

Is It Prudent to Be Named as Lead or Back-up Counsel
by a Patent Practitioner Whose Power of Attorney Was Signed
by the or a Named Inventor?¹

by

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Introduction

37 CFR 41.108(a) and (b) provide that:

(a) A party [to a contested case, including an interference] may be represented by counsel. The Board may require a party to appoint a lead counsel. If counsel is not of record in a party's involved application or patent, then a power of attorney for that counsel for the party's involved application or patent must be filed with the notice required in paragraph (b) of this section.

(b) Within 14 days of the initiation of each contested case, each party must file a separate notice identifying its counsel, if any, and providing contact information for each counsel identified or, if the party has no counsel, then for the party. Contact information must, at a minimum, include:

- (1) A mailing address;
- (2) An address for courier delivery when the mailing address is not available for such delivery (for example, when the mailing address is a Post Office box);
- (3) A telephone number;
- (4) A facsimile number; and
- (5) An electronic email address.

¶108 of the Standing Order provides that:

The notice identifying counsel under Bd.R. 108(b) must identify both a lead counsel and a backup lead counsel, and

must provide for each the contact information specified in Bd.R. 108(b)(1)-(b)(5).

If lead counsel and backup counsel are not counsel of record (37 CFR §§1.32 and 1.34) in the involved application or patent, then a power of attorney must be filed with the Board for entry in the involved patent or application within the **fourteen (14) day** period of Bd.R. 108(b). [Emphasis in the original.]

Frequently, lead and backup counsel are interference specialists who “are not counsel of record...in the involved application or patent.” Thus, they frequently must file “a power of attorney...with the Board for entry in the involved patent or application.”

37 CFR 1.32(a)(2) defines a power of attorney as follows:

Power of attorney means a written document by which a principal authorizes one or more patent practitioners or joint inventors to act on his or her behalf.

37 CFR 1.32(a)(3) defines a principal as follows:

Principal means either an applicant for patent (§ 1.41(b)) or an assignee of the entire interest of the applicant for patent or[,] in a reexamination proceeding, the assignee of the entirety of ownership of a patent.^[4] The principal executes a power of attorney designating one or more patent practitioners or joint inventors to act on his or her behalf.

37 CFR 1.32(a)(1) defines a patent practitioner as follows:

Patent practitioner means a registered patent attorney or registered patent agent under §11.6.

Less frequently (but still commonly), the power of attorney to interference counsel is signed by a patent practitioner from another law firm who himself or herself only has a power of attorney signed by the or all of the named inventors--as opposed to a power of attorney signed by “an assignee of [the] entire interest of the applicant for patent.”⁵

The question examined in this article is whether this practice is prudent.

Why This Practice May Not Be Prudent

A power of attorney to prosecute a patent application is a species of the genus agency. According to the Restatement of Agency (Third) §3.06 (2006), an appointment of agency can be terminated in various ways--including express revocation by the grantor, death or insanity of the grantor, death of the agent, loss of capacity (e.g., insanity) of the grantee, and the occurrence of circumstances on the basis of which the agent should reasonably conclude that the principal no longer would assent to the agent's taking action on the principal's behalf. So, if your power of attorney and designation as lead or back-up counsel ultimately traces to an inventor and that inventor expressly revokes that power of attorney, dies, or loses capacity, what happens?

Initially you may say, "The inventor can't revoke my power of attorney! The inventor is an employee of my client (or my client's client--if you think of your client as the foreign patent firm that forwarded the application to you), and my client won't let him (or her) do that!" However, the answer to this assumption is that, while the inventor may be breaching his or her contract with his or her employer or former employer, the inventor may do that anyway. Moreover, dying or losing capacity will not be a breach of that contract. So, there is a real risk that the patent practitioner who gave you a power of attorney will lose his or her own power of attorney--upon which your power of attorney ultimately depends.

So, has this risk in fact created problems for patent practitioners who have been appointed as lead or backup counsel by a patent practitioner whose own power of attorney has subsequently terminated?

Not so far as we know. However, we do know of cases where termination of a patent practitioner's power of attorney in one of the manners described above has created problems for the patent practitioners whose power of attorney was terminated during ex parte prosecution.

In one case in which Mr. Gholz was involved, the named inventor (who had signed the power of attorney) became involved in an acrimonious dispute with his employer, a European company. He did not revoke his power of attorney, but he did send "his" U.S. patent law firm⁶ instructions that were inconsistent with the instructions being sent to the U.S. patent law firm by the European patent law firm that had sent the U.S. patent law firm the application. The U.S. patent law firm sought a ruling from the Solicitor's Office as to whether it could ignore the instructions from the inventor and follow the instructions from the European patent law firm. No, said the Solicitor's Office. The inventor had signed the power of attorney, and that made the inventor the U.S. patent law firm's client in the eyes of the Solicitor's Office. Since the U.S. patent law firm wished to remain in good graces with the European patent law firm (and its client), it had to withdraw from handling the application --much to the displeasure of both the U.S. patent law firm and the European patent law firm.

