Moreover, while “the delays in...resolutions [of interferences] by the PTO” are no longer “notorious,” the complexity of the issues and the difficulty of predicting the outcome of interferences are still notorious. Hence, there are usually perfectly valid and entirely legal and ethical grounds for settlement.

Having said that, however, the possibility of obtaining a timewise extension of valuable patent rights (in the sense that those rights pass from one entity to another entity that has a new-found community of interests with the first entity as a result of the settlement) has to be in the back of the minds of everyone negotiating such a settlement, and I have no doubt that a settlement could be motivated purely by that consideration. However, the burden of proving that is on the party in Medimmune’s position. This opinion makes it clear that there is no presumption that that was so--let alone that such settlements are illegal *per se*.

According to counsel for Medimmune, neither party had argued the theory put forward by Judge Newman, either below or on appeal, and judgment had been entered on the pleadings--meaning that Medimmune had had no opportunity to take discovery to look for evidence to support its theory that there had been dirty works at the crossroads. According to counsel for Genentech, that is true--but:

The only possible settlement outcome, given the stakes, was for Genentech to "win." If not for that[,] Genentech would have pressed on, the only sensible option since the value of winning

¹⁶⁹ 427 F.3d at 966, ____ USPQ2d at ____.

dwarfed any license accommodations Celltech could have made. That's the kind of deal the parties struck, and it was presented to the District Court for approval of the consent judgment that was the key to it all. The foundation of Genentech's summary judgment motion in the antitrust case and of Judge Newman's opinion is that Genentech and Celltech cannot be held liable for the consequences of that judicial act, let alone for simply requesting it.

Of course, “the Devil [here, the trial judge] made me do it” is not usually an acceptable excuse on appeal.

XI. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT

A. **Even if Both Sides Lose All of Their Respective Claims Corresponding to the or a Count, That’s Not Necessarily Bad**

Rasmussen v. SmithKline Beecham Corp.

It is, of course, perfectly possible for both sides to lose all of their respective claims designated as corresponding to the or a count. The archetype of such cases is Perkins v. Kwon, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 2005). Rasmussen v. SmithKline Beecham Corp., 413 F.3d 1318, 75 USPQ2d 1297 (Fed. Cir. 2005), is apparently still another.¹⁷⁰

Every time this happens, there are those who say that such results illustrate the dysfunctionality of the interference system. A write-up from a blog¹⁷¹ reported the court’s

¹⁷⁰ I say “apparently” only because the Federal Circuit remanded the case to the Board to drive the last nail into Smithkline’s coffin. Rasmusson is definitely dead.

¹⁷¹ See http://patentlaw.typepad.com/patent/2005/06/both_parties_lo.html.

opinion in this case, using the following language on the issue under consideration here:

Both Parties Lose Patent in Interference Proceeding

In conclusion: Rasmusson loses interference to SmithKline, but SmithKline's patent is anticipated. Perhaps the parties should have settled....

A corporate interference specialist posted that write-up on the interference bar's "chat room"¹⁷² by introducing the write-up with the re line which read: "Interference News: Nobody wins but the lawyers [again]." I responded as follows:

I don't see how ...[the corporate interference specialist]^[173] can say that "Nobody...[won] but the lawyers" without knowing what the junior party's objective was. In many if not most interferences, the junior party is in the fight to take down the senior party's claims at a fraction of what it would cost to do that in district court, and it really doesn't much care whether or not it obtains or retains any claims for itself. If this was one such interference, the junior party won.

Joe Cohen (of the private interference bar) responded to my response as follows:

And even if this wasn't the junior party's goal, there's another winner -- the public. As the Federal Circuit recently pointed out:

¹⁷² patentinterference@yahoogroups.com

¹⁷³ The corporate interference specialist has asked me not to identify him publicly.

"[I]f an invalid patent is issued, competitors may be deterred from challenging it by the substantial cost of litigation. Even if a successful challenge is brought, competition may be suppressed during the pendency of the litigation."

Prima Tek v. Polypap, ___ F.3d ____, ____, 75 USPQ2d 1219, 1222 (Fed. Cir. 2005).

