Committee No. 104 – Donna M. Meuth and Chris Steinhardt, Co-Chairs

PATENT INTER PARTES PROCEEDINGS

Scope of the Committee: Committee 104 focuses on all aspects of inter partes practice before the USPTO. The committee reviews and comments, as appropriate, on developments relating to inter partes reexamination, proposed inter partes opposition proceedings, and interference issues. Three sub-committees coordinate the committee’s activity:

Sub-committee A. Inter partes oppositions. Within the framework of the approved resolution, review, compare and report on proposals by AIPLA, BIO, other organizations, and any draft legislation to help move this important initiative forward.

Sub-committee B. Interference. Review, comment and report on recent developments and rules.

Sub-committee C. Inter partes reexamination. Review, comment and report on recent developments and rules.

This Committee has one resolution to propose.

PROPOSED RESOLUTION 104-1

RESOLVED, that the Section of the Intellectual Property Law supports expedited consideration of patent applications where a request for interference is filed; and

SPECIFICALLY, the Section supports reinstatement of a Petition to Make Special on the basis that an interference is being requested

Past Action:

None

Discussion:

The current rules do not provide for a Petition to Make Special on the basis that an interference has been requested. Previously, such a Petition was included in the rules. This provision for receiving expedited examination should have been maintained in the rules.

It is unfair, particularly to a Senior Party, to wait for examination of an application while a later application issues with interfering claims. This can happen in particular where a continuation is filed to copy claims from an issued patent or published application. The delay to first Office Action can be several years from filing. Prior to having an interference, the claims must be examined and found allowable. Thus, many years may pass until an interference is ultimately declared. This is particularly problematic where
the issued patent has a much later filing date and is potentially invalid. Having a potentially invalid patent exist for longer than necessary is against public policy.

Moreover, having an interference will increase the pendency of the application. In view of the twenty-years from filing date patent term, it would be equitable for the applicant to be able to expedite prosecution prior to the interference being declared.

A. Joint Committee Meeting

The Committee held a joint meeting with the corresponding committees from AIPLA and IPO on May 12, 2007. Guest speakers for the meeting were Chief Judge Michael Fleming and Judge James Moore from the Board of Patent Appeals and Interferences. Chief Judge Fleming provided information regarding the “State of the Board” and statistics regarding the Board’s workload. The meeting was held in Washington, DC, and video conferenced to locations in Boston, New York, Palo Alto, San Diego, Orange County and Chicago. The video conference was done to involve more committee members and to increase access by members outside of DC to the Board’s presentation.

B. Sub-committee A. Inter Partes oppositions.

Jon Sick, subcommittee chair

Scope of Subcommittee: This subcommittee is charged with monitoring, and reporting on inter partes opposition proposals by AIPLA, IPO, USPTO, FTC, NAS, BIO, other organizations, and any draft legislation.

DISCUSSION

Background of Patent Reform

The move towards Patent Reform was started by a 2003 Federal Trade Commission report, “To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy, that made numerous recommendations for changes to the U.S. Patent laws. This movement grew stronger in 2004, when the National Research Council of the National Academies provided a report also calling for major changes to the U.S. Patent laws. Among the issues identified in these reports as needing reform were problems associated with patent litigation, inconsistency in the quality of issued patents, and general uncertainty in how some aspects of the law are applied.

What are the Bills?

On September 7, 2007, the House of Representatives passed an amended version of H.R. 1908, a bill entitled the “Patent Reform Act of 2007” (“H.R. 1908”), by a vote of 220-175. S.1145 is currently pending in the Senate. These bills were introduced
concurrently last year by Reps. Berman and Smith (H.R.1908) and Sens. Leahy & Hatch (S.1145).

**H.R. 1908 – Post-Grant Review and Other Quality Enhancements**

*Post-grant review:* Section 6 of the House Bill provides for a new post-grant review proceeding if a petition to cancel the patent is filed within a year of the issuance or reissuance of a patent or at a later time if the patent owner consents to the proceeding. During a post-grant review, the presumption of validity of the patent does not apply and the burden of proof to be applied is the “preponderance of the evidence” standard. A review will not be granted if the petition identifies the same petitioner and the same patent as a previous proceeding or is based on the best mode requirement.

