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## **Strategies For Preparing for an Interference**

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## I. The Benefits of Timely Recognizing a Potential Interference

Timely recognizing a potential interference allows your client to act before certain legal and business options are foreclosed. Failing to request an interference within one year of the issuance of the target patent bars your client (1) from obtaining an interference and (2) from obtaining patent claims defining substantially the same subject matter as claimed in the patent.<sup>1</sup> Failing to request an interference within one year of the publication of an application will under certain circumstances also bar your client from obtaining both an interference and the claims in the published application.<sup>2</sup>

Applications targeting a patent for an interference that are filed *after* the issuance of the target patent must make certain showings in the interference by the burden of clear and convincing evidence as opposed to the otherwise generally applicable burden of the preponderance of the evidence.<sup>3</sup> Promptly requesting an interference with a target application may result in an interference with the target application as opposed to an interference with a

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<sup>1</sup>35 USC 135(b)(1)("A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an issued patent may not be made in any application unless such a claim is made prior to one year from the date on which the patent was granted."); and In re McGrew, \_\_\_ F.3d \_\_\_, \_\_\_, 43 USPQ2d 1642, 1635 (Fed. Cir 1997)(Rich J.)(("The application of section 135(b) is not limited to inter partes interference proceedings but may be used, in accordance with its literal terms, as a basis for ex parte rejections.")).

<sup>2</sup>35 USC 135(b)(2)("A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an application published under section 122(b) of this title may be made in an application filed after the application is published only if the claim is made before 1 year after the date on which the application is published."). You can file copied claims in your application at any time if your application was pending when the target application was published.

<sup>3</sup>Bamberger v. Cheruvu, 55 USPQ2d 1523, 1526 (PTOBPAI 1998)("We recognize that when an application is filed after a patent issues, that [sic] the applicant must prove priority by clear and convincing evidence. Price v. Symsek, 988 F.2d 1187, 26 USPQ2d 1031 (Fed. Cir. 1993). In the interference before us, the Bamberger application was copending with the application which matured into the Cheruvu patent. We leave for another case the determination of whether unpatentability should be based on clear and convincing evidence in those interferences where the junior party application was filed after the senior party patent issued.").

Issues of derivation and fraud always require proof by clear and convincing evidence. See Price v. Symsek, 988 F.2d 1187, \_\_\_, 26 USPQ2d 1031, 1033-34 (Fed. Cir. 1993) as to derivation and Litton Sys., Inc. v. Honeywell, Inc., 87 F.3d 1559, 1570, 39 USPQ2D 1321, 1328 (Fed. Cir. 1996), vacated and remanded on other grounds, 117 S. Ct. 1240 (1997) as to fraud.

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patent issued from the target patent.<sup>4</sup> Dragging the target application into an interference before it can issue into a patent can be advantageous because, normally, no patent will issue from the target application until judicial review of the interference is terminated.<sup>5</sup> The duration of the interference and all judicial review can be substantial. Therefore, failing to timely request an interference could result in your client unnecessarily facing a patent instead of an application for the duration of the interference and judicial review of the interference. Furthermore, if your client requests a stay in litigation in which it has been accused of infringement of a patent based upon the existence of an interference involving the patent, it is more likely that the stay will be granted if an interference is procedurally advanced relative to the litigation than vice versa.<sup>6</sup> Finally, late recognition of problem patents increases the costs of designing, licensing, or abandoning the market.

For all of the foregoing reasons, early recognition of the potential for an interference can

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<sup>4</sup>I polled the members of the Interference Committee of the AIPLA to determine the average delay between requesting an interference and declaration of the interference. The average delay was about two years. See Neifeld, "Report of the January 2002 meeting of the Interference Committee of the AIPLA," published in the AIPLA Quarterly Bulletin and available at <http://www.paznet.com/neifeld/advidx.html>.

<sup>5</sup>Cf. Lin v. Fritsch, 14 USPQ2d 1795, 1798 (Comm'r 1989) ("The normal practice of PTO is not to issue patents based on applications involved in an ongoing interference. The interference rules authorize petitions to the Commissioner in interference cases for the purpose of seeking a waiver of a rule of practice. 37 CFR §1.644(a)(3) [Rule 644]. Inasmuch as Rule 644 is not inconsistent with law, it has the force and effect of law. In re Rubinfeld, 270 F.2d 391, 123 USPQ 210 (CCPA 1959), cert. denied, 362 U.S. 903 [ 124 USPQ 535 ] (1960). Rule 644 gives the Commissioner jurisdiction to reach the merits of Lin's petition.").

<sup>6</sup>Whether or not a court grants a stay requested based upon the existence of an interference depends on various factors including how advanced the litigation is relative to the interference, the number of issues that will not be resolved by a decision in the interference, and the hardship to the non-moving party. See Chiron Corp. v. Abbott Labs., 1996 U.S. Dist. LEXIS 317, \*8-9 (N.D.Cal. 1996)(advanced litigation); General Foods Corp. v. Struthers Scientific and Int'l. Corp., 309 F.Supp. 161, 161-2 (D. Del. 1970)(advanced litigation and several other patents in suit); Research Corp. v. Radio Corp. of America, 181 F.Supp. 709, (D. Del. 1960)(advanced interference); Sanwa Foods, Inc., v. Wenger Mfg., Inc., 18 USPQ2d 1493 (D. Kan. 1990)(interference so advanced decision expected prior to trial deemed grounds to deny request for stay); NL Chemicals, Inc. v. Southern Clay Prods., Inc., 14 USPQ2d 1561 (D.D.C. 1989)(stay granted where the PTO interference encompassed all of the issues in the district court action); R.E. Phelon Co., Inc. v. Wabash, Inc., 640 F.Supp. 1383, 1385 (N.D. Ind. 1986)(stay granted where both parties joined in the request for the stay).

