Trial Section Motions Panel
BOX INTERFERENCE
WASHINGTON DC 20231
Telephone: 703-308-9797
Facsimile: 703-305-0942

Paper No. 45

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

KOUJI MATSUSHIMA,
TEIZO YOSHIMURA, EDWARD J. LEONARD, JOOST OPPENHEIM,
ETTORE APPELLA, and STEPHEN D. SHOWALTER
(5,652,338 and 0_/___,___),

Junior Party,

v.

H.A.
(0_/___,___),

Senior Party.

Interference No. 104,354

Entered: May 2, 2000

Before McKELVEY, Senior Administrative Patent Judge, and SCHAFER, LEE, and TORCZON, Administrative Patent Judges.

TORCZON, Administrative Patent Judge.

DECISION

(PURSUANT TO 37 CFR § 1.640)

INTRODUCTION

Matsushima has filed, with its preliminary motions, a motion for additional testimony (Paper No. 35) and a motion to postpone the filing of a preliminary motion (Paper No. 36). The motion

for additional discovery is dismissed without prejudice. The motion to postpone is granted.

FINDINGS OF FACTS

1. The United States of America is Matsushima's real party-in-interest (Paper No. 6).

2. H.A.'s real parties-in-interest are a foreign corporation and a foreign government (Paper No. 11).

3. Matsushima has filed a preliminary motion arguing that H.A.'s invention is not patentable in view of a third-party publication as well as publications and a presentation by Matsushima inventors (Paper No. 34).

4. Matsushima purports to have overcome the third-party reference by filing a declaration under 37 CFR § 1.131 (Paper No. 34 at 12 (¶40)).

5. H.A. has been accorded benefit of a foreign application, making it senior party by thirteen days (Paper No. 1).

6. H.A. has moved for benefit of another foreign application which would make H.A. senior by nearly four months (Paper No. 37).

7. Matsushima has alleged dates of conception and reduction to practice over nine months before the benefit date H.A. seeks (Paper No. 32).

8. Both parties have effective filing dates before 1 January 1996.

9. In its motion for additional testimony, Matsushima alleges that it possesses evidence that H.A. knew of some of the prior art (Paper No. 35).

10. Matsushima alleges that H.A. may not have complied with its duty of candor toward the United States Patent and Trademark Office (Paper No. 35 at 4).

11. There are disputes (Paper No. 44) about the material facts underlying Matsushima's motion for additional testimony.

12. In a telephone conference with the parties and Administrative Patent Judge Torczon,

a. Matsushima indicated that it had sufficient evidence of inequitable conduct to warrant discovery on the question of intent;

b. Matsushima agreed that the inequitable conduct and unpatentability issues were closely related; and

c. H.A. indicated no opposition to the motion to postpone.

DISCUSSION

Interferences should be administered to be just, speedy, and inexpensive. 37 CFR § 1.601. The primary purpose of an interference is the resolution of questions of priority, although

other issues when properly raised may also need to be decided. 35 U.S.C. § 135(a); Perkins v. Kwon, 886 F.2d 325, 327-29, 12 USPQ2d 1308, 1310-11 (Fed. Cir. 1989). Consequently, there are two major phases to most interferences: a preliminary motions phase which sets the stage for a priority phase. The focus of the preliminary motions will ordinarily be defining the count or counts to be used in determining priority. This basic structure does not mean, however, that alternative procedures cannot be used. Indeed, efficient administration of an interference may warrant taking up other issues or taking up an issue out of turn. Cf. 37 CFR § 1.617 (providing a "summary judgment" proceeding against junior party applicants with insufficient proofs under 37 CFR § 1.608).

Inequitable conduct has been described as a "plague" prone to spawning satellite litigation. Multiform Desiccants Inc. v. Medzam, Ltd., 133 F.3d 1473, 1482, 45 USPQ2d 1429, 1436 (Fed. Cir. 1998). By their very nature, the allegation of inequitable conduct impugns the reputation of counsel, often the same counsel involved in the interference, or of the inventor. Burlington Indus., Inc. v. Dayco Corp., 849 F.2d 1418, 1422, 7 USPQ2d 1158, 1161 (Fed. Cir. 1988). As a consequence, the issue tends to raise the stakes--and the acrimony--in the proceeding. An assertion of inequitable conduct, however, rarely contributes to

determining the proper scope of a count or to determining priority within the scope of the count. Unlike a holding of unpatentability, which may prompt modification of claims and hence the count to exclude unpatentable subject matter, a holding of unenforceability provides little basis for altering the count. Although the policing of inequitable conduct is important to the integrity of the patent system, inequitable conduct is rarely central to a priority determination.