Once a civil action is decided, a party cannot request a post-grant review on any grounds the party raised or could have raised in the civil action, nor can the Director maintain such an action requested before a final judgment in the civil action. The Director may also stay a post-grant review proceeding if a pending civil action addresses the same or substantially the same questions of patentability raised in the post-grant review proceeding.

Section 6 further provides that, once post-grant review of a claim is decided, the petitioner may not, based on any grounds raised in the earlier proceeding, request a reexamination, derivation proceeding, or post-grant review with respect to such claim, or assert the invalidity of such claim in a civil action or Section 337 action.

*Inter partes reexamination:* Section 6 enhances and expands the current inter partes examination process by having an administrative patent judge preside over the examination, narrowing the estoppel provisions to eliminate the “or could have raised” language in 35 U.S.C. § 315, expanding the patents eligible for inter partes examination, permitting responses by the third party requestors during the examination, and providing for an oral hearing on request. Additionally, Section 6 does not permit reexamination on issues raised or which could have been raised in a civil action once the district court has entered a judgment that the patent is not invalid. As under current law, an inter partes reexamination may proceed at any time during the life of a patent.

*Submissions relating to issued patents:* Section 6 also provides that any person, at anytime, may submit to the PTO: (1) prior art bearing on the patentability of any claim of a patent; or (2) written statements by the patent owner filed in a proceeding before a Federal court or the PTO taking a position on the scope of a claim of a patent. Written statements will not be considered for any purpose “other than to determine the proper meaning of the claims that are the subject of the request” in an ex parte or inter partes reexamination proceeding that has been ordered by the PTO.

**S. 1145 – Post-Grant Review and Other Quality Enhancements**

*Post Grant Review*
Timing for Filing Request – “Second Window”

S. 1145 includes a Post-Grant Review proceeding having two separate time periods for filing a request for Post-Grant Review of a patent. It provides a “First Window” of twelve months from the date of issue or reissue of the patent to initiate a proceeding, and, a narrow “Second Window” for the remainder of the life of the patent. It provides that a cancellation petition may be filed at any time if:

1. (A) the petitioner establishes a substantial reason to believe that the continued existence of the challenged claim causes or is likely to cause the petitioner significant economic harm, and (B) the petitioner files a petition not later than 12 months after receiving notice (explicitly or implicitly) that the patentee alleges infringement; or
2. the patentee consents in writing.

The amended Senate bill also attempts to create a higher burden of proof during the Second Window. It provides that the “existence, authentication, availability and scope of evidence offered to prove invalidity must be established by clear and convincing evidence. Thereafter, if such predicate facts are so established, invalidity may be proven only if the persuasive force of such facts demonstrates invalidity by a preponderance of the evidence.”

S. 1145 as amended also provides significant estoppels against a requester of a Post-Grant Review. If the petition for cancellation is filed prior to an infringement suit, the requester would be estopped from raising in later proceedings only the issues actually raised during the opposition. This estoppel would apply to any challenged claim determined to be patentable. The requester would be prohibited from later challenging such an upheld claim on any basis raised in the Post-Grant Review in a later reexamination, interference, post-grant review proceeding, or civil action in court. The amended Senate bill provides that a final decision of a district court upholding the validity of a patent claim would prevent the same party from requesting a Post-Grant Review proceeding on that patent claim on any grounds. After such a final decision, the USPTO may not maintain a previously requested post-grant review proceeding by that party or a real party in interest to that party.

According to the amended Senate bill, “the Director may not authorize a post-grant review proceeding to commence unless the Director determines that the information presented in the petition raises a substantial new question of patentability for at least 1 of the challenged claims.” The Director is to determine whether to authorize a post-grant proceeding within 90 days after receiving a petition.

S. 1145 provides that the Post-Grant Review proceeding would result in a final decision regarding patentability of any challenged or added claim. Either party would have the right to appeal the USPTO’s decision directly to the Federal Circuit.
**Inter partes examination:** S. 1145 eliminates the current *inter parte* reexamination proceedings.

**Submissions relating to issued patents:** S. 1145 does not include provisions providing for submission of art for issued patents.

C. **Sub-committee B. Interferences.**

Ian Jaquette, subcommittee chair

Scope of Subcommittee: This subcommittee reviews, comments, and reports on recent developments.