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be advantageous. Conversely, preventing a competitor from timely identifying your client's patent applications increases the value of your client's patent portfolio. I focus in this paper on practices you can employ to identify relevant patent information, such as potential interferences, to prevent competitors from identifying your client's patent information, and to explain what you can or should do when you identify a potential interference.

## **II. Obtain and Use Competitive Intelligence**

Your client will never know a patent problem exists (until it is too late) unless it is obtaining competitive intelligence. Each company should employ a procedure to obtain competitive intelligence. Most companies set up an information "watch," which is a periodic retrieval of targeted information, as part of this procedure.

There are numerous commercial databases containing relevant patent and non-patent information. Table 1 (see section VIII) lists some of the more popular commercial database sources, and it lists pros and cons of each vendor's services.<sup>7</sup> As Table 1 shows, no one vendor supplies all potentially useful sources of competitive intelligence. Therefore, a good policy is to use a plurality of database vendors to gather relevant information for analysis.

If a company does not have an in-house information specialist, it may be cost effective and more reliable for it to contract with a consulting information specialist instead of attempting to internally implement a watch. This is because a suitable "watch" may involve retrieving data from multiple data vendors, and the watch may need to be tweaked from time to time to provide desired information. Moreover, it may be desirable to conduct non-automated database searches for certain information. Information specialist organizations include the Association of Independent Information Professionals (AIIP), the Society for Competitive Intelligence (SCIP), the Special Libraries Association (SLA), and the Patent Information User's Group (PIUG).<sup>8</sup>

One source of patent competitive intelligence is disclosures by or to your client, typically in connection with offers to sell IP, settlement or merger negotiations, or duties pursuant to a joint venture. Consider including in the underlying agreement terms defining the rights to pursue inter partes administrative actions, such as interferences. Likewise, be aware of the possibility of requesting administrative action, such as interferences, if your agreement permits (or does not expressly exclude) them.

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<sup>7</sup>Courtesy of Martin Goffman, Ph.D., Goffman & Associates. I use Goffman & Associates for most of my proprietary database information needs. See [www.Goffman.com](http://www.Goffman.com).

<sup>8</sup>See [www.aiip.org](http://www.aiip.org) for the AIIP. The AIIP is directed to general information. See [www.scip.org](http://www.scip.org) for the SCIP. See [www.sla.org](http://www.sla.org) for the SLA. See [www.piug.org](http://www.piug.org) for the PIUG. The PIUG is directed to patent information.

### III. Patent Procedures Relating to Competitive Intelligence

In this section, I list procedures to employ for (1) limiting or delaying access to your client's patent or confidential information and (2) obtaining access to information about patent applications of others.

#### A. Limit Access to Your Client's Applications

If there is information that you feel obliged to submit in a 35 USC 111(a) patent application, a reissue patent application, or a reexamination, and you want that information to remain confidential, consider filing the information pursuant to MPEP section 724 concurrently with a rule 37 CFR 1.59 petition to have the information expunged if the information is found to be not important to patentability. If you file such a petition, the confidential information will not be made available to the public and will be returned to the applicant if an examiner determines that the information is not "important to a reasonable examiner in deciding whether to allow the application to issue as a patent."<sup>9</sup>

Second, anyone can access the file of an abandoned unpublished United States patent application if the application is referred to anywhere in the file history (not just when it is referred to in the specification) of an issued patent.<sup>10</sup> Why is this important? Partially because of the duty to disclose "Information Relating to or From Copending United States Patent Applications,"<sup>11</sup> such as information "[f]or "different applications pending in which similar subject matter but [arguably] patentably indistinct claims are present."<sup>12</sup> Accordingly, it is a common practice to file IDSs containing copending application statements. These statements may include the specification, figures, claims, or merely the serial numbers of the related applications. Keep in mind that the claims are potentially material vis-a-vis a double patenting determination. In any case, that practice can eventually enable an adverse party to access the file histories of the cited applications - - even if those applications are subsequently abandoned. In addition, for reexaminations and reissue applications, that practice provides your client's competitors potentially damaging information. Therefore, you may want to file a 37 CFR 1.59

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<sup>9</sup>MPEP section 724.04, August 2001, page 700-250.

<sup>10</sup>See <http://www.uspto.gov/web/offices/pac/dapp/opla/frule/supq&a.pdf> Q&A 85 on page 24, and see form PTO/SB68, at <http://www.uspto.gov/web/forms/sb0068.pdf> and specifically section 1.B.

<sup>11</sup>MPEP section 2001.06(b).

<sup>12</sup> MPEP section 2001.06(b), page 2000-5, August 2001; interpolation supplied.

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petition along with each copending application statement.

## **B Obtain Information Regarding Competitor's Patent Applications**

If you are interested in whether there are any pending applications related to either a published United States application or an issued United States patent, simply look on the continuity link for parent and child data in PAIR, or telephone or fax your request for that information to the USPTO.<sup>13</sup> Continuity and status information is extremely useful in targeting patent applications for an interference or a public protest.

In certain instances, an application priority to which is claimed in a PCT publication is not readily available from the USPTO. In those instances, be aware that copies of the priority applications may be obtained directly, promptly, and inexpensively from the International Bureau in Zurich.