So, while it is probably true that the lawyers billed their time (and “won” in that sense), it is by no means certain that everybody else lost.

B. What Did a POSITA Know in the Relevant Timeframe?

Jurgovan v. Ramsey

Ever since Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), said that obviousness must be determined in part by determining “the level of ordinary skill in the pertinent art,” the patent bar has been struggling with the question of how one determines that. For some time, it was common in interferences to include in the declarations of expert witnesses statements such as “A person of ordinary skill in the art in the 1998 timeframe was a microbiologist who had a Ph.D. from a good university and approximately five years of practical experience.” Such statements were not particularly helpful to the APJs, and in Argyropoulos v. Swarup, 56 USPQ2d 1795 (PTOBPAI 2000) (non-precedential), discussed in Gholz, A Critique of Recent Opinions in Patent Interferences, 83 JPTOS 161 (2001) at § XI.C. “The Trial Section Offers “Guidance” as to the Evidence to be Submitted to Establish the Background of a Person of Ordinary Skill in the Art,” a panel said as much:

The description of a skill level based on degrees and years working

in the field has not been particularly helpful. According to Dr. Koleske, the "person" would have at least a B.S. degree, "more likely" an M.S. degree or a Ph.D. degree. Which is it? Moreover, what skill would a "person" who has a B.S., M.S. or Ph.D. degree have? What skills would the "person" have as a result of having worked for three or more years? Knowledge of "monomers" and "characterization of polymers and the properties of coating[s]" made from certain polymers are abstract principles. We have not given much weight to Dr. Koleske's definition of the "person"[,] preferring instead to consider the content of the prior art relied upon by Argyropoulos as the principal evidence of what a skilled "person" would know.¹⁷⁴

This led to lengthy descriptions of what a POSITA would have known in the relevant timeframe essentially designed to "put the rabbit in the hat" -- i.e., asserting that a POSITA would have known everything required to reach the conclusion sought by the party presenting the expert witness. That, too, the Trial Section apparently did not find particularly helpful. Accordingly, in Jurgovan v. Ramsey, 75 USPQ2d 1399 (PTOBPAI 2004) (non-precedential) (opinioned by APJ Medley for a panel that also consisted of SAPJ McKelvey and APJ Lee), a panel said simply:

The level of ordinary skill in the art is defined by the prior art of record.¹⁷⁵

¹⁷⁴ 56 USPQ2d at 1807.

¹⁷⁵ 75 USPS2d at 1402.

Comments

IMHO, Jurgovan's approach is both realistic and the only realistic approach. It should be the proponent's burden to establish, either by citation to prior art or by reference to uncontroversial basic principles, that whatever is needed was part of a POSITA's "tool kit" in the relevant timeframe.

XII. COURT REVIEW OF DECISIONS IN INTERFERENCE

A. A District Court in a 35 USC 146 Action Can Order the Board to Vacate Its Judgment Pursuant to Settlement of the Parties, But It Cannot Order the Board to Enter a Judgment as to an Issue That Was Not Tried to the Board

Judkins v. Ford

In Gholz, A Critique of Recent Opinions in Patent Interferences, 84 JPTOS 163 (2002), I wrote:

From time to time, parties to a 35 USC 146 action will settle the interference in a manner that is inconsistent with the board's judgment and ask the district court to issue an order in effect requiring the board to vacate its original judgment and to issue a new judgment consistent with the settlement agreement. In my experience, the board has been noticeably hostile to such settlements, but it has nevertheless implemented them. *Cabilly v. Boss*, 60 USPQ2d 1752 (PTOBPAI 2001) (non-precedential) (opinion delivered by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Torczon), is an example supporting

both propositions.¹⁷⁶

So is Judkins v. Ford, 73 USPQ2d 1038 (PTOBPAI 2004) (non-precedential) (opinion by SAPJ McKelvey, not joined by any other APJ).

In Judkins, the district court (at the behest of the parties) had gone a step farther than had the district court in Cabilly. Not only did it reverse the board on the issue that the board had decided (that Judkins was not entitled to priority, and therefore to a patent, because it had suppressed or concealed the invention and hence was not entitled to rely on the dates of its ARPs), it purported to award priority to Judkins despite the fact that there were other bases (raised below, but which the board had not decided) on which Judkins might not be entitled to a patent. Now that really got Judge McKelvey's dander up!

