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### PATENTS

The CRISPR interference battle is the basis for the authors' concern that the PTAB has changed the game on substantive motions for judgments based on prior art.

## Have We Seen the Last of Prior Art Motions?



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**P**ursuant to Board Rule 121, 37 C.F.R. § 41.121, and its predecessors, it has long been common for interferences to dispose of prior-art based unpatentability issues by filing motions for judgments that some or all of their opponents' claims designated as corresponding to the or a count are unpatentable. Board Rule 121 reads in relevant part as follows:

- (a) *Types of motions*—(1) *Substantive motions*. Consistent with the notice of requested relief, if any,

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and to the extent the Board authorizes, a party may file a motion:

- (i) To redefine the scope of the contested case,
- (ii) To change the benefit accorded for the contested subject matter, or
- (iii) For judgment in the contested case.

However, a recent per curiam panel opinion suggests that we may have seen the last of substantive motions for judgments based on prior art—and, perhaps, the last of any substantive motions for a judgment based on any ground that could be raised in any one of the four fee-bearing petitions under the America Invents Act (AIA).<sup>1</sup>

Although the opinion does not so indicate, we believe that what it says was induced by the fact that interfer-

<sup>1</sup> Pub. L. No. 112-29, 125 Stat. 284 (2011). One, but only one (and a very modest one at that) of the benefits of filing a suggestion of interference rather than a petition for any one of the four types of AIA proceedings is that a suggestion of interference does not require the payment of a large fee, as do the petitions for three of the four types of AIA proceedings. The current fee for filing a petition for an inter partes review (IPR) is \$23,000, 37 C.F.R. § 42.15(a); the current fee for filing a petition for a post-grant review (PGR) is \$30,000, 37 C.F.R. § 42.15(b); the current fee for filing a petition for a covered business method review (CBMR) is \$30,000, 37 C.F.R. § 42.15(b); and the current fee for filing a petition for a derivation proceeding is \$400, 37 C.F.R. § 42.15(c). There is no current fee for filing a suggestion of interference. As for derivation proceedings, the low fee is effectively moot, since the board has never declared one of them. As explained in Gholz, "How Hard Is It, Really, to Prove Derivation," 10 Intellectual Property Today No. 12 at page 18 (2003), it was difficult to convince the APJs to find derivation in interferences, and it has proved even harder to persuade the APJs to declare a derivation proceeding.

ences, in contrast to three of the four types of AIA proceedings, are big-time money losers for the PTO.

### What Happened in *Broad Institute, Inc. v. Regents of the University of California*

The Broad Institute Inc. is the junior party in this ongoing interference,<sup>2</sup> and The Regents of the University of California and Emmanuelle Charpentier (collectively referred to as “UC”) is the senior party.<sup>3</sup> UC’s list of proposed motions contained a number of what we would have thought were plain vanilla (and easily authorizable) motions for judgments that Broad’s claims designated as corresponding to the single count of the interference are unpatentable on various grounds. We summarize those motions in somewhat simplified form as follows:

- (1) All of Broad’s claims are unpatentable over the non-antedatable publication of one of UC’s prior applications the benefit of the filing date of which UC had been tentatively accorded in the declaration of the interference, either by itself or in combination with one or more references drawn from a long list of prior art references.<sup>4</sup>
- (2) All of Broad’s claims are unpatentable on the basis of obviousness-type double patenting over the claims of others of Broad’s twelve involved patents. (Each of Broad’s twelve involved patents has a common inventor, but five of them are assigned differently than the other seven.)<sup>5</sup>
- (3) All of Broad’s claims are unpatentable for lack of proper inventorship.<sup>6</sup>
- (4) All of Broad’s claims are unpatentable because they were obtained through inequitable conduct.<sup>7</sup>

However, in its per curiam order authorizing the parties’ motions and setting times, a panel of the board consisting of Administrative Patent Judges Richard E. Schafer, Sally Gardner Lane and Deborah Katz authorized UC’s motions which, according to the panel, “will

<sup>2</sup> Interference No. 106,048.

<sup>3</sup> After the declaration of the interference, the interference was redeclared to make Dr. Charpentier a separate party represented by her own counsel. However, that fact does not affect the issue under consideration here.

<sup>4</sup> It would not have surprised us if UC had been required to select only a few references from that long list. However, as it turned out, the length of the list did not become an issue.

<sup>5</sup> See Gholz and Mandrusiak, “The Relationship Between Designating Claims as Corresponding to a Count and Double Patenting,” 22 Intellectual Property Today No. 1 at page 24 (2015).

