

A CRITIQUE OF RECENT OPINIONS  
IN PATENT INTERFERENCES<sup>1</sup>

Charles L. Gholz<sup>2</sup>

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<sup>1</sup>Copyright 2008 by Charles L. Gholz; Oblon, Spivak, McClelland, Maier, & Neustadt, P.C.; Alexandria, Virginia. I acknowledge with thanks the contributions of my colleague, Alex Gasser.

<sup>2</sup> Partner in and head of the interference section of Oblon, Spivak, McClelland, Maier & Neustadt, PC.; Alexandria, Virginia. My direct dial telephone number is (703) 412-6485, and my E-mail address is CGHOLZ@OBLON.COM

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## I. INTRODUCTION

This article covers precedential and interesting non-precedential opinions relating to interferences published since those covered in my previous annual critique of interference opinions published at 89 JPTOS 5 (2007).<sup>3</sup> This article covers interference opinions published in volumes 81-84 of the USPQ2d.

## II. CONCEPTION

### A. An Interferent Can Be Entitled to the Benefit of a Priority Date Even Though the Priority Application Contains an Error

#### Frazer v. Schlegel

In Frazer v. Schlegel, 498 F.3d 1283, 83 USPQ2d 1850 (Fed. Cir. 2007) (opinion by CJ Newman for a panel that also consisted of SCJ Friedman and CJ Rader), the invention defined by the count was “[a] method of making a papillomavirus virus-like particle,” “[a] papillomavirus virus-like particle,” or “[a] method of producing anti-papillomavirus antibodies in an animal comprising administration of a papillomavirus virus-like particle to the animal.”<sup>4</sup> The Board had held that Frazer was not entitled to the benefit of the filing date of its alleged priority application

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<sup>3</sup>See also 88 JPTOS 317 and 305 (2006) (covering 2005), 88 JPTOS 25 and 138 (2006) (covering 2004), 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). The fact that I publish this critique every year in a similar format accounts for the sections which read in their entirety “Nothing interesting this year.”

<sup>4</sup> 498 F.3d at 1286, 83 USPQ2d at 1853.

because its disclosure was inadequate. Specifically, Frazer’s priority application indicated that, at the time that that application was filed, “‘Frazer believed that both the L1 and L2 genes had to be expressed together from the same plasmid,’ whereas his ‘later work shows that only [the] L1 protein was necessary’.”<sup>5</sup> According to the Board, “‘Frazer was not entitled to any date of disclosure until he accurately and fully understood the mechanism.’”<sup>6</sup>

The Federal Circuit reversed on the ground that:

The Australian [priority] application contained complete details of the method that is the subject of the interference count, and depicts the papillomavirus-like particle of the count with full disclosure of how to produce it. The specification also includes the DNA sequences encoding the papillomavirus L1 and L2 proteins. While Frazer in the Australian application reported the expression of both the papillomavirus L1 protein and the papillomavirus L2 protein, and [while] he testified that at that time he believed both proteins were involved, his later discovery that either the L1 protein or both the L1 and L2 proteins led to capsid formation does not negate or contradict his disclosure and constructive reduction to practice of the method of the count that produced the papillomavirus-like particle of the count. Frazer correctly argues that the Australian application describes and enables the formation of the papilloma virus-like particles.<sup>7</sup>

#### Comment

The key fact here was that “‘It...[was] not disputed that Frazer’s Australian application described virus-like particles and their production from recombinant vaccinia virus.’”<sup>8</sup> The fact that the disclosure of the priority application contained additional speculation which turned out to be incorrect didn’t detract from the significance of that basic fact.

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<sup>5</sup> 498 F.3d at 1287, 83 USPQ2d at 1854.

<sup>6</sup> 498 F.3d at 1288, 83 USPQ2d at 1854.

<sup>7</sup> 498 F.3d at 1288, 83 USPQ2d at 1854-55.

<sup>8</sup> 498 F.3d at 1288, 83 USPQ2d at 1855.



### III. CLASSICAL DILIGENCE

Nothing interesting this year.

### IV. ACTUAL REDUCTION TO PRACTICE

#### A. Contemporaneous Appreciation

1. The Contemporaneous Appreciation Need Not Correspond to the Exact Language of the Ultimate Count

#### Henkel Corp. v. Proctor & Gamble Co.

One requirement for an actual reduction to practice is that someone acting for the owner have contemporaneously “appreciated” the significance of what is later asserted to have been an actual reduction to practice. However, a frequent question is: Just what must that someone have appreciated?

In Henkel Corp. v. Proctor & Gamble Co., 485 F.3d 1370, 82 USPQ2d 1784 (Fed. Cir. 2007) (opinion by CJ Linn for a panel that also consisted of CJs Gajarsa and Moore), the three components of the McKelvey count each recited a “detergent tablet.” The three components specified, respectively, that “said compressed portion...dissolves at a faster rate than said non-compressed portion,”<sup>9</sup> that “the dissolution rate of the compressed region is greater than the dissolution rate of the solidified solution or melt region,”<sup>10</sup> and that “the dissolution rate of the compressed region is greater than the dissolution rate of the solidified melt or solution region.”<sup>11</sup> Henkel’s witnesses testified that they had put test tablets in dishwashers, that they had then run the dishwashers and visually observed that one region dissolved more in a given period of time

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<sup>9</sup> 485 F.3d at 1372, 82 USPQ2d at 1785-86.

<sup>10</sup> 485 F.3d at 1373, 82 USPQ2d at 1786.

<sup>11</sup> 485 F.3d at 1373, 82 USPQ2d at 1786.

than the other, and that they had reported those results to the named inventors. However, no one at Henkel had calculated the rates at which the two regions dissolved, let alone compared the calculated rates at which one region dissolved to the calculated rates at which the other region dissolved.

The board held “that Henkel had failed to demonstrate that its named inventors had ‘appreciate[d] that which [t]he[y] ha[d] invented’ contemporaneously with their conception and reduction to practice,”<sup>12</sup> and accordingly the board entered judgment against Henkel. On appeal the Federal Circuit reversed, saying:

Schliwka [a non-inventor]’s observations, coupled with the record evidence of his interactions with Holderbaum [an inventor], suffice to demonstrate appreciation of the different dissolution rates. As a matter of law, we do not require that a junior party in an interference demonstrate that it recognized the exact language of the ultimate count--only the subject matter of the invention. See Mycogen Plant Sci., Inc. v. Monsanto Co., 243 F.3d 1316, 1336 (Fed. Cir. 2001) (holding that there was sufficient appreciation when an inventor recognized a process in terms of codons--groups of three nucleotides--instead of the ultimately claimed nucleotides). This is not a case in which there is a significant danger that the inventors unwittingly and accidentally created something new; rather, they [i.e., the named inventors] set out to design detergent tablets with a particular structure and did so, and the only question is whether they appreciated that the tablets met one limitation of the interference count. Schliwka’s direct visual observation is enough to demonstrate that the tablet met the “faster rate” limitation.<sup>13</sup>

#### Comment

It is often said (as it was here) that, to constitute an actual reduction to practice, the significance of what is later asserted to have been an actual reduction to practice must have been

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<sup>12</sup> 485 F.3d at 1373, 82 USPQ2d at 1786.

<sup>13</sup> 485 F.3d at 1375, 82 USPQ2d at 1788.

appreciated by the or at least an inventor. However, since who is an inventor is determined by who conceived the invention, since inventions are often actually reduced to practice by individuals other than those who conceived them, and since the individuals who conceived inventions can have died before the inventions are actually reduced to practice, it must be possible for someone else to do the appreciating.

B. The Alleged ARP Must Be Shown to Have Worked for Its Intended Purpose By Corroborated Evidence

In re Garner

In re Garner, \_\_\_ F.3d \_\_\_, \_\_\_ USPQ2d \_\_\_ (Fed. Cir. 2007) (opinion by C. J. Moore for panel that also consisted of CJs Radar and Schall), was an appeal from a judgment entered pursuant to a 37 CFR 41.202(d) order to show cause.<sup>14</sup> Garner had relied on a “Fonder declaration” to corroborate his alleged ARP. However, according to the court, although, “the Fonder declaration states that Fonder saw the device shown in photographs in Garner’s laboratory in November 1997,”<sup>15</sup>:

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<sup>14</sup> 37 CFR 41.202(d) reads as follows:

Requirement to show priority under 35 U.S.C. 102(g). (1) When an applicant has an earliest constructive reduction to practice that is later than the apparent earliest constructive reduction to practice for a patent or published application claiming interfering subject matter, the applicant must show why it would prevail on priority.

(2) If an applicant fails to show priority under paragraph (d)(1) of this section, an administrative patent judge may nevertheless declare an interference to place the applicant under an order to show cause why judgment should not be entered against the applicant on priority. New evidence in support of priority will not be admitted except on a showing of good cause. The Board may authorize the filing of motions to redefine the interfering subject matter or to change the benefit accorded to the parties.

<sup>15</sup> SO at 8, \_\_\_ F.3d at \_\_\_, \_\_\_ USPQ2d at \_\_\_\_.

Fondon does not testify that the device operated or worked for its intended purpose. In fact, Fondon does not indicate that he ever saw the device operate. At most the Fondon declaration corroborates the existence of a device purportedly shown in the photographs.

While “the law does not impose an impossible standard of ‘independence’ on corroborative evidence by requiring that every point of a reduction to practice be corroborated by evidence having a source totally independent of the inventor...[,]” Cooper, 154 F.3d at 1330 (internal citations omitted), corroboration of the existence of the device is not sufficient in this case to establish corroboration of reduction to practice. It is also necessary to corroborate that the device worked for its intended purpose. See Hahn v. Wong, 892 F.2d 1028, 1032 (Fed. Cir. 1989)....<sup>16</sup>

### Comments

In cases like this, I am always left wondering whether the loss was due to a failure of proof or to the non-existence of the necessary facts. That is, if the device was actually built, why wasn't it tested--and, if it was tested successfully, why wasn't that proved?

## V. SUPPRESSION OR CONCEALMENT AND PEELER DILIGENCE<sup>17</sup>

Nothing interesting this year.

## VI. CONSTRUCTIVE REDUCTION TO PRACTICE

Nothing interesting this year.

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<sup>16</sup> SO at 8, \_\_\_ F.3d at \_\_\_, \_\_\_ USQ2d at \_\_\_\_.

<sup>17</sup> So called after Peeler v. Miller, 535 F.2d 647, 653-54, 190 USPQ 117, 122 (CCPA 1976)

(Rich, J.). Peeler diligence is diligence during the period from one's own actual reduction to practice to one's own constructive reduction to practice, and it is really the absence of 35 USC 102(g) suppression or concealment after an actual reduction to practice. The standards for Peeler diligence are very low.

## VII. DERIVATION

Nothing interesting this year.

