

1999 INTERFERENCE ROUNDTABLE

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Patent Theater, Crystal Park 2

MODERATOR

FRED E. MCKELVEY, Senior Administrative Patent Judge

PARTICIPANTS

Q. TODD DICKINSON, Assistant Secretary of Commerce and  
Commissioner of Patents and Trademarks.

BRUCE H. STONER, Jr., Chief Administrative Patent Judge,  
Board of Patent Appeals and Interferences.

RAYMOND W. GREEN, Esq., of Brinks, Hofer, Gilson & Lione of  
Chicago, Illinois, Chairman, Interference Committee, American  
Intellectual Property Law Association (AIPLA).

JERRY D. VOIGHT, Esq., of Finnegan, Henderson, Farabow,  
Garrett & Dunner, Washington, Chairman, Interference Committee,  
American Bar Association (ABA).

Board of Patent Appeals and Interferences, Interference  
Division, Trial Section Members:

RICHARD E. SCHAFER, Administrative Patent Judge.

JAMESON LEE, Administrative Patent Judge.

RICHARD TORCZON, Administrative Patent Judge.

FRED E. MCKELVEY, Senior Administrative Patent Judge.

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THE MODERATOR: We welcome everyone to the Second Annual  
Interference Roundtable. In mid-1998, Chief Judge Stoner started  
looking into the Board's performance with respect to getting its

interference work done. I remember having a discussion with him about the possibility of having an "interlocutory section" in the Interference Division of the Board.

Candor requires that I tell you that up to that time I had been basically opposed to such a section. When I was Chief Judge of the Board, I never really looked into it. But, Chief Judge Stoner is more efficient than I am as Chief Judge, and so we created the Trial Section last year at this time, October 1998.

Commissioner Dickinson has given his full support to the effort creating a Trial Section. To the extent that the Trial Section is viewed by you folks as a success, then you can give the credit to Chief Judge Stoner and Commissioner Dickinson. To the extent that you view the Trial Section as a nuisance, then all of us in the Trial Section, principally me, will take the blame.

Today's program is being sponsored by the Patent and Trademark Office (PTO) through its Board of Patent Appeals and Interferences.

We were going to start the program with some remarks by Commissioner Dickinson. However, he is not here at this time. It's now 10:10 a.m. and the program was supposed to start at 10 o'clock. Some of you have suggested that I grant the Commissioner an extension of time. I'm not going to grant the Commissioner an extension of time for fear that an extension

under these circumstances may undermine my reputation with respect to extensions of time and continuances.

There are others who have helped us plan this event and I'd like to acknowledge them at this time.

We appreciate the participation of the AIPLA through its Interference Committee Chairman, Ray Green and of the ABA through its Interference Committee Chairman, Jerry Voight. We will hear from both shortly.

The program consists of three sections. The first will be presentations by the Commissioner, the Chief Judge, Mr. Green and Mr. Voight. In the second section, the Trial Section will address the group. Following that will be a question and answer session.

Commissioner Dickinson will be here in due course. So pending his arrival, we will proceed immediately to hear from Chief Judge Bruce Stoner. Bruce.

JUDGE STONER: Let me also welcome you here today. Commissioner Dickinson fully intended to be here. I think this was a scheduling snafu.

I'm going to give you certain statistics that are helpful in understanding this organization. We'll talk more about interferences in just a moment, but let me just start with some of these stats.

Right now there are 49 people who carry the title Administrative Patent Judge, or APJ. In addition to that, there are two Senior APJs.

Those are rehired annuitants. There's the Vice Chief APJ and Chief APJ and that makes 53 of us in all who have some connection with these cases.

In the last fiscal year, we were very successful from the productivity standpoint. We produced nearly 4600 ex parte decisions. We produced 187 decisions and judgments in interferences. Sixteen of those 53 APJs authored opinions to interference proceedings last year.

Alphabetically, I just want to make sure you recognize these APJs and that you hear these names. Ian Calvert, Murriel Crawford, Mark Caroff, Mary Downey, Joan Ellis, Teddy Gron, Adriene Hanlon, Jameson Lee, Hubert Lorin, John Martin, Fred McKelvey, Andrew Metz, William Pate, Richard Schafer, Richard Torczon, and Stan Urynowicz were all involved as authors of one or more papers, including final decisions in interferences last year.

Mr. Commissioner, would you care to --

THE COMMISSIONER: No. Good to see you.

JUDGE STONER: We're glad you can come.

Each APJ working principally in interference last year spent at least about 25 percent of his or her time working on ex parte deals.

Last year we experienced six APJ attritions during the year, and all of these people also contributed to Board productivity during fiscal year '99 prior to departing. Those included Elizabeth Weimar - I think she's in the room today. Ronald Smith. I haven't seen Ron. Mike Sofocoleous I know is here. Cameron Weiffenbach, James

Carmichael and James Meister. Three of them did biotech work, Weimar, Smith and Sofocleous, and indeed all of them also handled biotechnology and chemistry.

There were 14 new APJs added during the year; these include Jennifer Bahr, Lance Barry, Joseph Dixon, Eric Frahm, John Gonzales, Anita Gross, Stuart Hecker, Peter Kratz, Parshotam Lall, Hubert Lorin (whom we've already mentioned), Paul Lieberman, Douglas Robinson, Joseph Ruggiero, and Carol Speigel.

In addition, there are nine employees that bear the title Program and Resources Administrator. All of those individuals were involved in interferences in one way or another (whether reviewing the examiner's submissions under the guidance of an APJ, setting up hearings, handling correspondence or solving problems for me or for you).

First, the four old-timers: Amalia Santiago, who has newly been selected to serve as Chief Board Administrator (Amalia could not be here today), Merrell Cashion, Craig Feinberg and Dale Shaw.

There are five additions in fiscal year '99: Sally Gardner-Lane, Frances Han, Sally Medley, Jeffrey Smith. Three of those names you will be seeing in connection with the Trial Section. Sally Gardener-Lane, Sally Medley and Jeffrey Smith are all assisting Trial Section APJs.

In addition, we have 38 support employees and perhaps they

are the most important because they make sure the paper actually gets out the door. Together we disposed of 4,585 ex parte appeals and rendered decisions on reconsideration in 143 exparte appeals. We reduced our ex parte inventory to 8,344, which is 21.8 Board months of inventory, not yet good enough but heading in the right direction.

We twice conducted inventories of all pending appeals, creating a high degree of confidence in the present count. Produced over 5,000 decisions, letters and communications of all types in ex parte appeals. We declared 91 new interferences. We rendered decisions on motions in 141 interferences. We terminated 187 interferences and issued over 2500 decisions, letters and communications in interferences.

A lot of statistics, but I want to give you a few more. Of the 187 interference terminations, 41 involved full final decisions. The other 146 involved routine judgments. However, many routine judgments actually come after a decision on motions or some other significant work being done in the case.

Thirty-three of those judgments were in interferences that had been declared prior to October 1, 1994. That is, those interferences would have been pending more than five years at the end of FY 99. We're very clearly trying to attack some of these very old cases.

Likewise, 31 of those judgements were in interferences

declared during FY 1999. So a significant number of interferences "went away" very quickly after being declared. All but two of the latter group were handled by members of the Trial Section, and I believe the other two were adjuncts to other interferences that were already underway on another APJ's docket.

More statistics. There are now 1,771 opinions on our FOIA web page. Forty-two of those were judgments in interference cases. Some were routine, but you can find a lot of final interference decisions. If you're interested in reading decisions by the Board, they are on the FOAI webpage, including the interference judgments.

I have to recognize how important the folks in the Interference Division, including the Trial Section, were to our ex parte productivity last year.

Of those 4,585 ex parte decisions, 535 were accounted for by those APJs who were working on interferences and one APJ who of recent times has been working principally on ex parte appeals but whose wise interference counsel is frequently sought by his colleagues, and I'm talking specifically about Ian Calvert.

All in all, 1999 was a very productive year for the Board. At the same time, we recognize that there's much more still to be done. Our inventory of undecided ex parte appeals is simply too high, in my view and I think in the Commissioner's view.

We are on track to reduce that inventory, but we must not

lose ground in accomplishing this important task. Part of that reduction is, of course, dependent on hiring additional APJs, but it also depends on us managing our work wisely.

We also have too many interferences that have been pending too long. We made a good start in fiscal 1999 to get rid of our oldest cases, but we do have some matters to cover. We have to do a better job of managing our caseloads to provide timely decisions on motions, where appropriate, and timely final decisions. Those are things we'll be focusing on.

The Trial Section was established early in fiscal year 1999 as a vehicle to expedite interferences to final hearing. The language that was used last year was "creating efficiency based on expertise and permitting more APJs to do both ex parte and interference decisional work". I think that has happened.

I wish you could have read that in our transcript from last year. We're trying very hard to get that posted. There were some delays associated with making sure that we weren't trodding on anybody's copyrights. As the agency responsible for intellectual property, we certainly didn't want to run afoul of problems there.

That has been taken care of, but we do need to get that transcript up on the web and we hope to have it up very soon. It indeed has been sent for posting. It's been there for I think it is a week, but for whatever reason hasn't got done.



As we announced in this forum last year, the Interference Trial Section is assigned responsibility for promptly declaring interferences and managing the proceedings prior to final hearing and decision in such a way as to have all matters preparatory to final hearing (including decisions on preliminary motions as required) typically concluded by a date approximately 18 months from the date of the declaration.

From my perspective, the new system has been working fairly well, but it is still early times. Hopefully, we will today be able to continue the dialogue that we opened last year, and we hope that you will be able to help us recognize and identify those improvements to our system which are needed.

We have an open mind. We're more than happy to be here. I've already spoken too much. I would much prefer to be listening to you guys. Mr. Commissioner.

THE COMMISSIONER: Thank you, Judge. I apologize for being a few minutes late.

I want to start off by welcoming everybody here to the Interference Roundtable. This is my second, and I really enjoy it. We got a lot of good ideas and a lot of very positive feedback out last year. So I'm interested to see where we go this year. I'm also very pleased to see the attendance we have here, which I hope is indicative of the involvement and the interest that this holds for the Bar and the all of your clients.

This kind of dialogue that we're having today is critical to us. We are focusing, as you know, a lot more these days -- and I'll make sure I continue to do that -- on customer service and customer relations. We value the feedback on how we're doing our job, and how we can make you work better and your clients work better as well.

So I'm very pleased that we have this opportunity to get together today. I hear from some of you regularly in any event, and I appreciate that as well. If you want to contact me directly, I always give out my e-mail address. It's [todd.dickinson@uspto.gov](mailto:todd.dickinson@uspto.gov), and I'm happy to hear from you all.

Let me first of all acknowledge Judge Stoner and the other judges of the Board for their hard work this past year. I will talk about that in just a second.

I also want to acknowledge Ray Green, who is Chairman of the AIPLA Interference Committee, who will be addressing us in a minute, and Jerry Voight, who is Chairman of the ABA Interference Committee.