According to Judge McKelvey:

the only “priority” issue properly before the District Court on judicial review was whether Judkins suppressed or concealed. The issue of whether Judkins had actually reduced to practice was not resolved by the board and therefore could not have been before the court.¹⁷⁷

What the PROPOSED ORDER should have requested was that the suppression and concealment and adverse priority award be vacated and that the matter be remanded for further proceedings

¹⁷⁶ 84 JPTOS at 128.

¹⁷⁷ 73 USPQ2d at 1042.

not inconsistent with the District Court's opinion.¹⁷⁸

Comments

Judge McKelvey's assertion that, because "The issue of whether Judkins had actually reduced to practice was not resolved by the board[,]...[it] could not have been before the court"¹⁷⁹ seems to me inconsistent with the Federal Circuit's dicta in General Instrument Corp. v. Scientific Atlanta, Inc., 995 F.2d 209, 27 USPQ2d 1145 (Fed. Cir. 1993), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 76 JPTOS 649 (1994) IV.A., "A District Court in a 35 USC 146 Proceeding Has Discretion to Admit or to Refuse to Admit Testimony Concerning Issues Not Raised Before the Board"--given that, in Judkins, the issue in question had been raised before (but not resolved by) the board.

Judge McKelvey's assertion should also be read in conjunction with Goliath Hundertzehnte V. mbH v. Yeda Research & Development Co., ____ F. Supp. 2d ____, 68 USPQ2d 1703 (D.C.D.C. 2003), and Gholz, In 35 USC 146 Actions, Should District Courts Decide Issues That Were Not Reached by the Board?, 10 Intellectual Property Today No. 10 at page 42 (2003).

B. Does the PTO Have Authority to Issue a Patent to an Applicant That Prevailed in a 35 USC 146 Action During the Pendency of an Appeal to the Federal Circuit by the Losing Patentee?

McKechnie Vehicle Components USA, Inc. v. Lacks Industries, Inc.¹⁸⁰

¹⁷⁸ 73 USPQ2d at 1043.

¹⁷⁹ 73 USPQ2d at 1042; emphasis supplied.

¹⁸⁰ My colleague Al Rollins and I consulted with counsel for Lacks Industries on their unsuccessful petition for rehearing and rehearing in banc.

Co-counsel for Lacks and I wrote up McKechnie Vehicle Components USA, Inc. v. Lacks Industries Inc., 122 Fed. Appx. 482 (Fed. Cir. 2005)(non-precedential)(opinion by Circuit Judge Prost for a panel that also consisted of Circuit Judges Schall and Dyk), in Gholz, Wicklund, and VanOphem, Does the PTO Have Jurisdiction to Issue a Patent to an Applicant that Prevailed in a 35 USC 146 Action During the Pendency of an Appeal to the Federal Circuit by the Losing Party?, 12 Intellectual Property Today No. 10 at page 8 (2005). Rather than repeating that write-up here, I refer the reader to our earlier write-up.

C. When You Lose, You've Lost

Stephens v. Tamai

We all occasionally think that, when we lose, we were right and the court was wrong. However, Stephens v. Tamai, 74 USPQ2d 1841 (Acting CAPJ 2004) (non-precedential),¹⁸¹ stands for the proposition that, sometimes, it is best simply to get on with one's life. As Acting CAPJ Harkcom put it:

Tamai has filed two petitions seeking to, in effect, overturn the decision of the Court of Appeals for the Federal Circuit in *Stevens v. Tamai*, 366 F.3d 1325, 70 USPQ2d 1765 (Fed. Cir. 2004) and certain aspects of the final decision of a panel of this Board in this interference which was affirmed by the Federal Circuit in the Stevens appeal.¹⁸²

¹⁸¹ The USPQ2d's labeling of the opinions is plainly in error. "Stephens" should be --Stevens--.

¹⁸² 74 USPQ2d at 1841-42.

Tamai's petition to modify the panel's opinion and decision, shift the burden of proof to Tamai [sic: Stevens] and redeclare this interference (Interference 103,622, Paper 90) is denied.

