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Derivation

## The Decision Instituting the First Derivation Proceeding

### Litigation

The author criticizes the decision instituting the first derivation proceeding for its failure to employ a procedural device commonly employed in derivation interferences.



BY CHARLES L. GHOLZ

More than six years after passage of the America Invents Act (AIA), Pub. L. No. 112-29 (2011), creating derivation proceedings, and almost four years after publication of *Catapult Innovations Pty. Ltd. v. adidas AG*, Case DER2014-00002 (Paper No. 19, dated July 18, 2014) (Administrative Patent Judge Jameson Lee for a panel that also consisted of APJs Joni Chang and Justin Arbes), painstakingly explaining how to provoke a derivation proceeding, the Patent Trial and Appeal Board has at last actually declared one: *Andersen Corp. v. GED Integrated Solutions, Inc.*, Case DER1017-00007

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(Paper No. 32, dated March 21, 2018) (APJ Josiah Cocks for a panel that also consisted of APJs Chang and Arbes). The opinion supporting that declaration asserts that:

Although a derivation proceeding is a creation of the . . . [AIA], the charge of derivation of invention as a basis for finally refusing application claims and canceling patent claims had been adjudicated under 35 U.S.C. § 135(a) as it existed prior to the enactment of [the] AIA. On the substantive law of derivation of invention, we apply the jurisprudence which developed in that context, including the case law of the U.S. Court of Appeals for the Federal Circuit and the U.S. Court of Customs and Patent Appeals. [Paper 32 page 8.]

Curiously, however, the panel did not follow the procedure developed by the Board of Patent Appeals and Interferences for defining the subject matter in dispute — a procedure commonly known as “a McKelvey

count” in memory of the late, lamented chief administrative patent judge of that body.

### **How the Panel Defined the Subject Matter in Dispute**

Judge Cocks explained how and why the panel defined the subject matter in dispute as follows:

The derivation rules provide a framework in which a petitioner would assert and prove that an invention was conceived by a petitioner’s inventor(s) and communicated to a respondent, and then show how one or more of a respondent’s challenged claims is the same patentable invention as that proven by the petitioner as having been conceived by the petitioner’s inventor(s) and communicated to the respondent. See 35 U.S.C. § 135(a); 37 C.F.R. § 42.405. That, however, is not the approach taken by Andersen in this Petition. Rather, Andersen essentially has used its Petition to assert 22 different derivations covered by the pertinent rules (i.e., 22 different inventions that allegedly were derived). We are aware of no prohibition against this approach and thus treat the Petition accordingly. [Paper 32 page 14.]

### **Last Derivation Interference**

The last (or, perhaps, the latest) derivation interference was *Melrose v. Graham Packaging Co.*, Int. No. 106,050 (Paper 129, dated Sept. 22, 2017) (opinion by APJ Richard Schafer for a panel that also consisted of APJs Sally Gardner-Lane and Deborah Katz). In that opinion, Judge Schafer explained that:

The count is a so-called McKelvey count, now familiar in interferences. Notwithstanding the disjunctive combination of claims, the count represents a single patentable invention. 37 C.F.R. § 41.201, definition of “count.” In other words, the individual claims represent different embodiments of a single invention. If a party thinks the count should be different, e.g., that it covers more than a single invention, it may request authorization to file a motion to substitute and/or add a count. 37 C.F.R. § 41.121(a)(i); § 41.208(a); SO, Paper 2, ¶121 and 208.2.

Thus, all 24 of each party’s claims were designated as corresponding to the one McKelvey count, only the subject matter defined by that count had to be litigated, and

all of each party’s claims stood or fell with the decision on that one count.

In contrast, the way the first derivation proceeding has been set up, each of each party’s claims in essence constitutes a separate count. That means that the subject matter defined by each separate count will have to be litigated separately and that each of each party’s claims stands or falls separately. That, in turn, means that each party may win or lose on each claim and that the two real parties-in-interest may wind up with patents containing claims that are not patentably distinct.

### **The Panel’s Escape Clause**

Judge Cocks ended his opinion in support of the declaration of the derivation proceeding with a conclusion reading as follows:

For the foregoing reasons, we conclude that Andersen has made a sufficient showing as to the requirements set forth in 37 C.F.R. ¶ 42.405, and, as a result, it is appropriate to institute a derivation proceeding. Accordingly, pursuant to 35 U.S.C. § 135(a) and 37 C.F.R. § 42.408(a), we do so. The Board, however, has not made a final determination under 35 U.S.C. § 135(b) as to derivation or any of the issues addressed herein.

In this proceeding, we are instituting trial on 22 allegedly “conceived” and “disclosed” inventions, as present in the Petition. An initial conference will be conducted to discuss the impact of that scenario on the trial. [Paper 32 pages 19-20.]

### **Comment**

This didn’t have to happen. McKelvey counts were created neither by statute nor by rule. They were created by Chief Judge Fred McKelvey in a series of orders declaring interferences in an attempt (which most members of the interference bar deemed successful) to create order and rationality out of a pre-existing situation (i.e., treating each claim in patents involved in interferences as constituting a separate count) which exhibited neither order nor rationality. Judge Cocks and his colleagues could have done the same thing. In fact, they could have done it even more easily because they were writing on an arguably clean slate, since there was no pre-existing practice of doing what they did here, at least in proceedings specifically denominated derivation proceedings.