## VIII. THE 35 USC 135(b) BARS

### 1. A Pre-Bar Date Claim Can Have Been Presented in a Sister Application

#### Santarsiero v. DeLucas

Most 35 USC 135(b) cases involve a pre-bar date claim presented either during prosecution of the involved application (or during prosecution of the application that matured into the involved patent) or during prosecution of a parent of such an application. However, in Santarsiero v. DeLucas, 83 USPQ2d 1271 (PTOBPAI 2006) (non-precedential) (opinion by APJ Lane for a panel that also consisted of APJs Schafer and Hanlon), DeLucas relied on pre-bar date claims presented in a sister application in response to Santarsiero's motion for judgment that its post-bar date claims were unpatentable under 35 USC 135(b)(1). Santarsiero argued (unsuccessfully) that "the involved DeLucas claims can only be entitled to the earlier effective date of a claim present in an application in the direct chain of priority of the DeLucas involved application, i.e., the parent or grand-parent applications."<sup>18</sup> According to the panel:

Santarsiero has directed us to nothing in the language of the statute or in the controlling case law indicating that a "post-bar" claim cannot be entitled to the earlier effective date of a "pre-bar" claim present in a sister application for purposes of 35 U.S.C. §135(b). While it does not appear that any of the case law pointed out to us involved a situation where an applicant relied upon "pre-bar" claims in a sister application for purposes of avoiding a §135(b) bar, the principles outlined in these cases would seem to be equally applicable to the present facts. In particular, as discussed in Corbett, the language of 35 U.S.C. §135(b) focuses on the time a "copier" presented a claim to the same or substantially the same subject matter as the patent claim. *Corbett v. Chisholm*, 568 F.2d at 765, 196 USPQ at 342. ("The words 'prior to' in the

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<sup>18</sup> 83 USPQ2d 1275.

present code clearly point to a ‘critical date’ prior to which ... the copier has to be claiming the invention, whether or not the claims were subsequently cancelled”). If a claim is “copied” from the issued patent prior to the “critical date,” then there is no §135(b) bar for subsequently presented claims that are not materially different from that claim. Santarsiero has not explained why a requirement that the “copied” claim must have been presented in a benefit application, and not a sister application, should be read into §135(b).<sup>19</sup>

### Comment

The reason that the sister application wasn’t in the interference was that the relevant pre-bar date claims had been cancelled from the sister application.

## IX. CORROBORATION

Nothing interesting this year.

## X. INTERFERENCE PRACTICE

### A. Pre-Interference Mechanics

Nothing interesting this year.

### B. Board Mechanics

#### 1. The MPEP Does Not Govern Interferences

#### Sehgal v. Revel<sup>20</sup>

Sehgal v. Revel, 81 USPQ2d 1181 (PTOBPAI 2005) (non-precedential) (per curiam; panel consisting of APJs Schafer, Lane, and Medley), is the most emphatic statement of which I am aware of the fundamental proposition that, contrary to the belief of many practitioners, the MPEP does not govern interferences.

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<sup>19</sup> 83 USPQ2d 1275-76; footnotes omitted.

<sup>20</sup> My colleagues Daniel Pereira and Alexander Gasser and I were co-counsel for Revel.

Sehgal had been tentatively denied the benefit of its first priority date because it had filed its second application as a continuation of its first application six months after an office action without filing a petition for an extension of time. In the interference it moved for the benefit of the filing date of its earliest application. That motion relied extensively on a 35 USC 41(a)(7)/37 CFR 137(b) petition signed by its interference counsel to revive its first application in an attempt to obtain co-pendency.

In its initial opinion, the panel denied Sehgal's motion on the ground that merely filling out the PTO form was insufficient to carry Sehgal's burden of proving that it was entitled to the benefit of the filing date of that application. Sehgal v. Revel, 78 USPQ2d 1954 (PTOBPAI 2005) (non-precedential), discussed in Gholz, A Critique of Recent Opinions in Patent Interferences, 89 JPTOS 1 (2007) in §X.E.4., "The Standards Are Higher in Interferences."<sup>21</sup> In short, Sehgal's interference counsel had not represented Enzo at the time of the abandonment, and he had no personal knowledge of why the first application had been allowed to go abandoned.

In its request for reconsideration, Sehgal relied on assertions that its petition had complied with the requirements for such petitions set forth in the MPEP. However, that argument went down in flames:

Section 1.137 and the procedures in the MPEP do not govern interference proceedings. Interferences are governed by the applicable provisions of Part 41 of 37 CFR and the orders issued pursuant to those rules. The applicable sections are §§41.1-41.20 and 41.100-208.

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The MPEP does not describe procedures to be followed by the board in an interference contest. The MPEP specifically states that

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<sup>21</sup> This article is available on the Oblon, Spivak, McClelland, Maier & Neustadt, P.C. web site.

it is directed to patent examiners conducting normal examination of patent applications.

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Chapter 2300 of the MPEP, titled “Interference Proceedings,” ... provides guidance to examiners with respect to the examiner's duties relating to pre- and post-interference matters. It does not describe the procedures to be followed either by the board or the parties during the interference. Those matters are set forth in the applicable portions of Part 41 and the orders issued by the board.

When this interference was declared, Sehgal left the normal examination of a patent application and entered *inter partes* litigation where the statutes, rules and practices governing interferences are applicable.<sup>22</sup>

### Comment

The MPEP is authored by officials of the executive department of the PTO. Sometimes it is inconsistent with the rules that govern interferences and/or with the BPAI’s standing order. Notwithstanding what In re Alapatt, 33 F.3d 1526, 1534-35, 31 USPQ2d 1545, 1550 (Fed. Cir. 1994) (in banc; opinion by CJ Rich), had to say about the dominance of the executive branch of the PTO over the judicial branch of the PTO, when that happens, the BPAI does not feel itself bound by what the MPEP says.

## 2. Invitations to the Government to Participate

### Capon v. Eshhar

Ownership disputes concerning a case (whether a patent or an application) in interference are a nightmare because, as SAPJ McKelvey wrote in Capon v. Eshhar, 81 USPQ2d 1443 (PTOBPAI 2005) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), “The

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<sup>22</sup> 81 USPQ2d at 1186-87.



board does not resolve ownership contract disputes.”<sup>23</sup> Sometimes this leads to concurrent interferences and quiet title actions or contract actions.<sup>24</sup>

Capon deals very practically with an exemplar of an important subset of the set of such cases: the subset where the U.S. Government may (or may not) have an ownership right in a case in interference. Judge McKelvey invited the Director of the Commercial Litigation Section of the Civil Division of the Department of Justice to appear (and, hopefully, to straighten things out).

17. Commercial Litigation is notified by the board in all cases where the board knows that the United States has some interest in an interference.

18. When notified, Commercial Litigation may take such action in the interference as it believes necessary to protect any interest of the United States.

19. Generally, there is no need for Commercial Litigation to take any action in the interference because the interference is being prosecuted by other government attorneys or non-government attorneys retained to handle the interference.

20. There have been interference cases where the board has invited Commercial Litigation to present its views, finding that views presented by Commercial Litigation are uniformly valuable

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<sup>23</sup> 81 USPQ2d at 1448.

<sup>24</sup> See, e.g., Beech Aircraft Corp. v. EDO Corp., 990 F.2d 1237, 26 USPQ2d 1572 (Fed. Cir. 1993), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 76 JPTOS 649 (1994) at V.A. “There is a Difference Between Determining Which of Two Rival Company Claimants Owns an Invention and Determining Which of Two Rival Inventive Entities Made the Invention First, and the Board Had Jurisdiction to Decide the Priority Issue Despite the Pendency of District Court Litigation Over Title Between the Assignees of the Parties Before it.”

and helpful to the board in resolving in any number of issues.

21. In this particular case, it is possible that there are conflicting interests between (1) the inventors and NIH, (2) the inventors and Yeda; (3) Yeda and NIH and (4) possibly others.

22. In light of the matters discussed in this POST CONFERENCE CALL ORDER, the board invites Commercial Litigation to look into the matter and to present to the board its views as to which Entity has or Entities have standing to prosecute the interference on behalf of the Eshhar application.<sup>25</sup>

### Comments

Of course, the Director of the Commercial Litigation Section may not be able to straighten things out. Moreover, in the more common title dispute situation where the U.S. Government is not involved, there is no obvious semi-neutral individual to go to for help. What is really needed in this situation is legislation permitting the board itself to settle the title dispute. After all, it does so in actions between the U.S. Government and Government contractors under 42 USC 2457(d) (National Aeronautics and Space Administration) and 42 USC 2182 (Nuclear Regulatory Commission).

3. Motions to Appear Pro Hac Vice Require Consideration of Both the Qualifications of the Unregistered Practitioner and the Need of the Party to Be Represented By Him or Her

Howell v. Lentz<sup>26</sup>

Only attorneys and agents registered to practice before the PTO are entitled as of right to represent an interferent. 37 CFR 11.5 and 41.108. However, an interferent can move for leave to be represented by an unregistered attorney or agent pro hac vice. In Howell v. Lentz, 83 USPQ2d 1381 (PTOBPAI 2006) (non-precedential) (APJ Lane for a panel that also consisted of

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<sup>25</sup> 81 USPQ2d at 1445.

<sup>26</sup> My colleagues James Kelly and Alton Rollins and I represented Lentz prior to this decision.

CAPJ Fleming and APJ Torczon), Lentz moved for leave to be represented by an unregistered attorney.

The panel explained that:

If a party wishes for someone other than a registered attorney or agent (“unregistered practitioner”) to represent it during an interference, then that party must show good cause why it should be entitled to such representation.

In considering whether a showing of good cause has been made, we consider at least the following factors:

(1) how qualified the unregistered practitioner is to represent the party in the interference proceeding when measured against a registered practitioner, and

(2) whether the party has a genuine need to have the particular unregistered practitioner represent it during the interference.

Each situation will be evaluated on the particular facts presented, however, a showing of at least both of these factors should be made. We balance these two factors such that a greater showing of one factor allows for a lesser showing of the other. In other words, if a party can show that the unregistered practitioner is highly qualified, then its showing of why it needs that particular practitioner to represent it may not need to be as compelling. However, where a party can show a great need for the representation of the unregistered practitioner, then a lesser showing as to the practitioner's qualifications may suffice.<sup>27</sup>

In this case, the panel found that Lentz had made a strong showing on the first factor and a weak showing on the second factor. Balancing the two showings, the panel granted Lentz’s motion-- noting particularly that “weighing in favor of Lentz’s request is Lentz’s representation that it will not seek any additional time in the schedule if Ms. Cahoon is admitted *pro hac vice*....”<sup>28</sup>

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<sup>27</sup> 83 USPQ2d 1383.

<sup>28</sup> 83 USPQ2d at 1384.

### Comment

A little bit of sugar makes the pill go down--and not asking for an extension of time always helps.

#### C. Responses to Orders to Show Cause

1. The Fact That the Examiner Had Never Explicitly Requested the Junior Party Applicant to Present a Showing Under 37 CFR 41.202(d) Justified Giving the Applicant a “Do Over”

#### Nathans v. Greene

In Nathans v. Greene, 82 USPQ2d 1600 (PTOBPAI 2006) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), the interference had been declared on the basis of an uncorroborated 37 CFR 1.131 declaration by the named inventors submitted in response to a rejection over the patent of the senior party Greene.<sup>29</sup> The applicant (the junior party Nathans) was put under a 35 CFR 41.202(d)(2) order to “show why it should prevail on priority.” The SAPJ held that Greene’s uncorroborated 37 CFR 1.131 declaration “cannot, and does not, establish the necessary corroboration because it is signed only by the named inventors.”<sup>30</sup> However, he gave Greene a “do over”:

18. Since the examiner never explicitly offered [sic; ordered?] or required Nathans to present a showing under 37 CFR §41.202(d), it is the view of the board that Nathans should have an opportunity at this time to present a showing.

19. Accordingly, Nathans may submit a new showing, with any affidavits and evidence Nathans deems appropriate, in any [sic; an?] attempt to establish how Nathans will prevail on priority vis-a-vis the filing date of the application which matured into the

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<sup>29</sup> The editors introduction to the opinion indicates that Greene was the junior party--but it wasn’t.

<sup>30</sup> 82 USPQ2d at 1603.

Greene patent.<sup>31</sup>

### Comment

The opinion does not indicate whether Nathans had suggested the interference or the interference was declared sua sponte by the Office. I suspect it was the latter. If it was the former, Nathans should have realized that their uncorroborated 37 CFR 1.131 declaration was not going to cut it in the interference--and the SAPJ probably would not have given it a break.

