

# Comparing And Contrasting Standing In The Bpai And The Ttab<sup>1</sup>

By

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

and

David J. Kera<sup>3</sup>

## **Introduction**

The members of the Board of Patent Appeals and Interferences (hereinafter referred to as “the BPAI”) and the members of the Trademark Trial and Appeal Board (hereinafter referred to as “the TTAB”) have offices in immediate proximity to each other, share hearing rooms, and presumably see each other for lunch every now and then. However, the extent to which the practices of the two boards differ is remarkable. Thus, it is instructive to compare and contrast the practices of the two boards from time to time.<sup>4</sup>

The differing practices examined in this article are the practices of the two boards with respect to requiring that litigants before the boards both plead and prove standing. The TTAB requires litigants before it to do that. The BPAI doesn’t.

## **The Practice of the TTAB**

In TTAB practice, standing is jurisdictional. Accordingly, a lack of standing precludes a ruling on the merits. Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 1031, 213 USPQ 185, 191 (CCPA 1982)(concurrency by Markey, Ch.J.).<sup>5</sup> The TTAB requires every plaintiff in an opposition or cancellation proceeding to both plead and prove standing.<sup>6</sup>

Possessing standing, in the sense that term is employed by the TTAB, means that the complaining party has a personal interest in the outcome of the proceeding. Standing is required

to preclude what have been called “intermeddlers”<sup>7</sup> from initiating and prosecuting proceedings in the outcomes of which they have no legally cognizable interest.<sup>8</sup>

The requirements for establishing standing vary with the grounds asserted in the opposition or cancellation proceeding. For instance, when seeking to vindicate a personal right, such as to prevent or cancel the registration of a mark likely to cause confusion with the plaintiff’s registered or previously used mark or previously used name, the plaintiff must allege and prove ownership of the mark or name on which it relies.<sup>9</sup> To prevent or cancel the registration as a mark of a word that is allegedly merely descriptive, misdescriptive, geographically descriptive, or in some other way defective as a mark on the ground that the registration interferes or would interfere with the right of all entities in a particular industry, trade, or profession from honestly describing their goods or services, the plaintiff must allege and prove that it is a member of the affected group.<sup>10</sup>

The fact that the TTAB requires plaintiffs before it to both plead and prove standing creates at least two problems.

It would obviously be more efficient to consider the question of standing at the outset of a proceeding. However, since the TTAB treats standing as jurisdictional, it has held that, if proof of lack of standing emerges at any stage of a proceeding before it, it is obligated to dismiss the proceeding.<sup>11</sup> The effect of a dismissal for lack of standing is that the entire proceeding up to that point was a legal nullity. “Without jurisdiction, the court cannot proceed at all in any cause.”<sup>12</sup> Practically speaking, the effect of finding a lack of standing at a late stage of the proceeding is to wipe out what may have been a long and expensive effort for both parties.

The other problem with the TTAB’s practice is that, particularly in cases seeking to vindicate a personal interest (such as the prevention of the registration of a mark likely to cause

confusion), the failure of proof of ownership of a registration or ownership of a common law (i.e., unregistered) mark can be treated either as failure to prove a cause of action on the merits<sup>13</sup> or as failure to prove standing<sup>14</sup>—with dramatically different results. If treated as failure to prove a cause of action, the result is a dismissal of an opposition or petition for cancellation with prejudice. If treated as a failure to prove standing, the result is the dismissal of a proceeding without prejudice.

Melwani and Demon were cases where the opposer, for one reason or another, failed to introduce properly into the record a copy of its registration showing status and ownership—and therefore failed to prove an essential element of its case.<sup>15</sup> The oppositions were dismissed on the ground that the opposer had failed to prove its case, and in each case the TTAB also found that the opposer had failed to prove its standing.

The difference between the effect of dismissals with and without prejudice is dramatic. If dismissed for failure to prove damage, the opposer is barred by the principle of claim preclusion from later attacking the applicant's resulting registration via a petition for cancellation even if it attempted to prove the status and ownership of the registration on which the petition was based. On the other hand, if dismissal is for lack of proof of standing, the opposer would be free to come back after that application's mark registered with a petition for cancellation on the same substantive grounds.

The difference between the effect of dismissals with and without prejudice is exacerbated by the fact that, if the dismissal is based on lack of standing, it can come after the parties have spent a great deal of money litigating the merits of the cause of action. Accordingly, at the end of this article, we propose at least a partial solution to the two problems outlined above.

