

When Should a Patentability Motion Be Deferred to the Second Phase?¹

By

Charles L. Gholz²

Introduction

A recurrent question which has bedeviled the PTO (and its predecessor, the Patent Office) since at least Forsyth v. Richards, 1905 C.D. 115 (Comm'r 1905), is how to handle what we would now call motions for judgments of unpatentability based on antedatable references. Putting the situation in terms of modern practice, the question arises when one interferent has filed a 37 CFR 41.121(a)(1)(iii) substantive motion for a judgment that one or more of another interferent's claims are unpatentable over an antedatable reference and the other interferent has filed a 37 CFR 41.204(a) priority statement that alleges dates which, if proved, would antedate the reference if the date of the reference were the second party's invention date. The question is whether (and, if ever, when) the patentability issue should be deferred to the second phase of the interference, where it would be handled concurrently with the submission of priority proofs. The problem is that antedating a reference having a given date is similar to, but not identical to, proving invention prior to that date for priority purposes.³

Most recently, that question was the subject of extended treatment in Paper 333 in Lazaridis v. Eggleston,⁴ Int. No. 105,700 (per curiam⁵)(expanded panel consisting of CAPJ Fleming, VCAPJ Moore, LAPJ Lane, and APJs Schafer, Lee, Torczon, Medley, and Tierney).⁶ That opinion makes it clear that the Office has been inconsistent in its handling of that question in the past, but it provides some very clear guidance for how that question will be handled in the future.

The Holding in Lazaridis v. Eggleston

The “Discussion” section of the BPAI’s opinion starts off with the following “General rule” set off as if it were a block quote (which it most definitely is not):

Whether an antedating effort to avoid a non-statutory bar relied upon in a motion for judgment based on alleged unpatentability is deferred to the priority phase is discretionary and depends on the facts of the case. The *default* procedure is [that] antedating is *not* deferred to the priority phase. [Emphasis in the original.]⁷

The opinion then continues by asserting (1) that “A party opposing a motion for judgment based on unpatentability over a non-statutory bar reference must present an opposition”⁸ and (2) that, “If a party seeks to have the motion deferred, then the party needs to convince the Board to exercise its discretion and defer the motion to the priority phase.”⁹

The Background

The opinion in Lazaridis starts its discussion of the history of this question with the previously mentioned ancient opinion in Forsyth v. Richards and continues through the decades up to the present. However, for present purposes I think that we can begin the discussion with LeVeen v. Edwards, 57 USPQ2d 1416 (BPAI 2000)(expanded panel),¹⁰ which contains the following language:

The use of preliminary statements as a “defense” to a preliminary motion for judgment is not specifically covered by the rules. Accordingly, pursuant to 37 CFR §1.610(e), the Trial Section adopts the following practice. When (1) a preliminary motion for judgment under 37 CFR §1.633(a) against an opponent relies on a §102(a) or §102(e) reference and (2) the opponent alleges in its preliminary statement a date of invention prior to the prior art dates of the reference, the opponent will be given two choices.

A first choice will be for the opponent to call attention to its preliminary statement and ask that a decision on the preliminary motion be deferred to the priority phase of the interference. * * *

A second choice is for the opponent to present proofs under 37 CFR §1.131 together with its opposition. [Emphasis supplied.]¹¹

The key point to note here is that the expanded panel clearly indicated that the choice was the opponent's. If the opponent wanted to defer, all that it had to do was to ask for deferral.

The next case in the series is Navarrini v. Worm, 79 USPQ2d 1178 (BPAI 2005)(expanded panel)(precedential). That opinion backs off from what the panel had said in LeVeen:

What took place in this case reveals that *LeVeen v. Edwards* did not take into account possibilities for “eliminating” a reference as prior art by the moving party. At this point, we can think of several reasons why §§102(a) and 102(e) prior art applicable against an opponent may not be applicable against the moving party. In no particular order of importance, they are:

- (1) A party's claim may have a limitation not present in an opponent's claim.
- (2) A party may have Rule 131 proofs which antedate the prior art.
- (3) The relevant subject matter in the references may be a description of the party's invention. *In re Whittle*, 454 F.2d 1193, 172 USPQ 535 (1972); *In re Mathews*, 408 F.2d 1393, 161 USPQ 276 (CCPA 1969); *In re Facius*, 408 F.2d 1396, 161 USPQ 294 (CCPA 1969). *See also* 37 CFR §1.130 (2004).
- (4) The party's preliminary statement may allege a date of invention prior to the references. *Goutzoulis v. Athale*, 15 USPQ2d 1461 (Comm'r Pat. 1990); *Forsyth v. Richards*, 1905 Dec. Comm'r Pat. 115 (Comm'r Pat. 1905).
- (5) The references may not be enabling as of the moving party's earlier filing date but would be enabling as of an opponent's later filing date. 37 CFR §1.132; *Gould v. Hellwarth*, 472 F.2d 1383, 176 USPQ 515 (CCPA 1973)(later filed application enabled while earlier filed application held non-enabled).

There may be other reasons. Whether any reason justified deferral to the priority phase will be made [sic; decided] on a case-by-case basis. [Emphasis supplied.]¹²

The key point to note here is that this time the expanded panel clearly indicated that it would be the APJs, not the party seeking deferral, who would decide whether or not deferral should be authorized.

What Lazaridis v. Eggleston Says

Lazaridis starts with a procedural rule which I hope that the BPAI will enforce vigorously:

Before requesting leave to defer consideration of any antedating effort to the priority phase, a conference call should be arranged with the judge assigned to the interference[, and both parties should be prepared to discuss whether or not antedating should be deferred.¹³

It then sets forth and discusses the following “non-exhaustive list of factors [that] may be relevant [in deciding whether or not to defer consideration of an antedating effort] in a particular case”¹⁴:

Factor 1

Will the evidence and prior invention theory supporting antedating and priority be the same?

There are similarities between (1) antedating under Rule 131 and (2) priority under 35 U.S.C. § 102(g)(1). *See, e.g., In re Eickmeyer*, 602 F.2d 974, 978-79 (CCPA 1979). There also can be differences. *See, e.g., In re Mulder*, 716 F.2d 1542, 1545 (Fed. Cir. 1983)](interferences involve policy questions not present when antedating a reference).

One significant difference is the admissible evidence. In the case of priority, the admissible evidence of prior invention of an embodiment must fall within the scope of the count. 37 C.F.R. § 41.201 (definition of “count”)(2009), codifying *Squires v. Corbett*, 560 F.2d 424, 433 (CCPA 1977)(count is merely a vehicle for contesting priority and determines what evidence is relevant on the issue of priority); *Case v. CPC International, Inc.*, 730 F.2d 745, 749 (Fed. Cir. 1984)(a count determines the scope of the relevant evidence on the issue of priority). *See also Eaton v. Evans*, 204 F.3d 1094, 1097 (Fed. Cir. 2000)(to establish an actual reduction to practice, it must be established that the party constructed an embodiment or performed a process that met every element of the count[, and there can be no actual reduction to practice if the constructed embodiment or

performed process lacks an element recited in the count or uses an equivalent *** because the doctrine of equivalents does not pertain to an interference). [Elision in the original.]

On the other hand, in a Rule 131 antedating effort, the embodiment relied upon need not fall within the scope of the claim being attacked. To antedate under Rule 131, an affidavit may be sufficient if it shows prior invention of only so much of the claimed invention as the reference describes. *In re Stempel*, 241 F.2d 755, 760 (CCPA 1957); *In re Tanczyn*, 347 F.2d 830, 831 (CCPA 1965).

In re Stryker, 435 F.2d 1340 (CCPA 1971), brings out the significance of proof differences. Where (1) a reference described every claim limitation *except weight limitations*, (2) a rule 131 affidavit established reduction to practice of everything but claimed weight limitations, and (3) the claimed weight limitations would have been obvious from reference, it was held that a Rule 131 affidavit was sufficient. In *Stryker*, the CCPA noted that[,] if Stryker had broadened the claims to eliminate the weight limitations, the Rule 131 affidavit would have been sufficient. In an *ex parte* context, the CCPA did not believe it was necessary for Stryker to broaden its claims. Had the Stryker claim been a count, the rule 131 effort would not have established *priority* under *Eaton v. Evans*.