You can request status information from the USPTO to determine whether a 371 application has been filed based upon a published PCT application by sending a request for status information to the PCT Legal Office either by mail or by facsimile to 703-308-6459, including a cover of the published PCT application, and a letter requesting status. The PCT Legal office will then mail you a letter providing status, including the US serial number, if one exists.<sup>14</sup>

Finally, you can now order from the USPTO a copy of any paper cited in the PAIR file for a published application.<sup>15</sup>

## **IV. The Law Relevant to Requesting an Interference**

Deciding what action, if any, to take when you identify a potential interference requires knowing the relevant law. The relevant law includes inter alia 35 USC 102(g), 35 USC 135(a), 35 USC 135(b), 37 CFR 1.604, 37 CFR 1.607, 1.608, and 1.617, 1.658(c) and related interference estoppel, and 37 CFR 1.657. 35 USC 102(g) defines the circumstances in which secret inventions are prior art. 135(a) defines what constitutes interfering subject matter. 135(b) defines a patentability and interference bar. Rules 604 and 607 define the requirements for an applicant to copy claims and request an interference. Rule 608 defines the showing an applicant

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<sup>13</sup>USPTO FILE INFORMATION UNIT, Crystal Plaza 3, Tel: 703-308-2733; Fax: 703-305-6067.

<sup>14</sup>According to Examiner Leonard Smith, PCT Legal Office, USPTO.

<sup>15</sup> See [https://www3.uspto.gov/vision-service/Product\\_Services\\_P/msgProductFees](https://www3.uspto.gov/vision-service/Product_Services_P/msgProductFees).

must make prior to the interference to convince the examiner to recommend the interference.<sup>16</sup> Rule 617 defines the degree of proof required in an applicant's 608(b) showings necessary to avoid losing the interference when it is declared. 37 CFR 1.657 defines who has the burden of proof on priority.

I briefly review this law below and provide practice advice interspersed with the review. However, note that you are *obliged* to notify the examiner when you present claims substantially similar or copied from a target patent or application that you are doing so, and failure to do so is a sanctionable act of misconduct.<sup>17</sup> Merely citing the target application or patent in an IDS is not sufficient to satisfy this obligation.

#### A. **35 USC 102(g)(1) - Procedural Limitations on Secret Prior Art**

35 USC 102(g)(1) defines inventive activity that occurred abroad to be prior art *only* in an interference.<sup>18</sup> In contrast, 35 USC 102(g)(2) defines inventive activity that occurred in the United States to be prior art without limit to the type of action.<sup>19</sup> As a consequence, a company's inventive activity that occurred abroad will not provide a 102(g) prior art invalidity defense to a charge of infringement of a patent. It follows that foreign company's have a greater incentive than domestic companies to request interferences, since that action is more likely to be the foreign company's only recourse to avoid liability for patent infringement.

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<sup>16</sup>Interferences are declared by an Administrative Patent Judge (APJ), not by the examiner. 37 CFR 1.610a).

<sup>17</sup>See 37 CFR 10.23(c)(7) and Bovard v. Respondent, Office of Enrollment and Discipline ("OED") Proceeding D96-01 (Commissioner's Decision, August 27, 1997).

For a description of ethical duties in interferences, see Neifeld, "A Practitioner's View of Ethical Considerations Before the Board in Interferences," September 2002, available at <http://www.paznet.com/neifeld/advidx.html>.

<sup>18</sup>35 USC 102(g)(1) reads:

during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed....

<sup>19</sup>35 USC 102(g)(2) reads:

before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it.

**B. 35 USC 135(a) - Criteria for an Interference**

35 USC 135(a) states that an "application ... which, in the opinion of the Director, would interfere with any pending application, or with any unexpired patent..." may be the basis of an interference. In other words, the statutory language leaves the criteria for what constitutes interference at the complete discretion of the Director. The Director's discretion is circumscribed by 37 CFR 1.601(j) and (n), which define an "interference-in-fact" based upon a "same patentable invention" test. A literal reading of those rules would indicate that the test for interfering subject matter is the same as the usual test for obviousness-type double patenting; a one-way obviousness test. However, in Winter v. Fujita,<sup>20</sup> an expanded panel of the Board held that interference-in-fact required a "two-way patentability analysis," stating that:

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

Winter still leaves some wiggle room as to when there exists interfering subject matter since a "two-way patentability analysis" does not specify that there must be two-way obviousness between the claimed inventions. However, my current understanding from the case law and the guidance provided by members of the Trial Section<sup>21</sup> of the Board at various bar meetings is that an interference would require two-way obviousness between the parties' claims, except in unusual circumstances. However, one important point to note is that a claim in an application to a species of a genus may be insufficient to provoke an interference with a claim in

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<sup>20</sup>53 USPQ2d 1234 (PTOBPAI 1999)(expanded panel consisting of Stoner, Chief Administrative Patent Judge, McKelvey, Senior Administrative Patent Judge, and Schafer, Lee, and Torczon, trial section administrative patent judges)(opinion by SAPJ McKelvey).

<sup>21</sup>The Trial Section of the Board is a section of the Interference Division of the Board. The Trial Section includes about eight APJs. The APJs of the Trial Section have declared, presided over, and decided most of the interference proceedings since inception of the Trial Section in 1998.

a target application or patent to the genus.<sup>22</sup>

C. **35 USC 135(b) - The Statutory Bar**

35 US 135(b)<sup>23</sup> provides a "triple whammy."

First, it precludes untimely attempts to provoke an interference.

