

From: RNEIFELD@oblon.com

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To: interference.rules@uspto.gov

Cc: patentinterference@egroups.com

Subject: Interference-in-fact

The Standard for the Existence of an Interference

I. Introduction

I respond below to the USPTO's request for comments on the propriety of the two-way patentability analysis for the Director to be of the opinion that an interference-in-fact exists. That request appears in the notice "Standard for Declaring a Patent Interference," 65 FR 79809 (December 20, 2000). I respond to many of the conclusions and statements in the notice, and then I address the three questions posed at the end of the notice.

II. Response to the Conclusions and Statements in the Notice

The notice asserts that the Director has discretion in determining what constitutes an interference, citing *Ewing v. United States ex rel. Fowler Car. Co.*, 244 US 1, 11 (1917)). I agree that the notice's interpretation of *Ewing* is correct. I also agree that *Ewing* is still good law, since 35 USC 135(a) now states that it is "the opinion of the Director" that determines whether one application and another application or patent interfere.

The notice asserts that the Director's decision regarding whether to declare an interference based upon a particular fact pattern is not subject to review (citing *United States ex rel. International Money Machine Co. v. Newton*, 47 App.D.C. 449, 450 (1918).) I agree that the notice's assertion is a correct conclusion to be drawn from *United States ex rel. International Money Machine Co.* insofar as the facts are limited to a single case. However, I do not agree that *United States ex rel. International Money Machine Co.* authorizes the Director to decide to declare an interference in one case and to not declare an interference in another case where the underlying issues are identical. Whatever action the Director takes in various cases must not be arbitrary, capricious, or an abuse of discretion. Cf. *Abrutyn v. Biovanniello*, 15 F.3d 1048, 1050- 51, 29 USPQ2d 1615, 1617 (Fed. Cir. 1994). In addition, the Director's action must not violate the constitution. *Rydeen v. Quigg*, 748 F.Supp. 900, 906, 16 USPQ2d 1876, 1881 (D.D.C. 1990).

The notice asserts that a third party has no right to intervene in the prosecution of a particular patent, citing *Animal Legal Defense Fund v. Quigg*, 932 F.2d 714, 715 (D.C.Cir. 1995). I do not agree with the sweeping conclusion drawn in the notice in reliance upon *Animal Legal Defense Fund*. *Animal Legal Defense Fund* was not a case where two claimants existed, and it was not a case where two claimants presented interfering claims. In the case where there are first and second claimants whose claims interfere, it is reasonable to allow a first claimant to intervene in the second claimant's application for two reasons. First, if the second claimant's application issues, the first claimant's claims will be rejected based upon the second claimant's issued patent. Cf. *In re Ogiue*, 517 F.2d 1382, 1386, 186 USPQ 227, 231 (CCPA 1975). That result is unfair, because the first claimant may be entitled to the interfering claim. Second, parties with conflicting claims are much more likely to infringe those claims than a third party. Thus, the first claimant may be harmed by the improper issuance of the patent containing the interfering claim to the second claimant, because the patentee (second claimant) can then sue the first claimant for infringement.

Underlying the reasoning that rival claimants may have a right to intervene in special cases is the public policy of issuing only one patent on one patentable invention. See Neifeld, "Viability of the Hilmer Doctrine," 81 JPTOS 544 (July 1999) at section III, p. 546. It has long been recognized as the duty of the USPTO to implement this public policy. See *Reed v. Landman*, 1891 C.D. 73, 79 (Comm'r 1891)("The Patent Office must not only determine between actually conflicting claims, but it must also protect the public from more than one

patent on the same invention. Hence, it declares interferences, not between claims, but between applications containing conflicting claims, or between the application and the unexpired patent containing conflicting claims, as the case may be."). Allowing intervention in special cases may promote that public policy.