I, in my previous practice, have been involved in a number of occasions with interferences. As I said last year to probably most of you, a lot of people, myself included, think they're too difficult, too complex, and far too expensive for both you and your clients and, very honestly, for us, too.

They cost us an enormous amount of money in judicial time, among other things. I certainly hope there's going to be a day when we don't have to worry about interferences anymore, but we do now and we're going to do the best we can to make sure that we've processed them in the most expeditious and quality fashion that we possibly can.

Many of you probably heard me talk recently a little bit about the state of the office at the moment, but let me just address a few facts that color how we're doing our work at the Board and how interferences are going.

It is no secret, I think, to anyone that business at the PTO at the moment is booming. It is at an all-time high. We have over a 50 percent increase in patent applications from the start of the Clinton Administration. There is a 25 percent increase in just the last two years. We had a 12 percent increase last year in the number of patents applications. We had a 25 percent increase in the number of trademark applications last year alone.

There are a variety of factors that bear on this, which obviously makes for a very interesting managerial challenge because you are also pushing us to reduce our pendencies and make sure we maintain our quality.

So, to try to do all those things at the same time, throw all those balls in the air, is what makes our job a lot of fun. Right, Judge?

We've attempted to get at this in several ways. In the examining corps in patents, we hired 800 new examiners this past year. We hired 700 the year before. We may hire another thousand the next year and another 700 the next year after that. We hope to double the size of the corps in about four years.

Fortunately, it's a high caliber of examiner that we're getting. Forty percent have advanced technical degrees. On average they come with four years of industry work experience. We devote 6 percent of our budget to training them.

We have just completed a Blue Ribbon panel that will recommend that we devote even additional training resources to our examining corps. We also have greater search capabilities than ever before in an examiner's desktop. They have access to some 900 databases in addition to the regular paper files they already had access to. IBM technical bulletins have been added this year too.

Is that enough? No, it's not. In emerging technologies, for example, we need to provide even greater access to databases and we will. On pendency time, another key indicator for us, we are down substantially. About two or three years ago we were at 18-month cycle time, which is how long we take to process. Not how long you take, how long we take. We're now down to 12.9 months within the last fiscal year.

On the Trademark side, this year we started at seven and a

half months for first office actions and we are now down to 4.5 months. We've cut it almost in half in four months.

Let me speak directly to the Board because as I think you might surmise from the comments about pendency and productivity, it is one of my key priorities in the Office and certainly at the Board.

The first question I'm often asked when I'm delivering remarks and then have a call for questions is: Why does it take so long to get something out of the Board of Appeals, or why does it take so long to get something out of the Trademark Trial and Appeal Board? And I think they're absolutely right.

Two years ago when Judge Stoner and I first met to talk about how we were going to attack this problem, the Board of Patent Appeals and Interferences produced 2300 decisions that year. 2300 decisions. This fiscal year, as he just indicated a minute ago, that doubled. They produced 4600 decisions.

That's an extraordinary accomplishment. That's one they're to be congratulated about, and that's the good news. The bad news is there's a still huge backlog at the Board. They're whittling away at it to make sure we bring it down, and we've whittled away at the Interference side of that docket as well.

As the Judge indicated, we terminated 187 interferences last year while declaring 91 new ones. So we are slowly bringing that down, and that's the good thing.

As the judge indicated, I've asked him to take a particularly strong and hard look at the very old cases. I'm well aware -- and we've done this across the board, patents and trademarks, BTA and the Board -- well aware that there are cases that just get on the dockets and languish there. For one reason or another, people don't want to take them on, they don't want to put the work in. I don't know what the reason is, but they tend to languish there.

So I've asked all four of those organizations to take a very hard look at the problem and develop a special docket for very old cases. I think it's a very desirable effect, because they've basically gotten rid of all these very old cases. We've moved them along. I'm very pleased about that.

Obviously the other big development this past year, which a number of the folks on the Board, Judge McKelvey in particular, deserve a lot of credit for is the development of the Trial Section.

I'm eager to hear from you all today about how you feel that's working out. We think it's working very well, and we want to make sure we hear from you if there are any issues or concerns that you have about that.

Let me just end by saying: Don't forget, you have a role in this, too, in terms of this workload. Overly complex filings, far too many preliminary motions, extensions of time and delay.

As a practitioner, I understand why those are occasionally strategically important, but they have a material impact on how we do our work. They have a material impact on how we get you and other people's work out the door. So, be mindful of that when you plan your strategy. Be mindful of that when you're filing all those motions. Because it does, obviously, affect how we do the work.

So I think we're doing a good job. I want us to be doing a great job, and I think we're well on our way doing that. I'm very eager, I really am, to hear from you all because you are one of our most important customers. We devote an enormous amount of resources to interferences, and we want to make sure we're doing a quality job. Thanks very much. I look forward to the rest of the day. Thank you, Judge.

THE MODERATOR: Thank you, Todd.

We will now hear from two members of the interference bar, Ray Green and Jerry Voight. Ray Green is a partner in the firm of Brinks, Hofer, Gilson & Lione in Chicago, and Jerry Voight is a partner in the firm of Finnegan, Henderson, Farabow, Garrett & Dunner in Washington.

Both of these individuals are Chairman of their respective committees. In the case of the AIPLA, it is Ray Green, and in the case of the ABA, it is Jerry Voight.

On behalf of the Commissioner, the Chief Judge Stoner,

myself and the rest of the Trial Section, we acknowledge with appreciation their availability to spend nonbillable hours discussing with us how things might be improved. Many of our improvements are in no small part because of these two gentlemen.

We will first hear from Ray Green, the Chairman of the AIPLA Interference Committee. Ray.

MR. GREEN: Good morning. Good morning. Let me thank you, Commissioner Dickinson, Chief Judge Stoner and the Board for convening this Second Annual Patent Interference Roundtable.

I'd like to thank you, the members of the AIPLA and ABA Interference committees and everybody else who's attended today. My rough count is about 110. I think that's terrific.

Chief Judge Stoner asked me to compile a list of comments on how the bar thinks the patent and interference practice is going under the Trial Section, which was instituted a year ago. To do that, I mailed a survey to the AIPLA Interference Committee, including Jerry Voight who circulated a modified version of the survey in the ABA Committee.

Some of the questions in my survey were based on my own experience. Some were based on discussions with Jerry, Chief Judge Stoner and Paul Morgan, a former chair of the AIPLA Committee and AIPLA Board liaison to that committee.

The first question was: Has the establishment of the Trial Section significantly improved interference practice? Second:



Is Trial Section keeping current? Third: Has the new system increased costs? 4. Has the new system increased workload? 5. Have you had trouble getting copies of files? 6. Have you had trouble getting ex parte examiners to forward files to set up interferences? 7. Should we modify the PTO 850 and Rule 609(b) statement procedure? 8. Have you had trouble with judges or administrators returning phone calls? 9. Does a patentee have a duty to disclose prior art or other grounds of invalidity for patent claims when an interference is declared? 10. Should there be a rule about that? 11. Have you had any NAFTA or GATT problems? 12. Should dispositive motions be privileged and others not decided? 13. Should privileged motions be decided before other motions are brought? 14. Have you seen an estoppel problem with Rule 658(c)? Which basically says that any motion that could be brought during interference, if it is not brought and decided, you're estopped from raising that matter later in the Patent Office. 15. Should 658(c) be amended? 16. Should the AIPLA prepare some sort of a practice manual to help people prosecuting interferences? 17. What are your pet peeves? 18. What can the Board or the Interference Committee do to help you? And 19. Any other comments?

Now, we have the AIPLA Interference Committee meeting scheduled on Friday at 3:30 in Salon E at Crystal Gateway Marriott. The Chief Judge and trial team are expected to be

there, and we're planning to discuss where we go from here in terms of changes and practices and rule changes and a proposal which has been approved by the AIPLA, to add a section to the statute to allow patent-patent interferences in the patent office.

Now, the results of these questions. I'll just briefly go through the answers that I've received.

First question: Has the Trial Section improved interference practice? Mixed results. Some people say no, just more work. No, it has not solved the backlog. It's moved up paperwork and costs. It does not allow time for settlement. Yes, more consistent handling of interferences. Two people said too early to tell. It has complicated upfront preparation and preparation of motion periods has made some of it more difficult. Yes, more rational, particularly having cross-examination before the decision of motions. Yes, interferences are more quickly declared.

It's a mixed bag. Some advantages, but it makes more early work for some interferences that should not have been declared. There should be an initial interference conference before counsel decides what motions to file, just to see if interference should have been declared. Also, short times that are set are unrealistic for some patentees who are surprised about the declaration of interference used after a patent is issued.

Note that not all of the examiners send the notices that are required by Rule 607(d), when somebody copies your claim for an interference. So you may be a patentee several years out and the first notice that you get that an interference is in the wings is you get a notice of declaration of interference, and then you've got a whole schedule of times to keep.

Okay. In response to the second question: Is the Trial Section keeping current? Mixed responses on this question as well. Most people said it's too early to tell. Some of the interferences are handled more than fast enough. Three people said that additional judges are needed for the Trial Section and the Board.

Third: Has the new system increased costs? Most people said yes. Yes, significantly. Yes, by 20 to 25 percent. Yes, very significantly. Some people said too early to tell. Some people said shifted early but no increase overall as far as they could tell.

4. Has the new system increased workload? Several people said yes. One said no change. One said hard to say. One said yes, even though fewer papers were filed. Certainly in the motion period probably decreased but shifted forward early in time.

Question 5: Have you had trouble getting copies? Most people said no. I have myself encountered some troubles getting

copies lately, particularly of old patent documents, not necessarily in conjunction with interferences, but we just wanted to order an old file wrapper for whatever reason. And sometimes the files are lost and there's no real solution on getting copies.

JUDGE STONER: Track the file.

MR. GREEN: Well, it's an answer for the future, but it doesn't solve the old history. Some people are having trouble at inception of the interference getting copies. Some people -- Occasionally some people have problems, particularly with very old files.

6. Have you had trouble getting ex parte examiners to forward files to set up interferences? Probably half the people said no. Several people said yes. Over a year in one case. Several years in several cases. Other people had delays, but they didn't know whether it was because of the examiners didn't forward the files or because the files, once forwarded to the Board, weren't being acted on.

I have one case that I've been trying to get declared. The examiner says he's forwarded the file to the Board a few times and it's gotten dumped back a few times. Some examiners don't like to formulate counts. Apparently the first time he did it, he didn't fill out the Rule 609 letter. Whatever problems there are, it's just another thing on the examiner's agenda. He has

other disposals that he can process more advantageously.

Interferences are the last thing that the busy examiner wants to tackle.

7. Should we modify the PTO 850 and Rule 609(b) statement procedure? Most people said no. Some people said yes. The examiner should check the cited art in both the files and in the foreign equivalents of both files so that you're not setting up an interference for claims that are clearly invalid in view of prior art that's come to light.