Section 144 of 35 U.S.C. provides that on appeal, the Federal Circuit

shall review the decision from which an appeal is taken on the record before the Patent and Trademark Office. Upon its determination the court shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and *shall govern the further proceedings in the case.*

Stevens sought judicial review of the Board's decision. The Federal Circuit reversed and remanded "with instructions to enter judgment for Stevens." *Stevens v. Tamai*, 366 F.3d 1325, 1335, 70 USPQ2d 1675, 1773 (Fed. Cir. 2004). Tamai requested rehearing and suggested rehearing in banc. The Federal Circuit denied both requests. Interference 103,662, Paper 89. The Federal Circuit issued its mandate. Interference 103,662, Paper 87. The mandate and opinion of the Federal Circuit thus "govern[s] the further proceedings in the case." 35 U.S.C. § 144. The decision of the Federal Circuit is binding on the Office. The relief requested

by Tamai in Paper 90 of this interference can not be granted. The petition is denied.¹⁸³

Comments

How could Tamai's counsel have expected any other result?

D. If You Want to Resume Prosecution of Claims That Are Not Patentably Distinct From the Count After an Adverse Board Decision and the Settlement of a 35 USC 146 Action, You Must Get an Order from the Court (1) Vacating the Board's Decision and (2) Remanding to the Examiner

Kaufman v. Hagen

Kaufman v. Hagen, 75 USPQ2d 1150 (PTOBPAI 2004) (non-precedential)¹⁸⁴ (opinion by APJ Torczon, not joined by any other APJ), is a follow-on to Cabilly v. Boss, 60 USPQ2d 1752 (PTOBPAI 2001), discussed in Gholz, A Critique of Recent Opinions in Patent Interferences, 84 JPTOS 163 (2002), § XII. A., "A District Court in a 35 USC 146 Action Can Order the Board to Vacate Its Judgment Pursuant to Settlement of the Parties Without Having Tried the Case Itself." Kaufman makes it clear that, if you want to resume prosecution of claims that are not patentably distinct from the count after an adverse board decision and the settlement of a 35 USC 146 action, you must get an order from the court (1) vacating the board's decision and (2) remanding to the examiner.

In this case, counsel for the parties had drafted the district court's order after a settlement which "presuppose[d] vacatur of a portion of the underlying Board decision,"¹⁸⁵ but they had

¹⁸³ 74 USPQ2d at 1846; emphasis by Acting CAPJ Harkcom.

¹⁸⁴ The USPQ does not indicate that it is non-precedential. However, I was informed by its author that it is.

¹⁸⁵ 75 USPQ2d at 1151.

failed to include the appropriate terms in that order to effectuate their agreement.¹⁸⁶ Specifically, Hagen wanted to submit additional evidence in support of new claims (1) that it had tried but failed to add to the interference and (2) that were concededly not patentably distinct from claims which the board had held to be unpatentable to it, but for which it allegedly had more support. The counsels' attempt to achieve that agreed upon result without having secured an appropriate order from the district court led to their severe castigation by the APJ:

Vacatur on settlement is not only not automatic, but is also
not the norm. *U.S. Bancorp Mortgage Co. v. Bonner Mall P'ship*,

¹⁸⁶ They had met with a representative of the Solicitor's Office. According to counsel for Kaufman:

the Solicitor's Office ("Solicitor") reviewed that draft [order] and approved it before it was filed. More specifically, after the parties settled the section 146 action, the party Hagen's counsel... contacted the Solicitor and invited the PTO to intervene since the parties no longer were adversarial. For some reason, the PTO refused to intervene, but orally agreed to both the concept of the remand and, thereafter, to the specific motion and proposed remand order that were filed. I don't believe that the Solicitor at any time suggested, let alone required, that the remand order include a vacatur of the Board's decision in whole or part.

However, (1) the Board doesn't work for the Solicitor, and (2) alleged oral agreements entered into with individual bureaucrats are notoriously difficult to enforce against the Government. In my experience, it's been easier to deal with the court handling the 35 USC 146 action.