<sup>6</sup> See Gholz, “Don’t Forget that Inventorship Issues Can Be Determined in an Interference!,” 85 Patent, Trademark & Copyright Journal 115 (Nov. 23, 2012).

<sup>7</sup> See Gholz, “A Critique of Recent Opinion in Patent Interferences,” 84 Journal of the Patent and Trademark Office Society 163 (2002) § XI.C., “The Trial Section Confesses that Interference Practice Lacks Sufficient Discovery to Permit It to Decide Inequitable Conduct Questions.”

impact the priority contest,”<sup>8</sup> but wrote the following concerning the proposed motions summarized above<sup>9</sup>:

Because the Notice of Declaration reflects a preliminary determination, substantive motions may be authorized to change the original status quo of the interference. Substantive motions may also be filed attacking the patentability of an opponent’s involved claims. All motions[,] however, must be authorized before filing. 37 C.F.R. § 41.121(a). Pre-authorization furthers the Director’s goal “to secure the just, speedy, and inexpensive resolution of every proceeding before the Board.” 37 C.F.R. § 41.1(b). Pre-authorization is also consistent with the Board’s discretion to reach patentability issues: “The [Patent Trial and Appeal Board] shall determine priority and may determine questions of patentability.[.]” 35 U.S.C. § 135(a) (2009). Although patentability issues may be resolved, the Board need not authorize patentability motions that do not impact the determination of priority. In other words, an interference is not a substitute for *ex parte* reexamination or other PTO patentability proceedings.<sup>10</sup>

After a discussion of threshold motions,<sup>11</sup> the per curiam order continues as follows:

Patentability over the prior art is not now, and never has been, a “threshold issue.” A completion of examination and the determination by an examiner that the claims are patentable to every potential party is ordinarily a prerequisite to an examiner suggesting that an interference be declared. However, a holding during the course of [an] interference that a party’s claims are unpatentable over prior art does not deprive that party of standing on the central issue of an interference—priority. A party whose claims have been held unpatentable may still have a basis to show the opponent is not entitled to a patent because the opponent was not the first to invent the interfering subject matter. If that party establishes it was the first to invent the subject matter, the opponent is barred from obtaining a patent by 35 U.S.C. § 102(g).<sup>12</sup>

The panel then dealt with those of UC’s proposed motions that we summarized above as follows:

- (1) Consideration of whether this motion will be authorized is DEFERRED. Though UC characterized this motion as threshold, it relates only to whether Broad’s claims are unpatentable over the prior art, not whether Broad has standing in the interference. Whether Broad’s

<sup>8</sup> Interference No. 106,048, Paper No. 33, filed March 17, 2016, at page 2.

<sup>9</sup> Although the opinion is labeled “per curiam,” the senior author of this article suspects that the portion of the opinion on which we are focusing is the work of Judge Deborah Katz, whose prior experience has largely been in AIA proceedings, rather than the other two members of the panel, both of whom are long-time interference specialists. In addition to the internal evidence, he notes that Judge Katz is the APJ designated to manage the interference in the declaration of the interference.

<sup>10</sup> Interference No. 106,048, Paper No. 33, filed March 17, 2016, at pages 2-3. The fundamental thesis of this article (as well as its senior author’s suspicion that Judge Katz was the driving force behind the portions of the “per curiam” opinion quoted in this article) are reinforced by Judge Katz’s order filed June 16, 2016 in *Tyco Fire Products, LP v. Viking Corp.*, Int. No. 106,056, particularly the paragraph bridging pages 2 and 3.

<sup>11</sup> See Gholz and Presper, “Have We Seen the Last of Threshold Motions?,” 91 Patent, Trademark & Copyright Journal 326 (Dec. 4, 2015), and Gholz and Kile, “Are Threshold Issues Really Jurisdictional?,” 19 Intellectual Property Today No. 2 at page 10 (2012).

<sup>12</sup> Interference No. 106,048, Paper No. 33, filed March 17, 2016, at page 4.

claims are unpatentable over prior art is not dispositive of issues of priority. The interference may proceed to determine if UC was not the first to invent the common subject matter under 35 U.S.C. § 102(g) even if Broad's claims were held not to be patentable. Because UC suggested the interference[,] it chose to challenge Broad's claims in a priority contest instead of through another procedure. UC had not provided a sufficient reason why its prior art challenge to Broad's claims should preempt the priority contest.<sup>13</sup>

- (2) UC requests authorization to file a motion arguing that each of Broad's patents are unpatentable under the doctrine of obviousness-type double-patenting. \* \* \* UC would argue that the terminal disclaimers filed by Broad to overcome rejections under the doctrine of obviousness-type double-patenting are ineffective because not all of the patents are commonly owned.