Second, it precludes getting a patent on claims defining substantially the same subject matter as claims in an issued patent or published US application that are not timely presented.

Third, since the 135(b) "substantially the same subject matter" criteria may be narrow than the 135(a) "same patentable invention" criteria, anomalous situations may occur where 35 USC 135(b) may bar an interference even when claims that were timely presented met the 35 USC 135(a) criteria. As a result, the applicant requesting the interference (1) may be barred from the interference and (2) barred from getting a patent even when there is no 135(b) bar. This is because 37 CFR 1.131 does not allow antedating a patent or published application for claims that define the "same patentable invention"<sup>24</sup> as the claims in the patent or published application.

35 USC 135(b)(2) presents special problems since it bars late presented claims to "an application published under section 122(b) of this title," and 35 USC 374 accords to published

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<sup>22</sup>For a discussion of this issue see Neifeld, "The Standard for the Existence of an Interference" 83 JPTOS 275 (April 2001), also available at <http://www.paznet.com/neifeld/advidx.html>.

<sup>23</sup>35 USC 135(b) reads:

(b)(1) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an issued patent may not be made in any application unless such a claim is made prior to one year from the date on which the patent was granted.

(2) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an application published under section 122(b) of this title may be made in an application filed after the application is published only if the claim is made before 1 year after the date on which the application is published.

<sup>24</sup>However, see *In re Eickmeyer*, 202 USPQ 655, 661, 602 F.2d 974, 980 (CCPA 1979) ("At the same time, we do not regard the opposite result (proposed here by the PTO) to be justifiable, namely: leaving an applicant in a position where he cannot overcome a reference by a 131 affidavit because the PTO has decided that the reference claims his invention, while, at the same time, he is denied an interference because the PTO has decided that the claims of his application and those of the reference are not for substantially the same invention.")

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PCT applications the same force and effect as published US application, except for 102(e) and 154(d).<sup>25</sup> The special problem arises in that not all PCT applications are published in English, but all PCT publications may serve as the basis for a 135(b)(2) bar. Accordingly, it may be difficult to identify a claim in a foreign language (e.g., Japanese, German, or French) published PCT application defining subject matter that would be a problem for your client, and just as difficult to determine whether your client's applications have support to copy those claims. However, if you can identify potentially relevant PCT published applications, you can address this problem by obtaining an automated English translation of at least the claims using free web services, such as those linked on my firm's web site at:  
<http://www.paznet.com/neifeld/autotrans.html>.

The terms of 135(b)(2) limit the bar based upon published applications (including PCT application) to claims presented in *applications filed after* the publication date of the published application. Thus, there is no time bar on copying claims in an application that was pending when the potentially interfering application was published. 35 USC 374 would imply that no 135(b)(2) bar would exist to claims filed in your client's own PCT application when your client's own PCT application was filed prior to the publication date of the target application. However, in my opinion, the USPTO has not clearly defined whether it considers claims in a PCT application in the international stage to be "pending." Accordingly, your client should not rely upon "pending" claims in its own PCT application to satisfy 135(b)(2), unless that application has been nationalized in accordance with 35 USC 371.

#### **D. 37 CFR 1.604, 1.607, 1.608, and 1.617, and Requesting an Interference**

Rules 604 and 607 specify what you need to show to get into an interference.

37 CFR 1.604(a) specifies the requirements for requesting an interference with a pending application, which are: (1) suggesting a proposed count, (2) presenting at least one claim corresponding to the proposed count or identifying at least one claim in its application that corresponds to the proposed count, (3) identifying the other application and, if known, a claim in the other application which corresponds to the proposed count, and (4) explaining why an interference should be declared. 37 CFR 1.606 is useful in understanding item (4). Rule 606 states that before "an interference is declared between an application and an unexpired patent, an examiner must determine that there is interfering subject matter claimed in the application and

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<sup>25</sup>35 USC 374 reads:

The publication under the treaty defined in section 351(a) of this title, of an international application designating the United States shall confer the same rights and shall have the same effect under this title as an application for patent published under section 122(b), except as provided in sections 102(e) and 154(d) of this title.

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the patent which is patentable to the applicant subject to a judgment in the interference." Thus, the explanation why an interference should be declared should at least allege that the claims in the application are patentable to the applicant, but for the potential interference.

37 CFR 1.607(a) specifies the requirements for requesting an interference with an issued patent. These requirements are the following: (1) identifying the patent, (2) presenting a proposed count, (3) identifying at least one claim in the patent corresponding to the proposed count, (4) presenting at least one claim corresponding to the proposed count or identifying at least one claim already pending in its application that corresponds to the proposed count, (5) if any claim of the patent or application identified as corresponding to the proposed count does not correspond exactly to the proposed count, explaining why each such claim corresponds to the proposed count, (6) applying the terms of any application claim identified as corresponding to the count, and not previously in the application to the disclosure of the application, and (7) explaining how the requirements of 35 U.S.C. 135(b) are met if the claim presented or identified in your client's application as interfering were not present in the application until more than one year after the issue date of the patent.

37 CFR 1.608(a) applies when the effective filing date of an applicant requesting an interference with a patent is later than the effective filing date of the target patent by no more than three months. Rule 608(a) requires the requestor to file a statement alleging that there is a basis upon which the applicant is entitled to a judgment relative to the patentee. Since the allegation is usually based upon priority, you must conduct a priority investigation to make this statement.

