What is the Time Limit for Filing a Cross-Action under 35 USC 146?

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Introduction

A party to an interference who is dissatisfied with the decision of the Board of Patent Appeals and Interferences can either appeal to the Federal Circuit under 35 USC 141 or "have remedy by civil action under 35 USC 146." Sometimes the board has entered judgment against both or all parties, and both or all parties are, to a degree, dissatisfied with the board's decision.[iii] However, a party that prevailed at least in part may be relatively content to leave well enough alone. When the other or another dissatisfied party files a 35 USC 146 action in a district court, what is the deadline for the other party or all of the other parties to file its or their cross-action(s)? Specifically, is it 14 days as set by 37 CFR 1.304(a)(1) or 20 days as set by FRCP 12(a)(1)? And what is the consequence of missing the deadline?

Filing a Cross-Action Under 35 USC 146

The timing for the filing of a 35 USC 146 action is set by statute and regulation. 35 USC 146 states that the action must be filed "not less than sixty days, as the Director appoints" after the decision by the Board. 37 CFR 1.304(a)(1) states that:

> The time … for commencing a civil action (§ 1.303) is two months from the date of the decision of the Board of Patent Appeals and Interferences. If a request for rehearing or reconsideration of the decision is filed within the time period provided under § 41.52(a), § 41.79(a), or §

> 41.127(d) of this title, the time for filing an appeal or commencing a civil action shall expire two months after action on the request. In contested cases before the Board of Patent Appeals and Interferences, the time for filing a cross-appeal or cross-action expires:
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> (i) Fourteen days after service of the notice or appeal or the summons and complaint; or
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> (ii) Two months after the date of decision of the Board of Patent Appeals and Interferences, whichever is later.

37 CFR 1.304(a)(1)(i) was added in 1989 to create a second window of time for a party that lost in part and won in part to file a counter action. In the Discussion of Specific Rules in the Final Rule of the amendments to 37 CFR 1.304(a), the USPTO stated that:

> Previously, the rules did not specify a time period for filing a cross-appeal or cross-action in *inter partes* cases. The absence of such a time period made it difficult for parties and their attorneys to make appropriate plans for judicial review. For example, in an interference where there has been a split judgment, one of the parties may be satisfied with the judgment but may desire to appeal the adverse judgment only if an appeal is noted by the other party. Where the appeal is filed on the last possible day, a

> cross-appeal is precluded. Sections 1.304(a) and 2.145(d)(1) specify that the time for filing a cross-appeal or commencing a cross-action expires (1) fourteen days after service of the notice of appeal or the summons and complaint or (2) two months after the decision to be reviewed, whichever is later.
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> Similarly, no provision for filing a cross-action was provided where an appellee elects to have further proceedings conducted in the district court pursuant to 35 U.S.C. 146 or 15 U.S.C. 1071(a)(1). Section 1.304(c) and 2.145(d)(3) provide that the time for filing a cross-action expires l4 days after service of the summons and complaint. The district court will determine whether any cross-action was timely filed since neither the complaint nor cross-action is filed in the PTO.[iv]

If a party wants more time to file a 35 USC 146 action, it must petition the USPTO under 37 CFR 1.304(a)(3), which reads as follows:

> The Director may extend the time for filing an appeal or commencing a civil action:
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> (i) For good cause shown if requested in writing before the expiration of the period for filing an appeal or commencing a civil action, or
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> (ii) Upon written request after the expiration of the

> period for filing an appeal or commencing a civil action upon a showing that the failure to act was the result of excusable neglect.

However, 37 CFR 1.304(a)(3) does not explicitly provide for a petition to the Director to extend the time for filing a cross-appeal or a cross-action, and it is at least debatable whether the Director would have jurisdiction to do so--given that, by definition, the original action has already been filed.

Filing Counterclaims Under FRCP 12(a)(1)

Under FRCP 12(a)(1), "Unless a different time is prescribed in a statute of the United States, a defendant shall serve an answer … within 20 days after being served with the summons and complaint." The FRCP also require that a counterclaim be filed in the answer.[v] Therefore, a counterclaim (such as an action for infringement of the party's patent) should be filed within 20 days of service of the summons and complaint. But is a counter-action as to the portion of a split judgment on which that party lost a counterclaim?

Interaction Between FRCP 12(a) and 37 CFR 1.304(a)(1)

Under FRCP 12(a), a counterclaim must be filed with the answer. An answer must be served within 20 days after the service of a summons and complaint. Thus, a counterclaim should be served within 20 days after the service of a summons and complaint. Under 37 CFR 1.304(a)(1), a "cross-action" must be filed within 14 days after service of the summons and complaint. If the decision were appealed to the Federal Circuit instead, the 14-day deadline for a cross-appeal would conform to the requirements

for cross-appeals under FRCP 4(a)(3) ("If one party timely files a notice of appeal, any other party may file a notice of appeal within 14 days after the date when the first notice was filed.") However, the time to file a 35 USC 146 cross-action under 37 CFR 1.304(a)(1) (14 days) is shorter than the period of time to respond to other types of counterclaims under the Federal Rules of Civil Procedure (20 days). Which deadline applies?

