

# RECENT DEVELOPMENTS IN INTELLECTUAL PROPERTY LAW

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Several notable developments in intellectual property law, and particularly in the law of patents, occurred during the survey period (October 1, 2003 through September 30, 2004). New regulations affecting the appeal process for patent applications, the appeal process concerning re-examined patents, and the patent interference process were promulgated effective September 14, 2004. Practitioners and businesses who are looking to procure and maintain patents, particularly those in crowded or quickly-developing fields, should be aware that the U.S. Patent and Trademark Office has placed significant new responsibilities on parties to appeals and interferences. Earlier in the year, the Federal Circuit issued an opinion not only calling into question both recent and long-standing precedent relating to patent claim construction, but also calling for assistance from the patent bar as it decides whether to retain old standards, formulate new rules, or require a combination of both. In another opinion, the Federal Circuit overruled established rules regarding presumptions arising from unproduced opinions of counsel. In short, whether one is applying for a patent, contesting an application, considering the scope or validity of a patent, or litigating a patent, there are new rules to be observed.

## I. REVISIONS AND RESTRUCTURING OF PATENT REGULATIONS ON APPEAL AND INTERFERENCE

As part of its rulemaking during the survey period, the United States Patent and Trademark Office (“PTO”) enacted substantial additions to its rules, which concern the procedure and administration of cases before PTO’s Board of Patent Appeals and Interferences.<sup>1</sup> The new rules are set forth in a new Part 41 to Title 37 of the Code of Federal Regulations.

For those unfamiliar with the PTO Board of Patent Appeals and Interferences (the “Board”) and proceedings before it, some background will be necessary. As its name suggests, the Board handles appeals of final rejections made by patent examiners in original prosecution of patent applications, as well as in reexamination or reissue proceedings. It also handles priority of invention contests known as interferences. With the recent advent of contested patent reexamination, the Board also handles appeals from those proceedings. A brief review of each type of case follows.

An *ex parte* appeal to the Board may be taken from an examiner’s final rejection of one or more claims in a patent application. Following the filing of a patent application, the patent examiner reviews its claims, and rejects those that he or she believes do not meet the requirements of the patent laws. The applicant has an opportunity to contest such rejections with amendments and arguments,

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1. See Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. 49,960 (Aug. 12, 2004) (codified at 37 C.F.R. §§ 41.1-41.208).

and the examiner then reconsiders the claims originally rejected. A second rejection on the same grounds is generally considered a "final" rejection.

After a final rejection, the applicant has several options, among which are to amend the claims in a way to make them allowable, to file a new application or a request for continued examination of the original application, or to appeal the examiner's final rejection to the Board. An *ex parte* appeal begins by filing a notice of appeal. Once the notice is filed, the appellant has a time period within which to file his or her appeal brief, which presents the issues and the arguments for overturning the examiner's rejection. The brief may rely only on the information of record before the examiner, as a general matter. The examiner may further reconsider the rejection(s) of record and withdraw it, or may prepare and file a response brief. The applicant may file a reply brief, and may request an oral hearing. A three-person panel of the Board considers the briefs and any oral argument, and hands down a decision sustaining or overturning the rejection(s), and/or remanding the case to the examiner for further action. A similar process is provided for appeal in *ex parte* or *inter partes* reexamination or reissue proceedings.

An interference is a proceeding unique to United States patent practice, as it deals with the premise in United States patent law that the first to invent subject matter is entitled to a patent claiming it. "Invention" requires conception, i.e., having a definite mental understanding of a device, method, composition of matter, or product as it is thereafter to be made or used and reduction to practice via a prototype or filing a patent application.<sup>2</sup> Thus, an interference is the legal proceeding dedicated to making that determination of first invention.

Generally speaking, an interference occurs when one set of inventors has one or more claims in a patent application to the same subject matter as claims in another's application or patent, and those claims are otherwise patentable to both. As one application makes its way through the examination process, its examiner is charged with keeping an eye out for potentially interfering applications or patents, and to make a search for such documents when the application is otherwise allowable. Frequently, interference cases will result from the examiner's familiarity with other applications or patents in his or her area of specialty. The examiner may either reject an applicant's claims over them or suggest that the applicant should add claims that would interfere with another application or patent. Alternatively, an applicant may purposefully include in his or her application claims that are copied from another application (e.g., a published application) or a patent, in the belief that his or her date of invention will be before that of the other application or patent.

Thus, interference can be a matter of coincidence, of patent strategy, or both. It is uncommon but certainly not unheard of for two inventors to have the same idea, and to claim it in a patent application in substantially the same way. The chances of such an occurrence increase where two parties that have been working together on a problem split up, and both decide to claim patent rights on the problem's solution. Interference is a way to have a legal determination made as

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2. See, e.g., *Cooper v. Goldfarb*, 154 F.3d 1321, 1327 (Fed. Cir. 1998).

to which of the inventors is entitled to the patent on the given subject matter. In crowded or quickly-developing fields, parties can file patent applications with relatively broad disclosures, and monitor other applications as they are published or are issued as patents. At that time, changes can be made to claims in an existing application to provoke an interference, assuming, of course, that such changes are supported properly by the disclosure. A successful interference at least removes one or more patent claims from one's opponent, and may entitle one to those claims. In other words, it is not only possible that the opponent loses his or her patent claims and the monopoly they represent, but that one can take away the claims for oneself, placing the opponent in the position of either respecting the patent monopoly or obtaining a license. Patent-savvy clients can use interference as a sword, to damage an opponent's patent position, or as a shield, to protect their own development. Patents of direct interest to competitors can be obtained, or competitors' patents can be defeated.

With the rule changes, a new Part 41 in title 37 of the Code of Federal Regulations was proposed and enacted, and sections of Part 1 of that title (including the entirety of the sections, numbered 1.601 through 1.690, dealing with interferences) were removed.<sup>3</sup> Part 41 includes five subparts. Subpart A is of general applicability to all proceedings before the Board. Subpart B includes provisions applicable to *ex parte* appeals of claim rejections by patent examiners. Rules regarding appeals in *inter partes* cases, i.e., appeals from one or both parties in an *inter partes* reexamination proceeding, are found in subpart C. Subpart D provides rules applicable to "contested cases," which the comments identify as interferences under 35 U.S.C. § 135, and "Government ownership contests under 42 U.S.C. 2182(3) and 2457(d)."<sup>4</sup> Finally, subpart E provides additional rules solely for interferences.

It is clear that these revisions and recodification of PTO rules are meant to streamline practice before the Board. The procedural rules concerning each of these diverse proceedings are pulled together into one part of the regulations, and harmonization of terminology and practice among the proceedings are introduced. Features common to all of the proceeding types are dealt with together in subpart A, and issues specific to one type of proceeding are found in another subpart, or in the case of interferences, in two other subparts. Nevertheless, in many situations similar language and treatment are used between the various proceedings even where differences mandate separate sections. It would appear that, as a result, PTO personnel, from administrative patent judges to paralegals to file personnel, will be able quickly and easily to move among and handle different types of cases.

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3. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 50,001.

4. *Id.* at 49,967. The "ownership contests" referred to are relatively rare, certainly as compared to the frequency of interferences, and therefore nothing more regarding their substance will be said here. Nonetheless, it is to be borne in mind that the rules of subparts A and D of Part 41 will apply to such contests.