A couple people mentioned that Group 1600 has some special procedures. They apparently have an interference specialist and they also have apparently interference conferences, analogous to the appeal conferences that go on prior to ex parte appeals, where they decide whether a case should be forwarded for an interference or not. One person suggested that applicants should be allowed to request and attend such conferences.

Question 8. Have you had trouble with judges or administrators returning phone calls? Most people have not. I've had a few problems on that score, but they usually solve themselves within a week or so. Sometimes that seems like a long time to wait for a phone call back.

One person says he doesn't use phone calls any more. If he has a communication, he faxes his comments and serves the other side so he can't be accused of an improper ex parte

communication. Another person says going through the administrators and paralegals wastes a lot of time.

9. Does a patentee have a duty to disclose prior art or other grounds of invalidity for patent claims when an interference is declared? Most people said yes. One person said yes; also, relevant patent applications that are co-pending should be considered for involvement in the interference. Some people said no. So there's a difference of opinion on that issue.

And without a rule explicitly stating that there is such a duty, it appears that there are some interferences being declared where the patentee knows of reasons why the claims are invalid and is not coming forthwith the grounds for invalidity. So, by not having a rule, you are increasing the amount of work that the Board has to conduct for patents that are invalid.

10. Should there be a rule? Most people said yes. A few people said no, even though they thought there was a duty because it makes things too complicated. The process of getting a rule is seemingly endless.

The AIPLA Interference Committee basically raised this question for a year or so a couple years back. We produced a resolution by the Board of the AIPLA. The AIPLA Board said, we don't like the resolution because it doesn't have anything about sanctions in it.

So we went back and amended the proposed rule to include

something about sanctions and then discussed it in a committee meeting attended by member of the Board of Appeals. They said, well, your rule is fine, but it says something about sanctions and it shouldn't because there's another rule that talks about sanctions.

I don't know whether producing another resolution is going to help any, but here's a place where something should be done. If the committee can help, we'll try to do so.

11. Have you had any problems as a result of the NAFTA and GATT amendments? And I don't think anybody has. GATT is too early because of the date cut offs, the earliest dates that you can claim for inventions. But when people are routinely claiming priorities based on work which was done in foreign countries and we're having depositions to prove the particulars of that work, it's going to be ridiculous. That has to be a nightmare.

12. Should dispositive motions be privileged and others not decided? Most people felt that all motions that were filed should be decided. Or that you should go to a change in motion practice to notice practice, so you don't file a full motion. You just say, well, here's the problem that I perceive and intend to argue this at final hearing and during the testimony period I will develop testimony necessary to support my position on this.

Some people said we should always decide patentability. I presume that means that if there's a motion that's directed to

patentability, the motion should always be decided. Some people said no, they don't like dispositive motions. Some people said only if both parties agree.

13. Should privileged motions be decided before other motions are brought, so that lends a preferred status to the privileged motion? Not only should you decide it in preference to others, but you say that the other motions are out of order until you've decided privileged motions. And that makes a little more sense to me I think. There is no sense in filing motions that aren't going to be decided.

Even before the establishment of the Trial Section, there were some judges who included in their notice of declaration, statements that certain motions, such as a motion for termination because there's no interference in fact, would be considered ahead of other motions, and a motion to put off all other dates would be received favorably, when a motion to terminate for no interference in fact was filed. Again, somebody says patentability must always be decided.

14. Do you see an estoppel problem with Rule 658(c), because the parties to an interference are estopped, afterwards from raising questions which could have been raised during the interference? Some people say they don't know. Some people say yes, but an explicit statement in the termination decision may solve the problem. If an issue has been raised and then it's



remanded to the ex parte examiner for further examination during the post-interference ex parte prosecution of an application was one answer.

One answer said of course. One person pointed out the result of estoppel rule. If you have to raise an issue by motion which isn't decided, and the patentee has notice of what the problem is and four years later when the same parties get into litigation and you actually decide that issue, the patentee has had four years to figure out what to do about the problem even though his opponent couldn't get the motion decided during interference.

15. Should the rule regarding interference estoppel be amended? There are mixed results on that. Some people said yes. Some people said no. Some people said they don't know. My own view is this should not apply to motions that are raised but not decided or not properly raised, and a few other people had that view as well.

16. Should the AIPLA Interference Committee write a practice manual? And we had mixed results on that as well. The answer in general was, probably not.

17. What are your pet peeves? Okay. One, requiring expert testimony for motions which are not decided. Trying to run the Board like a rocket docket. Instead we should be granting reasonable time extensions, particularly for settlement, and

various issues and directives of the PTO as a customer-oriented service.

(Laughter.)

THE MODERATOR: Are we discussing this? Time out.

MR. GREEN: Perhaps, perhaps. Ex parte examiners can delay interferences for years by not forwarding the files. Parties should be allowed a reasonable time to settle an interference once it's been declared. The Board should use discretion in making interferences speedy. Inflexibility in resetting time periods is a pet peeve. Requiring service of all papers cited in the specification that result in boxes full of documents being served on opposing counsel, none of which are read. Possibly the solution to this is to instead of requiring people to serve documents is to say that they have to serve them on request.

Another pet peeve is setting up an interference with a single count where patentably distinct inventions are involved, especially following a restriction requirement in which that separate patentability has been established.

Another pet peeve is that rules should be updated more frequently. We should adopt rules on prior art, junior party-patentee Rule 608 showings. This is where the patentee is maybe a year or two junior to an applicant. If he's an applicant, he'd have to do a Rule 608 showing that he made the invention before the patentee's filing date. If he's patentee, he doesn't have do

that. If we required a junior party patentee to file such things, we probably would get rid of a few interferences before they were declared, before we got very far. What could the Board do to help? Make interferences simpler and less costly. Provide incentive awards to APJs who decide only interferences.

(Laughter.)

Eliminate the requirement that parties exchange references cited in specification. Have reasonable count formulations. Have flexibility in setting dates to hear someone reasonable.

So those are the comments and some of these things we will be discussing in our committee meeting on Friday, and I hope to see you and talk to you there. Thank you.

THE MODERATOR: Thank you, Ray. We will now hear from Jerry Voight. Jerry.

Mr. VOIGHT: Well, as Fred previously said, I'm here to report on the input I got back from my committee on the new procedure. It's interesting in that I surveyed the committee using very much the same form that Ray did when he said that, but the results that came back aren't necessarily the same.

Another comment I guess I'd like to make initially is that I really would like to thank my committee members in the department who are here today. It was a little slow getting off the ground, but in the end I got probably over half of committee members to send back the questionnaire. And in addition, we had a committee

meeting and also I had four people on the committee call me to discuss the questionnaire and the procedures. So that can be extremely comforting.

Now, I want to start off as I did last year with a disclaimer, and that is to the extent that my comments are perceived by the Board as laudatory, they may take them as coming from me. To the extent they are perceived as criticisms, let me assure you they come from another committee member.

(Laughter.)

Those other committee members are going to remain nameless, unless of course they're a current opponent in an actual case.

(Laughter.)

Unless you know who they are later.

Jumping right to the \$64 question, how is the new procedure working. The overwhelming view of my committee is that the jury is still out. We don't have enough experience. We don't know yet.

But, and this is almost more of a perception really than by direct answers. My perception of the view of the committee is favorable: that they're glad to see that we're trying something new and that we felt that we were getting too far behind and something different was required. But they do have some reservations.

One of the reservations suggested by more than one committee

member was this new procedure depends very, very heavily on the trial APJs. Depends on their backgrounds, their abilities, their personalities, and how well they happen to click and fit the particular case. If there's a good fit there, the new procedure works well. If there's not, most likely interpose at any trial if the counsel and judge are cross at odds.

It probably doesn't work as well as it could. People have perceived correctly that the current trial judges all come from interparties background. They've all had I don't know what all, I guess probably all of them as listed.

All of our new cases are before trial judges, for example, who are used to doing it in an interparty environment. That's definitely a plus. Certainly I don't think it is a necessary requirement to be a trial judge. People perceive that as being helpful. But they also comment that it's critical that the trial judges be extremely knowledgeable and familiar with interference practice and procedure if the whole practice is going to work.

And the other comment I got back was judges, at least trial judges, are going to have to be decisive. This is not suggesting that they're not. These are just characteristics that members think are going to be important, and here I will say I totally agree with those characterizations.

Now, while the committee overwhelming feels the jury is still out on the new procedure, there are some definite likes

that were identified and some definite dislikes. Talk about the likes first.

One of the things that a number of people singled out as being helpful is the requirement to file early on a list of motions to identify. The experience, of people who like this at least had, is this often results in cutting down the motions that are ultimately filed.

The list goes in, you have a conference with the APJ and some of the APJs are very good apparently. I personally haven't had a new case that didn't settle. So I don't have the personal experience.

People are finding that judges cut down on the motions that are filed. Plus, if it doesn't cut it down, they say it's focusing more on what the revelations are and that is working well.

Another thing that people have expressed as lacking is finality of the decisions on motions. As you all know, the old practice motions were decided, but then you are open in final hearing. Where now at least I don't know exactly what extent this is being followed, but at least a lot of the motions are being decided by a panel and they're then final decisions go to a lot of cases and they don't come up again.

Generally people think that's a good idea and view it as a savings, and it provides greater certainty and simplicity as the

case goes on. You know what the count's going to be, for example, is not going to change at final hearing or something like that. That's viewed as positive.

They want things that Ray talked about like deciding certain motions early. The idea of picking out dispositive motions early and preferentially has been meeting with favor generally. Things like no interference with fact. Patentability motions. Majority of the committee agrees that this makes sense to decide them first and not worry about other motions if the decision on the, say, patentability motion resolves in the case.

This, however, is not a uniform view. There are committee members, as Ray mentioned, who feel that all motions should be decided, but certainly that this came out generally against something people favor.

The other thing that I asked the committee is in terms of how you determine the sequence of deciding motions, what about adding mandatory certain preselected motions that will be done first ahead of everything else. Generally the committee didn't think that was such a good idea. The reason came out was no, there's too many factors involved. Let's leave that to the discretion of the trial judges. They can better decide and select the particular case, what should come first.

That's the likes. Now let's talk about the don't likes.

There have been several people who complained about having

to file a paper before they can have a telephone conference. They said this is viewed as stepping in the wrong direction, complicating the procedure, increasing the cost, not a good idea.

Another one that Ray mentioned that I got back as a complaint is the mandatory exchange of references as identified in the specification, and I've actually had some personal experience with that where I didn't think it was such a good idea. Sometimes there are a huge number of references identified in the specifications and nobody cares. You know, why you don't do it.

So I think this is probably not a real problem. I don't know. I guess one side has left a lot of references identified and the other doesn't, what do you do then? Both sides decide they don't want them, it's easy. It doesn't seem to be such a big burden if you want the references. You ought to be able to get them yourself. Unless it's something that is obscure or difficult to obtain, then maybe your opponent should provide it to you I agree is the better way. Anyway, I don't think it's so critical. I don't too much care about a mandatory rule that references have to be supplied.