#### 2. One's Own Specification Cannot Be 37 CFR 41.202(d) "New Evidence"

##### In re Garner<sup>32</sup>

In re Garner, \_\_\_ F.3d \_\_\_, \_\_\_ USPQ2d \_\_\_ (Fed. Cir. 2007) (opinion by C. J. Moore for panel that also consisted of CJs Radar and Schall), was an appeal from a judgment entered pursuant to a 37 CFR 41.202(d) order to show cause.<sup>33</sup> Garner responded to the order to show cause, inter alia, by relying on the specification of his application in interference and the

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<sup>31</sup> 82 USPQ2d at 1603

<sup>32</sup> The opinion does not explain why this interference opinion has an ex parte style.

<sup>33</sup> 37 CFR 41.202(d) reads as follows:

Requirement to show priority under 35 U.S.C. 102(g). (1) When an applicant has an earliest constructive reduction to practice that is later than the apparent earliest constructive reduction to practice for a patent or published application claiming interfering subject matter, the applicant must show why it would prevail on priority.

(2) If an applicant fails to show priority under paragraph (d)(1) of this section, an administrative patent judge may nevertheless declare an interference to place the applicant under an order to show cause why judgment should not be entered against the applicant on priority. New evidence in support of priority will not be admitted except on a showing of good cause. The Board may authorize the filing of motions to redefine the interfering subject matter or to change the benefit accorded to the parties.

specification of a provisional application from which he claimed priority.<sup>34</sup> However:

The Board found that these three items were “new evidence” that is not permitted under Rule 202(d) without a showing of good cause and that Garner had not attempted to show good cause for his belated reliance. Therefore, the Board issued judgment against Garner.<sup>35</sup>

On appeal, the Federal Circuit reversed, holding that:

Since the specifications were already before the Board in the interference proceeding pursuant to Rule 202(a), they cannot be new evidence under Rule 202(d).<sup>36</sup>

However, the court found that the board’s holding in that regard to be harmless error, since, “Even with the patent specifications in evidence, Garner failed to establish a prima facie showing of priority.”<sup>37</sup> This aspect of the court’s opinion is discussed supra in section IV.B.

#### D. Motions, Oppositions, and Replies

##### 1. Sloppy Drafting is Sometimes Excused--and Sometimes Not

###### Lee v. Dryja

Lee v. Dryja, 81 USPQ2d 1015 (PTOBPAI 2005) (non-precedential) (opinion by APJ Spiegel for a panel that also consisted of APJs Torczon and Lane), involved a motion which the panel described as “hardly a paradigm of procedural perfection”<sup>38</sup> and as “somewhat sloppy.”<sup>39</sup>

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<sup>34</sup> The opinion does not indicate why Garner thought that those two specifications were relevant to the show cause order.

<sup>35</sup> SO at 3, \_\_\_ F.3d at \_\_\_, \_\_\_ USPQ2d at \_\_\_. The third item is discussed supra in § IV.B.

<sup>36</sup> SO at 7, \_\_\_ F.3d at \_\_\_, \_\_\_ USPQ2d at \_\_\_.

<sup>37</sup> SO at 7, \_\_\_ F.3d at \_\_\_, \_\_\_ USPQ2d at \_\_\_.

<sup>38</sup> 81 USPQ2d at 1029.

<sup>39</sup> 81 USPQ2d at 1029.

Lee relied on LeVeen v. Edwards, 57 USPQ2d 1406 PTOBPAI 2001) (expanded panel) (non-precedential), in support of its argument that Dryja's ultimately successful motion<sup>40</sup> should be dismissed because "it...[did] not include a comparative claim chart...."<sup>41</sup> As Lee pointed out, LeVeen stands for the proposition that "failure to comply with the Board's Rules and Standing Order may result in dismissal of the motion...."<sup>42</sup>

In this case, however, the panel applied a "no harm, no foul" rule:

Here, Lee responded to each of Dryja's alleged facts in its statement of material facts (SMF) and arguments. Although Dryja's motion failed to include a claim chart or separate listing of the "Evidence Relied Upon", Dryja's SMFs did discuss the relationship between Lee's '134 patent claims and the disclosures of the applications involved in the '426 interference as well as provide parenthetical references to the exhibits being relied upon in support of its arguments. Dryja's motion presented arguments as to why its asserted facts justified the relief requested in the motion. Lee does not complain that it was unable to determine Dryja's position or that Dryja's motion caused it any actual prejudice. Rather, Lee Opposition 2 (Paper 39) contains both arguments and supporting evidence in rebuttal to Dryja's position.<sup>43</sup>

### Comments

We represented Edwards in LeVeen v. Edwards, and counsel for Lee represented LeVeen. Essentially the same could have been said about the situation there (notably including the fact that "[LeVeen did] not complain that it was unable to determine...[Edwards's] position

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<sup>40</sup> That motion is discussed in Section XIII.A, *infra*.

<sup>41</sup> 81 USPQ2d at 1029.

<sup>42</sup> 81 USPQ2d at 1029. LeVeen involved failure to include a claim chart--although Edwards had submitted equivalent information in a table.

<sup>43</sup> 81 USPQ2d at 1029.

or that...[Edwards's] motion caused it any actual prejudice.”<sup>44</sup> Truly, one of the great mysteries of interference practice is when the board will apply a “no harm/no foul” rule and when it won’t.

## 2. Lists of Proposed Motions Must Be Drawn With Care

### Karim v. Jobson

In Gholz, A Critique of Recent Opinions in Patent Interferences, 89 JPTOS 1 (2007)

§X.E.3, “A Proposed Motions List Must Be Complete, but It Needn’t Be Precise,” I wrote:

Some of the APJs are cracking down vigorously on the tendency of some practitioners to file motions that expand upon the motions listed in their list of proposed motions without obtaining advance authorization to do so.<sup>45</sup>

Karim v. Jobson, 82 USPQ2d 1018 (PTOBPAI 2006) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Torczon and Tierney), is further evidence of this trend.

After the scheduling conference call, Jobson had moved for leave to file two additional substantive motions. In an unusually stinging opinion, the panel turned Jobson down--on two separate and independent grounds.

First, Jobson’s motion was unsupported by evidence (in the form of declarations or documents) supporting various material allegations concerning why the motions in question hadn’t been proposed in Jobson’s list of proposed motion. According to the panel:

Because Jobson did not present any evidence in support of some of its material factual allegations which are legitimately contested by Karim, and since the relief Jobson requests is bottomed on those allegations, it follows that Jobson has failed to present a record

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<sup>44</sup> 81 USPQ2d at 1029

<sup>45</sup> 89 JPTOS at 24.



which would justify the relief it requests.<sup>46</sup>

Second, and more substantively, the allegations contained in the motion were found to be woefully deficient even if they had been proved. Jobson's principal "excuse" for not having listed the two additional motions in its list of proposed motions was that it had not "conducted its first meeting with its technical expert in this proceeding"<sup>47</sup> until after the scheduling conference. That "excuse" clearly infuriated the SAPJ. After setting forth a very helpful (but non-exhaustive) list of eleven factors to be considered in deciding whether or not to grant such motions, the opinion finds that each factor was either neutral or weighed against Jobson. That discussion can be summarized as follows:

A motions list is not an evolving document which can be expanded at the whim of party....<sup>48</sup>

#### Comments

(1) If Jobson's counsel had incorporated his allegations into a declaration which he had signed, he would have avoided denial of his motion on the first ground. However, (1) doing so would most likely have subjected him to embarrassing cross-examination and (2) that cross-examination would most likely have only increased the intensity of the language with which the panel denied the motion on the second ground.

(2) The essential teaching point of this opinion is that you are supposed to have your ducks in a row before the scheduling conference call. That is, if Jobson's counsel had met with his technical expert before the scheduling conference call, he presumably would have learned

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<sup>46</sup> 82 USPQ2d at 1022.

<sup>47</sup> 82 USPQ2d at 1021.

<sup>48</sup> 82 USPQ2d at 1021.

then whatever induced him to try to file the two additional motions. If he had, he could have included those motions in his list of proposed motions.

### 3. But Sometimes They Can Be Changed

#### Papayannopoulou v. Masinovsky

In Papayannopoulou v. Masinovsky, 82 USPQ2d 1147 (PTOBPAI 2006) (non-precedential) (opinion by APJ Tierney for a panel that also consisted of SAPI McKelvey and APJ Torczon), the panel applied the standards set forth in Karim v. Jobson and actually granted a motion to substitute a new motions list!

The Papayannopoulou's patent was assigned to the University of Washington and licensed to Biogen Idec Inc. Papayannopoulou's first two lead counsels were nominated by Biogen; its third lead counsel was nominated by the University. Papayannopoulou's claims read on two things, while Masinovsky's claims read on one thing--which Papayannopoulou alleged was "separately patentable" relative to Papayannopoulou's two things. The APJ originally authorized (1) Papayannopoulou to file (a) motion for judgment of no-interference-in-fact and (b) a motion for judgment that Masinovsky's claims were invalid for lack of written description and/or enablement and (2) Masinovsky to file a motion to deny Papayannopoulou the benefit of the filing date of an earlier filed U.S. application. At that time, Papayannopoulou was represented by one of the lead counsels nominated by Biogen.

The lead counsel nominated by the University sought leave to substitute a list of proposed motions that included only a motion to substitute a new count, which he explained would "limit the Count to the common subject matter sought by the parties..."<sup>49</sup> He also indicated that, if the motion to substitute were granted, he wouldn't file the two motions originally authorized. Judge

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<sup>49</sup> 82 USPQ2d at 1150.

Tierney explained Papayannopoulou's change of position as follows:

The Board is of the understanding that the assignee of Papayannopoulou '438 patent, the University of Washington, believes that its corresponding claims encompass two distinct antibody inventions and was concerned that counsel for the licensee would not take sufficient steps to protect the University of Washington's interest in the antibody that was not the subject of the interference.<sup>50</sup>

Masinovsky opposed Papayannopoulou's motion, arguing that:

allowing Papayannopoulou to file its motion to substitute a count is prejudicial to Masinovsky as Papayannopoulou was able to reformulate its motions list based upon a review of Masinovsky's list.<sup>51</sup>

The panel granted Papayannopoulou's motion. As explained by Judge Tierney:

Unlike Karim's list, Papayannopoulou's revised list of motions simplifies the issues to be decided in this interference. \*\*\* Papayannopoulou's proposed motions raise issues similar to those in its original list while avoiding a debate over whether or not Masinovsky's involved specification provides suitable §112, 1st paragraph written descriptive support and/or enables Masinovsky's involved claims.

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Additionally, the issues raised by Papayannopoulou's proposed motions are similar to those previously raised by Papayannopoulou's authorized motion for no interference-in-fact and by Masinovsky's motion attacking Papayannopoulou's accorded priority benefit. Further, Masinovsky would remain entitled to oppose the motions on their merits. Accordingly, granting Papayannopoulou authorization to file its proposed motions and not those originally authorized does not unduly prejudice Masinovsky.

Finally, and perhaps most interestingly, Judge Tierney offered the following comment on Papayannopoulou's change of count:

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<sup>50</sup> 82 USPQ2d at 1150.

<sup>51</sup> 82 USPQ2d at 1150.

Papayannopoulou has twice changed its designated counsel in this interference. (Paper Nos. 4, 17 and 23). The fact that Papayannopoulou changed its counsel after it had already received authorization from the Board to file its 1) motion for no interference-in-fact, and 2) motion attacking Masinovsky's patentability, did not factor into the analysis of whether Papayannopoulou's revised motions list would be authorized. Specifically, where a party in interference changes counsel, the party remains responsible for the previous acts of its lawyer-agent. *Huston v. Ladner*, 973 F.2d 1564, 1566, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992).