The notice relies upon *Winter v. Fujita*, 53 USPQ2d 1234 (BPAI 1999), reh'g denied, 53 USPQ2d 1478 (BPAI 2000) (expanded panel consisting of Stoner, Chief Administrative Patent Judge, McKelvey, Senior Administrative Patent Judge, and Schafer, Lee, and Torczon, Trial Section Administrative Patent Judges)(opinion by SAPJ McKelvey) for the conclusion that:

Recent precedent of the Trial Section of the Interference Division of the Board of Patent Appeals and Interferences confirms that resolution of whether an interference-in-fact exists involves a two-ways patentability analysis.

The precedent relied upon for this conclusion in the notice is the statement in *Winter* that:

Resolution of an interference-in-fact issue involves a two-way patentability analysis. The claimed invention of Party A is presumed to be prior art vis-a-vis Party B and vice versa. The claimed invention of Party A must anticipate or render obvious the claimed invention of Party B and the claimed invention of Party B must anticipate or render obvious the claimed invention of Party A. When the two-way analysis is applied, then regardless of who ultimately prevails on the issue of priority, the Patent and Trademark Office (PTO) assures itself that it will not issue two patents to the same patentable invention. [*Winter*, at 1243]

In my opinion, this holding in *Winter* is directly contrary to 37 CFR 1.601(j) and (n). In addition, this holding in *Winter* does not enable the USPTO to prevent issuing certain invalid patents for reasons I present at the end of this response. 37 CFR 1.601(j) and (n) define the basis for what constitutes the Director's opinion that there is an interference-in-fact. Interference-in-fact is a term defined in 37 CFR 1.601(j) to exist when two parties have claims that "define the same patentable invention." The term "same patentable invention" is defined in 37 CFR 1.601(n) to exist for an invention 'A' relative to invention 'B':

when invention 'A' is the same as (35 U.S.C. 102) or is obvious (35 U.S.C. 103) in view of invention 'B' assuming invention 'B' is prior art with respect to invention 'A'.

Hence, the Director has defined, by rule, what constitutes the basis for the Director's opinion, within the meaning of 35 USC 135(a), that an interference exists in any give case. Specifically, the Director has defined by rule that an interference exists when the one-way obviousness test specified in 601(n) is satisfied.

The rules established by the USPTO govern proceedings in the USPTO. 35 USC 2(b)(2) (As amended Nov. 29, 1999). Moreover, the rules have the force and effect of law. *Wyden v. Commissioner of Patents and Trademarks*, 807 F.2d 934, 935-36, 231 USPQ 918, 919-20 (Fed. Cir. 1986). Hence the opinion in *Winter* is inconsistent with law because it is inconsistent with 37 CFR 1.601(j) and (n).

37 CFR 1.601(j) and (n) were implemented in 1984. The 1984 rule change implementing 37 CFR 1.601(j) and (n) define the law regarding what constitutes the Director's opinion within the meaning of 35 USC 135(a) that an interference exists.

Prior to the 1984 rule change, the Director (then Commissioner) was of the opinion that there was an interference-in-fact when claims of two parties were patentably indistinct from one another. In *Aelony v. Arni*, 547 F.2d 566, 192 UPSQ 486 (CCPA 1977), the Court of Customs and Patent Appeals indicated that the patentable indistinctness test was (in 1977) the test for interference-in-fact, and the Court approved of that test because it carried out the statutory requirement that the USPTO issue only one patent for claims that were not patentably distinct, stating that:

Turning to the merits, *Aelony et al.* argue that the interference was improper ab initio under 35 USC 135(a)5 because the cyclopentadiene material employed by *Aelony et al.* does not overlap the eight materials employed by *Arni et al.* Accordingly, say *Aelony et al.*, there is no interference in fact. We disagree. We first note two published board opinions which addressed this same argument of no overlap, asserted in the same context as

