

A Disclaimed Claim Is Not *Always* Treated As If It Had Never Existed!

By

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What Genetics Institute, LLC v. Novartis Vaccines and Diagnostics, Inc. Said

In Genetics Institute, LLC v. Novartis Vaccines and Diagnostics, Inc. (Fed. Cir. August 23, 2011)(opinion by Circuit Judge Lourie for a panel that also consisted of Senior Circuit Judge Plager and Circuit Judge Dyk, Judge Dyk dissenting on an issue not discussed in this article), Genetics Institute, LLC (hereinafter referred to as “Genetics”) had brought a 35 USC 291 patent-patent interference against Novartis Vaccines and Diagnostics, Inc. (hereinafter referred to as “Novartis”). The district court dismissed the action on the ground that there was no interference-in-fact between Genetics’s claims and Novartis’s claims. Three days after it did so, Genetics’s patent-in-interference expired. Nevertheless, genetics appealed, and, on appeal, Novartis moved to dismiss the appeal for lack of subject matter jurisdiction because of the expiration of Genetics’s patent.

Relying on Albert v. Kevelex Corp., 729 F.2d 757, 221 USPQ 202 (Fed. Cir. 1984)(Rich, Circuit Judge, for an expanded panel that also consisted of Circuit Judges Davis, Bennett, Miller, and Smith), Novartis argued that 35 USC 291 requires the dismissal of a patent-patent interference whenever it becomes apparent that there is no longer an interference—even if there was an interference when the complaint was filed. However, in Albert the interference had ceased to exist during the pendency of the patent-patent interference because Kevelex had disclaimed its claims in interference prior to what would otherwise have been their expiration. Thus, Albert was not directly on point, and Novartis was seeking to enlarge its holding to apply

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to interfering claims that expired (as opposed to having been disclaimed) during the course of a patent-patent interference.

Relying on the differences in the results of expiration and disclaimer, the Federal Circuit refused to extend Albert to apply to expired claims. The key difference was that:

Disclaiming particular claims under § 253 “effectively eliminate[s] those claims from the original patent.” *Vectra Fitness, Inc. v. TNWK Corp.*, 162 F.3d 1379, 1383 (Fed. Cir. 1998). In other words, upon entry of a disclaimer under § 253, we treat the patent as though the disclaimed claim(s) had “never existed.” *Id.* (“This court has interpreted the term ‘considered as part of the original patent’ in section 253 to mean that the patent is treated as though the disclaimed claims never existed.”).²

The Genetics panel contrasted that treatment of a disclaimed claim with the treatment of an expired claim as follows:

Unlike a disclaimed claim, however, an expired patent is not viewed as having “never existed.” Much to the contrary, “a patent does have value beyond its expiration date.” *In re Morgan*, 990 F.2d 1230, 1232 (Fed. Cir. 1992). For example, an expired patent may form the basis of an action for past damages subject to the six-year limitation under 35 U.S.C. § 286. *See, e.g., id.* (recognizing that an action for patent infringement may be filed up to six years after the patent’s expiration). There is no comparable statute providing any such rights in a disclaimed claim.

Furthermore, the expiration of the ‘112 patent does not deprive this § 291 action of meaning. In *Kimberly-Clark Corp. v. Procter & Gamble Distributing Co.*, 973 F.2d 911, 914 (Fed. Cir. 1992), in determining that jurisdiction in a § 291 action existed following the parties’ settlement of infringement liability issues, we noted in support of our holding that “a declaration of priority and the subsequent elimination of an invalid patent that claims the same subject matter as claimed in one’s patent are ‘relief under [§ 291].” Similar reasoning applies here. Genetics points out that the outcome of this § 291 action “will have real-world consequences,” because Genetics’ corporate parent, Wyeth, has been sued for allegedly infringing the Novartis patents in a related case in the United States District Court for the Eastern District of Texas. * * * A determination that the ‘112 patent interferes with and has priority over the Novartis patents would directly affect the outcome of that infringement suit.³

What In re Hession Held

² Slip opinion at page 13.

³ Slip opinion at pages 13-14; interpolation by the court.