Another case in which Mr. Gholz was involved raised a similar problem concerning a terminal disclaimer.⁷ The patent practitioner directly involved wanted to sign a terminal disclaimer in a response to a double patenting rejection. However, the inventor (who had signed the patent practitioner's power of attorney) had died, automatically revoking the power of attorney. While the real party in interest could presumably have taken over control of prosecution under 37 CFR 1.47, there are costs

involved in proceeding under 37 CFR 1.47--and, in that case, there was some question whether the putative real party in interest could have proved that the named inventor had “assigned or agreed in writing to assign the invention” to that entity. Ultimately, the real party in interest found it more convenient to pay the named inventor’s widow (who was his 37 CFR 1.42 “legal representative”) a not inconsiderable sum for her cooperation. The real party in interest was not pleased.

More generally, every action that a patent practitioner takes in the PTO (unless the patent practitioner is the applicant) is taken in a representative capacity, and, to do so, the patent practitioner needs a valid, subsisting power of attorney. Moreover, the fact that a power of attorney has terminated without the knowledge of the individual to whom the power of attorney was given is irrelevant,⁸ although actions taken in good faith by an agent whose power was terminated without his or her knowledge can be (but are not automatically or necessarily) ratified subsequently by the principal or a successor principal.⁹

That brings up an interesting question. Does a lead or backup counsel whose power of attorney traces to a patent practitioner whose own power of attorney was given by the or all of the named inventors have an obligation to assure himself or herself that the power of attorney of that patent practitioner has not been terminated by the death or incapacity of the or one of the named inventors? It would be easy enough for the lead or backup counsel to inquire to the patent practitioner concerning those possibilities from time to time, and doing so would certainly be prudent. But would it be mandatory?

Fortunately for interference practitioners, the answer appears to be “no.” Although, as discussed above, a grantor’s death or lack of capacity *automatically*

terminates an existing power of attorney, according to the Restatement of Agency (Third) §§3.07 and 3.08 (2006), the power of attorney is not officially terminated until the practitioner holding the power of attorney is notified of the death or incapacity of the grantor. We leave it to the reader to sort out these two seemingly conflictingly statements of law.

Problems with International Inventors and Assignee Filings

U.S. patent applications must be filed in the name(s) of an individual inventor or inventors. In many foreign countries, however, patent applications can be filed by and in the name of a corporate entity. 35 USC 119(a) recognizes that, for it provides for obtaining the benefit of the filing dates of foreign applications where the foreign applications were filed by the “legal representatives or assigns” of the inventor(s). But does the entity filing the foreign application have to have been the inventor’s or inventors’ legal representative or assign at the time that it filed the foreign application? Boston Scientific Scimed Inc. v. Medtronic Vascular Inc., 497 F.3d 1293, 83 USPQ2d 1669 (Fed. Cir. 2007) (opinion by CJ Mayer for a panel that also consisted of CJs Bryson and Prost), holds that it does.

In this case, two European applications had been filed by a French company named MinTec SARL. Within a year of the filing date of those applications, a U.S. application was filed by the inventors Cragg and Dake (referred to jointly by the court and here as “Cragg”). The opinion does not disclose the exact relationship between MinTec and Cragg, but it does state that, “At the time these European applications were filed, no legal relationship existed between MinTec and Cragg, nor was MinTec acting on behalf of Cragg.”¹⁰

When the Cragg application was placed in interference, its then owner (apparently not MinTec) sought the benefit of the filing dates of the European applications. The BPAI held that the Cragg application was not entitled to the benefit of the filing dates of the European applications “because neither Cragg nor Dake had assigned their rights to MinTec until after it had filed the European applications.”¹¹

That resulted in the entry of judgment for Medtronic. Scimed Inc, the assignee of Cragg’s U.S. application, filed a 35 USC 146 action challenging the Board’s decision. The district court granted Medtronic summary judgment, Scimed appealed, and the Federal Circuit affirmed.