In the present interference, most of the issues relating to materiality of the allegedly undisclosed information are also present in Matsushima's unpatentability motion. Consequently, a decision on the unpatentability motion should significantly assist in determining whether and to what extent any question of intent is relevant. If the unpatentability motion is granted based on the allegedly withheld information, then that information will have been highly material. Conversely, if no claim is held unpatentable based on the allegedly withheld information, the threshold for intent may be extremely high. Akzo N.V. v. International Trade Comm'n, 808 F.2d 1471, 1481-82, 1 USPQ 1241, 1247 (Fed. Cir. 1986) (The more material the omission or misrepresentation, the lower the level of intent required, and vice versa). If either the unpatentability issue

or priority are decided against H.A., it may be unnecessary to reach the acrimonious question of inequitable conduct.

Although the inequitable conduct issue is not necessary to decide priority, it might still be necessary to reach it after priority has been decided. The delay in reaching inequitable conduct is justified in the present case on several grounds. First, the chance that decisions on patentability or priority might moot the issue is good enough in view of the advantages of avoiding the issue to justify the delay. Moreover, intervening decisions and discovery should help to improve the focus of the arguments and the scope of discovery. Finally, the cost of discovery involving foreign witnesses is substantial.[1] It would be a great advantage to avoid that cost wherever possible.[2]

The parties in this interference are to be commended for agreeing to a procedure that should save both parties a good deal of expense and acrimony while preserving the issue for such time as it might become necessary to reach it. This procedure highlights the advantages of identifying issues early in the

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[1]The cost of testimony is ordinarily borne by the party seeking to introduce the testimony, in this case the United States.

[2]Nothing in this decision bars the parties from stipulating to (or moving for leave to obtain) such additional testimony from a witness who otherwise become available during discovery during the preliminary motion or priority phases of this interference.

proceeding and bringing unusual issues to the attention of the Board promptly. The ideal mechanism for this is the motions list and initial telephone conference required in the declaration (Paper No. 1, ¶ 17). Even when, as in this case, the issue is not recognized in time for the initial telephone conference, parties are encouraged to notify the Board promptly of issues requiring special procedures to secure a speedy, inexpensive, and just determination.

ORDER

Upon consideration of the record of this interference, it is—

ORDERED that Matsushima's miscellaneous motion 3 for additional discovery (Paper No. 35) be dismissed without prejudice to refile after priority has been decided;

FURTHER ORDERED that Matsushima's miscellaneous motion 4 to postpone the filing of a preliminary motion alleging inequitable conduct be granted to the extent that Matsushima may raise the issue again after priority has been decided;

FURTHER ORDERED that Matsushima shall, if it wishes to pursue the issue of inequitable conduct, raise the issue within the time for requesting reconsideration of the priority decision (37 CFR § 1.658(b)); and

FURTHER ORDERED that this interference be remanded to the administrative patent judge designated to handle the interference for further proceedings consistent with this order.

FRED E. McKELVEY, Senior
Administrative Patent Judge

RICHARD E. SCHAFER
Administrative Patent Judge

BOARD OF
PATENT
APPEALS AND
INTERFERENCES

JAMESON LEE
Administrative Patent Judge

RICHARD TORCZON
Administrative Patent Judge

Counsel for Matsushima
(real party-in-interest, the United States of America):

William Feiler
Israel Blum
MORGAN & FINNEGAN, L.L.P.
345 PARK AVE
NEW YORK NY 10154-0053

Fax: 212-751-6849

Counsel for Aschauer
(real party-in-interest, Novartis AG and the Canton of Berne, Switzerland):

Melvyn M. Kassenoff
David E. Wildman
NOVARTIS CORPORATION
Patent and Trademark Department
564 MORRIS AVE
SUMMIT NJ 07901-1027

Fax: 908-522-6955