Another comment from my committee -- and Ray mentioned this one, too -- is the requirement for settlement conferences within adequate time to really pursue settlement. Everybody seems very happy with the idea of mandatory settlement conferences. I



didn't hear any complaints about that at all. But then the feeling is if you're going to have us pursue settlement, give us a little more time, and one committee member suggested that it would be useful if we had more hands-on jaw boning -- I'm quoting on that -- and head knocking by the APJs at settlement conferences because there is a belief that this could cause more cases to settle.

And my only experience, I've never really everseen any APJ get actively involved in the settlement conference. Maybe it happens, I don't know. And I'm not sure it's true. I'm not sure that all the suggestions are good and I really don't know. I envision many cases where I don't want that. I don't think I would want the APJ in there arguing with my client about what he should do. So I don't know where I come out on that, but it's something that you think about.

I do think, though, the idea of maybe being a little more sympathetic to time if settlement is actively going on, settlement discussions are going on, is a good idea. It's hard to keep clients focused on settlement once the fight begins. And indeed I tell clients: There comes a time in this case when I don't want to be involved in the settlement. If you're going to settle a case, fine, go settle, but don't get me involved. You're doing yourself a disservice if you distract my attention from the fight we're about to get into. I need now to

concentrate all my efforts on getting motions ready or whatever is coming up in the fighting part of the case. Don't distract me with settlement, and so I don't know what that is worth.

It does suggest that maybe it might be useful to be a little more sympathetic to time requests if some particular settlement looks promising.

Another dislike that I got from I think only one committee member, and this is something I've firsthand seen, but it seems to be a presumption that if a reply is longer than the opposition that the reply has raised new issues. And I think, you know, that may be a good presumption, but I think when it's my reply, I certainly don't want that presumption made. I have good reasons for all those arguments I put in there and I'd like them to be considered.

(Laughter.)

Other people aren't maybe sure about their raising new issues, but not me. In addition to the likes and dislikes, there are concerns people raised. Not a like or a dislike but things that they think maybe are going to see in the future. And one is that the trial judges are going to become overloaded.

I know back when I guess it was what, '84, '85, when what we call the new rules came into being -- they're not so new any more -- the trial or the APJs at that time really did seem to have a fair amount of time.

I can remember back in those days, for example, they typically were granting a period providing discovery motions or we often had hearings on motions. Oral arguments just before the APJ they seemed to have time to do. They didn't last too long.

They quickly got inundated. I think there's a lot of concern. Now the new procedure may work fine because there's not a huge backlog of cases, but as time goes on the APJs, the trial APJs, will get more and more inundated and then all kinds of awful things will happen. Such as key motions won't get decided before we're into our testimony period.

You know, in the old procedure a lot of motions were deferred, and it's very clear that people on my committee don't like that. They don't want to go to final hearing and not know what the count is, for example. So let's hope that doesn't happen and we don't reach a point where we're deferring motions until we're into the testimony period. There's a strong dislike for that.

Another concern is the lack of published decisions. Now, Bruce made reference to the decisions up from the web site and I have looked at the web site.

As for the Trial Section, there are only a handful of decisions and that's fine, at least for today. But the other decisions in terms of decisions, dare I say, on more substantive issues where trial decisions so far tend to be procedural,

they're not indexed, they're not very user friendly. There's not much you can do with them.

And I know the Board members are reluctant to have decisions of other panels be binding on them. So they don't want a lot of these decisions to be published in final opinions and I think that's fine.

There should be some middle ground where perhaps they could be decided or citable, published, citable and persuasive but not binding or something like that. It's not analogous to the Federal Circuit at all with their unpublished decisions which you're not supposed to cite.

The Federal Circuit has lots and lots and lots of published cases out there you can find and cite. The Board doesn't. And on top of all that, in the interference area the Board decisions I think are often much more useful than the decisions out of the Federal Circuit Court.

I say more useful. Quite frankly, I think they're more apt to be decided correctly and in a logical way. I think the Board understands interferences better. So I would like to see more of your decisions available and other committee members feel that way, too.

Now, other concerns are costs. What is going to be the cost of the new procedure over the long haul, and this is an area people are concerned about. The view is if the new procedure

results in fewer motions, cost will be increased.

But on the other hand, having testimony during the motion period may increase costs and it's certainly going to be accelerating some costs. It can only accelerate. It just means testimony takes place earlier than it otherwise would have, but the concern is that we're going to be having testimony that we wouldn't have otherwise had.

We all know that lots of interferences settle after the motion period. Well then, when they settle, you never have any testimony. Now if you got testimony prior to the end of the motion period, that's testimony you may not have otherwise had.

One person pointed out a possibility that was certainly a realistic one and that is that you may have to call the same witness twice now. Once for testimony during the motion period and once again when you're into the priority phase. This could be particularly so of an expert witness, or sometimes you'll use your inventor for putting on to prove patentability, for example. So the inventor might be called twice. That clearly will increase costs.

And also people commented that having these conferences now between the new parties and the trial judges can be an asset. It can be if issues are reduced or focused. But if they don't result in issues being reduced and focused, they're just an added cost. And again the feeling is we don't have enough experience

to know yet where that will go.

However, one committee member commented that we all know the experience we had with regard to 635 motions under the old rule or 637 that requires the parties to confer before they file. Of course, the 635 motion is filed. That works fine if it's scheduling or something like that. But if it's a substantive issue, nobody ever agreed and it was just a waste of time.

Another comment of concern, and a complaint really that I think the Board is already aware of, is the long delay that can occur between briefing and decision. One of the committee members said they hold our feet to the fire and get those briefs filed and then the case isn't decided, and I must say I have some sympathy with that.

If the case isn't going to be decided for a long time, not going to, you know, where it's not even turn their attention to the case, what difference does it make when briefs are in. And there has been a lot of talk about the backlog. We all know it doesn't come down.

Now, that really represents the views I think from my committee that relate to the new procedure. But there were a few other general concerns about interference practice and I would like to pass them along.

One was concern about -- this is something Ray mentioned -- what's going to happen when we feel the full effect of the NAFTA

and GATT amendments.

People I don't think necessarily are viewing this as open heart surgery, but it is a concern that a number of committee members expressed. And I suppose it's part because it's an unknown and it's going to be a new world and we don't have experience with it yet, and I suppose people are always fearful of the unknown.

The other complaint -- and I think this one which I got back from my committee is open heart surgery and Ray referred to it several times during his remarks, and that's delay in getting interferences declared and at the examiner level, not the Board level, getting the case set up, the 609 and PTO 850, and get it to the Board in a way in the form that it's ready to go. This was, in my committee, virtually unanimous. That it takes too long to get it there in the first place and then it comes back and takes too long to get it back to the Board in the second time.

Now, maybe this isn't a Board problem. In that case, this isn't the right forum to discuss this in, but from my own experience I think the PTO form 850 is too difficult, too hard to deal with for the examiners, and I wasn't the only one that had this view.

There are raised some hard issues there in the 850. For example, date benefit of parent cases when there are a whole list of CIPs. There's a lot of work to figure that out and ultimately

they want it good.

Separate patentability issues are also a hard one. Not just for an examiner. They're hard for us, too. One committee member suggested these two issues in particular maybe ought to be just dealt with later. I know that's not very appealing to the Board to throw these issues back to the Board, but the fact of the matter is if there are real date benefit issues in the case or if there are real separate patentability issues involved, it's going to end up before the Board anyway. So maybe this isn't such a bad idea.

Another possibility as with regard to separate patentability might be to just add a presumption that all claims, unless they've been argued during ex parte prosecution as separately patentable, are assumed to be not separately patentable. It's much like on appeals to the Board and Appeals and to the court go when you don't argue a claim is separately patentable. They all sink or swim together. So something along that line might simplify the practice.

One last concern and that is that there are too many senior party applicants in interferences. I don't know if that's a real problem or not, but certainly it's consistent with my own experience. Practically every interference that I'm involved with, it is a senior party applicant who is provoking the interference against the junior party patentee.



Interferences, it seems to me, are clearly being missed by the examiner. Maybe out of ignorance, I don't know, but some committee member thinks that's the problem.

I'm going to finish with helpful kudos. We used to have a terrible problem. The biggest complaint out of everybody was you can't get files. The reaction and the comments I got back from my committee this time were, hey, this is greatly improved. What the Patent Office is doing has improved the job. There were some complaints, but by and large, the committee members felt that this was going well.

The other comment that came back to me was that the committee members greatly, greatly appreciate what the Board has done in the last few years in terms of things like this meeting and pending committee meetings. We're really pleased, the Bar and my committee members are really pleased, that we have the opportunity to talk to the Board members, and I think more maybe than the Board realizes that we're glad to be the committee to do this.

Thank you for having us here.

THE MODERATOR: Thank you, Jerry.

That ends the first section of this meeting. We can excuse our first section participants. I will ask the members of the Trial Section to come up.

For those of you who may not know who we are, I'm Fred

McKelvey. The other members of the Trial Section are Judge Richard Schafer, Judge Jameson Lee, and Judge Richard Torczon. We have a wide variety of technical backgrounds.

I have a degree in chemical engineering. Judge Schafer has a master's degree in metallurgical engineering from Michigan State University. Judge Lee has a computer science and engineering degree from MIT. Judge Torczon has a computer science degree from Rice University in Houston, as well as a master's degree in biotechnology from Johns Hopkins University. So at least Judge Torczon understands how wires are connected both electrically and biotech-wise.

We each have points we would like to discuss. Since I'm up here I'll start with mine.

Each of you should have been able to pick up the handouts, which include our revised NOTICE DECLARING INTERFERENCE and form orders we use for setting times for taking action during the preliminary motion and priority testimony phases of an interference. We brought 100 copies. My math tells me there's more than 100 folks here. If you did not get a copy of our handouts, or cannot copy the forms from somebody in your firm or company who did get a copy, if you'll leave your name and address with Ms. Yolunda Townes, we'll be happy to mail them to you.

From time to time we update these forms on comments we receive or based on our experience. We have a change in our

NOTICE DECLARING INTERFERENCE, as well as our orders for setting the times for taking action during the preliminary motion and priority testimony phases. The handouts include only the material in the forms which we have changed.

One problems we have had in the past is people attempting to get access to files involved in an interference. Our previous order may not have been quite as clear as needed to be with respect to gaining access to, and ordering, files. Once the files are sent to the Board from the group and we declare an interference, the only place you have access to those files is at the Board. What we do after an interference is declared is we give time for people to order files. We hold all requests for copies of files until that time expires to see if both or multiple parties ask for files. Then we send all orders for copies and all files at one time to the Office of Public Records. You will not be able to see them over there. Generally they are pretty fast in getting them handled. The files then come back to the Board and you can see them at the Board.

