

Should Patent Prosecution Bars Apply To Interference Counsel?¹

By

Charles L. Gholz²

and

Parag Shekher³

Introduction

The Federal Circuit stated that it granted a rare petition for a writ of mandamus in In re Deutsche Bank Trust Co. Americas, 605 F.3d 1373, 95 USPQ2d 1399 (Fed. Cir. 2010)(opinion by Circuit Judge Linn for a panel that also consisted of Chief Circuit Judge Michel and Circuit Judge Prost) (hereinafter referred to as “Deutsche Bank”), because the “petition present[ed] an important issue of first impression [at the appellate level] in which [district] courts have disagreed....”⁴ However, in point of actual fact, the court took the opportunity to decide several different, but related, important issues of first impression at the appellate level on which the district courts had disagreed. All of those issues related generally to the issuance by district courts of what are known as “patent prosecution bars,” which are protective orders prohibiting attorneys appearing before those district courts in patent infringement litigation from concurrently representing the same client in related patent prosecution and/or, if allowed to represent the client at all in concurrent, related patent prosecution, from being made aware of the results of at least certain discovery in the infringement litigation.⁵

The narrow question examined in this article is whether what the court said in Deutsche Bank applies to lawyers representing the same client in patent infringement litigation and in interferences before the Board of Patent Appeals and Interferences (hereinafter referred to as the “BPAI”)⁶ involving the same patent or a related patent or patent application.⁷ The broader

question examined in this article is whether representation of the same client by the same attorney in that situation⁸ presents an issue that should be regulated, either by the district court or by the BPAI.

What the Federal Circuit Said in Deutsche Bank

The first issue that the Federal Circuit decided in Deutsche Bank was what law to apply—that of the Federal Circuit or that of the otherwise applicable regional circuit court of appeals. That was an easy issue for it, because, as it said, “we have...held that Federal Circuit law applies to discovery matters if the determination implicates an issue of substantive patent law.”⁹ The court explained:

A determination of whether a trial lawyer should be denied access to information under a protective order because of his additional role in patent prosecution, or[,] alternatively[,] be barred from representing clients in certain matters before the U.S. Patent and Trademark Office (“PTO”),^[10] is an issue unique to patent law. Moreover, and as discussed below, there is a noted lack of uniformity among district courts around the country about whether and under what circumstances a patent prosecution bar should be applied. *** Given the unique relationship of this issue to patent law, and the importance of establishing a uniform standard, we hold that the determination of whether a protective order should include a patent prosecution bar is a matter governed by Federal Circuit law.¹¹

On the merits, the court explained that, “Because patent prosecution is not a one-dimensional endeavor and can encompass a range of activities, it is shortsighted to conclude that every patent prosecution attorney is necessarily involved in...[activities that would justify excluding him or her from the fruits of discovery in a related patent infringement action].”¹² Rather, whether a patent prosecution bar should issue and, if one should issue at all, its terms and to which attorneys on the infringement litigation team it should apply, must be “decided based on the specific facts involved....”¹³

In Deutsche Bank, the Federal Circuit stated that “The district court...did not appear to have before it a full evidentiary record of the nature and extent of...[the attorney’s] patent prosecution of inventions related to the subject matter of the litigation, to be able to assess whether...[the attorney’s] role in prosecution...[was such that the district court should consider imposing a protective order because there was a risk that the attorney would make improper use in the PTO of information obtained via discovery in the infringement action].”¹⁴ Accordingly, the Federal Circuit remanded the case to the district court with instructions to “consider such additional evidence it deems relevant to reassess and reevaluate its determination.”¹⁵

However, the Federal Circuit did not stop there. It made it clear that, even if there was a risk that an attorney involved in both the infringement action and prosecution in the PTO might make improper use in the PTO of information obtained via discovery in the infringement action, that did not end the inquiry:

A determination of the risk of inadvertent disclosure or competitive use does not end the inquiry. Even if a district court is satisfied that such a risk exists, the district court must balance this risk against the potential harm to the opposing party from restrictions imposed on that party’s right to have the benefit of counsel of its choice. *** In balancing these conflicting interests[,] the district court has broad discretion to decide what degree of protection is required.¹⁶

* * *

[B]ecause the district court’s balancing analysis was based at least in part on its assessment of the risk of inadvertent disclosure, the balancing analysis must likewise be reevaluated following reconsideration of that risk on the remand, in accordance with the standards set forth herein.¹⁷

What the Federal Circuit had to say about that risk and that balancing is the focus of this article.