*A. Subpart A: General Provisions*

Sections 1 through 20 of Part 41 (37 C.F.R. §§ 41.1 to 41.20) form subpart A, and are the most basic ground rules for Board proceedings, covering topics from general policy (37 C.F.R. § 41.1) to fees (37 C.F.R. § 41.20).<sup>5</sup> Of particular note for practitioners are the sections noted below.

Section 2<sup>6</sup> provides a variety of definitions applicable to all proceedings under Part 41. The definitions of “Board” and “Board member” are introduced, and they include the Director and Deputy Director of the Patent and Trademark Office and the Commissioners for Patents and Trademarks as well as the administrative patent judges. The comments note that these definitions are intended to track the language defining the Board in the Patent Act.<sup>7</sup> Thus, it would appear that the definition of “Board member” is a superfluous addition. While academically interesting insofar as it would suggest that such high administrators could sit in judgment in possibly quite significant patent cases, it does not seem likely the those persons will frequently, or perhaps ever, do so.

A definition is also given for the term “contested case,” which is a term new to the rules. The term has the apparently broad definition of “a Board proceeding,” but then carves out three exceptions: (1) an appeal under 35 U.S.C. § 134 (i.e., an *ex parte* appeal of a rejected claim), (2) a petition to the Board, or (3) an appeal in an *inter partes* reexamination<sup>8</sup> case.<sup>9</sup> The comments to the rule note that the definition “includes” interferences and “proceedings with interference-based procedures (42 U.S.C. 2182 and 2457(d)).”<sup>10</sup> Nevertheless, the text of the rule does not appear to so limit the definition of “contested case.”

This definition may open the way for other types of “contested cases,” since the rules define that category and leave open the opportunity to fit new proceedings into it. As practitioners will realize, there have been changes recently in prosecution practice, as well as discussions hosted by the PTO, toward or tending to harmonize United States patent practice to a degree with practices of foreign patent offices, particularly the European Patent Office and Japan Patent Office. One such example is the December 2004 change of the patent application fee structure to split the filing fee into separate filing, publication, and examination fees, paralleling the types of fees commonly charged by foreign patent offices. With the definition of “contested case” remaining open, it may be that a European-style opposition practice, in which opponents have the opportunity to challenge an allowed patent application prior to issuance, could be created and easily fit into the definition of “contested case.”

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5. 37 C.F.R. §§ 41.1-41.20 (2004).

6. 37 C.F.R. § 41.2.

7. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,961; *see* 35 U.S.C. § 6 (2000 & Supp. 2002).

8. *See* discussion of subpart C, *infra* Part I.C.

9. 37 C.F.R. § 41.2.

10. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,961.

While that supposition is speculative, in light of discussions concerning harmonization and concerning ways to increase the assurance that issued patents are valid under the law, the potential for extending this definition to an opposition proceeding or other matters will bear watching.

Another section of note is 37 C.F.R. § 41.4 concerning timeliness.<sup>11</sup> The principal points in this section are (1) unless provided for by rule, deadline extensions are available only on a showing of good cause, and (2) late filings will be excused on a showing of excusable neglect or a Board determination that consideration is in the interest of justice. The first of these points has been a standard in interference practice, stated in the Standing Order issued at the beginning of the interference.<sup>12</sup> In *ex parte* appeals, extensions of time under rule 136(a)<sup>13</sup> had been available at least for the applicant's brief, but apparently no longer. The second point is noteworthy insofar as it is extended from interference cases (former rule 645) to all cases. Although the comments indicate that these standards are taken from rule 136(b) as well,<sup>14</sup> that provision permits extensions on a showing of "sufficient cause," and does not discuss consideration of late filings under any standard. One might think that the standard of excusing late filings where consideration is in the interest of justice could substantially weaken the rule, insofar as practically every filing is made in the interest of obtaining justice from the Board. However, the Board has generally required a relatively stringent showing in interference cases of some procedural injustice or error that caused the late filing.

The new rules further provide for appearance *pro hac vice* by one who is not registered with the PTO to practice in patent cases.<sup>15</sup> The inventor or owner of an application or patent has always had the right to represent himself or herself, or to appoint a registered practitioner to act on his or her behalf. This rule is a significant change to that policy, and notably there is no official comment or response to any external comment concerning it. While clearly there is an advantage to having representation by one registered with the PTO and well-familiar with its rules and procedures, there may be cases in which an inventor or business will consider it reasonable to ask the Board to allow someone not registered to handle *ex parte* appeals, *inter partes* reexamination appeals, and contested cases. No indication is given as to the standards, if any, the Board will apply in considering *pro hac vice* requests. It may be, to the possible detriment of the quality of representation, that such requests will be granted as a matter of course.

Parties before the Board are also required to identify their respective real party in interest and any judicial or administrative proceeding that "could affect,

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11. 37 C.F.R. § 41.4.

12. The most recent Standing Order, modified in 2003, may be found on the PTO website at <http://www.uspto.gov/web/offices/dcom/bpai/standing2003May.pdf> (last modified May 1, 2003).

13. See 37 C.F.R. § 1.191 (2003) (repealed 2004).

14. See Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,961.

15. 37 C.F.R. § 41.5 (2004).

or be affected by,” the action of the Board.<sup>16</sup> Changes in those facts must be reported to the Board within twenty days. Identification of the real party in interest is not new, as is the identification of related cases, generally paralleling former rule 656(b)(2). This practice, of course, is not unusual in litigation-type proceedings, for example, as an aspect of a motion to stay or to consolidate. This rule makes such identifications mandatory, and further requires changes to be promptly reported. The comments note that the requirement is “substantially the same in scope as Fed. Civ. R. 47.5.”<sup>17</sup> Examples given include a case interpreting a term identical to that before the Board, or a case in which an adverse judgment could work an estoppel.<sup>18</sup> If the Board rejects claims in appeal, or awards claims to an opponent in interference, then the loser is estopped from seeking or relying on such claims in other proceedings. The comments further note that failure to observe this rule could mean that a party fails in its duty of candor to the PTO, given in 37 C.F.R. § 1.56.<sup>19</sup>

Other aspects of subpart A are ground rules that had previously been found in such places as the Board’s Standing Order for interferences. Specific provisions concerning availability to the public of Board records (37 C.F.R. § 41.6), filing and rejection or expungement of papers (§ 41.7), correspondence addresses (§ 41.10), ex parte communications (§ 41.11), and systems for citation of authority (§ 41.12) are provided in this centralized location to affect all Board proceedings.<sup>20</sup>

### *B. Subpart B: Ex Parte Appeals*

Subpart B of Part 41 is specifically directed at ex parte appeals, whether of a regular national application, a reissue application, or an ex parte reexamination application.<sup>21</sup> Appeals from inter partes reexamination are governed by the regulations in subpart C, discussed below. It is recommended that patent prosecutors review the rules in subpart B, consisting of 37 C.F.R. §§ 41.30 through 41.54, in its entirety. Even though much of the appellate procedure remains the same, and of course there are no changes to the substance of patentability law, there are several changes of particular note.

The appeal brief is governed by new 37 C.F.R. § 41.37. The comments regarding that section noted that the requirements of former rule 192<sup>22</sup> for briefs are retained while additions and changes have been made.<sup>23</sup> As a general matter,

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16. *Id.* § 41.8.

17. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,972.

18. *Id.*

19. *Id.*

20. 37 C.F.R. §§ 41.6-41.7, 41.10-41.12.

21. *See* 37 C.F.R. § 41.30.

22. 37 C.F.R. § 1.192 (2003) (repealed 2004).

23. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,975.

the rule requires ten elements in the appeal brief including an identification of the real party in interest and any related appeals and interferences, which is apparently a redundancy in light of rules in subpart A, discussed above.<sup>24</sup> The appeal brief further requires a statement of the status of all claims, a statement of the status of amendments filed after a final rejection, a summary of the claimed subject matter, and the grounds of rejection that are to be reviewed. Following the argument, three appendices are to be provided, one with a clean copy of the claims on appeal, one with evidence entered by the examiner, and one with documents issued by a court or the Board in a related case.<sup>25</sup>

Two aspects of this new listing of appeal brief elements merit further discussion. First, an appellant “not represented by a registered practitioner” need not provide a summary of the claimed matter or the grounds of rejection to be reviewed, and “need only substantially comply” with the other requirements.<sup>26</sup> No further explanation in the comments concerning this provision is given. Clearly, an appellant representing herself would fit within the rule, and for good reason—such a person is generally not trained in the patent laws and rules. Additionally, however, the ability of the Board to recognize non-registered persons *pro hac vice* seems to create another category of persons that need not comply with all aspects of 37 C.F.R. § 41.37, particularly aspects that may affect claim coverage such as the summary of the claimed matter (further discussed below). This is less understandable, since one that seeks representation before the Board should use someone educated in the Board’s procedures. It seems that the PTO may have given an incentive to appellants to avoid seeking assistance from those registered to practice before it.

Another provision of particular note is the requirement of a summary of the claimed subject matter. The summary is required for each independent claim in the appeal, and must refer to the specification by page and line number, and to the drawing(s) by reference characters. Means-plus-function elements must be identified with corresponding structure, material or acts noted by similar reference to the specification and drawing(s). The comments note the presence of a similar, albeit frequently ignored, requirement in former rule 192, and thus practitioners should recognize that the Board apparently intends to take this requirement seriously.<sup>27</sup> This “summary” requirement in new 37 C.F.R. § 41.37 is essentially the same as was previously required under the Standing Order in interferences. The comments note that the sufficiency of the “concise explanation” under this rule is a case-by-case determination. The overall goal is “to aid the Board in considering the subject matter of the independent claims” toward an informed ultimate decision on patentability.<sup>28</sup> The minimum appears, based on the commentary, to be the references to the specification and drawings

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24. 37 C.F.R. § 41.37 (2004).

25. *Id.* § 41.37(c)(1)(viii)-(x).

26. *Id.* § 41.37(c)(1).

27. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,975.

28. *Id.* at 49,976.

specified in the rule. Note also that this summary of claimed subject matter will likely have significant effect on claim scope. Traditional claim construction analysis relies at least in part on comments made as to the invention or claims by the applicant during prosecution. The comments to new 37 C.F.R. § 41.37 bluntly explain, “whether the explanation is limited to a single drawing or embodiment or is extended to all drawings and embodiments is a decision appellant will need to make.”<sup>29</sup> This seems to place the onus on the appellant to ensure that the full scope of the claims is before the Board, and if the appellant’s subject matter “summary” does not clearly embrace the entirety of disclosure corresponding to a claim, then there is a risk that the claim(s) will be limited.

Following filing of appellant’s brief, the examiner “may” provide a written answer. Although the new rules do not specify the penalty or procedure if an examiner’s answer is not filed, it is presumed that existing procedure permitting the examiner to withdraw rejections will be continued.<sup>30</sup> Previously, the examiner could not include a new ground of rejection in his answer, but could reopen prosecution and issue a new rejection, to which the appellant could respond or request that the appeal be reinstated.<sup>31</sup> New 37 C.F.R. § 41.39 seeks to compress that procedure. The examiner’s answer now may include new grounds of rejection, and the appellant then has the option to request reopening of prosecution, which operates to withdraw the appeal, or to maintain the appeal by filing a reply brief.<sup>32</sup> Thus, it is no longer the examiner who makes the decision on whether to reopen prosecution at this point. Rather, the applicant has that choice in cases in which a new ground of rejection is offered.

The examiner does, however, have the option to withdraw rejections and reopen prosecution if the appellant files a reply brief and includes a new issue in that brief, pursuant to new 37 C.F.R. § 41.41.<sup>33</sup> Alternatively, an examiner can provide a supplemental answer to such new issues, but that supplemental answer cannot include new rejection grounds.<sup>34</sup> While apparently removing a step and some complexity in the examiner’s original answer procedure, that step is potentially reintroduced in a supplemental answer to a reply brief.

Once the appeal is fully briefed, and argument is had (if requested pursuant to new 37 C.F.R. § 41.47), the Board may affirm the rejection(s) with respect to some or all claims, reverse them, remand the case to the examiner, or issue a new ground of rejection.<sup>35</sup> The Board can also request additional briefing.<sup>36</sup> An affirmance or reversal ends the case with respect to the claims so adjudged, unless the applicant exercises the right of civil action to the United States District

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29. *Id.*

30. *See* PATENT AND TRADEMARK OFFICE, DEP’T OF COMMERCE, MANUAL OF PATENT EXAMINING PROCEDURE § 1208 (8th ed. 2003) [hereinafter MPEP].

31. MPEP § 1208.02.

32. 37 C.F.R. § 41.39 (2004).

33. *Id.* § 41.41.

34. *Id.*

35. *Id.* § 41.50.

36. *Id.* § 41.50(d).



Court for the District of Columbia, or to the United States Court of Appeals for the Federal Circuit.<sup>37</sup> On remand to the examiner, or on issuing a new ground of rejection, the appellant has the option to reopen prosecution, on one hand, or to maintain the appeal or request rehearing on the other.<sup>38</sup> The Board may also remand with a statement of how a claim or claims can be amended to overcome rejection(s).<sup>39</sup> In such a case, the appellant is permitted to amend the claim(s) to conform to the statement.<sup>40</sup>

### *C. Subpart C: Inter Partes Reexamination Proceedings*

Subpart C, including 37 C.F.R. §§ 41.60 through 41.81, is applicable to appeals to the Board from an examiner's decision in an inter partes reexamination.<sup>41</sup> The rules of this subpart are very similar to the rules of subpart B, dealing with ex parte appeals. The significant differences arise from the fact that there are two parties participating in an inter partes reexamination, as well as the examiner. Accordingly, provisions are made for not only appeal,<sup>42</sup> but also for cross-appeal,<sup>43</sup> briefs for appellant (or cross-appellant)<sup>44</sup> and respondent(s),<sup>45</sup> and rebuttal briefs.<sup>46</sup> The provisions concerning Board decisions also reflect the dual-participant nature of these proceedings.<sup>47</sup>

### *D. Subpart D: Contested Cases*

Contested cases, as defined above, are the province of subpart D of new Part 41.<sup>48</sup> As previously discussed, only interferences and interference-like proceedings are specifically identified in the comments as being "contested cases."<sup>49</sup> Nonetheless, this commentator believes that the new codification of rules suggest that other "contested cases" could be created, e.g., European-style opposition procedures, that could easily fit into these rules. Until then, however, the rules of subpart D will effectively apply to interferences only.

The subpart starts off with a codification in 37 C.F.R. § 41.102 of a standard procedure. A contested case cannot be initiated, unless the Board authorizes otherwise, without completion of examination of each involved application or

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37. See 35 U.S.C. §§ 141, 145 (2000 & Supp. 2002).

38. 37 C.F.R. § 41.50(d).

39. *Id.*

40. *Id.* § 41.50(b).