37 CFR 1.608(b) applies when the effective filing date of an application in which an applicant requesting an interference with a patent is later than the effective filing date of the target patent by more than three months. Rule 608(b) requires the applicant requesting the interference to submit evidence and explanations demonstrating that applicant's application is prima facie entitled to a judgment relative to the patent. However, rule 608(b) states that "the examiner will consider the evidence and explanation only to the extent of determining whether a basis upon which the application would be entitled to a judgment relative to the patentee is alleged and, if a basis is alleged, an interference may be declared," whereas 37 CFR 1.617(a) states that the APJ will review the evidence filed in connection with rule 608(b), and, if the APJ determines that the "evidence fails to show that the applicant is prima facie entitled to a judgment relative to the patentee, the administrative patent judge shall, concurrently with the notice declaring the interference, enter an order stating the reasons for the opinion and directing the applicant, within a time set in the order, to show cause why summary judgment should not be entered against the applicant." 37 CFR 1.617(b) also states that "additional evidence shall not be presented by the applicant or considered by the Board" in response the show cause order. In other words, if the applicant's interference request alleges but does not make a prima facie case for a date of invention prior to the effective filing date of the target patent, the applicant will not be able to supplement that evidence and will be faced with a show cause order, most likely

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resulting in swift judgement against the applicant.<sup>26</sup> Accordingly, whenever a 608(b) showing is required, it is *essential* that the showing be sufficient so that the applicant is prima facie entitled to judgement relative to the patentee.

**E. 37 CFR 1.658(c) Estoppel, Interference Estoppel, and Issue Preclusion**

**1. In the USPTO**

37 CFR 1.658(c) defines the estoppel effect in the USPTO with respect to all issues that were or could have been raised in the interference.<sup>27</sup> This includes estoppel with respect to claims defining patentably indistinguishable inventions from a count,<sup>28</sup> and to claims to subject matter commonly disclosed (whether or not claimed) in any applications involved in the

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<sup>26</sup>See Basmadjian v. Landry, Interference No. 103,694, paper No. 22, pp 57-58 <http://www.uspto.gov/web/offices/dcom/bpai/prec.htm> (PTOBPAI 1997) (precedential to the Board) (Judgement entered against Basmadjian because Basmadjian's 608(b) showings did not prima facie establish diligence; additional evidence submitted by Basmadjian's in response to the show cause order was not considered since Basmadjian did not show good cause why the additional evidence was not submitted with 608(b) showings.).

<sup>27</sup>37 CFR 1.658(c) reads:

c) A judgment in an interference settles all issues which (1) were raised and decided in the interference, (2) could have been properly raised and decided in the interference by a motion under § 1.633 (a) through (d) and (f) through (j) or § 1.634, and (3) could have been properly raised and decided in an additional interference with a motion under § 1.633(e). A losing party who could have properly moved, but failed to move, under § 1.633 or 1.634, shall be estopped to take ex parte or inter partes action in the Patent and Trademark Office after the interference which is inconsistent with that party's failure to properly move, except that a losing party shall not be estopped with respect to any claims which correspond, or properly could have corresponded, to a count as to which that party was awarded a favorable judgment.

<sup>28</sup>In re Deckler, 977 F.2d 1449, 1452, 24 USPQ2d 1448, 1450 (Fed. Cir. 1992)(the judgement in the interference may be used as a basis to subsequently reject claims of the losing party to the same patentable invention as the count).

interference.<sup>29</sup>

## 2. In Subsequent Litigation

Issues decided in an interference proceeding may be accorded issue preclusion effect in subsequent litigation. The burden of proof on most issues in an interference proceeding is preponderance of the evidence.<sup>30</sup> The corresponding burden in infringement litigation is clear and convincing evidence. In all cases, the burden of proof in the interference proceeding is no higher than the burden of proof in infringement litigation. Therefore, the decisions on issues actually litigated in the interference proceeding should be granted issue preclusion effect in subsequent infringement litigation.<sup>31</sup>

### F. 37 CFR 1.657 - Burden of Proof on Priority

37 CFR 1.657 defines the burden of proof as to date of invention to be on the party with the later effective filing date, and that the burden increases from preponderance of the evidence to clear and convincing evidence if the effective filing date of the application is after the effective filing date of the target patent, and that burden does not shift based upon submission of priority

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<sup>29</sup>49 Fed. Reg. 48440 second column lines 25-61; In re Shirmer, 69 F.2d 556, 558, 21 USPQ 161, 163 (CCPA 1934); and Avery v. Chase, 101 F.2d 204, 40 USPQ 343 (CCPA 1939), cert. den'd, 307 U.S. 638 (1939); and 37 CFR 1.633(e).

<sup>30</sup>Bruning v. Hirose, 161 F.3d 681, \_\_\_, 48 USPQ2d 1934, 1938 (Fed. Cir. 1998)("Accordingly, this court holds that, during an interference involving a patent issued from an application that was copending with the interfering application, the appropriate standard of proof for validity challenges is the preponderance of the evidence standard."); Brown v. Barbacid, 276 F.3d 1327, 1333, 61 USPQ2d 1236, \_\_\_ (Fed. Cir. 2002)("Specifically, this court (or the Board on remand, as the case may be) must determine, based on the entire evidentiary record, whether Barbacid ultimately prevailed in proving priority by a preponderance of evidence.").

<sup>31</sup>Section 27 of the Restatement of Judgements (second) states the general rule of issue preclusion, which is that:

When an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the judgment, the determination is conclusive in a subsequent action between the parties, whether on the same or a different claim.

evidence.<sup>32</sup>

## V. File Early

If your competitive intelligence is lucky enough to identify that your client's competitor is about to file a patent application on contested technology, or obtain a patent on that technology, your client should file immediately. As just shown, the burden of proof on priority depends solely upon effective filing and issue dates, and pointedly does not depend upon evidence of inventive activity.