in the present case, viz., *Dewilde v. Leigh*, 191 USPQ 256 (PTO Bd. Pat. Int'f. 1976); *Moore v. McGrew*, 170 USPQ 149 (Bd. Pat. Int'f. 1971). In each case, the board ruled that the test of interference in fact is not whether two sets of claims overlap, but whether they are patentably distinct from each other. In each case, the board found that, although the two sets of claims before it were mutually exclusive, they were patentably indistinct, and hence there was an interference in fact. We believe that these board precedents correctly set forth the test of interference in fact and are grounded on sound policy considerations.⁶ Sections 102, 103, and 135 of 35 USC clearly contemplate — where different inventive entities are concerned — that only one patent should issue for inventions which are either identical to or not patentably distinct from each other. Hence, we view the phantom count practice as a proper procedural tool established by the PTO in order to ensure, where necessary, what the statute intends, viz., that only one patent should issue for one inventive concept. Moreover, we believe that there is ample precedent from this court for framing the test of interference in fact in terms of whether two sets of claims are patentably distinct from each other. See the *McCabe* case, subsequently quoted with approval in *Brailsford v. Lavet* and in *Nitz v. Ehrenreich*, all three cases cited supra.

535 USC 135(a) reads as follows:

Whenever an application is made for a patent which, in the opinion of the Commissioner, would interfere with any pending application, or with any unexpired patent, he shall give notice thereof to the applicants, or applicant and patentee, as the case may be. The question of priority of invention shall be determined by a board of patent interferences (consisting of three examiners of interferences) whose decision, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office of the claims involved, and the Commissioner may issue a patent to the applicant who is adjudged the prior inventor. A final judgment adverse to a patentee from which no appeal or other review has been or can be taken or had shall constitute cancellation of the claims involved from the patent, and notice thereof shall be endorsed on copies of the patent thereafter distributed by the Patent and Trademark Office.

⁶We note in passing an article in 3 Pat. L. Persp. Section C.1[4] (1971 Dev.) which comments favorably on the *Moore* case. [Aelony, at 569-70, 489-90.]

The patentable indistinctness test for the existence of an interference-in-fact dates back at least as far as *Hammond v. Hart*, 1898 C.D. 52, 61 (Comm'r 1898).

In summary, the conclusion in *Winter* is contrary to the rules, specifically 37 CFR 1.601(n), implemented in 1984. Prior to 1984, an interference-in-fact existed when claims of two parties were patentably indistinct, as the term "patentably indistinct" is defined in the case law.

The notice asserts that "there is no authority under the law, to turn interference proceedings under 35 U.S.C. 135(a) into pre-grant oppositions or post-grant cancellations." In reply, I submit that there is no authority precluding the USPTO from taking that action in an interference, since 35 USC 135(a) authorizes USPTO to decide questions of priority and patentability, and 35 USC 6(b) requires the USPTO to do so. Therefore, that statement in the notice is not relevant to the standard the Director should apply in determining whether an interference exists.

The notice states that "there is no desire on the part of the USPTO ... to turn interference proceedings under 35 U.S.C. 135(a) into pre-grant oppositions or post-grant cancellations." In reply, the desire of the USPTO should be to implement its mission, which is defined by statute. Section 35 USC 6(b) of the statute (revised November 29, 1999) states that the Board "shall determine priority and patentability of invention in interferences declared under section 135(a)..." Emphasis supplied. Unlike 35 USC 135(a), section 6 does not indicate that patentability determinations in an interference are at the discretion of the USPTO.

III. Response to the Three Questions Posed in the Notice

The notice poses three questions, which I now address. In the first question, the notice asks:

If one-way patentability analysis is sufficient to establish an interference-in-fact, would it be possible to have an interference with two counts as set out in Example 4, reproduced above?

The answer to this question is yes, as I demonstrate below. For convenience, I copy here Example 4:

Example 4: Application G contains patentable claims 1 (engine), 2 (6-cylinder engine), and 3 (engine with a platinum piston). Application H contains patentable claims 11 (engine) and 15 (engine with a platinum piston). Claims 1 and 2 of application G and claim 11 of application H define the same patentable invention. Claim 3 of application G and claim 15 of application H define a separate patentable invention from claims 1 and 2 of application G and claim 11 of application H. If an interference is declared, there would be two counts: Count 1 (engine) and Count 2 (engine with a platinum piston). Claims 1 and 2 of application G and claim 11 of application H would be designated to correspond to Count 1. Claim 3 of application G and claim 15 of application H would be designated to correspond to Count 2.