41. *Id.* §§ 41.60-41.81.

42. *Id.* § 41.61(c).

43. *Id.* § 41.61(b).

44. *Id.* § 41.67.

45. *Id.* § 41.68.

46. *Id.* § 41.71.

47. *Id.* §§ 41.77-41.81.

48. *Id.* §§ 41.100-41.158.

49. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,960-61.

patent, and without at least one otherwise patentable claim from each application or patent that would be involved in the case.<sup>50</sup> This substantially accords with prior interference procedure, in which no application could go to interference unless it was otherwise allowable on the examination record, and no interference would be declared without claim(s) to the “same patentable invention” existing in each involved application or patent.<sup>51</sup> As noted above, the provision includes an exception that could swallow the rule if the Board were to allow it, i.e., that the Board can otherwise authorize initiation of a contested case. A similar exception regarding the conduct of contested cases is found in 37 C.F.R. § 41.104, which allows an administrative patent judge to waive or suspend any rule in subpart D.<sup>52</sup>

Section 41.120 introduces a “notice of requested relief,” which appears to be analogous to the preliminary statement of prior interference practice. This section permits the Board to require a “notice stating the relief [a party] requests and the basis for its entitlement to relief.”<sup>53</sup> If such a notice is required, the Board may maintain it in confidence from the other party for a time.<sup>54</sup> Such a notice limits the party to filing substantive motions that are consistent with the notice.<sup>55</sup> The party is further allowed to move to correct its notice.<sup>56</sup> The preliminary statement under the prior interference rules included, among other things, the parties’ contentions as to their respective earliest conception, reduction to practice and diligence dates, the inventor(s) of the subject matter at issue, and an indication of whether derivation would be claimed in the interference.<sup>57</sup> The party could not prove dates earlier than those included in the preliminary statement, and could be prevented from later claiming derivation if such an allegation was not made in the statement. Once again, it appears that this new section takes a piece from prior interference regulations and both generalizes it to the category of “contested cases” and compresses it into a single provision, without most of the details in the previous regulations.

Most of the remainder of subpart D tracks provisions of prior interference practice set forth in the Board’s previous Standing Order for interferences.<sup>58</sup> For example, the physical form of filings and service requirements;<sup>59</sup> identification of counsel;<sup>60</sup> obtaining copies of PTO records;<sup>61</sup> and filing a clean copy of involved claims as well as an annotated copy with reference to drawings and

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50. 37 C.F.R. § 41.102.

51. See MPEP § 2301.01; see also 37 C.F.R. §§ 1.601(n), 1.603 (2003) (repealed 2004).

52. 37 C.F.R. § 41.104(b).

53. *Id.* § 41.120.

54. *Id.*

55. *Id.* § 41.120(b).

56. *Id.* §§ 41.120(c), 41.121(a)(2).

57. See 37 C.F.R. §§ 1.621-1.628 (2003) (repealed 2004).

58. See *supra* note 12 and accompanying text.

59. 37 C.F.R. § 41.106 (2004).

60. *Id.* § 41.108.

61. *Id.* § 41.109.

specification. Motion practice<sup>62</sup> is generalized, but remains essentially the same as before. In the old interference rules, rules 633 to 635 concerned motion practice on all subjects.<sup>63</sup> These provisions are generalized to refer to “contested cases” and compressed into new 37 C.F.R. § 41.121. In the latter section, substantive motions to redefine the scope of the case, change benefit accorded, or for judgment are permitted “to the extent the Board authorizes.”<sup>64</sup> The new rule apparently leaves space for a new Standing Order, at least where motion practice is concerned. Responsive motions may also be authorized, such as a motion to amend or add claims, change inventorship, “or otherwise cure a defect” raised by a notice of requested relief or by a substantive motion.<sup>65</sup>

Arbitration is provided for in 37 C.F.R. § 41.126. The comments state that the section merely recodifies prior arbitration provisions.<sup>66</sup> Similarly, the comments note that 37 C.F.R. § 41.127 on judgment recodifies current practice.<sup>67</sup> The comments thus indicate how these sections are likely to be interpreted. Nonetheless, practitioners wishing to use arbitration or considering requesting judgment must review these rules, in their general language, to gauge their effect on a given case.

Sections 41.150 through 41.158 govern matters of discovery and evidence.<sup>68</sup> As before, no discovery is available without agreement from the other party, except (1) for references, patents or applications, and test standards mentioned in a party’s patent or application, (2) by request to the Board with a showing that such discovery is in the interests of justice, or (3) during authorized testimony or cross-examination.<sup>69</sup> Applicability of the Federal Rules of Evidence, taking testimony by affidavit and cross-examination by deposition, and expert testimony standards are as currently practiced.

### *E. Interference Rules*

The last subpart of Part 41 is directed specifically to interference proceedings.<sup>70</sup> Although in many aspects the procedures and standards have not changed, the substantial overhaul and insertion of certain changes suggests a piecemeal review of the sections.

Sections 41.200 and 41.201 set forth policy and definitions. The former settles what had at times been in question in interference practice, how to interpret a claim. The section states that a claim is to be given the “broadest

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62. *Id.* §§ 41.121-41.123.

63. 37 C.F.R. §§ 1.633-1.635 (2003) (repealed 2004).

64. 37 C.F.R. § 41.121 (2004).

65. *Id.*

66. Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,968.

67. *Id.*

68. 37 C.F.R. §§ 41.150-41.158.

69. *Id.* § 41.150.

70. *Id.* §§ 41.200-41.208.

reasonable construction in light of the specification.”<sup>71</sup> It also confirms Board policy of administrating interferences so that an individual interference proceeding does not last more than two years. Section 41.201 provides explicit definitions for several terms that had been implicitly understood previously, and recasts or newly defines other terms. For example, the implicitly-defined term “accord benefit” is explicitly defined by this section in terms of Board recognition of a constructive reduction to practice.<sup>72</sup> The term “constructive reduction to practice,” in turn, is defined to be “a described and enabled anticipation under 35 U.S.C. 102(g)(1) in a patent application of the subject matter of a count.”<sup>73</sup> Note that this definition includes “described” and “enabled,” apparently referring to standards under 35 U.S.C. § 112, but does not include a reference to the “best mode” requirement of that section.<sup>74</sup> It thus recognizes the prior case law indicating that best mode considerations are not applicable to a determination of whether one’s specification discloses the count. “Count” itself has been redefined to restate the position of countless interference opinions, to say that it is “the Board’s description of interfering subject matter that sets the scope of admissible proofs on priority.”<sup>75</sup> This new definition should not alter interference substance or procedure, because it reflects existing case law and Board practice is commonly to define a count as equal to one or more claims of each application or patent.

A new term included in the “definitions” section of 37 C.F.R. § 41.201 is “threshold issue.”<sup>76</sup> A “threshold issue” is a general term for issues which, if they are resolved in favor of one party, would “deprive the opponent of standing in the interference.”<sup>77</sup> In other words, a win on a “threshold issue” means that there is no ground to continue contesting the interference. Two sets of examples are given. The first example is no-interference-in-fact.<sup>78</sup> Consistent with prior procedure, therefore, a successful motion showing that the allegedly interfering subject matter does not in fact interfere<sup>79</sup> means that both parties go their separate ways with claims intact. A second set of examples is given for application claims “first made” after publication of the opponent’s application or patent.<sup>80</sup> In such a case, a “threshold issue” is whether the application meets the repose requirement of 35 U.S.C. § 135(b).<sup>81</sup> Another “threshold issue” is whether the claim meets the written description requirement<sup>82</sup> in cases where “applicant

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71. *Id.* § 41.200.