## VI. Respond to Published United States or PCT Applications

Assume your client identifies a published United States or PCT application (1) which designates the United States and (2) the claims of which cover or relate to your client's technology. Your client should first consider preserving its rights in view of 35 USC 135(b)(2).

135(b)(2) will bar your client from presenting claims to substantially the same subject matter as claimed in a published application when your client files such claims (1) more than one year after publication and (2) in any application filed after the date of the publication. Therefore, your client should consider either copying claims from the published application in a previously filed 35 USC 111(a) or 35 USC 371 application or filing a new application and copying the claims in the newly filed application. Your client should copy exactly the same claims as in the published application (to the extent possible based upon support in your client's application's specification) to ensure compliance with 135(b). In addition, your client can present additional claims modeled after the published claims which exclude limitations for which your client arguably does not have support in their specification, exclude limitations for which your client arguably does not have an early priority date, and correct indefiniteness problems. This approach provides the best possible chance for your client meeting the 135(b) bar and also obtaining allowable claims that are also interfering with the target claims.

Keep in mind that you are *obliged* to notify the Office of the target application and the fact that you are copying claims from it, even if the target application is a PCT application in the international stage. This is because 37 CFR 1.604(b) states that you must notify the Office when you present a claim that you know "define[s] the same patentable invention claimed in a pending

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<sup>32</sup>Brown v. Barbacid, 276 F.3d 1327, 1333, 61 USPQ2d 1236, \_\_\_ (Fed. Cir. 2002). ("In sum, under 37 C.F.R. § 1.657(a) and (b), the ultimate burden of proof always remained on the junior party, Barbacid. Thus, the Board erred in stating that the burden of proof shifted to Brown at any point in this case.")

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application of another,"<sup>33</sup> and a PCT application has the same effect as a regular United States application for all purposes except 102(e) and 154(b), pursuant to 35 USC 374. Therefore, the requirement to notify the Office when copying claims from an application specified in 37 CFR 1.604(b) applies to copying of claims in a PCT application in the international stage.

Moreover, if your client files a new application for use as a vehicle for interference with a national stage or continuation of the published PCT application, consider filing a non-publication request, and an IDS identifying your client's applications disclosing or claiming similar subject matter, and a 37 CFR 1.59 petition to expunge the IDS information. Similarly, your client should consider filing IDSs in the cited applications identifying the new application along with petitions to expunge in those applications.

Note that your client's opponent in the interference will have access to the file history of your client's involved application and all applications to which it claims priority. Therefore, even a non-publication request in your client's involved application will not immunize information regarding your client's similar applications identified in an IDS from eventual discovery.

It is extremely unlikely that the USPTO would declare an interference involving claims in a PCT application.<sup>34</sup> Therefore, even though your client may promptly copy claims into their application, it makes little sense to present a complete 37 CFR 1.604 request at that time. You should file the 604 request in your client's application when there is a 35 USC 371 national stage (or 35 USC 111(a) continuation) of the target PCT application, since you can then identify in your client's interference request the United States serial number of the target application. A 371 application will be published several months after it is on file in the USPTO. However, as a third party, you can periodically request status information from the USPTO based upon the publication of a PCT application to determine whether a corresponding 371 application has been filed in order to identify the serial number of the 371 application prior to its publication. That will allow you to more promptly request an interference.

You should promptly file an interference request targeting the published United States 35 USC 111(a) or 371 application because it takes most interference requests roughly two years to

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<sup>33</sup>There is no authoritative legal opinion on this issue. However, a PCT application may form the basis for a rejection of a claim as specified in 102(e), and possible based upon 102(g). See the discussion of the purpose for an interference and why applications qualify as prior art under 102(g) in Neifeld, "Viability of the Hilmer Doctrine" 81 JPTOS 544 (July 1999) and Neifeld, "Viability of the Hilmer Doctrine" 81 JPTOS 544 (July 1999), respectively, both available at <http://www.paznet.com/neifeld/advidx.html>.

<sup>34</sup>It appears that the Board would have jurisdiction over a PCT application in an interference via application of the terms of 35 USC 374 to 35 USC 135(a), but I know of no such interference.

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mature into interferences.<sup>35</sup> Prompt filing increases the chances that an interference request will be considered and an interference declared prior to issuance of the target application into a patent. Moreover, you should periodically check for papers filed in the target application using PAIR, obtain copies of paper filed in it, copy into your application any additional or amended claims presented in the 371 application to which your client believes it has a right, and update your 604 request accordingly.

When you file an interference request targeting a competitor's application or patent, consider filing a paper in the style of a public protest in each of the applications related to the target application or patent pointing out that the subject application is related to the target application or patent, and should be examined in view of that fact relationship.<sup>36</sup> That may bring the existence of the interference request to the attention of the examiners of the related applications, and enable those examiner to consider the impact of the interference request on the subject application. This action may result in the related applications being included in the interference, having prosecution in them stayed until the interference is terminated, or at least receiving a heightened level of examination.<sup>37</sup> However, you are also obliged to serve a copy of any public protest on the attorney for the target application,<sup>38</sup> thereby notifying the adverse party of your interference request. You will have to weigh benefits and drawbacks of this procedure in each situation.

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<sup>35</sup>See "Report of the January 2002 meeting of the Interference Committee of the AIPLA" published in the AIPLA Quarterly Bulletin, available at <http://www.paznet.com/neifeld/advidx.html>.