Option 1 -- FRCP 12(a)(1) Controls

Under pre-1989 court opinions, the timing of the filing of a 35 USC 146 cross-action was governed by the Federal Rules of Civil Procedure. In Union Carbide Corp. v. Traver Investments, Inc.,[vi] there was an interference among three applications assigned to Union Carbide, Traver Investments, and W.R. Grace & Co., respectively. The Board of Patent Interferences (a predecessor of the BPAI) awarded priority to Traver's application. Traver requested reconsideration of the board's decision insofar as the board had held against it.[vii] The board denied Traver's petition for reconsideration on September 23, 1960. Union Carbide filed its 35 USC 146 action in the United States District Court for the Southern District of Illinois against Traver and W.R. Grace on October 20, 1960. A subsidiary of W.R. Grace filed its 35 USC 146 action in the United States District Court for the District of Columbia against Union Carbide and Traver on October 24, 1960. On November 4, 1960, the D.C. court stayed its proceeding pending the disposition of the Illinois action. The stay remained in effect until June 9, 1961. Union Carbide filed its counterclaim (as it was then called) that day. On June 16, 1961, W.R. Grace filed its reply to the counterclaim. The D.C. court then transferred the case to the Illinois court.

Traver, inter alia, moved to dismiss the counterclaim as not filed within the statutory time fixed in 35 USC 146 and 37 CFR 1.304.[viii] The court denied the motion, stating:

> Section 146 does not legislate a special set of procedural standards to govern actions of its creation. The obvious intent of the statute is to provide a right of action and a forum through and in which all issues relating to the questions of priority and entitlement to a patent may be resolved. Those issues can be finally resolved only if every indispensable party is not only in court, but, also, is accorded his day in court.
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> When a complaint based upon Section 146 is filed within the statutory time limit and that complaint makes each indispensable person a party to the suit, the jurisdiction of the court is fixed. Thereafter, although the cause be a creature of statutory creation, the procedural direction of the suit is governed by the Federal Rules of Civil Procedure. 28 U.S.C. Under Rule 12, Carbide had 20 days after the service upon it of summons and a copy of…[W.R. Grace's] complaint to answer or otherwise plead to the complaint.[ix]

Option 2 - 35 USC 146 and 37 CFR 1.304(a) Control

The preamble of FRCP 12(a)(1) states that the FRCP governs "unless a different time is prescribed in a statute of the United States." 35 USC 146 states that the civil

action must be commenced "not less than sixty days, *as the Director appoints.*" The statute grants authority to the Director to set the deadlines to file 35 USC 146 actions as long as the deadlines are not less than sixty days from the board's decision. The Director set such deadlines in 37 CFR 1.304(a)(1). Therefore, the exception to FRCP 12(a), applies because the 14 day deadline was "prescribed in a statute of the United States."

Union Carbide and its progeny were decided before the 1989 amendment to 37 CFR 1.304(a)(1), which added the additional 14 days to allow the other party to the interference to file a cross-action. Previously, as noted by the USPTO, there could be instances "where [, because] the appeal is filed on the last possible day, a cross-appeal is precluded." The change in 37 CFR 1.304(a) fixed this preclusion problem. The policy reason why the Union Carbide court determined that the FRCP would prevail was that "the obvious intent of the statute is to provide a right of action and a forum through and in which all issues relating to the questions of priority and entitlement to a patent may be resolved."[x] However, with the addition of the cross-action window, all the parties have the ability to file actions where "all issues relating to the questions of priority and entitlement to a patent may be resolved."

Effect of an Untimely Filing of 35 USC 146 action

If a dissatisfied party does not file its 35 USC 146 action within the time stated in the statute, the action may be dismissed.[xi] The deadlines to file an appeal with the appellate court under 37 CFR 1.304(a) are jurisdictional.[xii] If the party files out of time, the Federal Circuit has no jurisdiction to hear the appeal. However, the district courts are split on whether the statutory time limits of 35 USC 146 and 37 CFR 1.304 are jurisdictional.

The Union Carbide court held that the requirements of 35 USC 146 are jurisdictional, stating:

> It must be remembered that this is not an ordinary equitable action but is predicated solely upon a statutory provision which confers jurisdiction upon the court and fixes the rights of the parties. In order for plaintiff to bring himself within the terms of § 4915 [predecessor to § 146] and before the court can adjudicate the rights of the parties, certain things must exist: (1) Plaintiff must have elected to proceed in a District Court rather than by appeal to the United States Court of Customs and Patent Appeals; (2) his complaint must be filed within six months after the decision of the Patent Office; and (3) notice must be given to adverse parties and other due proceedings had. It is our view that these requirements are jurisdictional and the complaint by appropriate allegations must show that the requirements are met; otherwise, the court is without jurisdiction.[xiii]

The Union Carbide court dismissed the Illinois action because an indispensable party was not joined in the action. The court determined that "the filing of a suit within the statutory period against all indispensable parties is a condition to the substantive right to review created by Section 146, and a condition upon which the court's jurisdiction depends."[xiv]