Factor 2

What about corroboration?

Many opinions, including some of ours, have said that under Rule 131 corroboration is not necessary. Those opinions may be too broad. It is true that the testimony of a corroborating witness may not be necessary. However, Rule 131 itself states that “[o]riginal exhibits of drawing or record, or photocopies thereof, must accompany and form part of the affidavit or declaration or their absence must be satisfactorily explained.” We believe it would be a rare, and unusual, case for an applicant to prevail under Rule 131 based solely on the applicant’s say so that “something” was invented by the application [sic; applicant] before the date of the reference.

Generally speaking the corroborating testimony of a non-inventor witness is necessary to establish conception and an actual reduction to practice in the priority phase. See e.g., *Mikus v. Wachtel*, 542 F.2d 1157, 1159, 191 USPQ 5711, 573-74 (CCPA 1976)(explaining need for corroboration while holding in that case corroboration was insufficient).

Factor 3

What is the time period difference between (1) the date of the reference and (2) the party’s filing date?

Experience, if not logic, tell[s] all that[,] the longer the antedating period, the more difficult antedating will be. In other words, if a party has to carry a date back two years, one would expect a more difficult effort than a case where the party needs to carry a date back only one month.

The effort becomes more difficult where reasonable diligence is involved.

Factor 4

Opinions discussing deferral of Rule 131 (formerly Rule 75) to the priority phase (formerly “final hearing” on priority) generally have not discussed the nature of the content and attachments of the priority statements (formerly preliminary statement[s]).

The content of the priority statement is a factor which should be taken into consideration.

A priority statement is a pleading designed to establish the earliest dates for conception and actual reduction to practice which a party is permitted to prove in the priority phase. The priority statement also establishes the earliest date on which a party can prove that diligence began. However, a priority statement is not evidence. On the other hand, a Rule 131 affidavit is evidence.

The priority statement would not govern a date which might be established with a Rule 131 antedating effort. Why? A Rule 131 antedating does not *require* proofs involving an embodiment within the scope of the count. A party may have proofs which are relevant to a Rule 131 antedating effort which would not be admissible on the issue of priority.

Factor 5

If some of a party’s claims are unpatentable, would there still be an interference-in-fact, and[,] if so, what would a new count look like?

Fixing the scope of the count is a primary purpose of the motions phase. Accordingly, whether the count is likely to be changed is a factor which can be taken into consideration.

In interferences declared before the 1984 rules changes, any number of “contingent” motions to “substitute” a different count would be filed. The motions were “contingent” on the Primary Examiner[’s] granting a motion to dissolve based on the prior art.

To some extent the “contingent” motion practice continued after the 1984 rule changes. However, upon establishment of the Trial Section in 1998, the Board adopted what it felt was a more efficient process. Motions for judgment based on the prior art could be authorized and if granted the Board would review the “surviving” patentable

claims. On the basis of that review, a determination would be made whether an interference-in-fact still existed, and[,] if so, what the “new” count should be. The process simplified the motions phase[,] and experience shows that the process has withstood the test of time.

Factor 6

If the art is a statutory bar to the junior party, but an antedatable anticipation for the senior party, should patentability be resolved in the motions phase, including consideration of any antedating effort by the senior party?

A junior party may believe that its strongest argument is the patentability argument and thus may be willing to concede priority if the patentability question is resolved. In this case, there would be no priority phase to which the senior party’s antedating could be deferred. Obviously, if the motion for judgment based on unpatentability is denied on the merits, the Rule 131 antedating effort is moot[,] and the case proceeds to the priority phase.¹⁵

My Comments on Lazaridis

Obviously, the BPAI’s comments on the six factors are controlling. They are detailed and excellent. However, as one who has been through this wringer twice, I want to add my perspective on the question.

In my opinion, the most important factors are *Factor 3* and *Factor 4*.¹⁶

As the BPAI said in its discussion of *Factor 3*, “Experience, if not logic, tell[s] all that[,] the longer the antedating period, the more difficult antedating will be.”¹⁷ In Lazaridis, the period in question was “about 34 months.”¹⁸ It is frequently said that, in litigation, nothing is more probable than 90% nor less probable than 10%. However, the probability of proving continuous diligence for 34 months is surely at the low end of that range—if not, practically speaking, well below the lower “boundary” of that range.