72. *Id.* § 41.201.

73. *Id.*

74. 35 U.S.C. § 112 (2000).

75. 37 C.F.R. § 41.201.

76. 37 C.F.R. § 41.201.

77. *Id.*

78. *Id.*

79. *See id.* § 41.203.

80. *Id.* § 41.201.

81. *Id.*

82. 35 U.S.C. § 112 (2000).

suggested, *or could have suggested*, an interference under § 41.202(a).”<sup>83</sup> By the specific terms of the rule, these examples of “threshold issues” are not exclusionary. Thus, other types of issues that would deprive the opponent of standing, such as demonstrating the unpatentability of the opponent’s claim(s), would appear to be “threshold issues” as well.

Section 41.202 is dedicated to the ways and requirements of suggesting an interference.<sup>84</sup> Applicants have long been entitled to try to provoke an interference in appropriate cases. This section codifies earlier practice, and presents strong new requirements for applicants seeking interference. Under the new rule, a patent applicant must file:<sup>85</sup> (1) an identification of the application or patent with which interference is sought; (2) an identification of all claims believed to interfere, a proposal of one or more counts, and a demonstration of the correspondence of the claims to the counts; (3) a claim chart for each count comparing claim(s) that correspond to the count, showing why the claims interfere;<sup>86</sup> (4) an explanation “in detail” why the applicant will prevail on priority; (5) a claim chart for claims added or amended to provoke interference showing written description in the application; and (6) a chart for any application or patent to which benefit is desired showing that application or patent gives a constructive reduction to practice “within the scope of the interfering subject matter.”<sup>87</sup> This provision lumps together several aspects of prior practice, and adds significantly to an applicant’s burden in seeking interference.<sup>88</sup> Item (1) is the same as a requirement in former rule 604.<sup>89</sup> Item (2) goes into more detail than was previously required by asking for an identification of *all* claims believed to interfere and a demonstration of their correspondence to the proposed

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83. 37 C.F.R. § 41.201 (emphasis added). The italicized text appears to make the written description “threshold issue” applicable to practically all cases, since in most or all cases in which an applicant is aware of another’s potentially interfering application or patent, the applicant “could have suggested” a claim for interference. The requirements an applicant must meet to suggest a claim for interference are discussed below with respect to 37 C.F.R. § 41.202. The only matter that would seem to prevent an applicant from suggesting a claim for interference is that the applicant is unaware of the opposing application. The comments surrounding the rulemaking suggest that this provision is included for prevention of “spuriously provoked interferences.” Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,969.

84. 37 C.F.R. § 41.202.

85. The rule does not use the term “file,” but given that filing (whether hardcopy or electronically) is the standard procedure for making requests and arguments to the PTO, and there does not appear to be any provision for a suggestion of interference orally, filing the given information seems mandated.

86. The standard for interfering subject matter is set forth in 37 C.F.R. § 41.203, as further discussed below.

87. 37 C.F.R. § 41.202(a).

88. It is noted that the comments claim that this section restates the requirements of former interference rules 604, 607 and 608. As further discussed, this commentator believes that there are significant additional requirements.

89. 37 C.F.R. § 1.604 (2003) (repealed 2004).

count(s). Previously, rules 604 and 607 required such an identification and demonstration for at least one claim.<sup>90</sup> A claim chart of opposing claims and the proposed count(s), with a showing of why the claims interfere, is a new requirement. An explanation of why the applicant will prevail is akin to the showing of *prima facie* priority under former rule 608, which required evidence and argument showing *prima facie* priority where the application had an effective filing date more than three months after that of a patent against which an interference is sought.<sup>91</sup> The new rule requires such an explanation for any suggestion of interference, not just one in which the application is filed more than three months after a patent. In some cases, that explanation could simply be a prior United States filing or foreign benefit. In others, substantial evidence of conception, actual reduction to practice, and/or diligence may need to be presented. The aphorism of interference practice to thoroughly search for and gather evidence as early as possible, and preferably before suggesting or declaring an interference, has never been truer. Items (5) and (6) require charts showing written description in the applicant's application (not the application or patent from which a claim was copied) and earlier benefit documents are new requirements as well.<sup>92</sup>

Section 41.202 includes a subsection (d)<sup>93</sup> that repeats and extends the requirements of former rule 608.<sup>94</sup> Where an applicant wants to suggest an interference, and that applicant's earliest constructive reduction to practice is later than the "apparent" earliest constructive reduction to practice of the potentially interfering patent or application, then the applicant must show a basis for winning on priority.<sup>95</sup> The use of the word "apparent" is not further explained in the comments, and would seem to refer at least to the earliest parent application from which the patent in question is a continuation or division, as opposed to a continuation-in-part. Nonetheless, prudent practice would suggest providing evidence sufficient to get behind the filing date of the earliest parent application, even if a continuation-in-part is interposed in the lineage. Like superceded rule 608, under this rule the applicant must provide documentation, affidavits and/or other evidence that would "support a determination of priority" in his or her favor if unrebutted.<sup>96</sup> The term "support" in that phrase is uninformative. The comments to the rule, as well as the understanding of the application of former rule 608, suggest that this language requires a *prima facie* case, i.e., one that would entitle the party to judgment absent any rebuttal.<sup>97</sup>

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90. *Id.* §§ 1.604, 1.607.

91. *Id.* § 1.608.

92. Such claim charts were not required under prior practice. Frequently, such claim charts might be provided as evidence or argument for motions for benefit to a prior application under former rules 633 and 637(f). 37 C.F.R. §§ 1.633, 1.637(f).

93. 37 C.F.R. § 41.202(d) (2004).

94. 37 C.F.R. § 1.608 (2003) (repealed 2004).

95. 37 C.F.R. § 41.202(d) (2004).

96. *Id.* § 41.202(e).

97. *See* Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg.

If the showing under that subsection (d) is insufficient, the patent examiner and/or the Board appear to have two choices. First, insofar as such insufficiency makes the suggestion of interference incomplete, it may be determined that no interference between the applicant's application and the potentially opposing reference should be initiated.<sup>98</sup> In that case, the suggesting applicant would be left with its application presumably under rejection over the reference. The second choice is provided by the new rules. Even with a failure of the showing of priority, the Board may nonetheless declare an interference in order to issue an order to show cause why judgment should not be entered against the suggesting applicant.<sup>99</sup> No further evidence can be entered in response to the order, although motions to redefine the interference or to change benefit may be authorized.<sup>100</sup> In this instance, the applicant is in a more difficult position, having to explain how its showing was adequate without further evidence. If the applicant cannot meet the order to show cause, then judgment against it results, with the concomitant interference estoppel against its involved claims and other subject matter not separately patentable over the interference count.