<sup>36</sup>37 CFR 1.291 specifies the rules for public protests. A protest filed after the date of publication of an application will not be entered into the applications 37 CFR 1.291(a)(1). However, the existence of the interference issue should still be noted by the examiner.

<sup>37</sup>MPEP 2315.01 first paragraph states that:

Where one of several applications of the same inventor or assignee which contain overlapping claims gets into an interference, the prosecution of all the cases not in the interference should be carried as far as possible, by treating as prior art the counts of the interference for the purpose of making provisional rejections and by insisting on proper lines of division or distinction between the applications. In some instances, suspension of action by the Office cannot be avoided. See MPEP § 709.01.

<sup>38</sup>37 CFR 1.291(a)(2).

## VII. Consider Splitting Subject Matter Between Applications in View of Temporal Delays and Interference Estoppel

Your client needs to take into consideration the potential time line, outcome, consequences of the outcome, and cost when deciding what action to take in view of a potential interference. Based upon these considerations, your client can make a reasoned decision (1) whether to attempt to provoke an interference and (2) whether to also attempt to promptly obtain issued patents on closely related but arguably non-interfering subject matter. The important point is to identify these issues prior to taking action and to weigh the benefits and drawbacks before deciding to act.

Keep in mind that the motivation for filing most interference requests is that the existence of another's exclusive right to the target claims is unacceptable from a business perspective. Therefore, the most important goal of most of the parties requesting interferences is to obtain cancellation of the other party's claims.

### A. Probable Time Line for an Interference

Most probably, an interference request will result in an interference in roughly two years after the date the request for the interference is filed. Most probably, the interference proceeding in the USPTO will take about two years. Most probably, any 35 USC 146 action following the interference will take about two years. Most probably, any 35 USC 141 appeal will take about a year. Therefore, any hard fought interference and its judicial review may take on the order of five years. Most probably, post interference prosecution and issuance of a prevailing applicant's application will take about a year.

### B. Predicting the Outcome and Consequences of the Outcome

Predicting the outcome of an interference depends upon the known facts of the case (e.g., your priority evidence and known prior art) and guesses as to unknown facts (e.g., your opponent's priority evidence and unknown prior art). Thus, any such prediction and the confidence level of the prediction depend upon the facts of the case.

#### 1. Consequences of Losing the Interference

If your client "loses"<sup>39</sup> the interference, it may end up with no patent, and 37 CFR

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<sup>39</sup>The concepts of winning and losing depend upon the goals of the parties in the interference. However, in this context, winning and losing refer to the effect on a claim by claim basis of the final decision or judgement in the interference. See 35 USC 135(a).

1.658(c) may bar it from any claims to any subject matter disclosed or obvious in view of the disclosure of the other applications (or patents) involved in the interference. In contrast, if your client does not provoke an interference, it may obtain claims dominating or subservient to the claims of the target application or patent, and these may be claims that your client would be precluded from obtaining if it pursued an interference. Theoretically, that should not happen since, theoretically, your client and the owner of the target application or patent should be entitled to the same claims in any case. However, interferences adduce additional evidence than exists in ex parte prosecution, decisions of the APJs on patentability and the scope of interfering subject matter may differ from those of ex parte examiners, and failure to either raise certain issues or carry the burden of proof on certain issues in an interference may all result in different outcomes in interferences than in corresponding ex parte prosecution.

## 2. Consequences of Prevailing in the Interference

If your client prevails in the interference, (1) corresponding claims in the opponent's application or patent will be canceled, and your client's application will be entitled to an amount of term extension<sup>40</sup> unless term is limited by a terminal disclaimer. In addition, issue preclusion may apply in a follow on infringement litigation by your client on its patent issuing from its application involved in the interference against the other party in the interference.

If your client has previously obtained patents with claims to closely related subject matter, you may be forced to file in your client's interference application a terminal disclaimer to moot a double patenting rejection, thereby losing any potential term extension that may be afforded by the AIPA due to the duration of the interference and subsequent judicial review. This is a factor to weigh when considering prosecution of related applications. In this regard, also keep in mind your rule 56 duty to provide information from the interference to the examiner examining any relevant application, whether you win or lose the interference.<sup>41</sup>

### C. Costs of an Interference

Most interferences cost several hundred thousand dollars to litigate; roughly ten percent of the cost of a patent infringement litigation. Interferences are procedurally complex, usually

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<sup>40</sup>The pre-AIPA law provides for up to five years of interference term extension, and the AIPA provides for day for day term extension. See 35 USC 154.

<sup>41</sup>See Eli Lilly v. Cameron, Interference No. 104,104, paper No. 18 (PTOBPAI 2001) (non-precedential) (adverse judgement that "is material to the patentability with respect to pending claims in other applications under consideration before" the Office falls within the rule 56 duty not withstanding Lilly's characterization of request for entry of adverse judgement as not an admission).

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requiring the interplay of priority and patentability issues respecting both parties' claims. However, interferences allow much more limited discovery than district court infringement litigation, they do not deal with issues of infringement or damages, and therefore they cost less than infringement litigation.

### **VIII. Count Formulation for an Interference Request**

The vast majority of interference proceedings terminate prior to a decision on priority. However, priority is the ultimate issue, and the reasons why interferences terminate are logically related and dependent upon priority. For example, a decision on motions that a party lacks support for its involved claims will result in termination of the interference via a judgement against that party. However, lack of support implies that the party does not have priority for the subject matter defined by the count. Likewise, parties settle or concede based upon factors including the likelihood of prevailing on priority. Therefore, priority is an issue you should be concerned with when requesting an interference.