In addressing the questions posed in the notice regarding Example 4, I assume that an engine containing a platinum piston would not have been obvious in view of either an engine or an engine containing six cylinders.

Applying 37 CFR 1.601(n) to the claim to an engine with a platinum piston indicates that the claim to an engine with a platinum piston is (1) not the same patentable invention as a claim to an engine and (2) a separate patentable invention from the claim to an engine.

37 CFR 1.601(f) specifies that "each count shall define a separate patentable invention." The foregoing analysis under 601(n) applied to the claim to an engine with a platinum piston indicates that the claim to an engine with a platinum piston is a separate patentable invention from the claim to an engine. Hence, the answer to the first question posed in the notice is yes.

The second question posed by the notice is:

How would having an interference with between claims claim 1 of application G and claim 15 of application H of Example 4 square with the holding in *Nitz v. Ehrenreich*, 537 F.2d 539, 543, 190 USPQ 413, 416-17 (CCPA 1976)?

In reply to the second question posed in the notice, I submit that *Nitz* is not relevant since the Commissioner's opinion in year 1976 regarding what constituted an interference is different from the Director's opinion in year 2001 specified in 601(n). See the discussion of *Aelony*, supra. *Nitz* was an interpretation of the Commissioner's (now Director's) opinion.

The third question posed in the notice is:

If a one-way patentability analysis is sufficient, what would it take to establish that there is no interference-in-fact in a given case?

In reply, there would be no interference in fact in two situations.

In the first situation, claim of the first party would not have been obvious in view of the subject matter defined by the claim of the second party and the claim of the second party would not have been obvious in view of the subject matter defined by the claim of the first party.

In the second situation, the claim of the first party would have been obvious in view of the claim of the second party, the claim of the second party would not have been obvious in view of the claim of the first party, and the first party has priority for its claim.

The answer to the second question is that establishing no interference-in-fact in a particular case would take showings of fact supporting the conclusions of obviousness, non-obviousness, and priority required in one of the two foregoing situations.

Applying the two-ways obviousness test for interference-in-fact will create anomalous situations in which the USPTO will have to knowingly issued likely invalid patents. If the two- ways test is followed, that means that the USPTO interprets 37 CFR 1.601(n) to require a two- ways obviousness for there to be claims to the same patentable invention. 37 CFR 1.131 incorporates the test specified in 37 CFR 1.601(n). If 601(n) is interpreted to require two-ways obviousness, then a genus claimant can overcome a rejection based upon a species patent by filing a 37 CFR 1.131 declaration and admitting that the species claim was non-obvious in view of the applicant's genus claim. Cf. In re Kroekel, 803 F.2d 705, 231 USPQ 640 (Fed. Cir. 1986). However, it is possible, even likely, that the species patentee invented prior to the genus applicant, in which case the genus applicant's claim would be unpatentable. However, under the rationale of Winter, the USPTO would have no basis to reject the genus applicant, and it could not institute an interference. That would result in the USPTO's knowingly issuing a likely invalid patent. That result would be contrary to the USPTO's mission and to public policy.

IV. Conclusion

In conclusion, the USPTO should either overrule Winter and follow the one-way test specified in 37 CFR 1.601(n), or it should amend 37 CFR 1.601(n) to resolve the conflict between 37 CFR 1.601(n) and Winter. If the USPTO maintains the two-ways test for when an interference-in-fact exists (e.g., by amending 37 CFR 1.601(n) so that it is in accord with Winter), it needs to fix the problem a two-ways test creates for 37 CFR 1.131 so that the USPTO can prevent issuance of invalid patents.

Richard A. Neifeld

Chair, AIPLA Interference Committee

Rick Neifeld

Oblon, Spivak, McClelland, Maier & Neustadt, P.C.

1755 Jefferson Davis Highway

Arlington, VA 22202

Tel: 703-412-6492

Fax: 703-413-2220

Email: rneifeld@oblon.com