## **The BPAI's Practice**

So far as we have been able to find, neither the BPAI nor any Federal court has specifically enunciated a practice concerning the pleading and proof of standing in interferences. However, one Federal Circuit opinion has dealt with it inferentially in a surprising manner. That opinion is Beech Aircraft Corp. v. EDO Corp., 990 F.2d 1237, 26 USPQ2d 1572 (Fed. Cir. 1993)(opinion delivered by Circuit Judge Rich for a panel that also consisted of Circuit Judges Archer and Lourie), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 76 JPTOS 649 (1994) § 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 Has Jurisdiction to Decide the Priority Issue Despite the Pendency of District Court Litigation Over Title Between the Assignees of the Parties Before It.” That case involved a concurrent district court litigation between Beech and EDO over title to an invention and an interference between Beech’s assignor (Jonas) and EDO’s assignor (Abildskov) over who made the invention first. That is, in the district court litigation, Beech argued that it owned the invention regardless of whether Jonas or Abildskov had made the invention first, whereas, in the interference, Beech had apparently at least originally asserted that Jonas had made the invention first.<sup>16</sup> However, the BPAI entered judgment against Jonas.

Beech then filed a 35 USC 146 action against EDO. In 35 US 146 actions, both parties can request relief other than review of the BPAI’s decision,<sup>17</sup> and Beech “requested that the court order EDO to assign...[its patent and application in interference] to BEECH.”<sup>18</sup> Beech and EDO filed cross-motions for summary judgment on the assignment issue. The district court

denied both parties' motions and vacated the decision of the BPAI in the interference. As explained by Judge Rich:

The district court apparently believed that vacating the Board's interference decision on "priority," i.e., who was the first inventor in law, somehow rendered the assignment issue...moot as to the ABILDSKOV-2 application. Inventorship and ownership, however, are different questions.<sup>19</sup>

On appeal, the Federal Circuit reversed the district court's vacature of the BPAI's decision. According to the Federal Circuit:

The district court clearly engaged in faulty legal analysis when it concluded that any ownership interests that BEECH possessed in the technology claimed in the ABILDSKOV-2 application could serve as a basis for vacating the PTO's interference decision. The district court apparently misunderstood not only the differences between ownership and inventorship, but also the function of the Board.<sup>20</sup>

\* \* \*

It is elementary that inventorship and ownership are separate issues. An application for a patent must be made by or on behalf of the actual inventor or inventors of the subject matter claimed therein. \*\*\* Thus, inventorship is a question of who actually invented the subject matter claimed in a patent [or application]. Ownership, however, is a question of who owns legal title to the subject matter claimed in a patent....<sup>21</sup>

What is interesting here, however, is that, in the portion of its opinion before it reached the vacature issue, the court had found that, because of a series of development contracts between Beech and EDO, Beech actually owned (or would have owned if it had filed a timely counterclaim) the invention claimed in both parties' cases in interference. That should have led to dismissal of the interference under 37 CFR 1.602(a), which read as follows:

Unless good cause is shown, an interference shall not be declared or continued between (1) applications owned by a single party or (2) applications and an unexpired patent owned by a single party.<sup>22</sup>

However, the court apparently found nothing strange either about the fact that the BPAI had conducted an interference between two cases owned (or potentially owned) by the same party or the fact that, at the end, it remanded the case to the district court to decide the 35 USC 146 action on the merits. According to it:

An interference is a proceeding which the Board conducts to determine questions of priority, i.e., who was the first to invent the common subject matter claimed in two or more applications or in one or more applications and an issued patent. \*\*\* In making such priority determinations, the Board has no interest whatsoever in who may or may not have ownership rights in the subject matter at issue, and[,] therefore, such information has no bearing on the Board's ultimate decision regarding inventorship and priority.

In the present case, the only issue before the Board during the interference was whether Jonas or Abildskov was the first to invent the subject matter encompassed by Counts 1 and 2 of the interference. \*\*\* The Board was not concerned at all with who owned the invention defined by the counts or covered by the resulting patent.<sup>23</sup>

But, while the interference was **named** Jonas v. Abildskov, the real parties-in-interest were, of course, Beech and EDO. Thus, EDO's entitlement to litigate the priority issue stemmed from its ownership of the Abildskov application.<sup>24</sup> That is, if EDO did not own the Abildskov application, it had no entitlement to litigate the priority issue. However, "entitlement to litigate an issue" is just another way of saying "standing." If EDO did not own the Abildskov application, what was it doing in the interference? And why should the BPAI have been put to the trouble of determining priority as between Jonas and Abildskov? Normally, when a single company owns cases (whether applications or patents) naming different inventive entities, it is up to the single company (or its counsel) to sort out which inventive entity made the invention first and to dispose of the other case—either by abandonment if the other case is an application or by disclaimer if the other case is a patent.