Initially, it should be said that Deutsche Bank did not involve an attorney who was

simultaneously representing the same client in a patent infringement action and in a related interference. Everything that the Federal Circuit said related to an attorney who was simultaneously representing the same client in patent infringement litigation and in routine, ex parte patent prosecution. Thus, one question is whether what the Federal Circuit said in Deutsche Bank is relevant to the questions under consideration in this article. However, we believe that some of what the court said can be easily extrapolated to attorneys representing the same client in a patent infringement action and in a related interference.¹⁸

We think that the passage of the Federal Circuit's opinion most relevant to the risk issue is the following:

In evaluating whether to grant a patent prosecution bar in the first instance, a court must be satisfied that the kind of information that will trigger the bar is relevant to the preparation and prosecution of patent applications before the PTO. For example, financial data and other sensitive business information, even if deemed confidential, would not normally be relevant to a patent application and thus would not normally be expected to trigger a patent prosecution bar. On the other hand, information related to new inventions and technology under development, especially those that are not already the subject of pending patent applications, may pose a heightened risk of inadvertent disclosure by counsel involved in prosecution-related competitive decision making....¹⁹

We think that the passage of the Federal Circuit's opinion most relevant to the balancing issue is the following:

In making...[the] determination [i.e., balancing the risk of inadvertent disclosure against the potential harm issuance of the protective order would inflict on the patentee], the court should consider such things as the extent and duration of counsel's past history in representing the client before the PTO, the degree of the client's reliance and dependence on that past history, and the potential difficulty the client might face if forced to rely on other counsel for the pending litigation or engage other counsel to represent it before the PTO.²⁰

How Deutsche Bank Might Apply to Concurrent Representation in a Patent Infringement Litigation and in a Related Interference

Our fundamental premise is that a patent infringement action and an interference between the same two companies involving the same or a related patent or patent application are two fronts in the same war.²¹ Frequently, the same claim or claims is or are at risk in the two fora. Of course, the burden of proof on the party challenging a claim on the ground of unpatentability over the prior art is lower in the interference than it is in the infringement action,²² and the fact that the patent interference is being tried to tech-savvy Administrative Patent Judges (hereinafter referred to as “APJs”) who making their livings dealing exclusively with patent law, rather than to lay juries or to generalist judges (who, to put it kindly, are not tech-savvy and who have relatively little familiarity with patent law) makes the two litigations feel very different. However, the legal issues are often the same, and the prior art relied on by the challenger is often the same. Thus, *prima facie*, it makes economic sense for the patent owner to rely on the same or overlapping counsel²³—and, incidentally, on the same expert witnesses.

The countervailing concern is that counsel representing the patentee in the PTO will make unfair use in the PTO of information gleaned through discovery in the infringement litigation.²⁴ This concern begs two questions.

First, what use could counsel representing the patentee in the PTO make of information gleaned through discovery in the infringement litigation?

Second, would whatever use counsel representing the litigant in the PTO could make of information gleaned through discovery in the infringement litigation be unfair?

As to the first question, by the time that an APJ has declared an interference, the parameters of the subject matter in dispute in the interference are pretty well set.²⁵ An interference is always declared with at least one count,²⁶ and the notice declaring the interference

always specifies both the involved claims and the claim in the parties' cases in interference²⁷ that are not involved.²⁸ The parties can ask the APJ administering the interference for authorization to file motions to add or delete counts, motions to substitute different counts, and motions to change the involved claims either by designating additional claims (including newly presented claims, which may be broader than the previously presented claims, either in a patent or application already involved in the interference or in another commonly owned patent or application²⁹) as corresponding to the count(s) or by designating as not corresponding to the count(s) claims initially designated as corresponding to the count(s), and panels of APJs can grant such motions. However, practically speaking, counsel's ability to change the overall scope of an interference is very limited. In particular, interference counsel can not write a brand new application, disclosing and claiming subject matter not disclosed in the patent(s) and and/or patent application(s) involved in the interference at the outset, and get the brand new application added to the interference. Thus, there is very little that interference counsel could do in the interference with "information related to new inventions and technology under development" by his or her client's opponent in the patent infringement litigation.