Section 41.203, entitled "Declaration," does not appear to add new procedure or substance.<sup>101</sup> It defines the existence of an interference as the situation where the subject matter of one claim of one party anticipates or renders obvious the subject matter of another party's claim, and vice versa, assuming each claim was prior art to the other.<sup>102</sup> This standard is intended to reflect the current state of the law.<sup>103</sup> The notice declaring the interference, as before, identifies the interfering subject matter (i.e., the count(s)), the involved patent(s) or application(s) and their claims, the benefit accorded each party regarding the count, and the claims corresponding to each count. A party wishing to add an application or patent to a declared interference may suggest the addition by following the provisions of 37 C.F.R. § 41.202, discussed above.<sup>104</sup>

The remaining sections of subpart E follow relatively closely with prior provisions of the interference regulations. A notice of basis for relief, essentially identical to the prior requirement of a preliminary statement, is required by 37 C.F.R. § 41.204.<sup>105</sup> Provisions for filing of agreements settling interferences are given in 37 C.F.R. § 41.205.<sup>106</sup> This new section provides relatively in-depth explanation of when an interference is terminated, and thus the deadline for filing such a settlement agreement. Government representatives may access such agreements on written request, while others must show good cause for such

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at 49,969.

98. *See* 37 C.F.R. § 41.202(d).

99. *Id.* § 41.202(d)(2).

100. *Id.*

101. *Id.* § 41.203.

102. *Id.* § 41.203(a).

103. *See* 69 Fed. Reg. at 49,992.

104. 37 C.F.R. § 41.203(d).

105. *Id.* § 41.204. *See* discussion of 37 C.F.R. § 41.120, *supra* Part I.D.

106. *Id.* § 41.205.

access. Presumptions in an interference are set forth in 37 C.F.R. § 41.207, and again provide nothing substantively new.<sup>107</sup> Claims corresponding to a count stand or fall together for purposes of determining priority and derivation, and a showing of the unpatentability of one of a party's claims corresponding to a count results in unpatentability of all of that party's claims corresponding to that count, unless the party can rebut such presumption of unpatentability.<sup>108</sup> Finally, 37 C.F.R. § 41.208 addresses content of motions, in addition to the requirements of 37 C.F.R. § 41.121.<sup>109</sup> Of particular note in this section is the requirement to show the patentability of a claim or a count sought through motion to be added or amended.<sup>110</sup> The comments do not explain what that showing might be.<sup>111</sup> As far as the requirements of 35 U.S.C. § 112, it may be relatively easy to show how the claim meets the written description, enablement, and best mode requirements. As to prior art, it is clear that such a showing is the difficult proposition of proving the negative, i.e., that there are no prior art references that anticipate or render obvious the claimed subject matter. Presumably, a minimal showing would include a comparison of the new or amended claim or count to references cited in prosecution of one or both involved cases.

## II. *PHILLIPS V. AWH CORP.*: CLAIM CONSTRUCTION CHANGE IS COMING

The Court of Appeals for the Federal Circuit agreed in 2004 to a complete en banc review of the procedures and standards used in interpreting patent claims. The result is forthcoming, and may be issued by the time this article goes to press. In the meantime, prosecutors who are now writing and prosecuting patent applications and litigators who are attacking or defending patents are waiting with bated breath to see how the Federal Circuit will rule.

In its first ruling in the case of *Phillips v. AWH Corp.*,<sup>112</sup> the Federal Circuit reviewed the district court's construction of the claims at issue from U.S. Patent No. 4,677,798, which discloses vandalism-resistant building modules.<sup>113</sup> The case revolved around the meaning of the term "baffles" in the claims, a term not expressly defined in the specification. Even though the parties stipulated to a meaning for that term, the district court held it to be ambiguous because there was no identification in the claim of what the "baffles" acted on.<sup>114</sup> The district court eventually reached the result that the term was to be limited in accordance with Section 112, paragraph 6.<sup>115</sup> Finding that the patent specification adverted

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107. *Id.* § 41.207.

108. *Id.* § 41.207(b)-(c).

109. *Id.* § 41.208.

110. *Id.* § 41.208(c).

111. *See* Rules of Practice Before the Board of Patent Appeals and Interferences, 69 Fed. Reg. at 49,969.

112. 363 F.3d 1207 (Fed. Cir. 2004).

113. *Id.* at 1209.

114. *Id.* at 1210.

115. 35 U.S.C. § 112 (2000).



to resistance to heat, sound, and fire and projectile deflection, and observing that the specification and drawings showed “baffles” at non-perpendicular angles to wall faces, the court decided that a “baffle” is limited to structure that extends “inward from the shell walls at oblique or acute angles [and] form an intermediate, interlocking barrier” within the wall.<sup>116</sup> After Phillips conceded that he could not prove infringement under the given construction and the district court’s subsequent granting of summary judgment against him, Phillips appealed.

The Federal Circuit panel, composed of Judges Newman, Lourie, and Dyk, split on its review. Judges Newman and Lourie joined in the opinion for the majority, which overturned the district court’s decision, and proceeded to take one side of an ongoing claim construction debate. The substance of the opinion began by recognizing that “baffle” is not in means-plus-function language. The panel majority supported that conclusion by noting that the word “means” was not present, raising a presumption against a “means-plus-function” interpretation, and further by stating that “‘baffle’ is a sufficient recitation of structure, which carries its ordinary meaning” that is substantially the same as urged by the parties below.<sup>117</sup> The majority further referred generically to intrinsic and extrinsic evidence that supported the meaning as applied to heat, sound, and projectiles. On this point, the majority’s analysis is consistent with prior case law and, based on the facts noted in the opinion, it is apparently correct, as Judge Dyk states in dissent.<sup>118</sup>

It is axiomatic in patent law that the principal and primary determinant of the protection afforded by the claim is the language of the claims. The meaning(s) of individual words or phrases as used in those claims, however, are potentially influenced by several factors, among which are the patent’s specification, drawings and prosecution history, and common meanings of a term or special meanings in a given field. Opinions on claim construction within the last three to four years appear to follow two very general lines of thought. One is based on the construction axiom that a claim is to be interpreted in light of the specification and prosecution history. This analysis leads to defining claim terms relatively closely to the embodiment(s) of the claimed invention shown in the patent, and, in some cases, leads to improperly limiting the claims by reading in limitations from the specification or drawings.<sup>119</sup> The second line of thought begins with the common ordinary meaning of a claim term and limits that meaning only where there is an express or implicit limitation of the meaning evident from the patent specification.<sup>120</sup> While most opinions will recognize at least portions of both theories, one basis for interpreting words or phrases in a claim can generally be observed to have carried the day in a given case.

The panel majority in *Phillips* took the former route. After discarding the district court’s construction, the majority began its own interpretation of “baffle”

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116. *Id.*

117. *Id.* at 1212 (emphasis added).

118. *Id.* at 1216 (Dyk, J., dissenting).

119. *See* *Tex. Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1204-05 (Fed. Cir. 2002).

120. *Id.* at 1204 (referring to a “manifest” exclusion or restriction of claim scope).

by stating they had to “read the claims in view of the specification and determine whether the patentee has otherwise limited the scope of the claims” with respect to that term.<sup>121</sup> Although they recited case law noting that ordinary meaning of a term does not obtain where the patentee disclaimed a meaning, termed a feature “important” to the invention, or distinguished the term from prior art, the focus of their analysis is given in their final sentence concerning claim construction: “we look to the specification ‘to ascertain the meaning of a claim term as it is used by the inventor in the context of the entirety of his invention.’”<sup>122</sup>

Starting from that premise, the majority then recites language from the patent’s specification to demonstrate that it is “rife with references to impact resistance,” and thus the term “baffle” requires the features identified by the district court. They rely on statements in the specification about how the disclosed walls resist or deflect projectiles, and that there are not “effective ways” of dealing with them “with inexpensive housing in the prior art,” to support the conclusion that the patentee had distinguished his “baffles” from prior art structures. The panel majority’s conclusion is that “baffle” requires an angle with a wall that is not ninety degrees “[f]rom the specification’s explicit descriptions of the invention.”<sup>123</sup> Responding to the dissent’s criticisms, the majority asserts that they are not focusing only on the “preferred” embodiment, because what is in the patent’s specification is the only embodiment. The majority finally offers a policy basis for its decision as well: “It is in the interests of a sound patent system and inventors, as well as the public, to hold inventors to their disclosures. The trial judge correctly perceived this need, albeit mistakenly relying on the means-plus-function ground, and interpreted the claims in accordance with the specification.”<sup>124</sup>

There are several points to criticize in the panel majority’s opinion, in this commentator’s opinion. However, the point to be made at this time is that the majority takes the view that it is the patent specification that is the most important, indeed perhaps the only, factor that informs the determination of what claim terms mean. The policy quote noted above does not accord with prior precedent, at least in mechanical patent cases, but it does provide a reason for looking first and foremost at the specification in interpreting claim terms.