Some of the changes in the NOTICE DECLARING INTERFERENCE are cosmetic. On page 12, in footnote 11 we explain the reasons why we ask for a list of preliminary motions. One Jerry Voight mentioned reason. Judge Torczon will touch on that in his remarks.

On page 23 we made some changes with respect to reply

briefs. I can't tell you if -- let me phrase it this way. If there's one thing that gives me more pause than anything else in interferences, it's reply briefs. They uniformly go beyond the arguments made in the opposition. To some extent, I can say that I regret having accepted a recommendation during the 1984 rulemaking effort that reply briefs be permitted as a matter of right. All I can tell you is that sooner or later if things with respect to reply briefs do not improve, the reply brief rule is going to get changed and reply briefs will only be authorized when the judge wants one and then only for those issues that the judge wants addressed.

Reply briefs are complicating life at the Board. A reply brief with new argument is fundamentally unfair to the board and to the opponent, and it just simply should not be condoned. Judge Lee is going to talk a little bit more about what we might do about improper reply briefs.

A problem came to our attention -- I'm on page 29 of the NOTICE DECLARING INTERFERENCE now -- from more than one source. It was somewhat of a surprise to me because I had never received a call concerning when cross-examination can take place. For better or for worse, we are now having cross examination during the preliminary motion phase and that means you have to have cross-examination.

The benefit of this practice is that when we rule on

preliminary motions, the decision is final in the interference in the sense that it becomes the law of the case and we proceed to priority with a count which is certain and whether the claims corresponding to the count are patentable or not. The alternative procedures would be to defer all this to final hearing, whereupon we have a huge task.

First, the scope of the count is not certain. Second, attorneys have to present priority case one assuming the count is so-and-so and alternative priority case two contingent on the count changing at final hearing. We feel that it is better to first determine what the count is and then proceed to priority testimony. To do so, generally we need to make patentability determinations at the time a decision is entered on preliminary motions.

Getting back to the problem, our practice has been that you cross-examine before filing your opposition so the opposition would be focused. The problem apparently is that there were too many people who were waiting until the last minute to, shall we say, condescend to allow their witness to be cross-examined. In essence, parties would have the affiant available at the last possible minute.

For example, an affiant would be allowed to be cross-examined on Friday when the opposition was due on Monday. So that's not a fair way to do business. So we have set some times

when cross-examination must be taken. One time is -- I don't know how many of you practiced in the old days when somebody used to ask for additional discovery. The first decision on the motion for additional discovery was that it was premature. Then you went on a little bit and later asked for additional discovery. The second decision was that the motion for additional discovery was belated.

(Laughter.)

Well, we have figured out a way to take cross-examination that is neither premature nor belated. We do not allow cross-examination within 21 days of the date that an affidavit is served because there may be an objection to the admissibility of the evidence and the supplemental affidavit may be filed.

So after 21 days of service, you would cross-examine the witness. On the other hand, taking the cross-examination on a Friday when your opposition is due Monday is not an acceptable matter. So we say you have to cross-examine at least 10 days before you file the opposition. Now, you don't have to be a rocket scientist to figure out that there's five weeks in there, more or less. So that the time for filing oppositions will be longer than five weeks, perhaps a six-week period or a seven-week period.

You as the moving party relying on an affidavit know more or less when that cross-examination is going to have to take place

and you can advise the witness when the witness will have to be available. For example, if you rely on a witness from Japan who signs your affidavit, I would be buying the airplane ticket for attendance at cross-examination during the time when you know cross-examination must occur. Failure to produce the witness in a timely fashion can result in the affidavit being excluded from evidence.

On page 43 of the NOTICE DECLARING INTERFERENCE, we address concerns raised both by Ray Green and Jerry Voight. It is the paragraph dealing with testimony in a "foreign language." I might say that a lot of testimony in English seems to be in a foreign language. I am talking about testimony where the witness does not speak English and cross-examination takes place through an interpreter. In the past year, and perhaps for a longer period of time, we have had to my knowledge at least four experiences with testimony through an interpreter. By that I mean testimony is through an interpreter with the witness testifying in a native language or a language at least other than English. Experiences involve testimony in Japanese, Spanish, Mandarin, and a fourth language which seems to have slipped my mind. All right. Well, maybe it will come to mind later in the program. The "foreign language" problem is one that seems to be is very complicated for lawyers. However, it is one that we need to address. I think making it known that it's a problem should

suffice.

I had a witness testify in Spanish in a derivation case. It's a language that I speak fluently and therefore I was able to understand what was being said in both languages.

We had a case where the witness testified in Mandarin. Judge Lee was assigned the case. He speaks fluent Mandarin. I sat along and heard testimony. He, of course, understood what was being said both ways. I did not. But, I can assure you that certain questions asked in English could not be translated in Spanish, so I was very suspicious that they could not be translated into Mandarin.

There was another case -- to find out more about it, you can talk to Tom Macpeak or Barry Bretschnieder -- where testimony took place, well, in English but through witnesses who spoke Japanese. That clearly was the most complicated procedure we used. It became apparent to me hearing live testimony that it might be possible the witness was not understanding questions be asked by an attorney. There came a time when I asked in English through the two Japanese interpreters three questions which I thought were reasonably the same question. That is to say, all three questions were essentially the same for those who speak English, and I think despite use of different words I was asking essentially the same question, only to get back a yes, no and maybe. And, then I followed up by asking the witness to please



explain why he had answered yes to question 1 and no to question 2, and it became apparent that there was a problem in the translation process. It was not bad faith on the part of lawyers. It was not bad faith on the part of the interpreters. It was not bad faith on the part of the witness. It's just part of the complications.

At the current time we do not have what I would call an iron clad manner of doing things, but certainly our experience in the Mandarin case is the one that I would say we would be most disposed to use. What happened was there was a first interpreter provided by the party who sought the testimony who would interpret the questions and answers. The opponent brought its own second interpreter.

If you think two interference lawyers do not agree about anything, let me tell you what happens when two interpreters get together. They make interference lawyers look like they always agree on all points of fact and law. So the procedure we used was that if the second interpreter had any problem with the manner in which the question or the answer was translated by the first interpreter, the second interpreter raised her hand and the second interpreter was then permitted to ask exactly the same question. So that if one interpreter -- if through one interpreter you heard the answer "no," and through the other interpreter you heard got the answer "yes," counsel asking the

question was on notice that there is a problem here and counsel knew a follow up question would be needed. Obviously, we would not know which of the conflicting answers (the "no" or the "yes") was the answer entitled to weight. But, what we found out was that we are not going to allow the translators to debate the matter. That is what happened in the Japanese case and it seemed to me to be somewhat unsatisfactory.

I only mention the "testimony through an interpreter" issue because we want to know pursuant to paragraph 50 of the NOTICE DECLARING INTERFERENCE when there's going to be translation necessary to cross-examine a witness. What we will do then is decide at that time what if anything needs to be done to make the Mandarin practice the official process.

A recommendation I can give you is that you have someone at counsel table who understands that language. If that person understands interference practice so much the better. But, there aren't too many of us in the patent bar who know two languages fluently. I'm not talking here two years of French or whatever. I'm talking someone who can actually understand and converse in the language, who knows the slang, etc.

If you cannot have an attorney, a paralegal or someone who is capable of understanding generally the issues into which you are inquiring into should sit with you to advise you how to ask the question. No question should exceed one line! The only

questions generally should be short and when the questioning is through an interpreter even shorter. You also need to know if the answer that came back was properly translated. I would not suggest that you "object," but that you re-phrase the question and ask the re-phrased question "again."

Testimony through an interpreter is complicated. It's going to be very challenging for us and us I mean the Board and the attorneys, not to mention the parties. I would recommend that the entire proceeding be tape-recorded. Errors can and should be correct immediately. It is just totally unfair to allow a witness to come from, for example, Taiwan, only to have an objection made three days after hearing that something "went" wrong with the translation.

With that, I will turn control of the roundtable over to Judge Schafer.

JUDGE SCHAFER: Thanks, Fred. I just have really two things, two sets of comments that I wanted to bring up with you. The first relates to some comments about ordering files. I know we've come a long way in being able to provide the files that you need, but there's probably some nuances that you're not aware of. So I want to call those to your attention.

The second thing I'll talk about is the situation where your opponent in the interference doesn't comply with one of our procedural rules set out in the Notice Declaring Interference and

what you should do about it, if anything.

Now, when the Trial Section was formed, one of the significant complaints about interferences was the inability to obtain copies of the involved and benefit applications, or patent files. This was a problem for us as well as the parties because the parties needed to have access to those files so that a meaningful telephone conference could be held at about the two-month stage of the interference.

We attempted a number of approaches to cure the problem, and we finally settled on the one that we currently use. For those of you who don't know, I'll explain it briefly.

Our standard declaration notice requires that the parties file a request for the copies of the files they want very early on in the interference, within 14 days of declaration. The request must include a deposit account number for payment and shipping copies.

All the requested files are boxed up. We have those files. If we don't have the files, we don't declare the interference. The reason we don't declare the interference is so we can provide the files and have them available for copying when declaring the interference.

Once those files are boxed up, they're shipped over to the Office of Public Records. Now, OPR copies the files, ships the copies and charges your deposit account. The OPR has committed

to next day delivery.

At the same time the files are sent to OPR, the paralegals in our office issue an order or a notice that the files have been sent to OPR.

The significant part of that notice is it sets a 21-day period for you all to advise us whether or not you've received the files or any problems with receiving files. If you don't receive the files in 21 days, you're required to send in a paper to us saying that you haven't gotten them, or if there was some problem with what you received.

We do this so that we can monitor how well the files are being provided and it calls to our attention problems that may be occurring. In the last couple of months, we have received a few notices. For a longtime we didn't receive any, but in the last few months there were a number of them. We did an investigation. It turned out that it was an internal problem at the Board. Someone wasn't sending the files quickly enough over to OPR or someone was keeping the files rather than sending them to OPR. As a result OPR wasn't able to get the job done.

OPR is committed to providing the copies within 10 days, business days of receipt of the files from the Board. I think almost certainly that is an adequate system.

We've also had some situations where we received notice of not receiving copies where the counsel has changed. Generally

the situation would occur where you have in-house counsel who receives the information, they review the declaration and decide they need to bring in outside counsel to work on the interference. In-house counsel files a request for copies and they're shipped to in-house counsel.

Meanwhile, the outside counsel has come onboard and sees the papers and said, well, I didn't receive any files and then sends us a notice that they haven't received files. This is just a situation where the counsel need to talk to each other so they know what's going on.

We have yet another problem we're seeing relates to late ordering of the files. It's important that you file the request for copies within 14 days of the declaration.

We were originally hesitant to accept requests for copies when we receive orders and collect the files. We just didn't want to be in the file-ordering business. But we decided to take on the special burden of being, at least in part, OPR's agent for ordering files at the beginning stages in the interference. We thought this would be both convenient for us and helpful to the parties.