Nevertheless, saying that "there is very little that interference counsel could do" with such information is not the same as saying that there is nothing that interference counsel could do with such information. Paragraph 208.3.1 of the BPAI's Standing Order does authorize the filing of motions to add claims (either to an involved application or—via the filing of a reissue application—to an involved patent) and to have the additional claim or claims designated as corresponding to the or a count of the interference. There is no doubt that interference counsel contemplating asking the APJ for authorization to file such a motion would be remiss not to take into account any information that he or she has on where his or her opponent is going with the

technology involved in the interference. Thus, there is some risk of interference counsel making some use of information gleaned via discovery in the infringement litigation.

But is such use an unfair use? If the patentee has support for such claims, what is unfair about presenting claims that are specifically tailored to read on a competitor's product or to prevent a competitor from introducing a product? Isn't that the whole point of the patent system—to give patentee's competitive advantages to which they are entitled? And, even if such use is unfair in some sense on some occasions, is it unfair enough to justify the imposition of a protective order denying the litigant the use of the same or overlapping counsel in both the patent infringement action and the patent interference--particularly given the enormous economies inherent in doing so? As the Federal Circuit made very clear in Deutsche Bank, that is a question of balancing the equities—and it is a question that should be decided in each case based on the facts of that specific case.

Comments

(1) We think that the question of whether or not to issue a protective order barring counsel in a patent infringement action from representing the same real-party-in-interest in a related interference is, like the question of whether or not to issue a protective order barring counsel in a patent infringement action from representing the same real-party-in-interest in ex parte patent prosecution, a question to be decided under Federal Circuit law, not under the law of the otherwise applicable regional circuit court of appeals.

(2) While we acknowledge and applaud the Federal Circuit's insistence that such determination be made on a case-by-case basis, we think that it will be an unusual case in which the patentee's interest in being able to coordinate litigating its position in the infringement litigation with litigating its position in the patent interference by using the same or overlapping

counsel does not tip the balance in the patentee's favor.

¹ Copyright 2011 by Charles L. Gholz; Oblon, Spivak, McClelland, Maier & Neustadt, LLP; Alexandria, Virginia. The views expressed herein are those of the authors and are not necessarily shared by Oblon, Spivak, McClelland, Maier & Neustadt, LLP, or any of its clients.

² 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.

³ Summer associate in Oblon, Spivak, McClelland, Maier & Neustadt, LLP. My direct dial telephone number during the school year is 408/359-7943, and my email address during the school year is shekherp@uchastings.edu.

⁴ 605 F.3d at 1375, 95 USPQ2d at 1400.

⁵ See generally David Hricik, How Things Snowball: The Ethical Responsibilities and Liability Risks Arising from Representing a Single Client in Multiple Patent-Related Representations, 18 Geo. J. Legal Ethics 421 (2005), and James Juo and David J. Pitman, A Prosecution Bar in Patent Litigation Should Be the Exception Rather than the Rule, 15 Va. J. of Law & Technology 43 (2010).

⁶ As opposed to interferences before the same or a different district court under 35 USC 291.

⁷ For purposes of this article, "a related patent or patent application" means, not only a patent or patent application have at least substantially the same specification, but also any patent or patent application on closely related technology—broadly defined.

⁸ In Mr. Gholz's experience, the question usually arises in the context of overlapping litigation teams, one specializing in interference practice and one specializing in district court infringement litigation, rather than in a single litigation team handling both the interference and the infringement action.

⁹ 605 F.3d at 1377, 95 USPQ2d at 1401, citing Advanced Cardiovascular Sys., Inc. v. Medtronic, Inc., 265 F.3d 1294, 1307-08 (Fed. Cir. 2001); and In re Spalding Sports Worldwide, Inc., 203 F.3d 800, 803 (Fed. Cir. 2000).

¹⁰ The conclusion of this article is that the phrase “certain matters before the U.S. Patent and Trademark Office” should be read to exclude interferences.

¹¹ 605 F.3d at 1377-78, 95 USPQ2d at 1402.

¹² 605 F.3d at 1379, 95 USPQ2d at 1403.

¹³ 605 F.3d at 1379, 95 USPQ2d at 1403, quoting from In re Sibia Neurosciences, Inc., 1997 Fed. Appx. LEXIS 31828, *7 (Fed. Cir. 1997).