#### Comment

The APJs seem to find that there is much to be said for saving them work.

4. The Rules Do Not Contemplate a Substantive Motion to Add an Application to an Ongoing Interference Until After the Completion of Examination of that Application

#### Li v. Singer

Li v. Singer, 82 USPQ2d 1196 (PTOBPAI 2006) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), was an interference between two Li applications and a Singer patent and a Singer application. Singer sought authorization to file a motion to add two more Li applications to the interference. Since there is no indication that Singer sought authorization to add or substitute a different count, apparently Singer wanted to have all of the claims in those two applications designated as corresponding to the existing count.

The SAPJ refused to authorize the motion:

65....[N]otwithstanding any [sic; the?] board discussion in authorizing motions in Interference 105,384 involving the same parties, the rules do not contemplate a substantive motion to add either a patent or an application to an ongoing interference.

66. Rather, a party may suggest [to an examiner] that an interference exists between (1) an involved patent or application and another application or (2) involved applications and a non-involved patent.

67. The two Li applications which Singer seeks to add to this interference are said to relate to compositions of matter -- pharmaceutical compositions.

68. At the present time, the applications do not appear to have allowable claims.

69. The suggestion to add the applications is not ripe at this time given that they are said not to have allowable claims.

70. In the event that claims in one or both of the Li applications becomes allowable, the examiner would be free to recommend to the board that an additional interference be declared.<sup>52</sup>

### Comments

The fact that there were already two Li applications involved in the interference makes it clear that the problem was not that there cannot be a plurality of one party's application involved in an interference. Moreover, 37 CFR 41.203(d) specifically says "A party may suggest the addition of a patent or application to the interference...." Rather, the problem was that the other two applications were not in condition for allowance but for the existence of the interference. Accordingly, addition of those two applications to the interference might have involved the SAPJ in determining patentability issues that had not been determined ex parte. Cf. SO ¶102, "Completion of examination," which reads as follows:

In most cases the public interest is best served by completion of examination before any contested case is initiated. Exceptions may occur on a case-by-case basis, but the Board may then require parties to address such issues. For example, an applicant might be required to cancel and refile claims that do not correspond to an interference count because such claims are not entitled to a patent term adjustment.

The foregoing suggests that the SAPJ's assertion that "the rules do not contemplate a substantive motion to add...an application to an ongoing interference" is overbroad. If those

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<sup>52</sup> 82 USPQ2d at 1201.

other two Li applications had been in condition for allowance but for the interference, 37 CFR 41.102(d) would have made Singer's proposed motion "contemplate[d]" by the rules.

So what will happen if the examiner later finds the other two Li applications to be allowable but for the interference -- including allowable over any interference estoppel arising from the interference and any 102(g) prior art established in the interference? Presumably another interference will be declared. However, if Singer was right (or even had a plausible argument) that the subject matter defined by the claims of those two applications (as those claims then read) was not patentably distinct from the subject matter defined by the count, the sensible thing for the examiner(s) to do would be to stay prosecution of those two applications pending the outcome of the interference.

#### 5. Patentability Over the Prior Art Is Not a Threshold Issue

##### Short v. Punnonen

In Short v. Punnonen, 82 USPQ2d 1382 (PTOBPAI 2006) (non-precedential) (APJ Torczon, not joined by any other APJ), Short argued:

that Punnonen's sole claim is unpatentable to Punnonen, that a patentable claim is a threshold requirement for an interference-in-fact, and that a decision on its request for rehearing on the question of Punnonen's patentability would lead to the interference being dissolved.<sup>53</sup>

In response, APJ Torczon pointed out several problems with Short's argument:

First:

Interferences have not been dissolved for two decades. Interferences declared since 1985 must terminate in a judgment on the merits. *Cf. Davis v. Uke*, 27 USPQ2d 1180, 1182 n.4 (Comm'r Pats. 1993) (explaining that the rules now require a judgment). Moreover, even before 1985, the Board's predecessor in

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<sup>53</sup> 82 USPQ2d at 1383; footnote omitted.

interference jurisdiction did not have the power to dissolve an interference. *Nitz v. Ehrenreich*, 537 F.2d 539, 543, 190 USPQ 413, 417 (CCPA 1976).<sup>54</sup>

Second, Short had cited “[n]o authority...for any of...[the] propositions [in its arguments]”.<sup>55</sup>

Third:

with respect to the patentability of Punnonen's claim, the Board has already decided the issue of the patentability of Punnonen's claim and has held that Short had failed to prove the claim to be unpatentable. While it is true that Short has requested rehearing of this decision, it is also true that at present Punnonen's claim must be treated as patentable for all present procedural purposes.<sup>56</sup>

Fourth, and most importantly, patentability over the prior art, generally speaking, is not a threshold issue:

there is scant authority for the proposition that any patentability question by itself is a threshold issue. The Board rules only expressly identify three issues as threshold issues, only two of which relate to patentability. In both cases, the threshold issue is defined more narrowly than a general rejection. Bd.R. 201, “Threshold issue” (2) (barred under 35 U.S.C. 135(b) *over the movant's patent or published application rather than just any patent or published application*) and (3) (unpatentable under 35 U.S.C. 112(1) *for an involved application claim that was or could have been entered to suggest an interference* rather than just any claim). Consequently, the implication of the rules is that it takes more than mere unpatentability to establish a threshold issue.

It is instructive to review *Perkins v. Kwon*, 886 F.2d 325, 12 USPQ2d 1308 (Fed. Cir. 1989), in this context. In *Perkins*, the court provided a policy rationale that “it would contradict the remedial purpose of the legislation if the Board could refuse to decide questions of patentability for which there had been adduced an appropriate record[.]”<sup>3</sup> 886 F.2d at 328, 12 USPQ2d at 1311.

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<sup>54</sup> 82 USPQ2d at 1383 n. 2.

<sup>55</sup> 82 USPQ2d at 1383.

<sup>56</sup> 82 USPQ2d at 1383.

The court continued, however, “It would similarly contradict the legislative purpose if the Board were to refrain from deciding priority, when the result of such restraint would be the issuance or preservation of a facially invalid patent.” 886 F.2d at 328, 12 USPQ2d at 1311. Significantly, the court affirmed the decision of unpatentability as to Kwon without vacating the priority decision entered against Perkins. Thus, both the relevant rules and the case law contradict Short's proposition that a decision of unpatentability under 35 U.S.C. 102 or 103 necessarily moots the priority contest. It would be entirely possible for the Board to determine that Short loses on priority even if Punnonen loses on patentability.

Short's submission shows considerable confusion about the procedural posture of the case. Rather than have Short lose immediately on the basis of this confusion, it is in the interest of justice to grant Short a very limited reprieve. Short will have a week to address its obligation to file a priority motion. If it fails to do so properly, the failure will be construed as an abandonment of contest under Bd.R. 127(b).<sup>[57]</sup>

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<sup>3</sup>As previously noted, there is a Board decision on the unpatentability of Punnonen's claim that, unless and until overturned, is the only basis for proceeding.

### Comment

A review of the file shows that (1) judgment was entered against Short, but (2) the examiner was expressly instructed to reconsider the allowability of Punnonen's claim during post-interference ex parte prosecution on the basis advanced in Short's request for reconsideration. As of the date of this writing (07 May 07), the Punnonen application was still involved in post-interference ex parte prosecution.

#### 6. An Interference Will Not Be “Dismissed” Because of Common Ownership

##### De Simone v. Cavaliere Vesely

In De Simone v. Cavaliere Vesely, 83 USPQ2d 1063 (PTOBPAI 2006) (non-

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<sup>57</sup> 82 USPQ2d at 1383-84.



precedential) (APJ Lane, not joined by any other APJ), Claudio De Simone was both the junior party and one of the named inventors on the senior party's application. Moreover, both applications in interference were (eventually) assigned to the same entity. De Simone (i.e., the junior party) filed a motion asking that "the interference be dismissed and each of the applications be sent to the respective Examiner to proceed with the examination on the merits."<sup>58</sup>

No soap. As explained by APJ Lane:

Where conflicting claims exist in two pending applications and, as here, it does not appear that the applications were commonly assigned at the time the later invention was made, the applicant will be required to indicate which inventor is the prior inventor. 37 CFR §1.78(c). Thus, in the present circumstances, it is not appropriate to dismiss the interference since priority has not been determined. An indication from the common owner as to which inventor or inventors were prior, i.e., that of the 10/174,779 application or those of the 09/796,432 application is required.<sup>59</sup>

#### Comment

I'll bet that there was an interesting story behind this one! There usually is in A v. B + A interferences.

#### 7. Ignorance of the Rules Is No Excuse

##### Edelman v. Stomp

Edelman v. Stomp, 83 USPQ2d 1200 (PTOBPAI 2006) (non-precedential) (APJ Lane for a panel that also consisted of APJs Delmendo and Moore), is a weird one. During a conference call with the APJ, "The parties indicated that no preliminary motions would be filed."<sup>60</sup> However, the parties agreed "to exchange proofs and[,] within six months, determine who among

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<sup>58</sup> 83 USPQ2d at 1064.

<sup>59</sup> 83 USPQ2d at 1064.

<sup>60</sup> 83 USPQ2d 1202.

[sic; between] them was the prior inventor and request adverse judgment accordingly.”<sup>61</sup> The APJ accordingly entered a scheduling order setting only time period 18--the end of the priority/derivation/inventorship phase of the interference. That date passed. After it had passed,<sup>62</sup> “the parties informed the APJ that they had agreed to substitute a count for Count 1 and that Edelman planned to file a request for adverse judgment as to the substitute count.”<sup>63</sup> Not surprisingly, “The parties were informed by the APJ that the count could be modified by order of the Board only and not by agreement of the parties.”<sup>64</sup> Edelman then sought (and obtained) permission to file a belated motion to accomplish the agreed upon result. Its excuse for the belatedness of that motion was that, “The parties...did not understand that they would be unable to modify the count by agreement of the parties.”<sup>65</sup>

Edelman’s belated motion to substitute a different count was granted, so the belatedness of the motion apparently did Edelman no harm. However, before considering the merits of the motion, the panel commented on Edelman’s excuse for the belatedness of its motion as follows:

This “excuse” does not weigh heavily in the parties’ favor.

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<sup>61</sup> 83 USPQ2d 1202.

<sup>62</sup> According the counsel for Edelman, shortly before that date passed, counsel had a telephone conference with the APJ and, while she ruled at that time that Edelman couldn’t file the motion, she agreed (a) to extend time period 18 to the following Monday and (b) to another telephone conference on that Monday. It was during that telephone conference that she agreed to permit Edelman to file the motion.

<sup>63</sup> 83 USPQ2d 1202.

<sup>64</sup> 83 USPQ2d 1202.

<sup>65</sup> 83 USPQ2d 1202-03.

Ignorance of Board procedure is not, on its own, sufficient reason to allow the belated filing of a motion.<sup>66</sup>

It explained that APJ Lane had authorized the belated filing of the motion because (presumably, only because):

(1) Stomp did not indicate that it would be prejudiced by the authorization of belated Motion 1, (2) Stomp does not oppose Motion 1 but instead concurs with it, and (3) the pendency before the Board will not exceed two years even given the authorization of the belated filing of Motion 1. It is also noted that Edelman has agreed to adverse judgment regardless of the decision on its belated motion.<sup>67</sup>

#### Comment

Judge Lane was merciful. One cannot assume that all of her colleagues would be equally merciful.