## **Comments**

Of course, EDO had paid the filing fee for the Abildskov application, so it “owned” the Abildskov application in that sense. However, if EDO did not own the invention claimed in the Abildskov application, what did ownership of the Abildskov application in and of itself mean, anyway?

This brings us to the question of the propriety of the BPAI’s practice of not requiring interferences (either junior parties or senior parties) to plead and prove standing. Regardless of how common situations of the specific type involved in Jonas v. Abildskov are, they are not unknown. And, more to the point, interferences in which the real real-party-in-interest (in the sense of what entity really has chips on the table) is unclear are common.<sup>25</sup> For instance, this situation commonly arises when one entity (e.g., a university) has record title and another entity (e.g., a manufacturing corporation) is, or is alleged to be, an exclusive licensee of the first entity.

Moreover, instead of going through the unwieldy (and, no doubt, extremely expensive) procedure of requiring Beech and EDO to litigate the priority and ownership issues before two different tribunals, wouldn’t it have made a great deal more sense for the BPAI to have required both Jonas (really, Beech) and Abildskov (really, EDO) to have pled and proved that they had standing to litigate the priority issue before they litigated that issue? That is, isn’t standing the archetypical “threshold issue”?<sup>26</sup>

## **Recommendations**

Thus, while we urge the BPAI to adopt the TTAB’s practice of requiring parties litigating before it to plead and prove their standing, we urge the BPAI not to adopt the TTAB’s practice of not deciding the standing issue until after it has already put the parties litigant to the expense of trying the merits issues. And, while we are at it (“it” being the offering of unsolicited

academic advice), we urge the TTAB to adopt the BPAI's practice of trying certain issues (which the BPAI calls "threshold issues") before it tries other issues—all in an attempt to secure what 37 CFR 41.1(b) calls "the just, speedy, and inexpensive resolution of every proceeding before the Board," whether that board is the TTAB or the BPAI. In this regard, we note that 37 CFR 2.116(a) provides that, "Except as otherwise provided, and wherever applicable and appropriate, procedure and practice in *inter partes* proceedings [before the TTAB] shall be governed by the Federal Rules of Civil Procedure" and that FRCP 1, like 37 CFR 41.1(b), provides that "These rules...should be construed and administered to secure the just, speedy, and inexpensive determination of every action and proceeding."

Finally, we have four interrelated suggestions for at least ameliorating the problem caused by the TTAB's treating of standing as a jurisdictional issue. First, the TTAB should adopt a rule like 37 CFR 41.128, Sanctions, particularly 37 CFR 41.128(b)(6), which provides that the BPAI can issue "An order awarding compensatory expenses, including attorney fees" for "Failure to comply with an applicable rule or order in the proceeding." Second, both the TTAB and the BPAI should provide by rule (or, in the case of the BPAI, by amendment to its Standing Order) that all parties before it must plead and prove standing. Third, both the TTAB<sup>27</sup> and the BPAI should provide by rule (or amendment to the Standing Order) that a party that initiates a proceeding before it has an obligation to investigate whether or not it has standing before initiating the proceeding and that, if it either fails to make an adequate investigation of standing or goes ahead with initiating an action before the board without making of record any possible standing problem,<sup>28</sup> that party will be sanctioned by the issuance of an order awarding compensatory expenses, including attorney fees, to its opponent. And, fourth, both the TTAB and the BPAI should provide by rule (or amendment to the Standing Order) that all parties before



it have the obligation to keep themselves apprised of standing issues and to make of record any possible standing problem.<sup>29</sup> That way, standing problems could be surfaced and resolved at the earliest possible opportunity, saving both the parties and the boards a great deal of unnecessary work.

---

<sup>1</sup> Copyright 2011 by Charles L. Gholz and David J. Kera; Oblon, Spivak, McClelland, Maier & Neustadt, LLP; Alexandria, Virginia. The views expressed here are those of the authors and are not necessarily shared by Oblon, Spivak, McClelland, Maier & Neustadt, LLP, or any of its clients.

<sup>2</sup> Partner in Oblon, Spivak, McClelland, Maier & Neustadt, LLP. My direct dial telephone number is 703/412-6485, and my email address is cgholz@oblon.com.

<sup>3</sup> Of Counsel to Oblon, Spivak, McClelland, Maier & Neustadt, LLP. My direct dial telephone number is 703/412-6456, and my email address is dkera@oblon.com.