Discussion: This subcommittee reviewed and reported on recent developments relating to interferences.

*Henkel Corp. v. Procter & Gamble Co., 485 F.3d 1370 (Fed. Cir. 2007)*

Henkel Corporation ("Henkel") appealed from a judgment by the United States Patent & Trademark Office Board of Patent Appeals and Interferences ("Board") awarding priority to the Procter & Gamble Company ("Proctor & Gamble"). Board concluded that Henkel had failed to carry its burden of showing that it had conceived and reduced to practice before Procter & Gamble. In particular, the Board concluded that Henkel had failed to demonstrate that its named inventors had appreciated that which they had invented contemparaneously with their conception and reduction to practice.

The Federal Circuit vacated and remanded the Board’s decision, concluding that the Board erred when it held that Henkel failed to demonstrate that the inventors appreciated a detergent tablet having a compressed region that dissolved faster than a non-compressed region. The Federal Circuit first determined the scope of the count, finding that Henkel did not have to show that its inventors and lab technicians had tested or calculated specific dissolution rates. The Court determined that the count itself did not require specific ranges of dissolution rates; it simply required that the dissolution rate of the compressed region be “greater” than the dissolution rate of the other region. Viewing the record under this correct standard, the Court determined that the Board’s findings established that Henkel had produced two-region tablets in which one region dissolved more than the other after the same period of time in the same dishwater. Thus Henkel made a tablet meeting the limitations of the count.

The Court then held that the inventor had appreciated prior to critical date that sample detergent tablet had compressed region that dissolved faster than non-compressed region. The junior party in an interference is not required to demonstrate that it recognized the exact language of the ultimate count – only the subject matter of the invention. *See Mycogen Plant Sci., v. Monsanto Co., 243 F.3d 1316, 1336 (Fed. Cir. 2001).* The court found that, based on the facts of the case, the limitation in question was...
discernible property of the invention that was directly observed by a technician working under the close supervision of one of the inventors.

An inventor claiming priority must put forward “objective evidence to corroborate [his] testimony concerning his understanding of the invention.” Invitrogen Corp. v. Clontech Labs., 429 F.3d 1052, 1065 (Fed. Cir. 2005). In this case, the Court found the objective test results that a laboratory technician contemporaneously recorded in his notebook sufficed to show that the laboratory technician understood the existence of the invention. Thus, the Court determined that objective evidence and inventor testimony, taken together, confirm that the named inventors were aware of their technicians test results and thereby appreciated the disputed limitation of the count prior to the critical date.

*Frazer v. Schlegel*, 498 F.3d 1283 (Fed. Cir. 2007)

Dr. Ian Frazer and Dr. Jian Zhou (together the interference party “Frazer”) appealed the decision of the United States Patent and Trademark Office, Board of Patent Appeals and Interferences (“the Board”) awarding priority to Dr. C. Richard Schlegel and Dr. A. Bennett Jenson (together the interference party “Schlegel”). The Board held that Frazer was not entitled to the benefit of the Australian application's filing date, holding that the application's disclosure was inadequate. The Board also held that even if Frazer were found to have established conception in the United States based on the submission to a journal or a presentation in the United States, Frazer could not establish diligence to reduction to practice because all of Frazer's experimental work was done in Australia.

The Federal Circuit reversed and remanded, finding that based on the constructive reduction to practice of an invention whose disclosure was in compliance with the requirements of § 112, Frazer was entitled to the priority benefit of the Australian filing date, which predated Schlegel's earliest date. The Court first stated that when the priority claim is based on subject matter disclosed in a foreign patent application whose filing date is properly claimed, 35 U.S.C. § 119(a), the foreign application has the same effect as if filed in the United States. § 119(a), (e)(1). The invention must be “disclosed in the manner provided by the first paragraph of section 112.” § 119(e)(1).