Consideration of whether this motion will be authorized is DEFERRED. It is not apparent that the double patenting issue will impact the priority determination and the interference may proceed even if Broad's claims were held not to be patentable.<sup>14</sup>

- (3) UC requests authorization for a motion to argue that each of Broad's involved patents are unpatentable for lack of proper inventorship. \* \* \*

Consideration of whether this motion will be authorized is DEFERRED. The issues that UC indicates it will argue may overlap with the issues of priority. Thus, the most just, speedy, and inexpensive resolution of this interference would be to address these issues along with priority, if at all.<sup>15</sup>

- (4) UC requests authorization to file a motion arguing that Broad's patents were obtained through inequitable conduct with respect to the filing of certain declarations under 37 C.F.R. §§ 1.131 and 1.132. \* \* \* UC asserts that Broad's inventors never had or made use of tracerRNA—said to be an essential element of the claimed subject matter—in any of the submitted experimental data and results. \* \* \* Whether or not tracer RNA is an essential element of the interfering subject matter will likely be apparent from the priority proofs. Authorizing the requested motion at this time is premature. Authorization for UC's proposed motion is DENIED. UC may request authorization to file its motion after the conclusion of the priority phase of the interference.<sup>16</sup>

## How UC Reacted

UC was outraged by the panel's deferral of its two proposed motions that we have summarized under the heading (1), and it filed a request for reconsideration of the deferral of those motions. While we would have been equally upset by the deferral of its proposed motion that we have summarized under the heading (2), UC let that one slide. As for the two motions that we have summarized under the headings (3) and (4), the panel's reasons for deferring those motions to the second phase (if one proves necessary) make sense to us, and they may have made sense to UC for the same reasons.<sup>17</sup> The parties to interferences and the APJs han-

<sup>13</sup> *Id.* at page 10.

<sup>14</sup> *Id.* at pages 11-12.

<sup>15</sup> *Id.* at page 12.

<sup>16</sup> *Id.*

<sup>17</sup> We do not see any substantive difference between the panel's deferral of the motion that we have summarized under

ding interferences ordinarily really do have a common interest in organizing the proceedings in a sensible fashion.

With respect to the deferral of the two motions that we have summarized under the heading (1), UC argued that:

Authorization of Senior Party's Proposed Motion 1 should not be deferred for at least the following reasons: (1) the issue raised is consistent with the inclusive definition of a threshold issue in Bd. R. 201 because it would deprive Broad of standing, in a manner analogous to Broad's authorized motion, based on written description grounds, (2) even if it is not deemed a threshold issue, a determination on Senior Party's Proposed Motion 1 is critical to formulating a Count directed to the common patentable subject matter, (3) Senior Party's Proposed Motion 1 will secure a just, speedy, and inexpensive resolution to the interference, and (4) authorization is consistent with the Board's long-standing practice of taking up dispositive issues in the preliminary motions phase.<sup>18</sup>

In support of its fourth point (which is the one that concerns us), UC wrote:

Numerous prior interferences, including recent proceedings before members of this panel, demonstrate the Board's well-established and consistent practice of authorizing patentability motions in the preliminary motions phase and subsequently terminating the interference when at least one party is deemed to have no patentable claims.<sup>19</sup>

It then cited orders from panels including long-time interference APJs Schafer and Gardner Lane doing exactly that. Absent from UC's string cite, however, was any order from a panel including APJ Katz.

## The Panel's Response

The panel responded to UC's argument on its fourth point as follows:

UC cites to several non-precedential interference decisions to argue that authorizing Proposed Motion 1 would be consistent with long-standing Board practice. \* \* \* We are not persuaded that non-precedential opinions from different proceedings, presented under different circumstances and with different facts, necessarily shed light on the current interference. Instead, an opinion from our reviewing court, cited by UC, demonstrates that the Board may use its discretion to decide whether to determine the patentability of a party's claims. *See McMullin v. Carroll*, 153 F. App'x 738, 746 (Fed. Cir. 2005) (unpublished) ("the Board's decision to terminate the interference without reaching the issue of the patentability of [junior party's] patents was based on the Board's determination, consistent with its regulations, that the dispositive issue was a threshold issue going to whether the interference was properly declared.")<sup>20</sup> \* \* \*

the heading (3) and its denial of the motion that we have summarized under the heading (4) with explicit authorization to resubmit that motion during the second phase of the interference, if one proves necessary.

<sup>18</sup> Interference No. 106,048, Paper No. 39, filed March 31, 2016, at pages 1-2.