#### 8. Joint Motions Are Not Necessarily Granted

##### Johnson & Johnson Consumer France SAS v. Indena S.P.A.

GN v. SW, 57 USPQ2d 1073 (PTOBPAI 2000) (expanded panel), discussed in Gholz, A Critique of Recent Opinions in Patent Interferences, 84 JPTOS 163 (2002) at § X.B., stands for the proposition that unopposed motions are not necessarily granted. Well, Johnson & Johnson Consumer France SAS v. Indena S.P.A., 84 USPQ2d 1925 (PTOBPAI 2006) (non-precedential) (opinion by APJ Schafer, not joined by any other APJ), stands for the proposition that neither are joint motions.

The parties moved jointly to substitute a broader count. They supported that motion with the declaration of an expert witness who said that he was “not aware of any publications or

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<sup>66</sup> 83 USPQ2d 1206.

<sup>67</sup> 83 USPQ2d 1206; footnote omitted.

patents prior to 1999 disclosing or suggesting...[the invention].”<sup>68</sup>

The parties’ problem was that the examiner had rejected a similar claim in one of the party’s application during the pre-interference prosecution on references that the expert witness did not address. Consequently, the joint motion was denied.

### Comment

The APJs have a duty to the public which transcends the desires of the parties. Hence, they will not necessarily grant relief even if that relief is desired by both or all parties.

#### E. Deposition Mechanics

Nothing interesting this year.

#### F. Burdens of Proof

1. A Party That Puts On a Priority Case May Have the Burden of Proving That it Has its Inventorship Right

#### Li v. Singer

In Li v. Singer, 82 USPQ2d 1196 (PTOBPAI 2006) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), the party Li consisted of three individuals. Singer sought authorization to file a motion alleging unpatentability under 35 USC 102(f) on the ground that Li had named the wrong people as inventors. The SAPJ did not authorize the filing of that motion during the first phase of the interference, but he stated that:

58. During the priority phase, Li will have to establish conception, i.e., who made the invention defined by the count.

59. If Li fails to prove a conception by all three named inventors, it might not succeed on the issue of priority.

60. Moreover and depending on the facts, if it were to turn out

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<sup>68</sup> 84 USPQ2d at 1926.

during the course of preparing and presenting its priority case that Li determines that the wrong inventors were named and provided there was no deceptive intent, Li might be authorized to file a motion to correct inventorship. 37 CFR §41.121(a)(3) & (c)(2) (2005).

61. The inventorship issue under 35 U.S.C. §102(f) and priority are intertwined and are best handled together during the priority phase.

62. The motion is not authorized at this time.<sup>69</sup>

### Comment

If this really means that a party that puts on a priority case has the burden of proving that it has its inventorship is right, that would be a major change in practice. Historically, the presumption that an interferent (whether a patentee or an applicant) has its inventorship has placed a heavy burden on the party's opponent to prove that the inventorship was incorrect -- a burden that has been virtually impossible to carry in the absence of real discovery.

#### G. Evidentiary Issues

##### 1. You Gotta Have an Expert -- Take Three

##### Brand v. Miller<sup>70</sup>

This is the third time that I've used this subtitle.<sup>71</sup> Brand v. Miller, 487 F.3d 862, 82 USPQ2d 1705 (Fed. Cir. 2007) (opinion by C.J. Dyk for a panel that also consisted of Ch.C.J. Michel and S.C.J. Archer), presents an interesting variation on the theme.

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<sup>69</sup> 82 USPQ2d at 1200.

<sup>70</sup> My colleague Robert C. Nissen and I represented Miller in an unsuccessful petition for certiorari.

<sup>71</sup> See Gholz, A Critique of Recent Opinions in Patent Interferences, 88 JPTOS 217, 305 (2006)

§§ X.G.2. and 3.

It used to be that, if you didn't have an expert, sometimes the APJs would bail you out. After all, 35 USC 6(a) says that "The administrative patent judges should be persons of competent legal knowledge and scientific ability...."

No more. In this opinion, the Federal Circuit held that, at least in an inter partes case, the APJs cannot use their "scientific ability" to supplement a deficient record:

We hold that the Board impermissibly relied on its own expertise in determining the question of derivation and that the Board's conclusion is not supported by substantial record evidence. We therefore reverse and remand for further proceedings consistent with this opinion.<sup>72</sup>

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In In re Gartside, 203 F.3d 1305 (Fed. Cir. 2000)...[w]e concluded that findings of fact by the Board must in all cases be supported by substantial evidence of record.<sup>73</sup>

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The fact that section 706 of the APA requires that the Board's decision be reviewed on the record does not directly answer the question whether the Board's decisions may be based on the Board's substantive expertise reflected in the record. However, in a contested proceeding involving "resolution of conflicting private claims to a valuable privilege," it is particularly important that the agency's decision on issues of fact be limited to the written record made before the agency.<sup>74</sup>

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The[ ] detailed regulations governing contested cases highlight the Board's role in such cases as an impartial adjudicator of an adversarial dispute between two parties.

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<sup>72</sup> 487 F.3d at 864, 82 USPQ2d at 1706.

<sup>73</sup> 487 F.3d at 867-68, 82 USPQ2d at 1708-09.

<sup>74</sup> 487 F.3d at 868, 82 USPQ2d at 1709, citing Sangamon Valley Television Corp. v. United States, 269 F.2d 221, 224 (D.C.Cir. 1959).

We therefore hold that, in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record, although the Board's expertise appropriately plays a role in interpreting record evidence.<sup>75</sup>

#### Comments

(1) The court carefully noted that “We do not—and need not—decide here the extent to which the Board in ex parte proceedings is so limited.”<sup>76</sup> In light of the Supreme Court's opinion in KSR International Co. v. Teleflex Inc., \_\_\_ U.S. \_\_\_, 127 S. Ct. 1727, 82 USPQ2d 1385 (2007), it seems likely that the Board will not be “so limited” in ex parte proceedings.

(2) Interestingly, the Board not only “base[d] its factual findings on its [own] expertise,”<sup>77</sup> it relied on its own expertise to find “unconvincing” the declaration of Brand's expert witness.<sup>78</sup>

(3) The court's decision may have been based on a failure of proof. That is, there is nothing in the board's opinion that couldn't have been in an expert's declaration. However, it is also possible that Miller's problem was that it could not find a suitable expert who was willing to say what the APJs said.

(4) Counsel for Brand opined (in an email to me) that:

Brand v. Miller says the Board cannot (in inter partes cases) elevate its own opinion over expert evidence of record. This does not mean that APJs can only hold a claim unpatentable on the basis of the testimony of an expert witness, especially when there is no expert evidence of record.

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<sup>75</sup> 487 F.3d at 869, 82 USPQ2d at 1710.

<sup>76</sup> 487 F.3d at 869, 82 USPQ2d at 1710.

<sup>77</sup> 487 F.3d at 869, 82 USPQ2d at 1710.

<sup>78</sup> 487 F.3d at 869, 82 USPQ2d at 1708.

I'm not convinced. Miller submitted no expert testimony, Brand did, the Board didn't buy Brand's expert's testimony and it held for Miller, and the court reversed--using language that emphasizes Miller's lack of evidence, not the fact that the Board discounted Brand's evidence.

2. You Must Explain Your Exhibits

Nathans v. Greene

Nathans v. Greene, 82 USPQ2d 1600 (PTOBPAI 2006) (non-precedential) (SAPJ McKelvey, not joined by any other APJ), reiterates the well established (but often ignored) rule that:

Laboratory notebooks and exhibits not explained by a witness generally do not provide a basis upon which the board may make the necessary findings and reach conclusions relating to conception, diligence and actual reduction to practice. Cf. (1) *Chandler v. Mock*, 150 F.2d 563, 66 USPQ 209 (CCPA 1945) (records standing alone were held to be meaningless); (2) *Triplett v. Steinmayer*, 129 F.2d 869, 54 USPQ 409 (CCPA 1942); (3) *Smith v. Bousquet*, 111 F.2d 157, 45 USPQ 347 (CCPA 1940) (unexplained tests in stipulated testimony are entitled to little weight); (4) *Popoff v. Orchin*, 144 USPQ 762 (Bd. Pat. Int. 1963) (unexplained experimental data should not be considered). See also *In re Borkowski*, 505 F.2d 713, 184 USPQ 29 (CCPA 1974) (involving Rule 131 affidavits).<sup>79</sup>

What makes the opinion interesting is the SAPJ's explanation of the reason for this rule:

Nathans is advised that the board is not sufficiently versed in the subject matter to (1) conduct an independent review of the exhibits and (2) verify one way or the other whether Exhibit 1 shows what it is said to show.<sup>80</sup>

Comment

The SAPJ's modesty is remarkable.

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<sup>79</sup> 82 USPQ2d at 1602.

<sup>80</sup> 82 USPQ2d at 1602.



3. There is Nothing Inherently Wrong With Relying on Ex Parte Experiments

Li v. Singer

In Li v. Singer, 83 USPQ2d 1059 (PTOBPAI 2006) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Moore), Singer relied on a declaration concerning the results of an ex parte experiment. Li “call[ed] attention to the fact that the Perlman experimentation took place ex parte,”<sup>81</sup> but it apparently did not object to the admissibility of the declaration. Nevertheless, the panel went out of its way to say that:

there is nothing inherently wrong with an ex parte experiment provided there is an opportunity for cross-examination (which took place in this case) and an opponent has a fair opportunity to itself repeat the experiment through its own witness (which Li could have done or perhaps has done).<sup>82</sup>

Comment

While it is true that there is nothing inherently wrong with relying on ex parte experiments, it is my belief that relying on inter partes experiments (particularly if videotaped) is more persuasive.

4. If One Believes That a 37 CFR 41.154(b) Translation Is Not Accurate, One Can Cross-Examine the Translator

Hiroya v. Rosen

In Hiroya v. Rosen, 83 USPQ2d 1126 (PTOBPAI 2006) (non-precedential) (opinion by APJ Lee not joined by any other APJ), Hiroya had filed a motion for the benefit of the filing date of its Japanese language priority application but failed to accompany that motion with either a 37 CFR 41.154(b) translation of its priority application or “an affidavit attesting to the accuracy of

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<sup>81</sup> 83 USPQ2d at 1061.

<sup>82</sup> 83 USPQ2d at 1061.

the translation” as required by 37 CFR 41.154(b). When Rosen complained, APJ Lee ruled that Hiroya’s “non-compliance was not yet prejudicial to party Rosen,”<sup>83</sup> ordered Rosen to file and serve its translation that very day, and ordered it to “‘follow up’ with service of the required affidavit attesting to the accuracy of the translation.”<sup>84</sup> Surprisingly, APJ Lee did not set a date by which the affidavit had to be filed.

Hiroya filed and served its translation that day as ordered, but it did not file and serve its affidavit attesting to the accuracy of the translation until the date (eighty-nine days later) that it filed its reply to Rosen’s opposition to its motion. At that point, APJ Lee ruled that Rosen had been prejudiced by Hiroya’s non-compliance because:

Rosen reasonably could have decided to not obtain its own translation of the Japanese priority application given that Hiroya did not provide an affidavit attesting to the accuracy of the translation relied on by Hiroya[,] and the existence of facially apparent discrepancies, if any, between the Japanese priority application and the purported translation.<sup>85</sup>

More importantly for future reference, he stated that:

Had Hiroya promptly provided the verifying affidavit, Rosen could have chosen to cross-examine the affiant, as it was within Rosen's fight [sic; right] to do.<sup>86</sup>

#### Comment

Given the way that many commercial translation services handle 37 CFR 41.154(b) affidavits, cross-examining the affiant could prove very entertaining. In particular, it is my

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<sup>83</sup> 83 USPQ2d 1127.