The Court then noted that constructive reduction to practice does not invoke different standards whether the priority document is foreign or domestic. When interference priority is at issue, constructive reduction to practice of a count may be established by disclosure of an embodiment within the count. See Fontijn v. Okamoto, 518 F.2d 610, 617 (CCPA 1975). The Court concluded that the Board erred in denying Frazer's entitlement to the date of the Australian patent application because the Australian application contained complete details of the method that is the subject of the interference count, and depicted the papillomavirus-like particle of the count with full disclosure of how to produce it. The filing of a patent application is a constructive reduction to practice of the invention disclosed therein. *Hyatt v. Boone*, 146 F.3d 1348, 1352 (Fed.Cir.1998). The Court determined that the Australian application was not “merely proposing an unproved hypothesis” or guess, *Rasmusson v. SmithKline Beecham Corp.*,
413 F.3d 1318, 1325 (Fed.Cir.2005); it was an enabling disclosure. Thus, the Federal Circuit reversed the award of priority to Schlegel, and awarded priority to Frazer.

_In re Garner_, 508 F.3d 1376 (Fed. Cir. 2007)

Harold R. Garner (Garner) appealed the decision of the United States Patent and Trademark Office Board of Patent Appeals and Interferences (Board), awarding judgment against Garner for failure to make a prima facie showing of priority. The Board found Garner's filing of a declaration insufficient to establish a prima facie showing of priority under Rule 202(d). In response to a Board Order to Show Cause, Garner relied on three items that he did not submit in his original Rule 202(d) filing to show priority. The Board found that these three items were “new evidence” that is not permitted under Rule 202(d) without a showing of good cause and that Garner had not attempted to show good cause for his belated reliance. Therefore the Board assessed judgment against Garner.

The Federal Circuit affirmed the Board’s decision. The Court first reviewed the Board’s ruling on sufficiency to determine whether it was supported by substantial evidence and the Board’s definition of “new evidence.” The Federal Circuit held that Board's determination that aggrieved party's declaration and provisional and utility patent specifications were new evidence was inconsistent with regulation providing, in part, that “new evidence in support of priority will not be admitted except on a showing of good cause.” Board interpreted Rule 202 in a way that requires it to consider the specification under (a), but not under (d), unless the applicant resubmits the specification. Since the specifications were already before the Board in the interference proceeding pursuant to Rule 202(a), they cannot be new evidence under Rule 202(d). Thus, the Board erred when it found that the specifications constitute “new evidence” under Rule 202(d).

The Federal Circuit then held that, even with the patent specifications in evidence, Garner did not sufficiently corroborate his claim of actual reduction to practice, as required for award of priority. The Court stated that “In order to establish an actual reduction to practice, the inventor must prove that: (1) he constructed an embodiment or performed a process that met all the limitations of the interference count; and (2) he determined that the invention would work for its intended purpose.” _Taskett v. Dentlinger_, 344 F.3d 1337, 1340 (Fed.Cir.2003) (_quoting Cooper v. Goldfarb_, 154 F.3d 1321, 1327 (Fed.Cir.1998)). In addition, an inventor's testimony as to the facts of invention must be corroborated by independent evidence. _Cooper_, 154 F.3d at 1330. Sufficiency of corroboration is determined by using a “rule of reason” analysis, under which all pertinent evidence is examined when determining the credibility of an inventor's testimony. _See Price v. Symsek_, 988 F.2d 1187, 1195 (Fed.Cir.1993). The Court determined that even with the specifications, Garner's submissions to the Board do not sufficiently corroborate his claim of actual reduction to practice. Thus the Board's ultimate holding regarding the insufficiency of the showing was supported by substantial evidence.

D. **Sub-committee C. Inter partes reexamination.**
Inter Partes Reexamination, chaired by Gene Rzucidlo

Scope of Subcommittee: This subcommittee reviews, comments, and reports on recent developments.

Discussion: In its review of Patent Office statistics on reexaminations, the subcommittee reported a continued increase in the number of requests for *inter partes* reexamination cases filed at the Patent Office. For example, the number of requests filed rose from 70 in 2006 to 126 in 2007. This is a sharp increase from the number of such requests filed in 2001 (1), 2002 (4), 2003 (21), 2004 (27) and 2005 (59).
COMMITTEE VOTES

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Resolution 104-1

Members Approving Report (16):

Joseph D. Cohen
David Dawsey
Joan Ellis
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Herbert Davis Hart III
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Members Disapproving Report (0):

Members Abstaining (0):

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Yar R. Chaikovsky
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