However, one thing you may not be aware of. We take on this burden only at the beginning of the interference. So if you file late, we're not the ones going to help you with the files. So we're taking on the burden during the original 14 days, and after

that 14 days we don't accept file requests for copies because basically you are on your own. In other words, you should be dealing directly with OPR.

Now, as Fred said, once we have the files, those files really don't go anywhere other than to the Board or OPR until we receive them back from the Office of Public Records. So they're basically unavailable. If you need to inspect them, you can arrange inspection with the Board, but basically they're unavailable to anybody other than the parties through that stage.

After we get them back, though, from OPR, they're available to attorneys who need them, they're available to patent attorneys or members of the public. Once they're released like that, you may be unable to get the copies you need. The failure to obtain and to request copies within 14 days is not an excuse to set different or extend times.

At the two-month conference call we set the time periods for the motion stage of the interference. The excuse that you don't have copies of the files is not going to result in setting longer time periods.

Now, as I said, in all the circumstances we've seen since the Trial Section started, we have the files at the time the interference is declared. So we know where all the files are. So if you don't request your files in 14 days, there may be delays in getting your copies. As I said, we don't use that type

of delay as an excuse in setting times or to grant an extension of time.

So, by way of summary, and this is important, get your request for all the copies of the files within the time period set in the notice of declaration.

The second area I wanted to comment about are situations where somebody, your opponent usually, doesn't follow a procedural rule. For example, your opponent has exceeded the page limitation in a motion. We have seen some motions to strike papers or parts of papers because of some alleged failure of the opponent to follow one of our requirements.

Now, the various procedural requirements that we set are primarily for our convenience to help us decide the cases quickly, and to help us in managing the general workload of the trial section. How we treat a failure to follow one of these procedural rules varies depending on the particular facts of the case.

A party who fails to comply with an order or a notice runs the risk that we will not consider the paper, return the paper or impose some other sanction. We've done all those depending on circumstances. We have also done nothing at all

Typically we'll take action where the failure to follow a procedural rule causes a problem in handling the papers or reaching decision at a usual rate. A motion to strike a paper



for failure to follow a procedural rule has a negligible chance of being granted, unless you can show some actual prejudice.

In fact, you probably shouldn't file a motion unless you actually have been prejudiced. It's really up to the Trial Section to enforce our procedural orders, not for the parties.

So, by way of summary on this point, I'd just like to say that motions to strike for failure to follow a requirement of a notice or order are not particularly helpful and they're rarely granted, unless you actually have certain prejudice that you can demonstrate due to your opponent's failure to follow our procedures. I'll turn it over to Judge Lee.

JUDGE LEE: I have just several points to make about our motions practice. The first one is probably the most important and has to do with the subject of the reply briefs.

Inappropriate reply briefs which belatedly raise points which should have been addressed as a part of the prima facie case in the original motion continues to be one of the most serious problems that we see with motions practice. The bottom line still is that replies are not opportunities to present evidence which should have been presented in support of the prima facie case.

Last year when we issued the first standard notice declaring interferences, we had certain requirements as to the form of replies that can be made, and that is in connection with our

efforts to discourage inappropriate replies.

You will recall that the appropriate form should be: In the opposition it is argued that as to certain issues made and our response is as follows. And this year in our new edition, which we will adopt as of today, there is a new requirement to the effect that if there's any additional fact presented in the reply, there must also be an explanation as to why that additional fact was not originally included in the original motion.

Both of these requirements are important to us, and noncompliance with either one or both of these requirements may result in the reply not being considered by the administrative patent judge, regardless of whether in fact a new issue has been raised.

So a party submitting new arguments in replies or a party not conforming to either one of these two requirements would be subjected to a substantial risk. You may or may not be permitted to refile your reply. You have to catch the noncompliance early enough.

We may give you, the attorney, an opportunity to refile a proper reply, but if we catch the noncompliance within a day of the oral hearing on motions or while we are writing up the decision on motions, we probably will not give you an opportunity to refile a proper reply. I just want to bring that to your

attention.

The second point I want to make has to do with the time period 8. We all know that in time period 8 a copy of the original exhibits and three copies of the exhibits should be filed. This is not filed as a part of your motions, oppositions or replies. Rather, you wait until time period 8 to give us a copy and the original exhibits at that time.

You should know that time period 8 concerns only with preliminary motions and not with miscellaneous motions under Rule 635. So if you are filing a miscellaneous motion, you should be supplying the exhibits together with your motion, opposition or reply. And once we receive them, we may act on these miscellaneous motions much more judicially than we would in the case of your preliminary motions.

At time period 8 when you supply the original exhibits and three copies of these exhibits, as well as three copies of your motion papers, you should know that the whole idea of this is to enable an APJ to be able to pick up a folder and that folder will include all the paper the judge needs to see.

So I think we have been less than clear in our standard notice. It wouldn't do us much good if those three copies are contained in a single folder. The idea is that one wants multiple copies to be contained in separate folders. One folder will contain an entire set of exhibits and one folder will

contain an entire set of motion papers, including the motions, oppositions and replies.

We don't want to see or we would like not to see multiple copies placed within the same folder. That kind of defeats the purpose of having multiple copies therein the first place.

Questions have arisen as to who should file these copies of motion papers. The most logical choice is that if you are the moving party, then you should be responsible to put together the set of papers for that motion. You will put together your motion, and your opposing party's position together with your reply, and put that in one folder.

But as long as the parties agree, it really doesn't matter who puts together these time period 8 submissions. The most logical choice is that if you are the moving party, you submit the papers that have to do with your particular motion.

To facilitate the entry of these time period 8 papers, we would appreciate it if they will be labeled something to identify them as time period 8 submissions. That would enable our clerical staff to properly log in the submissions and not leave them individually a new paper number as if they are additional new motions being refiled all over again.

So, this is not a requirement, but it would certainly be beneficial to our clerical staff and the Board if you will so label the time period 8 submission.

The third point I'd like to address is that while we may be faced with a tremendous amount of caseloads, sometimes we do like to sit in on live testimony, particularly cross-examination of witnesses over issues on which a lot depends on the witnesses' credibility.

Those issues include derivation, inventorship and fraud or unethical conduct. So when you have those issues, it would not be surprising to learn that any one of our APJs will be willing to sit in or preside over cross-examination of a particular witness just to observe the demeanor of the witness to assess the witness's credibility.

That's it, and I introduce Judge Torczon.

JUDGE TORCZON: I want to talk about issues that first come up in the interference before it is even declared and also address the issue minimizing the upfront costs of interferences. The first part is about the preliminary motions list and the second part is about the interference practice specialists in the patent examining corps.

I was delighted to hear Jerry Voight say that there was widespread acceptance and agreement with the preliminary motions list that you are asked to file two business days before the initial status conference. This is really our chance to reduce costs upfront for your clients in the interference.

At the last Roundtable and again here, we've been told that there is a desire for summary judgment proceedings or privileged motions or some sort of expedited proceeding when there are dispositive motions to be addressed.

Another complaint that we continue to hear is that there are too many cases where there is no interference in the fact. You enter a lot of briefs and incur a lot of costs for your client when there should not have been an interference at all.

We can only set a schedule that will facilitate a fast, inexpensive, and fair outcome if we know what issues are out there. Under the basic interference practice, the only issues that we typically spot are either Rule 617 summary judgments, which don't come up that often, or some issue a judge raises for a party to respond to. The list is your opportunity to point out an issue that might simplify things; say, there is no interference in fact. Maybe your opposing counsel agrees with you, and you can save yourselves a lot of trouble. Or, I found a reference that just really takes everything out. I think this is dispositive.

If you tell this to us up front, we have a chance to look at facts of that motion in that case and say yes, we should take that one out of turn. Maybe we will have to look at some other things too. Maybe we will spot issues that can be fairly deferred to avoid unnecessary costs. The motions list is really your

opportunity to do all that.

Paragraph 17 of the standard declaration is where the practice is outlined. We have added a footnote there that explains the purpose of this practice. Probably the reason this practice has not been used more is precisely because people did not understand what the point of this list was.

In fact, when I talk to counsel about this, one of the major concerns is this is a trap for the unwary. Attorneys fear they will come in and say "These are my motions" and a month down the line they will realize that they need to file another motion, but it was not on that list and the other side is going to say, "gotcha".

Well, first of all, Judge Schafer said what happens to the other side if they try that. The chances of their persuasively showing that they were prejudiced by timely filing a preliminary motion are probably less than zero. Our interest in this motion list is not to play a "gotcha" game with you. We are trying to spot issues that will speed or needlessly bog down the interference so the risk of being estopped should not be a concern.

The only two scenarios where I can see the filing of a list coming back and biting somebody would be one -- and this is something none of you here are going to do -- but one would be if there is a material misrepresentation. If there is a material

misrepresentation in any paper filed with the Board, there will be consequences to that. The other scenario is if both sides come in and say, "We are not planning on filing any motions," they should not be surprised if the next order from the Board says "File your preliminary statements because we are going directly to priority".

We should be able to rely on representations that there will not be any preliminary motions in setting schedules. But if you tell us, "We are going to file these motions" and none are dispositive or none of them immediately leap out as simplifying or focusing issues we will set a motions period long enough to accommodate the proposed motions. But where we focus the issues or we dispose of counts or otherwise materially advance the interference, we can tailor the schedule accordingly.

An important corollary to this, though, is that you have to be reasonably explicit about what you plan to file. Just saying, "We are planning on filing a Rule 633(c) motion does not tell us anything. But if you can come in and say, "If you narrow the count this way, we think that this is really going to simplify it," that will be productive.

Also, because the list comes in two business days beforehand, we have a chance to look at it and think about it. Opposing counsel has a chance to look at it and think about it. The parties might even reach an agreement in that initial status



conference: "Yes, that's the way we should be going."

So, this is really an opportunity, a tool for you. There really is no downside, so I strongly encourage those of you who either did not understand the procedure or were worried that you would be trapped by it to embrace it. It is not going to be useful in every case, but in the cases where it really points the way to a dispositive or focusing issue, it will save a lot of time and money.

Another source of wasted time and costs is where interferences have been declared where there are a lot of issues that should have been taken care of on the front end. Our solution to this is an interference practice specialist in the examining corps, in the technology centers. They have already been alluded to here a couple of times. We have heard that cases are still getting hung up in the group because they come to the Board and then they are bounced back to the group. The philosophy here is that it is far cheaper for everybody involved, the Office, the parties, everybody involved to try to get as many of the loose ends up tied up in ex parte proceedings before we jump into an expensive interference. Things cost a lot more money when you are in an interference than during an ex parte proceeding.

As Jerry Voight pointed out, not all issues are amenable to an ex parte resolution. That is right, so we work with the

interference practice specialist to identify when we need to relax some of our requirements. It may be an issue where we really need input from the parties to decide it. But by rigorously reviewing the proposed count we really are screening out a lot of the instances where there are no interferences in fact.

