

The Board Should Have 35 USC 256 Jurisdiction¹

By Charles L. Gholz²

I. Introduction

I'm fond of telling people that the board can decide in an interference any validity or unenforceability issue that could be decided in infringement litigation. That's true. But it's also true that the board does not have jurisdiction to effect all of the remedies that a district court can effect. Damages and injunctions are the obvious examples, but there is another one the absence of which is occasionally important: changing the inventorship in a patent over the objection of the owner of the patent.³

35 USC 256 says that "The court before which such matter [i.e. an alleged error in inventorship] is called in question may order correction of the patent on notice and hearing of all parties concerned [,] and the Director shall [not may] issue a certificate accordingly." (Emphasis and interpolations supplied.) There are two problems with that statute. First, it applies only to patents--which means that a court handling a 35 USC 146 action cannot order correction of the inventorship named in an application in interference. Second, regardless of what some APJs may think, the board is not a court--not even an

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³ But see Scripps Research Institute v. Nemerson, 78 USPQ2d 1019, 1043-44 (PTOBPAI 2005) (non-precedential), which suggests (though it does not hold) that this result could be accomplished by a simple motion to change inventorship.

Article I court.⁴

II. How the Problem Arises

Say two companies, X and Y, are working on some kind of joint project. X's employees A and B meet with Y's employees C and D, and, lo, an invention is conceived. Then, people being what they are, X files a patent application naming A and B as the inventors of the invention, and Y files a patent application naming C and D as the inventors of the invention. Or, at best, X files a patent application naming A, B, and C as the inventors of the invention, and Y files a patent application naming B, C, and D as the inventors of the invention. Now, assume that (as is commonly the case), the specifications and claims of the two applications are identical, and the filing dates of the two applications are close enough together so that no significant prior art is available against one application that is not available against the other application. What to do?

III. Judge Rich's Partial Solution

Sewall v. Walters, 21 F.3d 411, 30 USPQ2d 1356 (Fed. Cir. 1994) (opinion delivered by Circuit Judge Rich for a panel that also consisted of Chief Circuit Judge Archer and Senior Circuit Judge Lay of the Eight Circuit), was "an originality contest as opposed to a priority contest."⁵ Walters had been a consultant for Sewall's employer

⁴ So, could the problem discussed in this article be ameliorated by the promulgation of a rule renaming the board "The Court of Patent Appeals and Interferences"?

⁵ 21 F.3d at 415, 30 USPQ2d at 1358.

(“Star”), and Star filed an application naming Sewall and Walters as joint inventors.⁶ Twenty six months later, “Walters filed an identical application..., which is unassigned, asserting sole inventorship of that subject matter.”⁷ The two applications were placed in interference, and the board entered judgment for the party Walters, holding that “Walters was the sole inventor of... [the] subject matter [defined by the count].”⁸

On appeal, the court first noted that “Determining ‘inventorship’ is nothing more than determining who conceived the subject matter at issue, whether that subject matter is recited in a claim in an application or in a count in an interference.”⁹ Since Sewall admitted that he did not independently conceive the subject matter recited in the count, “The ‘inventorship’ issue to be decided... [was]... who conceived the invention for which patent protection is sought, and not who *first* conceived that invention.”¹⁰

The court then summarized some hornbook law on conception as follows:

Conception exists when a definite and permanent idea of an operative invention, including every feature of the subject matter sought to be patented, is known. *Coleman v. Dines*, 754 F.2d 353, 359, 224 USPQ 857, 862 (Fed. Cir. 1985).
Conception is complete when one of ordinary skill in the

⁶ Although the opinion does not say so, the Sewall et al. application was probably filed under 37 CFR 1.47(a), since the court “note[d] that the record was devoid of any evidence that Walters ever represented or acquiesced that Sewall is a joint inventor.” 21 F.3d at 417, 30 USPQ2d at 1360.

⁷ 21 F.3d at 413, 30 USPQ2d at 1357.

⁸ 21 F.3d at 414, 30 USPQ2d at 1358.

⁹ 21 F.3d at 415, 30 USPQ2d at 1358.

¹⁰ 21 F.3d at 415, 30 USPQ2d at 1358; emphasis in the original.

art could construct the apparatus without unduly extensive research or experimentation. *See Summers v. Vogel*, 332 F.2d 810, 816, 141 USPQ 816, 820 (CCPA 1964); *In re Tansel*, 253 F.2d 241, 243, 117 USPQ 188, 189 (CCPA 1958).¹¹

Finally, the court applied that well-settled law to the facts of the case before it. What Sewall had done was to embody in hardware form an invention conceived by Walters and the novel portion of which had previously been embodied in software form by Walters. While it is certainly possible that transmuting a device from software form to hardware form could require independent inventive skill, in this case the board had held that it had not, and the court held that “The record amply supports... the Board’s... holding that Sewall’s hardware design was dictated explicitly by Walters’ specifications.”¹² Moreover, the court said that, “In addition, Sewall has failed to persuade us that the Board clearly erred in finding that Sewall’s design of circuits to carry out Walters’ idea was simply the exercise of the normal skill expected of an ordinary chip designer, which did not involve any inventive acts on the part of Sewall.”¹³ Accordingly, the court affirmed the board’s judgment.

The key point here is that Star had filed an application naming Sewall and Walters as joint inventors--which allowed Walters to obtain the benefit of the filing date of the Sewall and Walters application. That is, this was a situation of the second type set forth above. But what if Star had filed an application naming only Sewall as the inventor?

¹¹ 21 F.3d at 415, 30 USPQ2d at 1358-59; footnote omitted.

¹² 21 F.3d at 416, 30 USPQ2d at 1359.

¹³ 21 F.3d at 416, 30 USPQ2d at 1359.

Judge Rich's solution to the common problem works very well in the second situation, and there have been a fair number of such cases. But what about the other type--particularly where the second application is filed long enough after the first application so that there is material prior art available against the second application that is not available against the first application?

IV. What the APJs Can Do Now

In my experience, most cases of this type settle. The real-parties-in-interest eventually decide that, on second thought, at least one of the other real-party-in-interest's guys really was a joint inventor, and the real-parties-in-interest work out an agreement providing for ownership of the surviving patent or application, which real-party-in-interest will control infringement litigation, how the real-parties-in-interest will share the cost of infringement litigation and any recovery secured by the infringement litigation, and the like.

But suppose the real-parties-in-interest can't work out such an agreement--either because one of the real-parties-in-interest is pig-headed¹⁴ or because the facts of the case will not support that solution.

What the APJs can do now is to signal that one or both parties is likely going to lose because they've got their inventorship wrong and, in the case of intervening prior art, that the junior party is likely going to lose by a judgment that its claims are unpatentable

¹⁴ As the eminent Circuit Judge Posner of the Seventh Circuit said in Goss Graphics Systems Inc. v. DEV Industries Inc., 267 F.3d 624, 628, 60 USPQ2d 1382, 1384 (7th Cir. 2001): "If parties want to duke it out, that's their privilege."

over the intervening prior art. That can have a calming effect on both real-parties-in-interest. But, of course, even that doesn't always work.

V. What the APJs Ought to Be Able to Do

IMHO, 35 USC 256 should be amended (1) so that it applies to patent applications as well as to patents and (2) to give the board authority to order correction of the inventorship named in either a patent or an application in interference. That way, the real-parties-in-interest could be as pig-headed as they like on the inventorship issue, but the APJs could see to it that, eventually, justice is done.