<sup>84</sup> 83 USPQ2d 1127.

<sup>85</sup> 83 USPQ2d 1128.

<sup>86</sup> 83 USPQ2d 1128.

understanding that the affiant is often either a supervisor or a mere clerk and, in any event, not the individual who actually did the translation.

#### H. Discovery

1. When Does Reliance on the Attorney Client Privilege Waive the Attorney Client Privilege?

Ginter v. Benson<sup>87</sup>

Since I already wrote up Ginter v. Benson, 81 USPQ2d 1342 (PTOBPAI 2005) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Lee and Moore), in an article published in 13 Intellectual Property Today No. 4 at page 24 (2006), and since a copy of that article is available on Oblon, Spivak, McClelland, Maier & Neustadt's web site, I will not repeat here what I wrote there.

2. A Motion for "Additional Discovery" Must Provide a Detailed Showing of Why the Discovery Is Needed

Human Genome Sciences Inc. v. Immunex Corp.

It is, unfortunately, bedrock interference law that, as stated in Human Genome Sciences Inc. v. Immunex Corp., 82 USPQ2d 1597, 1599 (PTOBPAI 2006) (non-precedential) (opinion by APJ Lee for a panel that also consisted of APJs Schafer and Moore):

In an interference proceeding, the broad discovery permitted under the Federal Rules of Civil Procedure does not apply.<sup>88</sup>

Judge Lee explained the board's refusal to adopt the discovery practice of the district courts under the Federal Rules of Civil Procedure as follow:

Patent judges conduct interferences according to the policy set forth in 37 CFR §41.1(b) concerning how proceedings before the

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<sup>87</sup> My colleagues Michael Casey, Todd Baker, Ken Wilcox, and I represented Benson.

<sup>88</sup> 82 USPQ2d at 1599. See, e.g., Asari v. Zilges, 8 USPQ2d 1117, 1120 (PTOBPAI 1989).

Board of Patent Appeals and Interferences should be conducted: “Construction. The provisions of Part 41 shall be construed to secure the just, speedy, and inexpensive resolution of every proceeding before the board.” Also, 37 CFR §41.200 provides that patent interferences shall be administered such that pendency before the board is normally no more than two years.<sup>89</sup>

He continued with some surprisingly harsh criticism of Human Genome:

It is crucial for the party seeking discovery to adequately explain the circumstances giving rise to the alleged need so the board can evaluate and assess the extent of the need and balance it against all competing interests. Per 37 CFR §41.150(c), a party requesting additional discovery must show that the requested discovery is “in the interest of justice.” Here, party Ni’s motion is so lacking in details of facts giving rise to the alleged need that we cannot conclude that granting the requested discovery would be in the interest of justice.<sup>90</sup>

#### Comments

(1) In language very similar to that of 37 CFR 41.1(b), FRCP 1 provides that “These rules... shall be construed and administered to secure the just, speedy, and inexpensive determination of every action.” Many Article III judges might take umbrage at the implicit suggestion that they are not attempting “to secure the just, speedy, and inexpensive resolution of every proceeding before...[them].” In fact, some might contend that, not only is “the broad discovery permitted under the Federal Rules of Civil Procedure” intended to secure the just resolution of the proceedings before them, but that, in practice, it actually does more often secure the just resolutions of the proceedings before them than does the board’s limited discovery.

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<sup>89</sup> 82 USPQ2d at 1599.

<sup>90</sup> 82 USPQ2d at 1599. Judge Lee followed this blanket assertion with a long list of rhetorical questions which he indicated that Human Genome should have anticipated and answered in its motion.

That is, the board could secure the speedy and inexpensive resolution of every proceeding before it by flipping coins. However, I think that it is also important to try to secure the just resolution of every interference -- and that having real discovery would help in serving that goal.

(2) I have often voiced similar criticisms of the board's discovery rules in the past. See, e.g., Gholz, Patent Interferences -- Big Ticket Litigation With No Effective Discovery, 4 Intellectual Property Today No. 9 at page 10 (1997); Gholz, Why Are 35 USC 146 Actions Becoming So Popular?, 5 Intellectual Property Today No. 9 at page 6 (1998); and Gholz, Why 35 USC 146 Practice Should Boom, 7 Intellectual Property Today No. 12 at page 48 (2000).

I. Settlement

Nothing interesting this year.

J. Riding to the End of the Line

Nothing interesting this year.

K. Arbitration

1. The Board is Not Bound by an Arbitrator's Decision on Questions of Patentability

Lee v. Dryja

The parties to Lee v. Dryja, 81 USPQ2d 1015 (PTOBPAI 2005) (non-precedential) (opinion by APJ Spiegel for a panel that also consisted of APJs Torczon and Lane), had arbitrated a prior, related interference. In this interference, Lee attempted to rely on a statement (apparently not a holding) by the arbitrator that suggested that the arbitrator was of the opinion the Dryja could not support any claim corresponding to the subject matter of this interference. The panel rejected that argument on several grounds, including:

First, the Board is not bound by the arbitrator's decision on, and may independently determine, questions of patentability. 37 CFR

§41.126(a) (formerly Rule 690(d)). Therefore, the Board is not bound by the '426 interference arbitrator's opinion that the Dryja '290 application could not support a claim directed to subject matter comprising ...[the subject matter of this interference].<sup>91</sup>

### Comment

For many reasons, the arbitration of interferences is very rare. The fact that the board is not bound by an arbitrator's resolution of a question of patentability is only one of those reasons.

## 2. How Useful Is Arbitration?

### Pevarello v. Lan

In Pevarello v. Lan, 82 USPQ2d 1863 (PTOBPAI 2006) (non-precedential) (opinion by APJ Tierney, not joined by any other APJ), Judge Tierney again made it clear that the answer to the question in the title of this subsection is "Not very."

The parties were considering "binding arbitration on the issue of the priority of invention."<sup>92</sup> However, Pevarello indicated that, even if the parties agreed to arbitrate priority, it might file "motions to change the scope of the interference as well as motions attacking Lan's patentability."<sup>93</sup> The former, of course, raised the question, "Binding arbitration of priority as to what, exactly?"

According to Judge Tierney:

On patentability, the Board does not object to an arbitrator's determination that a party's claim is unpatentable since a party can always agree to cancel or disclaim. Yet, a decision that a claim is not unpatentable cannot be delegated. Specifically, the parties are free to arbitrate patentability, but the Board may determine that a claim is nevertheless unpatentable regardless of what the parties

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<sup>91</sup> 81 USPQ2d 1033-34.

<sup>92</sup> 82 USPQ2d at 1863.

<sup>93</sup> 82 USPQ2d at 1864.

determine.

Pevarello is authorized to file a motion to substitute a new broader count and a motion to add a second count. (Order, Paper No. 25). The scope of the interference goes to the heart of the Director's discretion exercised in declaring the interference. Specifically, 35 U.S.C. 135(a) explicitly provides that an interference may be declared when in the opinion of the Director of the USPTO an application interferes with a pending application or an unexpired patent. Allowing an arbitrator to determine the scope of the interference removes the discretion from the Director and places it in the hands of the arbitrator as the arbitrator would be responsible for determining whether or not claims of a pending application interfered with another application or unexpired patent. Thus, while 35 U.S.C. 135(d) allows an arbitrator to determine "such contest," the contest that an arbitrator may decide is the contest that the Director has set forth. Accordingly, a decision by an arbitrator deciding Pevarello's motions to change the scope of the interference would not be binding on this Board.<sup>94</sup>

#### Comment

So, why would a party ever agree to arbitrate the patentability of its claims? If it wins the arbitration, the board may say that its claims are unpatentable anyway. Judge Tierney didn't even say that the arbitrator's decision would be entitled to consideration, much less a presumption of correctness or dispositive force.

And the same with the scope of the interference. If only the board (as the delegee of the Director) can decide that, why go to the expense of arbitrating the issue in the first place?

#### XI. PATENTABILITY ISSUES ARISING IN AN INTERFERENCE CONTEXT

##### A. Can the Filing Date of a Provisional Application Be Relied On As a 35 USC 102(e) Date?

Human Genome Sciences Inc. v. Immunex Corp.

It is black letter law that a patent that matured from a CIP application is entitled to the

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<sup>94</sup> 82 USPQ2d at 1864.

benefit of the filing date of the parent application for 35 USC 102(e) purposes if (1) the subject matter claimed in the patent was disclosed in the parent application and (2) the disclosure in the parent application relied upon for priority purposes was carried forward into the patent. See, e.g., In re Wertheim, 646 F.2d 527, 539, 209 USPQ 554, 565-66 (CCPA 1981) (Rich, J.).

Moreover, 35 USC 111(b)(8) provides that:

The provisions of this title relating to applications for patent shall apply to provisional applications for patent, except as otherwise provided, and except that provisional applications for patent shall not be subject to sections 115, 131, 135, and 157 of this title.

Thus, one might think that a patent that claims the benefit of the filing date of a provisional application would be entitled to the benefit of the filing date of the provisional application for 35 USC 102(e) purposes if (1) the subject matter claimed in the patent was disclosed in the provisional application and (2) the disclosure in the provisional application relied upon for priority purposes was carried forward into the patent. However, Human Genome Sciences Inc. v. Immunex Corp., 83 USPQ2d 1286 (PTOBPAI 2006) (non-precedential) (opinion by APJ Schafer for a panel that also consisted of APJs Pate and Lane), suggests that that is not so.

The panel first noted that, in Werthiem “The CCPA specifically concluded that the invention claimed in the reference patent must be disclosed in the parent application.”<sup>95</sup> It then noted that, “In reaching this conclusion, the CCPA applied the logic of *Alexander Milburn Co. v. Davis-Bournonville Co.*, 270 U.S. 390 (1926) that ‘the delays of the Patent Office ought not to cut down the effect of what has been done’.”<sup>96</sup> Finally, it reasoned that:

applying the Milburn delay theory, we do not see how the filing date of the provisional application can be accorded to the 568 patent as its §102(e) date. The time a provisional application is

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<sup>95</sup> 83 USPQ2d 1287.

<sup>96</sup> 83 USPQ2d 1287.



pending is not a delay which can be attributed to the PTO. It was HGS' decision to file a provisional application rather than a non-provisional application. As noted by HGS, a provisional application may not issue as a patent. In filing the provisional application rather than a non-provisional application, HGS did not do everything it could have done to make the invention public. *See, Milburn*, 270 U.S. at 401. Thus, there was no delay in issuance attributable to the PTO's processing of the provisional application.<sup>97</sup>

#### Comment

The quoted statement was at least an alternative holding and was probably pure dictum, since the panel “held that HGS’s motion had not demonstrated that either [Wertheim] requirement was met.”<sup>98</sup> However, the panel’s musing at least invites presentation of that theory in subsequent cases.<sup>99</sup>

- B. A Foreign Application May Only Form the Basis for 35 USC 119 Priority if That Application Was Filed By Either the U.S. Applicant or by Someone Acting on the U.S. Applicant’s Behalf at the Time That the Foreign Application Was Filed

#### Boston Scientific Scimed Inc. v. Medtronic Vascular Inc.

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

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<sup>97</sup> 83 USPQ2d 1288.

<sup>98</sup> 83 USPQ2d 1287; emphasis supplied.

<sup>99</sup> Indeed, we may see that theory relied upon in infringement litigation--or even by examiners in making ex parte rejections!

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."<sup>100</sup>

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."<sup>101</sup>

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

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<sup>100</sup> 497 F. 3d at 1296, 83 USPQ2d at 1670.