Priority in an interference is awarded on a count by count basis. The party losing priority with respect to a count will not be entitled to claims corresponding to that count, which are all claims that define the same patentable invention as the count. Claims corresponding to the count are supposed to define obvious variations of the subject matter defined by the count. The count is supposed to define subject matter that is non-obvious over the of the prior art. The count is an artificial legal construct defined by the APJ at the beginning of the interference in the declaration of the interference. However, interference requests must include a propose count or counts. Often, the proposed counts are the same as the counts defined in the declaration of the interference.

Moreover, a party requesting (via motion) in the interference proceeding that the count be change has the burden of the preponderance of the evidence to explain why the count should be changed. The majority of motions in interferences are denied. Therefore, it is statistically unlikely that the count will be changed via a motion in an interference. Therefore, your client has the possibility of influencing the outcome of the interference by what count or counts it proposes in its request for an interference, and what claims it presents prior to the interference.

The logical procedure to follow to propose a count is to determine your client's relevant priority information, obtain what priority information you can regarding the target application, such as the disclosure of any applications to which the target application claims priority, relevant press releases on the target company's products, publications of the named inventors, and information on the employment histories of the named inventors, and propose a count (1) that you believe to be non-obvious over the prior art and (2) that provides the highest probability that your client will have priority over the other party's priority for the subject matter defined by that count.

In addition, you should present in the interference request claims identical (or as close as possible given the limitation of support in your client's application) to the proposed count. This is at least because the existence of such claims may preclude an argument by your opponent in

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the interference why the count should be changed.

**IX. Table 1 - Comparison of Data Sources**

Database sources for competitive intelligence are listed below. All of the database vendors noted in this chart provide fee based services. Most of the Internet sites are free, but some require registration or subscription. Table 1 is courtesy of Martin Goffman Associates.

<b>Source or Vendor</b>	<b>Major Focus</b>	<b>Pros and Cons</b>
Dialog	About 500,000 sources of scientific, technical, medical, business, news and intellectual property information. Perhaps the most comprehensive service available. Divided into: Business Intellectual Property Science and Technology News and Trade Journals Market Research	Pro: Provides the ability to search a multitude of databases concurrently, locate those containing relevant information and then narrow the search further until the precise information needed is found. Extensive indexing available. Controlled vocabulary available in some databases. Con: Can be expensive. System ability to manipulate sets across databases not as modern as other sources.
DataStar	Offers content with a special focus on pharmaceutical, biomedical, biosciences, chemical, computing, engineering and healthcare related industries. Many of the databases duplicate the Dialog content but many are unique sources not available elsewhere. DataStar is especially strong in European sources and information.	Pro: Easy to use web based interface. Permits free use of database to locate databases with relevant information. Con: Content limited as noted.
Profound	Offers online business information service providing information from more than 700 industry segments with practical business usage in mind. Profound provides access to a wide range of content related to market research.	Pro: Excellent resource for market studies. Con: No scientific or technical information.
CAS (Chemical Abstracts Service)	Excellent for everything in Chemistry as broadly defined. The Chemical Abstracts database carries 20 million records from 1907 to the present. The STN service provides information on: 1. patentability, prior art and other intellectual property searches 2. competitive intelligence 3. drug discovery information 4. regulatory and toxicology information	Pro: Contains the "holy grail" of chemistry, Chemical Abstracts. Has a controlled vocabulary "lexicon" to learn of preferred terms, old terms, associated terms, and terms used for other terms. This permits extensive and focused retrieval. Permits extensive manipulation of sets. Con: Poor in business areas.

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Factiva	Provides comprehensive and current news on companies. Factiva is a joint venture of Dow Jones and Reuters. They carry more than 120 continuously updating news wires and news sources in 22 languages from 118 countries. Factiva provides access to the full text of thousands of newspapers, news wires, magazines and TV and radio transcripts.	Pro: Excellent source of newspapers and trade magazines. Con: Content limited as noted.
Questel/Orbit	Provides service dedicated to Intellectual Property information: patents, scientific and technical (sci tech) information, trademarks and Internet domain names.	Pro: Strong intellectual property coverage. Con: Only intellectual property databases available. Competitive intelligence outside this area is unavailable.
Lexis/Nexis	Provides legal, news, public records, and general business information; including tax and regulatory publications. Lexis is stronger in legal information than Dialog while Dialog is stronger in intellectual property and the sci tech fields.	Pro: Comprehensive coverage of legal databases. Has some intellectual property databases but relatively few compared with other vendors such as Dialog, CAS, and Questel/Orbit. Easy and relatively inexpensive for browsing records. 24/7 help available. Con: Does not provide for searching across multi disciplinary databases. Does not provide manipulation of result sets. Does not provide indexing or controlled vocabulary while in certain databases.
Hoovers	Provides continuously updated intelligence on public and private companies worldwide. A good source for information on private companies.	Pro: Provides both free and fee based information. Strong on identifying competitors and providing both company and industry financial information. Con: No IP, science, or technical content.
Internet	Free Internet: Multiple search engines including all of the government IP offices of the world.	Pro: Easy to use if you know what to do. Con: Much useful information not available.
Competitors' web sites	Depends upon the company, but usually contains financial information, product information, and press releases.	Valuable competitive information is often posted to the corporate web site even before press releases are issued. On occasion filing of a new patent application may be announced on a company's web site.

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