In contrast, in Diva Laboratorium Aktiengesellschaft v. Deloney & Co., Inc.,[xv] Diva filed a 35 USC 1071 action (the trademark equivalent of a 35 USC 146 action) seeking to overturn the decision of the TTAB refusing to cancel the registration of Deloney's trademark and register Diva's trademark. The court noted that Diva filed the action one day beyond the statutory limitation period, citing to 35 USC 146[xvi] and 15 USC 1071. The court stated:

> From the decided cases, there seems to be some question as to whether that period is "jurisdictional"--in which event the Court has no power whatsoever to hear the case after the period expires--or whether the period is only one of "limitation"--in which event the defense of late filing may be waived if not asserted by the defendant. … This Court believes it is soundest to construe the statutory period as one of limitation, rather than of jurisdiction. The more reasonable and conventional view is that late filing for judicial relief from administrative determinations is one of those defenses that may be waived, and that judgments may not be attacked on this ground after having once been entered. … It would seem anomalous for the District Court's jurisdiction thus to be created or destroyed at the discretion of an administrative official.[xvii]

Therefore, if the Federal Circuit eventually holds that the requirements of 37 CFR 1.304(a)(1) apply and that those requirements are jurisdictional, and if a party fails to

meet those requirements, then the district court has no jurisdiction over the case, and it must dismiss the case. However, if the Federal Circuit eventually holds that the requirements of 37 CFR 1.304(a)(1) do not apply or are only statutes of limitation, then the responding party must raise the issue as a defense or it is waived--and, even if the responding party does raise the issue as a defense, the district court has the discretion not to dismiss the case as untimely filed.

Recommendation

The better and safer approach is to assume that the deadline to file a 35 USC 146 cross-action is 14 days under 37 CFR 1.304(a)(1). The older opinions were written before the 1989 amendments, which specifically gave the prevailing party an opportunity to file a cross-action. It is also safer to assume that the deadline to file a cross-action is jurisdictional. However, until the Federal Circuit treats these issues, both the question of which rule governs and the question of whether the applicable rule is jurisdictional must be regarded as open.

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[iii] See generally Dunner et al., Court of Appeals for the Federal Circuit: Practice and Procedure §7.03, "The Law Applicable to Appeals from Separate Sequential Decisions," and §7.04, "The Law Applicable to Separate Judicial Review of the Same Decision in Multi-Party Situations."

[iv] 54 Fed. Reg. 29,548 (July 13, 1989).

[v] See FRCP 12(a)(2), which states that "The plaintiff shall serve a reply to a counterclaim in the answer within 20 days after service of the answer."

[vi] 201 F. Supp. 763, 133 USPQ 167 (S.D. Ill. 1962).

[vii] The opinion does not explain what adverse decision Traver petitioned the board to reconsider. Apparently, Traver sought reconsideration of the board's decision on some subsidiary (non-outcome-determinative) issue.

[viii] At the time, 37 CFR 1.304 required that an action under 35 USC 146 be commenced within 60 days from the date of the decision of the Board of Patent Interferences, unless a petition for reconsideration had been filed, in which case the 35 USC 146 action had to be filed within 30 days after disposition of the petition. Union Carbide, 201 F. Supp at 765, 133 USPQ at 169.

[ix] Union Carbide, 201 F. Supp. at 767-68, 133 USPQ at 171-72. Accord Shaffer Tool Works v. Joy Mfg. Co., 352 F. Supp. 822, 177 USPQ 324 (S.D. Tex. 1972), and Nitto Boseki Co., Ltd. v. Owens-Corning Fiberglas Corp., 589 F. Supp. 527, 224 USPQ 295 (D. Del. 1984).

[x] Union Carbide, 201 F. Supp. at 768, 133 USPQ at 171.

[xi] See, e.g., Ferwerda v. Coakwell, 121 F. Supp. 334, 102 USPQ 162 (N.D. Ohio 1954), aff'd, 220 F.2d 752, 105 USPQ 388 (6th Cir. 1955).

[xii] See, e.g., In re Reese, 359 F.2d 462, 149 USPQ 362 (CCPA 1966), cert. denied, 385 U.S. 899, 151 USPQ 758 (1966), and In re Rodrigues, 178 USPQ 495 (CCPA 1973) (not reported by West).

[xiii] Union Carbide, 201 F. Supp. at 765, 133 USPQ at 169 (quoting Klumb v. Roach, 151 F.2d 374, 377, 67 USPQ 158, 161 (7th Cir. 1945)).

[xiv] Id., 201 F. Supp. at 767, 133 USPQ at 170-71

[xv] 237 F. Supp. 868, 144 USPQ 337 (D.D.C. 1965).

[xvi] Why it cited 35 USC 146 in a trademark case is a mystery.

[xvii] Diva, 257 F. Supp. at 870, 144 USPQ at 338-39. Accord, Lewis v. Microsoft Corp., 410 F. Supp.2d 432, 78 USPQ2d 1060 (E.D.N.C. 2006).