513 U.S. 18, 29 (1994). The decision to vacate is an exceptional one that depends on the specific equities of the case. *Id.*¹⁸⁷

This case...[is] one more in a rash of recent problematic remands. See, e.g., *Cabilly v. Boss*, 60 USPQ2d 1752 (BPAI 2001), in which the Board struggled to make sense of another attorney-drafted court order.¹⁸⁸

Part of the problem in granting any relief is the parties' utter failure to grasp the nature of the problem confronting them. This failure has resulted in no clear request and no justification for such relief.¹⁸⁹

Genetics Institute's suggestion--that the Board just turn the Hagen application over to an examiner--would not produce the results the parties expect since the examiner, bound by properly promulgated agency rules, would have to hold further substantive prosecution of the rejected claims to be estopped. While the

¹⁸⁷ 75 USPQ2d at 1151; footnote omitted.

¹⁸⁸ 75 USPQ2d at 1154; footnote omitted.

¹⁸⁹ 75 USPQ2d at 1154.

parties have not expressly requested it, the only relief that puts them where they want to be is waiver of Bd. R. 127(a).¹⁹⁰

Ultimately, Judge Torczon did waive Bd. R. 127(a) (aka 37 CFR 41.127(a)), but only to a very limited and probably unsatisfactory extent. The teaching point of this case is clearly to get explicit provisions in the court's remand requiring the board to do what you want it to do.

XIII. POST INTERFERENCE PRACTICE

A. Does 35 USC 135(c) Require the Filing of a Settlement Agreement Entered Into After Court Review of a Board Decision In an Interference Has Begun?

Judkins v. Ford

In Johnston v. Beachy, 60 USPQ2d 1584 (PTOBPAI 2001), an expanded panel of the board held that it does not. I criticized that opinion with more than my usual vigor in Gholz, A Critique of Recent Opinions in Patent Interferences, 84 JPTOS 163, 229-33 (2002). Moreover, the new rules expressly abandon that position. 37 CFR 41.205(a) (effective September 12, 2004). Nevertheless in Judkins v. Ford, 73 USPQ2d 1038 (PTOBPAI) (non-precedential) (McKelvey, SAPJ, not joined by any other APJ), decided on April 23, 2004, Judge McKelvey went back to Johnston with respect to a copy of a settlement agreement filed on October 1, 2003, during the pendency of a 35 USC 146 action. According to Judge McKelvey:

An agreement which settles a civil action under 35 U.S.C. §

146 would not be an agreement under 35 U.S.C. § 135(c).

¹⁹⁰ 75 USPQ2d at 1154.

Johnston v. Beachy, 60 USPQ2d 1584, 1588-90 (Bd. Pat. App. & Int. 2001) (Trial Section en banc).¹⁹¹

Comment

In view of the change in the rules, this statement has no applicability to settlement agreements entered into on or after September 12, 2004. However, it remains applicable to settlement agreements entered into before September 12, 2004.

B. A Settlement Agreement Cannot Override Interference Estoppel

Kaufman v. Talieh

In Kaufman v. Talieh, 76 USPQ2d 1063 (PTOBPAI 2004) (non-precedential) (opinion by APJ Moore for a panel that also consisted of SAPJ McKelvey and APJ Schafer), the parties had entered into a settlement agreement in which the junior party conceded priority but which recited that its concession was “limited to the patent claims subject to the Interference proceeding...”¹⁹² That provision drew the following comment in the panel’s order entering judgment against the junior party:

the quoted paragraph 2 above does not negate the effects of 37 CFR § 41.127 [formerly 37 CFR § 1.658(c)] regarding interference estoppel.¹⁹³

Comment

The junior party presumably could have obtained the agreement of the senior party that it would not file a protest (based on interference estoppel or any other ground) during post-

¹⁹¹ 73 USPQ2d at 1044 n. 12.

¹⁹² 76 USPQ2d at 1064.

¹⁹³ 76 USPQ2d at 1064.

interference prosecution of the junior party's application to reissue its patent in interference.

XIV. RELATIONSHIP OF INTERFERENCE PROCEEDINGS TO COURT PROCEEDINGS

Nothing interesting this year.