<sup>19</sup> *Id.* at 11.

<sup>20</sup> See Gholz, "A Critique of Recent Opinions in Patent Interferences," 88 *Journal of the Patent and Trademark Office Society* 305 (2006) § X.C.3, "The Declaration of an Interference is Not Necessarily a Ticket to Ride to the End of the Line—But It May be," discussing *Carroll v. McMullin*, 74 U.S.P.Q.2d 1777 (B.P.A.I. 2004), and § X.C.5, "The Declaration of an Interference May Be a Ticket to Ride to the End of the Line If and Only If One of The Motions Listed in 37 C.F.R.

In the absence of a reason why the interference should not have been declared, at this time we are not persuaded that a determination of priority should not be made, even if Broad's claims are determined to be unpatentable on the basis of prior art. Accordingly, we are not persuaded that we misapprehended or overlooked anything in regard to UC's assertion that its Proposed Motion 1 would resolve a threshold issue of Broad's standing. We note, in addition, that we did not deny authorization for UC's Proposed Motion 1, but deferred consideration of whether it is authorized. Therefore, if appropriate, UC may request authorization again before the priority phase of the interference, if such a phase is necessary.<sup>21</sup>

### So, What's Going on Here Anyway?

We think that characterizing the critical issue as whether a given motion or proposed motion is "jurisdictional" or relates to "standing" and is therefore suitable for treatment as a threshold issue misstates what is actually going on.<sup>22</sup> The authors' firm has had occasional success in convincing an interference-savvy APJ to treat a proposed motion as a threshold motion even though it did not concern one of the "exemplary issues" listed in 37 C.F.R. § 41.201. We did so, not by arguing that the is-

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§ 41.201 is Not Granted During the Preliminary Motions Phase," discussing *McMullin v. Carroll*, 153 F. App'x 738 (Fed. Cir. 2005) (non-precedential).

<sup>21</sup> Interference No. 106,048, Paper No. 42, filed April 15, 2016, pages 4-5. See also *Hiroya v. Rosen*, 80 U.S.P.Q.2d 1703 (B.P.A.I. 2005) (non-precedential) (order by APJ Lee), discussed in Gholz, "A Critique of Recent Opinions in Patent Interferences," 89 *Journal of the Patent and Trademark Office Society* 5 (2007) § X.E.8., "An APJ Rules That He Need Not Consider Inter Partes a Motion for a Judgment that an Applicant-Interferent's Claims are Unpatentable Over the Prior Art."

<sup>22</sup> This was the thesis of Gholz and Kile, "Are Threshold Issues Really Jurisdictional?," 19 *Intellectual Property Today* No. 2 (2012) at page 10, which bases its argument in large part on the opinion of the late APJ McKelvey for a panel also consisting of APJs Schafer and Gardner Lane in *Sawhney v. Sawhney*, 2006 Pat. App. LEXIS 31, at \*62-68 (B.P.A.I. 2006) (non-precedential).

sue was "jurisdictional" or related to "standing," but by arguing that the issue would be easy to decide based on the PTO's record and that the taking of testimony would be unnecessary: In essence, we argued that the proposed motions were "low-hanging fruit." We think that framing the question in that manner puts it where it should be. It's really a question of rational case management. That's exactly what the late Judge McKelvey told us concerning the original decision to treat certain issues as threshold issues.<sup>23</sup> The motions listed in 37 C.F.R. § 41.201 are the motions that he and his colleagues initially thought would be "low-hanging fruit." When they turned out not to be, most of the APJs abandoned the practice of treating such motions as threshold motions.

If what's going on here is really rational case management by the panel, why was it rational for them to do what they did? While we are certainly not privy to their thinking, we suspect that Judge Katz treated the authorization of "first phase" motions in this interference the way that she would have treated a decision authorizing an IPR, a PGR, or a CBMR under the AIA. That is, we think that she came to the tentative conclusion that this interference will more likely than not be disposed of either (1) by granting Broad's motion for a judgment of no interference in fact or (2) by denying Broad's motion for the benefit of the filing date of its provisional Application No. 61/736,527.

If Broad's motion for a judgment of no interference in fact is granted, the issues raised by the parties' motions attacking the patentability of each other's claims will become somebody else's problem. If Broad's motions for the benefit of the filing date of its provisional application is denied, judgment will presumably be entered against all of Broad's claims at that point.

Either way, that will save the panel a great deal of work.

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<sup>23</sup> See *Biogen MA Inc. v. Forward Pharma A/S*, Interference No. 106,023, Paper No. 70 at page 6-7, *supra* note 12.