And I suspect that some of the comments say, "Too many cases are still being declared with no interference in fact," reflect something of a lag because more and more that is probably the main reason why cases go back and never return for declaration: we have already sorted out the problems with an interference practice specialist. Or, more importantly, maybe it never even gets to us because the interference practice specialists have reached a level of "Under current case law, these really do not constitute an interference in fact."

And so there is a benefit that you may be enjoying without knowing about it. There is also a cost. There is a cost in time. There is a cost certainly to the Office's resources. So it maybe that you are told that your case will be set up for an interference, but it is getting hung up in the group, or you get a letter saying your case is suspended pending an interference and you are wondering what is happening.

It takes time to apply the heightened scrutiny that is now being applied to these cases, but the advantage is that we are

sending back a lot of cases that never come back as interferences or there are cases that are just never coming up in the first place and for those cases that do come up, they are in much better condition.

For instance, the claim correspondence is clearly delineated with reasons why. One of the complaints that we received from the ABA earlier this year was that whether a claim corresponds or not, according to the Office, may lead a party to make a business decision to settle because the party's commercial embodiments are in the noncorresponding claims, and then in front of the examiner you belatedly learn the Office now thinks the claims do correspond.

We cannot guarantee that will not happen where a new reference or something else comes to light, but the point is to really do a rigorous analysis on the front end and require reasons why a claim corresponds. Give us reasons in writing why it does and that way when it comes time for you to redefine the count, you at least have a clear target to shoot at. Do not tell us "It is well-known"; tell us that reference A shows that this would have been obvious. You have a target now you can shoot at.

The interference practice specialist is relatively new phenomenon. They were first designated in April of this year. They were trained in an intensive session by Judge McKelvey in April of this year. So the program is still relatively new. We

are still working out the relationships and we are finding out what role the interference practice specialists play. Our experience has not been uniform across the agency, but it is working for the most part and where it works it is where working really, really well.

I think somebody mentioned that there was a special practice in Tech Center 1600. That is not a special practice. That is the interference practice specialist program at work. The reason it might seem special is twofold One, 1600 is doing a particularly good job at implementing it and two, because a lot of interferences come to them. So they may be a bit more visible. Because they have so many interferences, they have really embraced the program. And they have been very, very helpful.

The Tech Center 1600 interference practice specialists, Michael Woodward and Anthony Caputa, have been very, very helpful in really trying to come up with a much more rigorous procedure that is saving you guys untold grief, whether you realize it or not. They are really allies to you and to us and to any of party that wants to have to avoid a lot of the cost and headache of cleaning up an interference after it has been declared.

THE MODERATOR: We are running a little bit late. Nevertheless, we open the floor for discussion floor. Is there anybody who might have a question? We would ask that you clearly

identify your name so that it can appear properly in the transcript of these proceedings, which will appear on the PTO Web Page.

Paul Morgan (Xerox Corporation), you wanted to say something?

MR. MORGAN: Fred, I was asked in advance to comment on the corporate perspective on this and by a prior arrangement I did it in writing to save time, and so it's going into the record. I have extra copies here if anybody wants it, and I think I tried to approach some of the questions you may have. Like, why does a corporation take so long to settle, things like that, from that perspective. So if you're interested in a copy and I don't have enough here, just give me your business card and I'll give you another copy.

THE MODERATOR: Okay. Well we will put that in the record, Paul. Thank you very much.

Written Public Remarks for the 10/99 PTO Interference Roundtable PFM. [These are purely personal and informal remarks submitted in writing for the record at this Roundtable by Paul F. Morgan (one of the Roundtable Panelists), in view of the limited time for oral remarks.]

Thank you for providing this helpful exchange and for allowing me to briefly speak again. Like most corporate patent departments, we remain of the opinion that the only good

interference system will be a dead interference system. I.e., a "first-to-file" system. Second best would be a much cheaper, simpler and faster system, with less paperwork and formalities, especially as to what should be ex parte issues. As will be discussed, we don't see much movement in that direction. This will be a personal "Corporate Cost Control Curmudgeon Report." It is a follow-on to my talk last year, for which the transcript is available, and still valid. I request consent to put a copy of this talk into the record, since I can only touch on a few of these points in the time available.

Before I start, let me offer an unsolicited "book review" for "Patent Interference Practice: Under the PTO's New 1999 Procedure," by PRG -- the Patent Resources Group. I recommend it to anyone who isn't already a professional "interference maven," like the authors. There isn't much else in print that's still current. First, let me look at the new "standard order" interference procedures, from the Corporate view, from the POSITIVE side. [That won't take very long.]

One VERY POSITIVE improvement, from our standpoint, is the order requirement for SETTLEMENT NEGOTIATIONS, at the three stages of the interference, enforced by conference call reports to the APJ. As I noted last year, that removes any onus or reluctance on anyone making the first move to settle an interference, and also provides useful "client decision prodding"

deadlines. Unfortunately, the new standard order also expressly denies any time extensions for any of the lengthy time normally NEEDED to successfully ACCOMPLISH settlement negotiations between corporations. That DEFEATS much of the potential for great time and cost savings for both the PTO and the parties. It is an example of the PTO arbitrarily imposing new rules without understanding "customer reality." It will increase, rather than decrease, the Board's workload and backlog problems. It doesn't even make sense to a couple of retired interference APJs I talked to. Frankly, the new interference procedures since last October are making life extremely difficult for corporations. They appear to have been written with little, if any, customer input or appreciation of corporate customer communication times and decision making problems, outside counsel selection processes, et cetera. As I tried to tell the PTO here last year, there is simply no way a major corporation can even evaluate, much less negotiate and settle, an interference started by surprise before the standard nonextendible 14-day, 20-day, 30-day, and 90-day initial response periods, all of which require decisions and a lot of expensive time and paperwork.

The treatise I noted suggests that the only basis for any extension of time under the new "standard order" MIGHT be a motion filed by a dead lead counsel, if it was filed from the grave! Levity aside, another positive improvement (which many of

us had been asking for) is the reported increase in prompt three-judge panel preliminary motion decisions on DISPOSITIVE issues. Also, the opportunity to at least ASK for that BEFORE spending many tens of thousands of dollars rush filing and opposing EVERY possible motion paper and supporting affidavit. However, query if you will also get a PROMPT FINAL judgment on that basis, instead of waiting several more years for a final hearing and final decision?

However, as you will see from Danny's lengthy case law arguments for outside counsel "ever-greening" interferences, in his new Chapter 5 for the same treatise, we seem to have a CAFC that doesn't seem to think that normal "summary judgment" principles, or any sense of litigation issue-reduction or cost savings, applies to interferences. The Court incongruously cites the Section 135(a) amendment intent of "saving time" by a "consolidated proceeding" as the rationale for taking MUCH MORE TIME for interferences, by apparently requiring Board decisions on nearly EVERY issue "properly" raised! [Whatever "properly" means.][I have said to Bruce Stoner that I think he ought to take the (next) Chief Judge Michele out to lunch, for some PTO reality CLE, on this and several other topics.]

The main result of the new interference system since last October is a mad rush to make decisions and file thousands of dollars worth of paperwork in a few weeks. Why? So that all of



those papers can collect dust in the Patent Office for several years, and then make extra work for the Patent Office? In many cases, all that expensive paperwork could have been avoided either by a few more months of settlement negotiations between the parties, or, a genuine summary judgment system for single dispositive issues, as opposed to being required to file almost every possible paper and supporting affidavit, with cross-examination on every possible issue, all within the initial motion period.

Is this what the PTO's customers asked for? No.

Is this really doing anything to solve the backlog problem? I seriously doubt it. It may force out a few poor souls who can't afford to pay an interference maven \$300 or \$400 an hour. Thus, providing another coffin nail in the myth that the interference system benefits small inventors. Now, they can be "bled to death" by wealthy parties even faster than before, unless they can get financial backing faster than anyone can normally get it. The short initial time periods don't even allow time for an outside counsel "client conflict" review, yet that is obviously absolutely necessary. Governmental agencies are supposed to be more "customer-oriented" these days. That is very important to corporations. After all, who is actually paying for everything? Being "customer-oriented" requires better knowledge of the customer's problems and needs.

Last year I sensed an attitude among some members of the Patent Office, and some outside counsel, that could be summed up as: "Your company makes billions of dollars, why can't you just go out and spend a few hundred thousand on an interference attorney when you get an interference?"

That is a serious customer misunderstanding. If you understood your customers better, you would know that billions being made by large corporations are to a large extent made by cost-squeezing pennies from every level of corporate operations. Through no fault of the parties, due almost entirely to PTO decisional delays, there is a backlog of delayed pre-GATT applications will make a whole flotilla of "submarine patents" when they finally "surface."

For example, we just reviewed a (nonfinal) interference "final" decision after six years of PTO delay in an involuntary interference with an application now pending for ten years on Nobel Prize chemistry, in which there was no priority contest, no testimony period and no motions attacking patentability. My manager suggested that this backlog problem of really important technology applications ought to get the Commissioner's attention to better PTO priorities. That is, fixing the interference and appeals backlog problem for important inventions, as opposed to the PTO being preoccupied with hustling more "mousetrap" patents out of the PTO door in less than 18 months.

How about attacking the backlog problem with more original thinking? For example, in view of the number of interferences still awaiting final decisions after five years or more, some of which are delaying investments in important technologies, may we suggest one simple fix? Start giving incentive pay to APJ's who will agree to write final decisions in those long-delayed interferences. Those old ones are often tough ones and some incentive pay might help move them along.

Furthermore, could we have even more incentives for APJs to avoid unnecessary interferences, or to get them settled quickly, by early telephone conference calls? For example, two "new order" interferences we were hit with this year were inexcusably set up with submarine applications that had long-published, statutory bar, foreign equivalents. That kind of situation should have been handled by a simple telephone call, not a half-inch thick set of special orders with onerous paperwork requirements under nonextendible short deadlines.

Also, why has the PTO not acted on the AIPLA Board Resolution for a rule change to make junior patentees make an initial prima facie priority showing, to avoid unnecessary, wasteful, interferences? Other suggestions from other corporate practitioners include having the PTO develop a better process for determining if an interference should be declared in the first place.

For example, assigning senior experienced examiners with the proper technical background to review, together with the assigned interference APJ, before an interference is declared, the potentially interfering subject matter to insure that a really thorough prior art search has been done for the patentability of the allegedly interfering subject, to insure the absence of 102(b) and 135(b) bars, and to insure that there is genuinely interfering subject matter, as demonstrated by the availability of a proper common true "count," not an artificial "McKelvey Count" (which should be prohibited as leading to too many unnecessary interferences).

Also, as has been previously suggested, applicants and patentees should be given an advance warning of an interference, for example, three months, to take appropriate ex parte action to avoid an interference, by disclaimers, reexaminations, et cetera, after the parties are advised of the possibility of interfering subject matter.

Also, to provide a sufficient time period after the declaration of the interference, before papers are due [as was formerly provided], to select and fund counsel, conduct a further prior art search, decide on the next step, evaluate settlement, narrow the issues, hold conferences with the interference APJ, decide whether the interference is worth contesting or not, et cetera.