The dissent, authored by Judge Dyk, takes the other path to claim interpretation, that is, looking to the ordinary meaning of a term, and considering the specification only insofar as it provides an explicit or implicit definition or otherwise specifically identifies a requirement of the invention. Relying principally on the earlier case of *Liebel-Flarsheim Co. v. Medrad, Inc.*,<sup>125</sup> the dissent makes two points clear. First, limiting claims to the preferred embodiment is improper unless the language of the claims so requires. Second, it is generally improper to add a limitation (in this case, “oriented at angles other

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121. *Philips*, 363 F.3d at 1212-13.

122. *Id.* at 1213 (citations omitted).

123. *Id.* at 1213.

124. *Id.* at 1214.

125. 358 F.3d 898 (Fed. Cir. 2004).

than ninety degrees”<sup>126</sup>) from the specification into a claim. Judge Dyk concludes by observing “there is no reason to supplement the plain meaning of the claim language with a limitation from the preferred embodiment.”<sup>127</sup>

The case set up in direct opposition the two general modes of claim interpretation analysis. On consideration of Phillips’s petition for rehearing, the Federal Circuit withdrew the earlier panel opinion and agreed to rehear the appeal en banc.<sup>128</sup> The order granting rehearing explained that the court’s intention is “to resolve issues concerning the construction of patent claims” raised in the previous majority and dissenting opinions.<sup>129</sup> This remarkably open-ended scope of review was emphasized, as the court invited the parties to submit further briefing on “these issues” and with particular respect to seven specific questions:

1. Is the public notice function of patent claims better served by referencing primarily to technical and general purpose dictionaries and similar sources to interpret a claim term or by looking primarily to the patentee’s use of the term in the specification? If both sources are to be consulted, in what order?
2. If dictionaries should serve as the primary source for claim interpretation, should the specification limit the full scope of claim language (as defined by the dictionaries) only when the patentee has acted as his own lexicographer or when the specification reflects a clear disclaimer of claim scope? If so, what language in the specification will satisfy those conditions? What use should be made of general as opposed to technical dictionaries? How does the concept of ordinary meaning apply if there are multiple dictionary definitions of the same term? If the dictionary provides multiple potentially applicable definitions for a term, is it appropriate to look to the specification to determine what definition or definitions should apply?
3. If the primary source for claim construction should be the specification, what use should be made of dictionaries? Should the range of the ordinary meaning of claim language be limited to the scope of the invention disclosed in the specification, for example, when only a single embodiment is disclosed and no other indications of breadth are disclosed?
4. Instead of viewing the claim construction methodologies in the majority and dissent of the now-vacated panel decision as alternative, conflicting approaches, should the two approaches be treated as

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126. *Phillips*, 363 F.3d at 1213.

127. *Id.* at 1217-18 (Dyk, J., dissenting).

128. *Phillips v. AWH Corp.*, 376 F.3d 1382 (Fed. Cir. 2004).

129. *Id.* at 382.

complementary methodologies such that there is a dual restriction on claim scope, and a patentee must satisfy both limiting methodologies in order to establish the claim coverage it seeks?

5. When, if ever, should claim language be narrowly construed for the sole purpose of avoiding invalidity under, *e.g.*, 35 U.S.C. §§ 102, 103 and 112?

6. What role should prosecution history and expert testimony by one of ordinary skill in the art play in determining the meaning of the disputed claim terms?

7. Consistent with the Supreme Court's decision in *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), and our *en banc* decision in *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448 (Fed. Cir. 1998), is it appropriate for this court to accord any deference to any aspect of trial court claim construction rulings? If so, on what aspects, in what circumstances, and to what extent?<sup>130</sup>

Even a cursory review and consideration of these questions will make it quite plain that the Federal Circuit sees this case as an opportunity to review and reconsider practically every aspect of claim interpretation on a fundamental level.

The first topic or grouping of questions places the issue of whether ordinary meaning from dictionaries or the usage in the specification is the primary consideration firmly in the context of "the public notice function of patent claims."<sup>131</sup> This would appear to be the clearest statement yet that the Federal Circuit views public notice as the foremost policy concern in claim construction matters. Roughly put, that policy would suggest that claims should provide the public with a clear notion of the claim's scope, and therefore what subject matter is to be avoided. Claims should accordingly be construed in a way that conforms with the public's expectations on reading the patent and any prosecution history. The fourth topic appears to complement, suggesting that instead of using one or another methodology, choosing dictionaries over the specification, or vice versa, that both methodologies might both affect claim scope.<sup>132</sup>

Assuming dictionaries are to be the primary source of meanings, the second topic focuses on the limitations on use of that information.<sup>133</sup> The questions present here reflect issues that have received different treatments and weight of analysis from case to case in the District Courts and at the Federal Circuit. For example, different cases come to different conclusions as to what explicit language or implicit disclosure is required to limit the ordinary meaning of a term.

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130. *Id.* at 1383.

131. *Id.*

132. *Id.*

133. *Id.*

On the other hand, the third topic posits that the patent specification is the primary meaning source, and asks what use should be made of dictionaries.<sup>134</sup> Here is one place where the fundamental nature of the court's consideration shows forth. The second question in this topic indicates that the court will reconsider decades-old common law holding that the patentee is not limited to the embodiment(s) described and shown in the patent. Clearly, there is no certainty that the court will do away with that holding. But with that hoary principle of patent law apparently on the table, the court is committed to reexamining all points affecting claim scope, and may discard or reform what had been previously considered unassailable tenets.

The final three topics concern more pin-point issues. It has long been an axiom that claims could be construed narrowly in order to preserve their validity, in light of the statutory presumption of validity<sup>135</sup> and the presumption that the examiner did his or her job properly.<sup>136</sup> A conflicting principle is that the scope of a claim should be "locked down" at the time the patent issues, determinable based on the public record and ordinary meanings. As to prosecution history and expert testimony, it is again axiomatic that what a patentee states and the actions he or she takes in the prosecution record can affect claim interpretation, at least where it demonstrates how the patentee was using or understood a term, or how he or she had specifically limited it. Although it seems unlikely that principle would be significantly changed, this is once again an indication of the depth of the court's consideration of claim construction issues. Expert testimony, although generally admitted on issues of claim meaning, has recently been questioned for its frequently partisan nature.<sup>137</sup> Finally, de novo review of district court construction rulings will be reconsidered, at least to decide whether deference to a district court's claim construction is possible given existing controlling authority.