As for *Factor 4*, the practitioner needs to bear in mind that, while priority statements are filed in sealed envelopes, the APJs have the right to open the sealed envelopes and examine their

contents. That's what happened in Lazaridis. The APJs opened Lazaridis's priority statement and looked at its alleged conception document. Lazaridis's problem was that its alleged conception document clearly contained no description responding to the critical limitation in the count.¹⁹

Anybody can file a priority statement alleging dates earlier than one's opponent is at all likely to be able to prove for its invention and attach a "conception document" that shows that the assignee of the proponent of the priority statement was at least in the same general business at the date alleged in the priority statement. However, in view of the guidance provided by Lazaridis, that's not going to be good enough. If the opinion in Lazaridis does anything, it will make the drafting of a priority statement a much more serious task than it has been in the past. Remember, if the APJs open the envelope containing a priority statement, examine the priority statement, and find it wanting, its proponent will probably not get a second chance to do it over and do it right.²⁰ So, even if the proponent could have alleged a later date that, as it turned out, would have been good enough, but did not do so because it preferred to allege an earlier date that it was confident that its opponent could not possibly beat, that may be water over the dam.²¹

¹ Copyright 2010 by Charles L. Gholz; Oblon, Spivak, McClelland, Maier & Neustadt, LLP; Alexandria, Virginia. The views expressed herein are those of the author and are not necessarily shared by Oblon, Spivak or any of its clients.

² Partner in and head of the interference section of Oblon, Spivak, McClelland, Maier & Neustadt, LLP. My direct dial telephone number is (703) 412-6485, and my email address is cgholz@oblon.com.

³ Contrast In re Eickmeyer, 602 F.2d 974, 978-79, 202 USPQ 655, 660 (CCPA 1979), with In re Mulder, 716 F.2d 1542, 1545, 219 USPQ 189, 193 (Fed. Cir. 1983)(Rich, C.J.).

⁴ I am co-counsel for Eggleston.

⁵ The opinion indicates that it is "per curiam" and states that, while SAPJ McKelvey participated in earlier stages of the case, he had retired (again) by the time of the decision discussed in this article. However, the presence of frequent "McKelveyisms" in the opinions suggests to me that he was responsible for at least a significant part of the language of the opinion.

⁶ Curiously, despite the illustrious and greatly expanded panel, the opinion is designated neither as “precedential” nor even as “informative.”

⁷ Page 8.

⁸ Page 8; emphasis supplied. This assertion seems to me to be inconsistent with the statement in ¶ 121.3 of the Standing Order that “A motion may be dismissed or denied without considering any opposition, or may be granted without considering a reply.”

⁹ Page 9.

¹⁰ I was co-counsel for Edwards in that interference, so I definitely “have a dog in this fight.”

¹¹ 57 USPQ2d at 1420; footnote omitted.

¹² 79 USPQ2d at 1182.

¹³ Page 18.

¹⁴ Page 19.

¹⁵ Pages 19-23.

¹⁶ They were the two factors that I think were determinative in Lazaridis, although the opinion says that five of the six factors “favor[ed] non-deferral” and that the sixth factor “[did] not apply.” Page 27.

¹⁷ Page 21.

¹⁸ Page 24.

¹⁹ In one of my papers, I described Lazaridis’s alleged conception document as “a joke.”

²⁰ But see Gholz and Nissen, The Board Must Afford Interferents Due Process!, 16 Intellectual Property Today No. 10 at page 8 (2009), which discusses an opinion in a 35 USC 146 case that holds that, on occasion, an interferent is entitled to “a Mulligan.”

²¹ I am aware that some attorneys file priority statements alleging multiple “fall back dates”—and that may be a solution to this problem. However, it is also possible that, particularly if a party filed a priority statement alleging a great many “fall back dates,” some of the more testy APJs would treat that as an unacceptable attempt to “game the system” and refuse to consider any of the alleged dates after the first one. I might try one “fall back date,” but I wouldn’t try ten “fall back dates”—at least until there is a precedential or informative BPAI opinion saying that doing so is OK.