<sup>101</sup> 497 F. 3d at 1296, 83 USPQ2d at 1670.

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.”<sup>102</sup> 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.”<sup>103</sup>

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.<sup>104</sup>

#### Comments

(1) I can’t believe that there wasn’t “a nexus...between...[Cragg] and ...[MinTec] at the time the...[European] application[s] w[ere] filed”! However, in a portion of the opinion discussed *infra* in §XII.D., the Federal Circuit affirmed the district court’s refusal to permit Scimed to “present[] evidence relating to theories of constructive trust and equitable assignment”<sup>105</sup> on the ground that Scimed (or its predecessor in interest) had not argued those theories to the board.

(2) This case is not important only in interferences. In countries where assignee filing is

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<sup>102</sup> 497 F. 3d at 1297, 83 USPQ2d at 1671; interpolation by the court; internal quotation marks omitted.

<sup>103</sup> 497 F. 3d at 1297, 83 USPQ2d at 1671.

<sup>104</sup> 497 F. 3d at 1297, 83 USPQ2d at 1671.

<sup>105</sup> 497 F. 3d at 1298, 83 USPQ2d at 1672.

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!

## XII. COURT REVIEW OF DECISIONS IN INTERFERENCES

### A. A State's Provoking an Interference Waives Its Eleventh Amendment Immunity in a Subsequent 35 USC 146 Action

Vas-Cath Inc. v. University of Missouri

In Vas-Cath Inc. v. University of Missouri, 473 F. 3d 1376, 81 USPQ2d 1524 (opinion by C.J. Newman for a panel that also consisted of C.J.'s Lourie and Rader), the court held that a state university's provoking and participating in the administrative phase of an interference waives its Eleventh Amendment immunity in a subsequent 35 USC 146 action.<sup>106</sup> According to the opinion:

It has long been recognized that a state's voluntary entry into federal court serves to waive state immunity from federal adjudication of that claim. \*\*\*. The University here invoked the statutory system of agency adjudication of a contested claim to patent property. Unlike the situation in [*Florida Prepaid Postsecondary Education Expense Bd. v. College Savings Bank*, 527 U.S. [627] at 685, this is not “a suit by an individual against an unconsenting State,” but review of an agency adjudication to which the state consented in full adversary proceedings including testimony of state employees and evidence of state documents. In

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<sup>106</sup> Oddly, the opinion repeatedly refers to the 35 USC 146 action as an “appeal.” However, appeals from decisions in the administrative phase of patent interferences are to the Federal Circuit under 35 USC 141. As always, appeals are on the record below. In contrast, 35 USC 146 actions are quasi-de novo civil actions, usually involving (and always potentially involving) the submission of additional evidence.

*New Hampshire v. Ramsey*, 366 F.3d 1 (1st Cir. 2004) the court held that when the state voluntarily participated in a federal administrative forum whose action would be reviewed in federal court, the state waived its immunity from that federal court review. In *Ramsey* the court found waiver because the state gained advantage from its voluntary participation in the federal administrative forum. *Id.* at 16. We agree that this result, applied to the factual situation now presented, is within constitutional principles.<sup>107</sup>

### Comment

In this case, the state university had provoked the interference and had fought vigorously during the administrative phase of the interference. But what if Vas-Cath had provoked the interference or an APJ had declared the interference on the sua sponte recommendation of an examiner, and what if the University had not participated in the administrative phase, but judgment had been entered against Vas-Cath anyway?<sup>108</sup> The court's repeated references to the facts that the University had picked the fight and that it had participated vigorously in the proceedings below at least suggests that both of these are open questions.

#### B. Appellate Review of the Board's Findings of Fact is VERY Limited

##### Mukherjee v. Chu<sup>109</sup>

It is worth reminding ourselves that the Federal Circuit's appellate review of the board's findings of facts is very limited. As the court said in Mukherjee v. Chu, 217 Fed. Appx. 971,

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<sup>107</sup> 473 F.3d at 1383, 81 USPQ2d at 1528-29.

<sup>108</sup> It is not unknown for judgment to be entered against a junior party despite the senior party's not having participated in the proceeding on the ground that the junior party did not make out a prima facie case for priority. Put otherwise, there are no default judgments as to priority against a senior party.

<sup>109</sup> My colleagues Jim Kelly, Frank West, and I represented Chu.

\_\_\_\_ USPQ2d \_\_\_\_ (Fed. Cir. 2007) (non-precedential) (opinion by Ch.J. Michel for a panel that also consisted of CJs Rader and Schall):

Our review of the Board’s decision is limited by statute. Pursuant to 5 U.S.C. § 706, we must affirm the Board’s “action, findings, and conclusion” unless they are “arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law...[or] are unsupported by substantial evidence.” See also Dickinson v. Zurko, 527 U.S. 150, 152, (1999) (holding that 5 U.S.C. § 706 governs our review of findings of fact made by the Patent and Trademark Office).<sup>110</sup>

In this case, the issue was written description, and the court’s review of the board’s decision was limited indeed:

Written description is a question of fact, judged from the perspective of one of ordinary skill in the art as of the relevant filing date, which we review in this appeal for substantial evidence. 5 U.S.C. § 706; Vas-Cath, Inc. v. Mahurkar, 935 F.2d 1555, 1563-64 (Fed. Cir. 1991). Substantial evidence is evidence “a reasonable person might accept as adequate to support a conclusion.” In re Zurko, 258 F.3d 1379, 1384 (Fed. Cir. 2001) (internal citations omitted).<sup>111</sup>

#### Comment

Unless one can argue that the board made an error of law, it will be a rare case indeed in which one can hope to obtain a reversal of the board’s decision.

C. The Board Asserts That It Is Not Bound by a Non-Litigated Consent Judgment in a 35 USC 146 Action

Bernardy v. Powell<sup>112</sup>

In Bernardy v. Powell, 82 USPQ2d 1045 (PTOBPAI 2006) (non-precedential) (opinion

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<sup>110</sup> 217 Fed. Appx. at 974, \_\_\_\_ USPQ2d at \_\_\_\_.

<sup>111</sup> 217 Fed. Appx. at 974, \_\_\_\_ USPQ2d at \_\_\_\_.

<sup>112</sup> I was co-counsel for Bernardy in the request for reconsideration decided by this opinion.

by APJ Schafer for a panel that also consisted of SAPJ McKelvey and APJ Torczon), a panel of the board asserted that the board is not bound by a non-litigated consent judgment in a 35 USC 146 action. Since I have written up this opinion (as well as several other similar opinions) in When (If Ever) Is the Judgment of a District Court in a 35 USC 146 Action Binding on the Board?, 13 Intellectual Property Today No. 5 at page 30 (2006), and since a copy of that article is available on Oblon, Spivak, McClelland, Maier & Neustadt's web site, I will not repeat here what I wrote there.

D. A Party to a 35 USC 146 Action May Not Advance New Legal Theories Even if the Overarching Legal Issue Was Presented Below

Boston Scientific Scimed Inc. v. Medtronic Vascular Inc.

The “overarching legal issue” in Boston Scientific Scimed Inc. v. Medtronic Vascular Inc., 497 F.3d 1293, 83 USPQ2d 1669 (Fed. Cir. 2007) (opinion by C.J. Mayer for a panel that also consisted of CJs Bryson and Prost), was whether Scimed was entitled to the benefit of the filing date of two European applications despite the fact that, “At the time these European applications were filed, no legal relationship existed between MinTec [the French company that filed the applications] and Cragg [the inventors], nor was MinTec acting on behalf of Cragg.”<sup>113</sup> Scimed argued that a 35 USC 119(e) permits “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.”<sup>114</sup> The board held against Scimed on that issue; in a subsequent 35

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<sup>113</sup> 497 F.3d at 1296, 83 USPQ2d at 1670.

<sup>114</sup> 497 F.3d at 1297, 83 USPQ2d at 1671; interpolation by the court; internal quotation marks omitted.

USC 146 action the district court affirmed on summary judgment; and, in the portion of its opinion discussed supra in § XI.B., the Federal Circuit affirmed the district court.

In the district court, Scimed sought to “present[] evidence relating to theories of constructive trust and equitable assignment.”<sup>115</sup> (As I wrote in section XI.B, I can’t believe that there wasn’t a relationship between Cragg and MinTec at the time that MinTec filed the European patent applications that might have supported such arguments.) 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.”<sup>116</sup>

#### Comment

In my opinion, what the court said and did here is utterly 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, at §XII.D., “So Long as an Interferent Attempted to Prove an Actual Reduction to Practice

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<sup>115</sup> 497 F.3d at 1298, 83 USPQ2d at 1672.

<sup>116</sup> 497 F.3d at 1298, 83 USPQ2d at 1672.



Before the Board, During a Subsequent 35 USC 146 Action It can Introduce Evidence of a Different Alleged Actual Reduction to Practice”--despite the fact that both opinions were delivered by Judge Mayer!

### XIII. POST-INTERFERENCE PRACTICE

#### A. Interference Estoppel is Not Dead.

##### Lee v. Dryja

Lee v. Dryja, 81 USPQ2d 1015 (PTOBPAI 2005) (non-precedential) (opinion by APJ Spiegel for a panel that also consisted of APJs Torczon and Lane), contains a lengthy historical analysis of the doctrine and a detailed application of the doctrine to the particular facts before the panel.

Initially, the opinion quoted Woods v. Tsuchiya, 754 F.2d 1571, 1578, 225 USPQ 11, 15-16 (Fed. Cir. 1985), for the proposition that there are four separate types of interference estoppel:

*Estoppel by dissolution* prevents a junior party who had access to the senior party's application from obtaining claims to common patentable subject matter after an interference is dissolved. *Estoppel by judgment* prevents a losing party in a previous interference between the same parties from making any claim (1) not patentably distinct from the counts in issue in that interference, or (2) which reads on the disclosure of the winning party to which the losing party had access. *Equitable estoppel* prevents the winning party in a previous interference terminated by judgment (or the senior party in an interference which ends in dissolution) from claiming patentably distinct subject matter to which the other party did not have access. *Estoppel for failure to file a motion to amend* would prevent a party who fails to file a timely interlocutory motion to amend from later claiming subject matter which could have been added by such a motion.<sup>117</sup>

It then held that “This case involves an estoppel based on a failure to move.”<sup>118</sup>

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<sup>117</sup> 81 USPQ2d at 1020.

<sup>118</sup> 81 USPQ2d at 1020.

Specifically, in a prior related interference, neither party had moved to add a count to the subject matter in dispute in this interference. The panel did not hold that Lee was estopped because the subject matter that it was now claiming was patentably indistinct from the subject matter of the previous interference. Rather, it found estoppel despite the facts (1) that it found that the subject matter was patentably indistinct and (2) that neither party was claiming the subject matter of this interference when the first interference was declared:

In interference '426, junior party applicant Lee \*\*\* and senior party applicant Dryja \*\*\* both disclosed invention "A" \*\*\* and invention "B" \*\*\*. At the time the '426 interference was declared with a single count to invention "A", the parties apparently only had pending claims to invention "A". Both parties waived their right to file any preliminary motions by failing to act timely. Judgment as to all of junior party's claims corresponding to the sole count was awarded against Lee. Junior party Lee, the losing party, is estopped from obtaining a patent containing claims to invention "B". Senior party Dryja is not estopped from obtaining a patent containing claims to invention "B".<sup>119</sup>

The panel explained that "Applying estoppel under §41.127(a)(1), and former Rule 658(c), in this case is consistent with the purpose of the rule, i.e., to resolve as many priority issues between the parties as possible in a single inter partes proceeding."<sup>120</sup>

### Comment

Our experience has been that examiners (including, obviously, the one who recommended this interference) do not apply interference estoppel vigorously. It's good to see that the board does.