¹⁴ 605 F.3d at 1382, 95 USPQ2d at 1405.

¹⁵ 605 F.3d at 1382, 95 USPQ2d at 1405.

¹⁶ 605 F.3d at 1380, 95 USPQ2d at 1404.

¹⁷ 605 F.3d at 1382, 95 USPQ2d at 1405.

¹⁸ In Xerox Corp. v. Google, Inc., 270 FRD 182, 184 (D. Del. 2010), the court reasoned as follows:

Though *Deutsche bank* dealt only with provisions limiting participation in patent prosecution, the court considers its logic applicable in the context of patent reexamination as well. Just as in *Deutsche Bank*, the competing interests involved here pit protection of defendants’ confidential information against plaintiff’s right to counsel of its choice. And just as in patent prosecution, the primary factor affecting the risk of inadvertent disclosure during reexamination is the extent to which counsel are involved in competitive decision making with the client.

¹⁹ 605 F.3d at 1381, 95 USPQ2d at 1404; emphasis supplied.

²⁰ 605 F.3d at 1381, 95 USPQ2d at 1404; emphasis supplied.

²¹ A District Judge made much the same point in the analogous context of a parallel infringement

action and a reexamination proceeding, reasoning that, “because defendant filed the request for an *inter partes* reexamination of one of plaintiff’s patents-in-suit, the reexamination is ‘part and parcel of the instant case’.” Kenexa Brassring, Inc. v. Taleo Corp., 2009 U.S. Dist. LEXIS 12002, *5 (D.Del. 2009).

Cf. Streck, Inc. v. Research & Diagnostic systems, Inc., 2008 U.S. Dist. LEXIS 69330 (D. Neb. 2008)(modifying a previously entered prosecution bar to permit use in a parallel interference of documents obtained via discovery in an infringement action on the ground that “[t]he plaintiff [patentee] has presented a legitimate and not improper purpose for use of the documents outside this litigation” and “the defendants have shown no recognizable interest in preventing the disclosure.” 2008 U.S. Dist. LEXIS at *10.

²² The U.S. Supreme Court recently confirmed that the burden of proof to establish claim invalidity over the prior art in infringement actions is clear and convincing evidence. Microsoft Corp. v. i4i Ltd. P’ship, ___ S.Ct. ___, 98 USPQ2d 1857 (2011). However, the burden of proof to establish claim invalidity over the prior art in interferences is only the preponderance of the evidence. Anderson v. Dionex Corp., 53 USPQ2d 1041 (PTOBPAI 1999)(opinion by SAPI McKelvey for a panel that also consisted of APJs Schafer, Lee, and Torczon).

²³ See Hricik, op. cit. supra n. 5 at page 25 (“The courts must be careful when addressing whether and to what extent to bar prosecuting-litigators from having access to discovery materials: imposing a bar too frequently will unnecessarily drive up litigation expenses....”), and Xerox Corp. v. Google, Inc., 270 FRD 182, 185 (D. Del. 2010)(making the same point in the context of a parallel patent infringement action and reexamination).

²⁴ See Hricik, op. cit. supra n. 5 at pages 36-38 and Juo and Pitman, op. cit. supra n. 5 at 69-70.

²⁵ See Juo and Pitman, op. cit. supra n. 5 at 67-68.

²⁶ A count is defined in 37 CFR 41.201 as “the Board’s description of the interfering subject matter that sets the scope of admissible proofs on priority.” 37 CFR 41.201 also specifies that, “Where there is more than one count, each count must describe a patentably distinct invention.”

²⁷ “Case” is a term of art in interference practice meaning either a patent or an application involved in an interference.

²⁸ 37 CFR 41.201 defines an involved claim as “a claim that has been designated as corresponding to the count.” What that means for practical purposes is a claim that is at risk in the interference. Put otherwise, the BPAI has jurisdiction to hold that an involved claim is unpatentable (whether that claim is in a patent or in an application), but it does not have jurisdiction to hold that an uninvolved claim is unpatentable.

²⁹ This fact distinguishes interferences from reexaminations. In Xerox Corp. v. Google, Inc., 270 FRD 182, 184 (D. Del 2010), the court relied heavily on the fact that claims cannot be broadened in reexaminations in refusing to impose a protective order preventing the same counsel from handling both a patent infringement action and a parallel reexamination.