Argument before the en banc Federal Circuit took place on February 8, 2005. No timetable for issuance of an opinion in this case is available at this time. Nevertheless, practitioners and inventors alike should be aware that the ground rules on claim interpretation may change substantially in the near future. Prosecution practices and strategies may need to be reevaluated thereafter.

### III. KNORR-BREMSE: NO ADVERSE INFERENCE FOR UNPRODUCED OPINIONS

In *Underwater Devices, Inc. v. Morrison-Knudsen Co.*,<sup>138</sup> the fledgling Federal Circuit expressed an "affirmative duty" on the part of a potential patent infringer to observe another's patent rights, including "the duty to seek and

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134. *Id.*

135. 35 U.S.C. § 282 (2000).

136. *See, e.g., Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359 (Fed. Cir. 1984).

137. *See Tex. Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1203 (Fed. Cir. 2002).

138. 717 F.2d 1380 (Fed. Cir. 1983).

obtain competent legal advice from counsel.”<sup>139</sup> Three years later, the case of *Kloster Speedsteel AB v. Crucible Inc.*<sup>140</sup> built on that premise. Where the defendant presented no claim that it had sought counsel regarding the patent at issue prior to litigation, despite plaintiff’s warnings, and invoked attorney-client privilege, the Federal Circuit found that such silence “warrant[s] the conclusion that it either obtained no advice of counsel or did so and was advised that its . . . accused products would be an infringement.”<sup>141</sup> From these cases, the principle that not producing an opinion of counsel regarding the freedom to operate in view of an issued patent leaves one “free to infer” that no opinion was obtained or that it was adverse to the defendant.<sup>142</sup> That “adverse inference” of non-production of an opinion, in light of the duty identified in *Underwater Devices*, would lead to a finding of willful infringement.

On September 13, 2004, the Federal Circuit issued an en banc opinion in *Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.* that overruled that adverse inference.<sup>143</sup> After reviewing the development noted above, and stating that the prior focus was on disrespect for law, the court found that the precedent “resulted in inappropriate burdens on the attorney-client relationship,” and that the adverse inference is “no longer warranted.”<sup>144</sup> Specifically, the court held “that no adverse inference that an opinion of counsel was or would have been unfavorable flows from an alleged infringer’s failure to obtain or produce an exculpatory opinion of counsel. Precedent to the contrary is overruled.”<sup>145</sup>

The court’s analysis centered around four questions that had been presented for en banc review. The first of these questions asked whether a claim of privilege allowed the trier of fact to draw an adverse inference for purposes of willful infringement, and the court answered in the negative.<sup>146</sup> This position is supported by reliance on the Supreme Court’s decision in *Upjohn Co. v. United States*, which stressed the deep-rooted importance of the attorney-client privilege, and by observing that a system in which invocation of privilege jeopardizes the client “can distort the attorney-client relationship, in derogation of the foundations of that relationship.”<sup>147</sup> The court distinguished cases in which a party creates an inference adverse to itself by refusing to produce evidence on the basis of the attorney-client privilege. That is, where the refusal to produce concerns privileged information, no adverse inference was drawn.

The second question narrowed the issue down to cases in which the defendant did not obtain any legal advice, and the court again stated that it is not

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139. *Id.* at 1389-90.

140. 793 F.2d 1565 (Fed. Cir. 1986).

141. *Id.* at 1580.

142. *See* *Fromson v. W. Litho Plate & Supply Co.*, 853 F.2d 1568, 1572-73 (Fed. Cir. 1988).

143. 383 F.3d 1337 (Fed. Cir. 2004) (en banc).

144. *Id.* at 1343-44.

145. *Id.* at 1341.

146. *Id.* at 1344.

147. *Id.*

appropriate to draw an adverse inference on willful infringement.<sup>148</sup> The court found that there is no legal duty to consult with counsel, a breach of which would presume that the consultation would have been negative to the defendant. Referring to amicus briefs, the court noted burdens and costs of full exploration, analysis, and opining on all issues surrounding all potentially adverse patents the defendant knows about.<sup>149</sup> That is essentially the extent of the court's analysis on this question. While noting that defendants still have a duty of due care to avoid infringement, that duty does not necessarily extend to consultation of counsel.

The court's third question referred specifically to the outcome of the prior questions to the underlying case itself.<sup>150</sup> This portion of the opinion appears to be the most interesting, at least because it leaves open some questions for further consideration. The court began its discussion on this question by repeating that "there are no hard and fast per se rules" concerning willfulness, and by noting that factors have been identified that should be considered on both sides of the willfulness issue.<sup>151</sup> The district court had found several facts, including an adverse inference based on withholding of an opinion of counsel, that indicated a finding of willfulness. Because the parties disputed whether the willfulness finding was adequately supported absent the adverse inference, the Federal Circuit remanded for further consideration.<sup>152</sup>

Two points should be made here. First, the court implicitly reaffirmed the case-by-case analysis of factors for and against willfulness, and reviewed some of the evidence presented and comments of the trial court favoring willfulness. Information and trial presentations suggesting a lack of a good faith belief by the defendant of invalidity of the patent at issue, and failure to take remedial action after an infringement judgment, were specifically noted by the Federal Circuit.<sup>153</sup> Thus, while the death of the adverse inference may make a willfulness showing more difficult, it does not foreclose a willfulness presentation.

Second, the court did not consider the question of whether the trier of fact "can or should be told whether or not counsel was consulted (albeit without any inference as to the nature of the advice received) as part of the totality of the circumstances relevant to the question of willful infringement."<sup>154</sup> It thus remains an open question, for now, as to whether the mere existence of an opinion, or the mere fact of failure to consult counsel, can be introduced. On one side, such a fact could be likely to be more prejudicial than relevant, in violation of Federal

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148. *Id.* at 1345.

149. *Id.*

150. *Id.* at 1346.

151. *Id.* at 1346 (quoting *Rolls-Royce Ltd. v. GTE Valeron Corp.*, 800 F.2d 1101, 1110 (Fed. Cir. 1986)). See also *id.* at 1342-43 (citing *Rolls-Royce*, 800 F.2d at 1110; *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 826-27 (Fed. Cir. 1992) (regarding factors for consideration in the analysis of willfulness)).

152. *Knorr-Bremse*, 383 F.2d at 1346.

153. *Id.*

154. *Id.* at 1346-47.

Rule of Evidence 104, and may result in the jury drawing the conclusion (that the opinion, if given, would have been adverse and thus supportive of a willfulness finding) that the Federal Circuit rejected. On the other hand, the court can instruct the jury not to give that fact undue weight, emphasizing that no presumption can be drawn from the mere existence or non-existence of an opinion. Indeed, with no presumption as to the content of an opinion of counsel, it may be to an accused infringer's benefit to introduce the fact that he or she consulted with an attorney with respect to the patent at issue.

The final question took something of a reverse view, asking whether the existence of a "substantial defense to infringement" is sufficient to defeat willfulness where no legal advice has been obtained.<sup>155</sup> This question was summarily dealt with, as the court repeated the principle that willfulness is a case-by-case analysis and declined to make a bright line rule.<sup>156</sup> A defendant's substantial infringement defense is thus apparently not enough to win summary judgment against a willfulness finding.

To summarize, then, *Knorr-Bremse* allows an accused infringer to withhold advice received from counsel concerning a patent without suffering a presumption against him on the issue of willfulness. It also removes the prior duty to obtain advice of counsel on learning of a potentially adverse patent. Willfulness remains a fact issue to be determined on the totality of the circumstances of the case.

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155. *Id.* at 1347.

156. *Id.*