What the three-judge panel of the Federal Circuit said in Genetics Institute, LLC v. Novartis Vaccines and Diagnostics, Inc. should be contrasted with what the three-judge majority of the five-judge, en banc panel held in In re Hession, 296 F.2d 930, 132 USPQ 40 (CCPA 1961)(opinion by District Judge Kirkpatrick, sitting by designation, joined by Associate Judge Martin; Worley, Chief Judge, concurring with opinion; Associate Judges Rich and Smith dissenting with opinions).⁴ The Hession application and the application that had matured into the reference patent (hereinafter referred to as “the Zihlerl patent”) had both been filed by and were assigned at filing to Z & W Machine Products Inc. (hereinafter referred to as “Z & W”). The opinion was on appeal from the Board of Appeals’s affirmance of the examiner’s rejection of Hession’s claims on the ground of common-assignee double patenting. In response to that rejection, instead of filing a terminal disclaimer in Hession’s application, the common assignee (who by that time was Hession himself) disclaimed the reference patent. Moreover, Hession also “offer[ed]...to file a disclaimer limiting the term of any patent granted on Hession’s application so that it will expire on the original expiration date of the Zihlerl patent, thus avoiding any question of extension of monopoly.”⁵ Hession took those extraordinary steps after having established that the Zihlerl patent had been procured by fraud in that Zihlerl had knowingly and willfully obtained his patent on subject matter invented by Hession. Tellingly, “Zihlerl executed an affidavit in which he acknowledged that he was not the inventor of the subject matter set forth in the claims of the patent issued to him,”⁶ although he apparently didn’t concede that Hession was the inventor of that subject matter.

⁴ Hession is discussed in Gholz, The Law of Double Patenting in the CCPA, IV APLA Quarterly Journal (1976) 261, 279, “Effect of a Complete Disclaimer of Earlier Claims.” Hession is not cited in Genetics Institute.

⁵ 296 F.2d at 931, 132 USPQ at 42.

⁶ 296 F.2d at 931, 132 USPQ at 42.

Hession of course argued that the disclaimed claims in the Zihlerl patent should be “treated as though...[they] never existed,” to borrow the language from Vectra Fitness quoted in Genetics Institute. However, that argument didn’t fly. Particularly telling, I think, is the following language from Chief Judge Worley’s concurring opinion:

Another element worthy of consideration is the use to which Zihlerl [actually, Z & W] put his patent from its issuance until his disclaimer. The record is silent as to how many, if any, licenses were granted innocent third parties. Hession’s patent rights should be crystal clear before this court would be justified in putting him in a position whereby he could subject to legal harassment those who, in good faith, relied on the validity of the Zihlerl patent. I submit that this record does not provide that degree of proof.⁷

In dissent, Judges Rich and Smith (like Judge Lourie, judges with strong backgrounds as patent practitioners before they became judges) argued that the filing of the disclaimer meant that the Zihlerl patent should be treated as though it had never existed and that, accordingly, the common assignee double patenting rejection of Hession’s claims should be reversed. However, I think that Judge Worley got it right. The Zihlerl patent had existed, and its existence presumably had real-world consequences. Besides the possibility noted by Judge Worley that licensees had paid the original corporate common assignee licensing fees (which, of course, Hession might have negated if only he had anticipated Judge Worley’s concern), there was the possibility that other companies simply avoided the Zihlerl patent without ever even exploring the possibility of obtaining a license under it—and that is a real-world possibility that Hession probably could not have negated, no matter what thought he and his counsel gave to the matter. The plain fact is that even invalid patents (and even fraudulently obtained patents) have real-world consequences as legal scarecrows.

⁷ 296 F.2d at 939, 132 USPQ at 48.

Moreover, I submit that the Genetics Institute panel’s fallback argument (that “the expiration of the ‘112 patent does not deprive this § 291 action of meaning”⁸ because a declaration of priority in favor of Genetics and the consequent elimination of Novartis’s patents “would directly affect the outcome of...[an infringement suit involving the Novartis patents]”⁹ utterly fails to distinguish Albert and claims that have been disclaimed rather than that have expired. In that situation as well, the owner of the disclaimed claims can have a “real-world” interest in taking down its adversary’s claims by proving priority in the context of an interference.

Comment

Life is not simple, and, while “bright-line” rules always beckon seductively, they can have unanticipated consequences. For the reasons given above, I think that Hession was correctly decided, and I would hate to see the dicta in Genetics Institute cast the holding in Hession into doubt! Rather, the courts should hold that sometimes disclaimed claims should be treated as though they had never existed and that sometimes they shouldn’t be, depending both on the potential consequences of their actual, scarecrow existence and on the consequences of treating them as though they had never existed. For instance, they could treat disclaimed claims as never having existed in the sense that the owners of those claims could not recover for their infringement prior to their disclaimer, but treat them as having existed in the sense that their disclaimers would not overcome a double patenting rejection of claims in another application or a double patenting invalidity challenge to claims in another patent—thus leaving the holdings of both Hession and Genetics Institute intact.

⁸ Slip opinion at page 13.

⁹ Slip opinion at page 14.