<sup>4</sup> See, e.g., Gholz, Could the ATJs Learn Something From the APJs Concerning Handling Fraud Issues?, 16 Intellectual Property Today No. 12 at page 16 (2009)(contrasting the fact that the APJs listen to live testimony when credibility is an issue and make assessments of the witnesses' credibility with the fact that the ATJs don't), and Gholz, Compelled Testimony, Testimony Abroad, and Protective Orders in Interference Proceedings Under the New Rules, 67 JPTOS 239 (1985)(contrasting the fact that the ATJs enter protective orders with the fact that the APJs don't).

<sup>5</sup> See also Media Technologies Licensing LLC v. Upper Deck Co., 334 F.3d 1366, 1369, 67 USPQ2d 1374, 1377 (Fed. Cir. 2003), and Gillig v. Nike, Inc., 602 F.3d 1354, 1361, 94 USPQ2d 1742, 1746 (Fed. Cir. 2010).

<sup>6</sup> Melwani v. Allegiance Corp., 97 USPQ2d 1537 (TTAB 2010).

---

<sup>7</sup> Lipton Industries, Inc. v. Ralston Purina Co., 670 F.2d 1024, 1029; 213 USPQ 185, 189 (CCPA 1982).

<sup>8</sup> That, of course, does not mean that they have no practical interest in the outcome of the proceedings! Normally they do.

<sup>9</sup> Melwani v. Allegiance Corp., 97 USPQ2d 1537 (TTAB 2010); Demon Int. LC v. Lynch, 86 USPQ2d 1058 (TTAB 2008).

<sup>10</sup> Nobelle.com v. Qwest Communications Int. Inc., 66 USPQ2d 1300, 1304 (TTAB 2003).

<sup>11</sup> See, Melwani v. Allegiance Corp., 97 USPQ2d 1537 (TTAB 2010), where the TTAB found there was a failure to prove standing and also a failure to prove the opposer's case on the merits and dismissed the opposition with prejudice.

<sup>12</sup> Ex parte McCardle, 74 U.S. 506, 514 (1868).

<sup>13</sup> Melwani, supra n.11.

<sup>14</sup> Melwani, supra n. 11.

<sup>15</sup> Melwani, supra n. 11; Demon, supra n. 9.

<sup>16</sup> The facts were complicated. For more details, see Mr. Gholz's 1994 write-up of the opinion.

<sup>17</sup> See, e.g., Abbott Laboratories v. Brennan, 952 F.2d 1346, 21 USPQ2d 1192 (Fed. Cir. 1991), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 75 JPTOS 448 (1993) in § IV.A., "Non-Interference Claims in § 146 Proceedings."

<sup>18</sup> 990 F.2d at 1242, 26 USPQ2d at 1577.

<sup>19</sup> 990 F.2d at 1244, 26 USPQ2d at 1579.

<sup>20</sup> 990 F.2d at 1248, 26 USPQ2d at 1582.

<sup>21</sup> 990 F.2d at 1248, 26 USPQ2d at 1582; footnote omitted.

<sup>22</sup> The modern equivalent is 37 CFR 41.206.

---

<sup>23</sup> 990 F.2d at 1248-49, 26 USPQ2d at 1582.

<sup>24</sup> See, e.g., Abraxis Bioscience, Inc. v. Navinta LLC, \_\_\_ F.3d \_\_\_, \_\_\_, 97 USPQ2d 2011, 2017 (Fed. Cir. 2011)(Circuit Judge O’Malley, with whom Circuit Judge Newman joined, dissenting from the denial of a petition for rehearing en banc)(“In patent cases, standing turns on ownership of the patent rights at issue.”),

<sup>25</sup> See Gholz and Wilcox, What Does “Any and All Right, Title, or Interest” Mean?, 14 Intellectual Property Today No. 5 at page 16 (2007).

<sup>26</sup> A “threshold issue” is defined in 37 CFR 41.201. For the TTAB’s equivalent, see Smith Kline Beecham Corp. v. Omnisource DDS LLC, 97 USPQ 2d 1300, 1301 (TTAB 2010).

<sup>27</sup> This suggestion is less important to the TTAB than it is to the BPAI, since the TTAB has effective discovery and the BPAI doesn’t. As to the level of discovery provided by the BPAI, see Gholz, Patent Interferences – Big Ticket Litigation With No Effective Discovery, 4 Intellectual Property Today No. 9 at page 10 (1997).

<sup>28</sup> Such an amendment would fit nicely into ¶ 8 of the BPAI’s Standing Order.

<sup>29</sup> See backnote 28.