On appeal, Scimed argued that broad language in Vogel v. Jones, 486 F.3d 1068, 179 USPQ2d 425 (CCPA 1973) “permit[ed] a U.S. applicant to benefit from a foreign application’s earlier filing date whenever the invention described in the foreign application [is the same] one actually made by the U.S. applicant, regardless of the identity of the applicant of the foreign application.”¹² That is, it argued that “the *Vogel* court did *not* hold that the foreign application must have been filed by a person who was an assignee or legal representative of the U.S. inventor *at the time the foreign application was filed*, or that the foreign application must have been filed on his behalf in order for there to be priority benefit.”¹³

The Federal Circuit rejected Scimed’s argument, asserting that:

while the foreign application must obviously be for the same invention and may be filed by someone other than the inventor, section 119(a) also requires that a nexus exist between the inventor and the foreign applicant at the time the foreign application was filed.¹⁴

Unfortunately, the Federal Circuit’s opinion sheds little light on how to prove a sufficient nexus, but it does expose a counter-intuitive rule that interference counsel

would do well to remember. In a subsequent 35 USC 146 action in the district court, Scimed sought to “present[] evidence relating to theories of constructive trust and equitable assignment”¹⁵ to prove a nexus between Cragg and MinTec at the time that MinTec filed the European patent applications. However, the district court precluded Scimed (or its predecessor in interest) from introducing that evidence or relying on that theory, and, on appeal, the Federal Circuit affirmed:

A party may present new evidence to the trial court when appealing a board decision in an interference proceeding. Conservolite, Inc. v. Widmayer, 21 F.3d 1098, 1102 (Fed. Cir. 1994). A party may not, however, advance new legal theories at the trial court level, even if the overarching legal issue was presented below. See id. (“[A]n action under [35 U.S.C.] § 146 is essentially a proceeding to review the action of the Board. . . . [T]he parties to an interference must make a complete presentation of the issues at the Board level so that the interference is efficient and not wasteful of administrative and judicial resources.”). Failure to advance legal theories before the board constitutes a failure to “make a complete presentation of the issues,” and permitting a party to raise those theories for the first time before the trial court would be both inefficient and “wasteful of administrative and judicial resources.”¹⁶

What the court said and did in Boston Scientific seems irreconcilable with what it said and did in Estee Lauder Inc. v. L’Oreal, S.A., 129 F.3d 588, 44 USPQ2d 1610 (Fed. Cir. 1997), discussed in Gholz, A Critique of Recent Opinions in the Federal Circuit in Patent Interferences. In Estee Lauder the Federal Circuit held that, “so long as an Interferent attempted to prove an actual reduction to practice before the Board, during a subsequent 35 USC 146 action it can introduce evidence of a different alleged actual reduction to practice.” But apparently an interferent cannot introduce a new theory to prove the nexus necessary to establish agency when the inventors are unnamed in a 35

USC 119(a) foreign application! Interestingly, both opinions were delivered by Judge Mayer.

The holding in Boston Scientific case is not important only in interferences. In countries where assignee filing is permitted, many applications are filed by corporate entities without having obtained an express assignment of the invention from the inventor(s). While the corporate entities may automatically own the invention under the laws of the countries in which the applications were filed, proving foreign law may be difficult--and expensive!

Conclusion and Recommendation

If a patent practitioner is appointed as lead or backup counsel in an interference by a patent practitioner whose own power of attorney is signed only by the or all of the named inventors, there is a real potential for serious problems.

Avoidance is almost always the best solution to a problem. Hence, our recommendation is that patent practitioners seek to obtain their powers of attorney and their designations as lead or backup counsel pursuant to 37 CFR 1.32(a)(3) directly from the “assignee of [the] entire interest of the...[involved application]” or “the assignee of the entirety of ownership of...[the involved] patent”--that is, from the real party in interest.

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⁴ It is curious that 37 CFR 1.32(a)(3) only refers to “the assignee of the entirety of ownership of a patent” involved in a reexamination proceeding. How about “the assignee of the entirety of ownership of a patent” involved in an interference?

⁵ I believe that this happens most commonly (but not exclusively) when the assignee is a foreign entity.

⁶ His U.S. patent law firm was not Oblon, Spivak, McClelland, Maier & Neustadt, P.C., but one of Mr. Gholz’s former employers.

⁷ Again, Mr. Gholz’s firm was not Oblon, Spivak, McClelland, Maier & Neustadt, P.C. , but one of Mr. Gholz’s former employers.

⁸ Restatement of Agency (Third) § 3.06 (2006).

⁹ Restatement of Agency (Third) §§ 3.11 and 4.01 (2006).

¹⁰ 497 F. 3d at 1296, 83 USPQ2d at 1670.

¹¹ 497 F. 3d at 1296, 83 USPQ2d at 1670.

¹² 497 F. 3d at 1297, 83 USPQ2d at 1671; interpolation by the court; internal quotation marks omitted.

¹³ 497 F. 3d at 1297, 83 USPQ2d at 1671.

¹⁴ 497 F. 3d at 1297, 83 USPQ2d at 1671.

¹⁵ 497 F.3d at 1298, 83 USPQ2d at 1672.

¹⁶ 497 F.3d at 1298, 83 USPQ2d at 1672.