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<sup>119</sup> 81 USPQ2d 1028; footnote omitted.

<sup>120</sup> 81 USPQ2d at 1029.

B. No Remand From the Board to the Examiner Is Necessary After Final Decision In Court Review

Beam v. Chase<sup>121</sup>

After final decision in a 35 USC 146 action, Chase asked the board to remand its application to the examiner for action on its claims that had not been involved in the interference. In Beam v. Chase, 81 USPQ2d 1602 (PTOBPAI 2006) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Torczon), the board held that a remand was unnecessary:

This interference was over when the time for filing an appeal of the latest order of the district court expired! There is nothing more for the board to do, except enter an order implementing the final order of the district court.

Chase seems to think that it needs an order of the board remanding the interference to the examiner so that further prosecution can take place with respect to claims which were not designated as corresponding to the count. No such order is necessary. Following any final adverse decision in an interference, ex parte prosecution resumes for action not inconsistent with the final decision in the interference.<sup>122</sup>

Comment

The problem was that the board still had Chase's file, and we wanted the board to send it back to the examiner (i.e., to remand the file to the examiner). Apparently what we should have done was to request "an order implementing the final decision of the district court,"<sup>123</sup> leaving it up to the board to figure out that that meant that it should remand the file to the examiner.

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<sup>121</sup> I was co-counsel for Chase.

<sup>122</sup> 81 USPQ2d at 1604.

<sup>123</sup> 81 USPQ2d at 1604.

C. An Interferent that Prevails in Judicial Review Is Not Entitled to Participate in a Losing Applicant's Post-Interference Prosecution

Beam v. Chase<sup>124</sup>

In Beam v. Chase, 81 USPQ2d 1602 (PTOBPAI 2006) (non-precedential) (opinion by SAPJ McKelvey for a panel that also consisted of APJs Schafer and Torczon), Beam had prevailed in a 35 USC 146 action, but Chase sought resumption of prosecution of its claims that had not been involved interference. Beam sought to prevent resumption of prosecution or, in the alternative, to intervene in that prosecution. Neither effort was successful:

Beam seems to think that further prosecution of the Chase application would not be appropriate. However, insofar as we can tell, Beam has no standing to preclude further prosecution of any Chase application with respect to claims not involved in the interference. An interference proceeding should not be treated as a vehicle for engaging in a pre-grant opposition to issuance of a patent to another with respect to claims not involved in the interference. Cf. (1) *Syntex (U.S.A.) Inc. v. U.S. Patent and Trademark Office*, 882 F.2d 1570, 11 USPQ2d 1866 (Fed. Cir. 1989) (requester not entitled to judicial review of decision favorable to patent owner despite assertion that PTO did not properly carry on reexamination proceeding); (2) *Hitachi Metals, Ltd. v. Quigg*, 776 F.Supp. 3, 20 USPQ2d 1920 (D.D.C. 1991) (protestor does not have standing to seek review of decision of PTO refusing protest) and (3) *Godfredsen v. Banner*, 503 F.Supp. 642, 207 USPQ 202 (D.D.C. 1980) (it is well-established in the patent system that an individual does not have standing to challenge the decision of the PTO to grant a patent to a third party). See also (1) *Yuasa Battery v. Commissioner*, 3 USPQ2d 1143 (D.D.C. 1987) (third party does not have standing to appeal decision of Board favorable to patent owner in reexamination) and (2) *Hallmark Cards, Inc. v. Lehman*, 42 USPQ2d 1134 (D.D.C. 1997) (a third-party protestor does not have standing to sue the Commissioner upon issuance of a certificate of correction).<sup>125</sup>

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<sup>124</sup> I was co-counsel for Chase.

<sup>125</sup> 81 USPQ2d at 1604-05.

### Comment

See Gholz, Participation By A Victorious Interferent In the Losing Interferent's Post-Interference Prosecution, 14 Intellectual Property Today No. 1 at page 39 (2007). A copy of that article is available on Oblon, Spivak, McClelland, Maier & Neustadt's web site.

#### D. The Board Will Disclose That a Settlement Agreement Has Not Been Filed When It Is Referred to in Post-Interference Ex Parte Prosecution

##### In re Frommer Lawrence & Haug LLP

35 USC 135(c) states, in relevant part, that "If any party filing...[a settlement agreement] so requests[,] the copy [of the settlement agreement filed with the board] shall be kept separate from the file of the interference, and made available only to Government agencies on written request, or to any person on a showing of good cause...." Normally, the interference file indicates whether or not a settlement agreement has been filed, but the settlement agreements themselves are virtually always filed under seal and maintained in confidence by the board.

In re Frommer Lawrence & Haug LLP, 82 USPQ2d 1313 (CAJ Fleming on petition) (non-precedential), involved a petition for access to a settlement agreement on the ground that the contents of the settlement agreement were referred to substantively by the examiner in post-interference ex parte prosecution and that access to the settlement agreement was necessary in order to understand the prosecution.

Seems reasonable, you say? But there was no settlement agreement! As the CAJ explained:

12. A review of the interference files and of the location where the settlement agreements are kept separate upon request pursuant to 35 U.S.C. §135(c) reveals that no settlement agreement is of record.

13. In a telephonic conversation with Paralegal Specialist Yolunda Townes on January 12, 2006, Mr. John C. Vassil

(Registration No. 19,098), counsel for one of the parties to this interference, confirmed that no settlement agreement was filed by the parties to this interference.<sup>126</sup>

### Comment and Questions

No doubt counsel for the petitioner had already verified that the interference file did not indicate that a settlement agreement had been filed. But what in the world was the examiner looking at? I have been told that only APJs have authority to open the seal on sealed settlement agreements and that they rarely do so.

Alternatively, could it be that there was a settlement agreement, but no copy of it had been filed? See Gholz, The Law and Practice Under 35 USC 135(c), 80 JPTOS 561, 675 (1998) at § III.U., “If a Party to an Interference Failed to Comply With 35 USC 135(c), Can That Failure be Remedied in Any Way?”

## XIV. RELATIONSHIP OF INTERFERENCE PROCEEDINGS TO COURT PROCEEDINGS

### A. The Judgment of the Board in an Interference Is Entitled to Issue Preclusion Effect in a Subsequent Infringement Action

Meritor Transmission Corp. v. Eaton Corp.<sup>127</sup>

In Meritor Transmission Corp. v. Eaton Corp., \_\_\_ F. Supp. 3d \_\_\_, 81 USPQ2d 1357 (W.D.N.C. 2006), the court held that Eaton, the defendant in a patent infringement action, was “barred from raising the issue of validity in...[the patent infringement] litigation under the doctrine of issue preclusion”<sup>128</sup> based on a prior judgment of the board in a patent interference between an application owned by Eaton and Meritor’s patent at issue in the infringement

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<sup>126</sup> 82 USPQ2d at 1316.

<sup>127</sup> I was the expert witness for Meritor on the issue discussed here.

<sup>128</sup> \_\_\_ F. Supp. 3d at \_\_\_, 81 USPQ2d at 1363.

litigation. In doing so, the court relied on the Court of Claims's alternative holding to similar effect in Coakwell v. United States, 292 F.2d 918, 149 USPQ 374 (Ct. Cl. 1961), despite asserting that:

whether administrative proceedings, particularly rulings made by the Board of Patent Appeals in interference proceedings, should be given preclusive effect is a historically contested issue to which there is support for both sides. *See generally* Charles L. Gholz, *Collateral Estoppel Effect of Decisions by the Board of Patent Appeals and Interferences*, 30 DePaul L. Rev. 789 (1981) [65 JPOS 67 (1983)].<sup>129</sup>

Since the precedential effect of the Court of Claims's holding in Coakwell was directed by South Corp v. United States, 690 F.2d 1368, 215 USPQ 657 (Fed. Cir. 1982) (in banc), of greater interest is the court's further holding that issue preclusion applies to all grounds of invalidity, not just to those actually litigated in the interference.

Courts applying issue preclusion to intellectual property litigation have focused on the overall issues previously litigated between the parties, rather than the arguments made in support of the issue. "[O]nce an *issue* is raised and determined, it is the entire *issue* that is precluded, not just the particular arguments raised in support of it in the first case.... Preclusion cannot be avoided simply by offering evidence in the second proceeding that could have been admitted, but was not, in the first." *Yamaha Corp. of America v. United States*, 961 F.2d 245, 254-55 [22 USPQ2d 1417] (D.C. Cir. 1992) (citing *Securities Indus. Ass'n v. Board of Governors*, 900 F.2d 360, 364 (D.C. Cir. 1990)); *Restatement (Second) of Judgments* §27 cmt. c). With respect to the specific argument of validity, courts have held the validity of a patent "is a single issue for purposes of collateral estoppel." *Applied Medical Res. Corp. v. United States Surgical Corp.*, 352 F.Supp.2d 1119, 1126 [75 USPQ2d 1687] (C.D. Cal. 2005) (citing *Zip Dee, Inc. v. Dometic Corp.*, 905 F.Supp. 535, 537-538 (N.D. Ill. 1995) (citing *Restatement (Second) of Judgments* §27)); *Pall Corp. v. Fisher Scientific Co.*, 962 F.Supp. 210, 213 (D. Mass.1997); *Advanced Display Sys. v. Kent State Univ.*, 2002 WL 1489555, at \*10 (N.D. Tex. 2002); *Unique Coupons, Inc. v. Northfield Corp.*, 2000 WL 631324, at \*1 (N.D. Ill. 2000). Although there is no Fourth Circuit

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<sup>129</sup> \_\_\_\_ F. Supp. 3d at \_\_\_\_, 81 USPQ2d at 1359.

precedent regarding the definition of “validity” as a single issue, this Court agrees with the above referenced cases and finds the validity of a patent is a single issue to be decided which is attacked using numerous arguments, such as obviousness, anticipation, public use, and actual reduction to practice. *See also* 35 U.S.C. §102 (stating a person is entitled to a patent unless one of the subsections, including obviousness, anticipation, and public use, among others, is proven).<sup>130</sup>

### Comments

(1) When I wrote the article cited in the first quote, it was true that “there....[was] support for both sides” on this “historically contested issue.”<sup>131</sup> However, that was then, and this is now. In view of the subsequent creation of the Federal Circuit and its adoption of precedent from the Court of Claims, and in view of the fact that the issue preclusion effect of a judgment in a patent interference is an issue that, for reasons similar to those set forth in Biodex Corp. v. Loredan Biomedical Inc., 946 F.2d 850, 858-59, 20 USPQ2d 1252, 1259 (Fed. Cir 1991), cries out for national uniformity, there should now be only one result on the fundamental point that a litigated judgment of the board in a patent interference is entitled to issue preclusion effect.

(2) My second comment follows from my first. If it is true that Federal Circuit law controls here, of what significance was it that “there is no Fourth Circuit precedent regarding the definition of ‘validity’ as a single issue...”?<sup>132</sup> Eaton’s real (and best) argument was that there is no Federal Circuit precedent regarding the definition of “validity” as a single issue, which meant that the district court precedents relied on by Meritor were not binding on the North Carolina court.

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<sup>130</sup> \_\_\_\_ F. Supp. 3d at \_\_\_\_, 81 USPQ2d at 1361.

<sup>131</sup> \_\_\_\_ F. Supp. 3d at \_\_\_\_, 81 USPQ2d at 1359.

<sup>132</sup> \_\_\_\_ F. Supp. 3d at \_\_\_\_, 81 USPQ2d at 1361.