\*\*\*\*Now, on to some other "Corporate Customer" topics. The headline of the July issue of the "Corporate Legal Times" was "Corporate Law Departments are from Mars -- Law Firms are from Venus." The "communication disconnect" discussed in that article is one I have experienced. It is my formal assignment, for more than 20 years, to avoid paying any outside counsel bills whatsoever, for any interferences, if I can possibly help it.

Also, avoiding internal costs. Every hour spent on interferences by in-house patent attorneys is an hour less for meeting the objectives their pay and bonuses are based on. That essentially means avoiding, settling, or folding all unnecessary interferences. Only as a last resort, for clear financial benefits, do I prosecute or recommend any interferences, as much as I would like to. Our score card last year was interferences 4, terminations 3, outside counsel fee payments zero. All four interferences were basically an unnecessary and unwanted waste of time. All involved PTO mistakes in issuing junior party patents first. Several other potential or suggested interferences were "headed off at the pass" or "strangled in the cradle" as not economically justified over other alternatives. [I do a lot of that.] However, with the new interference "system" started last October, it isn't easy, and I expect "red ink" to flow soon.

The type of interference counseling I give in-house is undoubtedly quite different from the type of counseling outside

counsels normally give, especially where the interference may still be avoidable.

First, I ask what the client expects to get out of an interference. Do they realize that no one has ever gotten any damage awards from an interference? Do they realize that no one has ever gotten an injunction in an interference? Do they realize that rarely does anyone get useful discovery in an interference that would help in any other litigation? Do they realize that in almost every interference, someone, or everyone, will lose claims, because the PTO insists on "final judgments" in every interference, unlike normal litigation that will typically avoid trials? Do they also realize that patent issuance or enforceability will be delayed for years in almost every interference, unless it is settled, and that an interference settlement normally means that at least one party must lose? Do they realize the high risks of both parties losing because of a "kamikaze" prior art attack by the party with the weakest priority case, with only a very short time to defend patentability and with no presumption of patent validity? Do they realize that by the time the "mud slinging" in the interference is over (which may even include charges of inequitable conduct) that even the so-called "winner" might not dare to enforce their patent? And finally, do they realize that even after the interference "final decision," parties can delay

for more years in the District Court, or play games with claims ex parte, knowing that most ex parte examiners don't understand interference estoppel, even if it applies?

If you are in the position of a senior party, with an issued patent, in my opinion, interferences are particularly ill advised in many cases. Why delay getting money from enforcing your patent? If you have to sue even the junior party to get money, or an injunction, why not save the 102(g) issues for the patent litigation? In that litigation, the junior party will be under a "clear and convincing" burden of proof, and your patent presumed valid, against 102(g) and any other validity attacks.

Better yet, because more than 90 percent of all patent litigation is settled before trial, the chances are excellent that the 102(g) issue will never even be litigated! Thus, not only did you save the time and money you would have wasted on an interference, you also avoided the risk of your patent becoming unenforceable.

As outside counsels, how many of you discuss those issues with your client when your client says, "Look, my [expletive deleted] Competitor just patented something we invented first. What can you do about it?" How often is doing nothing your advice? Of course, if your client is the applicant, or reissant, either you or I should also counsel the client as to the dicey gray area (unclarified by the PTO) of a potential Rule

56 duty to disclose a potentially interfering junior party patent in a senior pending application, even though it is not "prior art" to your senior application. However, query how many examiners will declare an interference if you simply cite the junior party patent without actually requesting or demanding an interference?

Other good advice I am sure we have all given in the face of a potential interference is to split out any potential noninterfering claimed subject matter into divisionals or continuations as soon as possible. The PTO will not usually add them to the interference, even when they should be! There is presently no benefit in tying up those claims for years of interference delays, although who knows what the new patent bill may bring us? Its present (House passed) version seems to reward PTO interference delays with unlimited term extensions! Furthermore, I have successfully used the tactic, as a senior applicant, of expedited issuance of a divisional with narrow claims to use as a 102(e) reference in a reexamination attack on the junior party patent, to avoid or reduce an expensive interference.

Now, on to our own corporate experiences since last October.

I am not going to bore you with my "war stories" but I do think it is important to stress the completely different attitude and approach to interferences and other litigation becoming more common in major



corporations. We are not normally litigating something for which no good "business case" can be made. All four of our interferences last year were unnecessary, of no commercial value, and not initiated by us. None related to any commercial products of ours or appeared to have any cash licensing potential. A bizarre contrast to normal litigation. One of our four interferences this year was settled, but it took more than seven months. Thank heavens we had an APJ with the good sense to save both the PTO and the parties a lot of unnecessary work and expense by granting seven one-month time extensions.

The settlement was with a foreign party, and required approvals from the new Xerox licensing group as well as the usual corporate sign-offs. Obviously, this one was not under the new "sudden death," "front-loaded" "special order" time periods. The highly desirable result was that neither party had to file any substantive papers at all, and no one on the Board ever had to read any. If that wasn't a "win-win" system, I don't know what is!

Yet, the idea of seven one-month time extensions in an interference seems to be some kind of religious heresy to some APJs, judging by the new "standard orders."

This settlement time illustrates another "customer" difficulty you probably don't appreciate either. It is the latest corporate trend. Namely, to provide a high-level independent licensing organization for "intellectual property management" and exploitation, run by licensing business types, not patent attorneys. The change in patent objectives and

control affects the kind of cross-licensing that patent departments used to do more freely, and faster, when they fully controlled settlements.

Naturally, these IP management business people do not want to give up any future licensing revenue prospects by granting licenses. So that even though they are not familiar with what really goes on in interferences, they want to control interference settlements. But if they can't make money from an interference, they don't want to spend much time on it.

Such IP management groups also do not want to hand out cash for licenses, which subtracts from their "bottom line." Yet future product infringement concerns do not typically come off their bottom line.

The diversification of corporate decision-making and objectives between patent groups and IP management groups can make it more difficult to settle interferences. On the other hand, it can lead to more creative settlements, such as royalty options, instead of upfront cash, but that takes more negotiating time. That negotiating time is simply not available under the "sudden death" system set up last year.

The problem is, how does any conscientious in-house patent attorney know whether or not 15 years from now, someone in the corporation will inadvertently sell a product that might infringe a claim against which you conceded priority 15 years earlier or have been estopped? Who has enough of a "crystal ball" to predict what a company is going to sell in 15 years?

A conscientious corporate patent attorney's first priority ought to be avoiding having a major product line shut down by an injunction. Thus, an

interference settlement should at least preclude the risk of an injunction, even if you have to agree to pay royalties.

Now, from the inside, we have many other problems. We get dumb suggestions, like, "why don't you just withdraw from the interference without conceding priority?" Or "why don't you just not respond to that APJ's pile of papers?" I have to explain to young attorneys and managers why you can't do that without serious consequences. Or, you get a comment like, "why should we care what happens with this interference? That subject matter is Section 103 obvious anyway." I think that is very risky, considering what is being allowed by the Patent Office these days.

Turning now to our two newest interferences, I regret to say they were under the new system, and, I had to handle them myself. They arrived just before the Christmas holiday with 14 days for the first response due date. They were mailed to retired, former, patent attorneys. I tried to get approvals to hire an outside counsel, but couldn't even contact one in time. The only internal attorney who knew anything about the matter wasn't available. I couldn't even sign any papers myself, since the Special Orders require an "attorney of record." I had to work on both interferences, with their half-inch thick special orders, over Christmas/New Year's holiday. That unreasonableness did not improve my first response, which was entitled, "Objection," and was not well received by the APJ, but did get a brief time extension.

Fortunately, as usual, I found that both of these new interferences were unnecessary and pointless. But I had to figure that out in a big

rush. The first thing I did was a rush search for foreign equivalents of the senior party's "submarine" application (as the Patent Office should have done itself, ex parte), and found they were published years before our filing date. Thus, as I pointed out to my opponent, and the PTO, in my next and last paper, they could have avoided this interference and a lot of expense and wasted time by a simple telephone call suggesting we disclaim the interfering claims. That is what I proceeded to do sua sponte, along with filing another filing another complaint about the manner in which the PTO responded to my first paper.

I also noted that the opposing outside counsel had a conflict of interest, and I never heard from him again after he had presumably charged his client for his 41 pages of responses to the first 14-day response period. The corporate counsel for the other party never even returned my phone call, so settlement was not even an option, even if there had been time to do so before having to waste a lot of time and effort.

As I also noted in my second response, the PTO has still never clarified the duty of disclosure of a patentee party, in spite of years of complaints on that issue. But I availed myself of that opportunity to point out what I considered to be several defects in the application of the opposing party. Both interferences ended without our spending any outside counsel money.

The PTO's final decision was well written, unlike their first. It even helpfully indicated that my opponent should address exparte the questions I had raised about their applications. Thus eliminating my only

concern, which was as to "interference estoppel" (made ambiguous by the current rule).

As you can see, the way in which I approach interferences is quite different than that typical of outside counsel who must survive to make a living from them. Rest assured, however, if we ever do get into an interference that I consider to be cost-justified, and the best legal alternative available in the situation, I would now feel obligated to recommend retaining an expensive, real interference expert, something that I might not have done under the prior interference practice. I didn't even have enough secretarial support for all the "upfront" paperwork the new system requires.

[PAUSE].

In short, I continue to object to the imposition of an interference system which creates unreasonably short and nonextendible time periods before imposing expensive, time-consuming paperwork requirements. Too short for even determining if the interference is appropriate, much less to settle it. Also, not solving the PTO's backlog problems.

[PAUSE].

In conclusion, if some of the PTO representatives are saying to themselves at this point, "what do I care about your corporate internal problems?" I can only say that if you don't understand your customer's problems, you won't develop interference procedures that meet your customer's needs.

From the Commissioner's speeches, he seems to be just as concerned as

we are about long interference delays in the issuance of important patents. If the Patent Reform Bill passes, that time pressure will increase. The GATT Amendment of Section 104, bringing foreign invention dates into interferences, is another backlog increasing disaster coming down the time track. I will end with five specific summary suggestions.

First, in a system with a several years backlog waiting for PTO decisions, it simply makes no sense to give the parties only a few weeks to rush-file lots of papers, at great expense, most of which will become moot. It is not even enough time for retaining counsel, much less to decide whether or not to proceed. Secondly, if parties are in serious settlement discussions, why not give them the realistic time they need to accomplish it? Also, we want areal summary judgment system, for fully dispositive issues, with a final decision, before having to spend a lot of time and money on moot issues. More early case conferences would help. Nor should it be necessary to file a lot of affidavits in support of what are really ex parte unpatentability issues that ought to be clear from the prior art references themselves, and disposed of that way, or by an Examiner-ordered reexamination. All of those improvements would be effective to reduce the PTO's backlog problem.

Thank you again for providing me with this soapbox opportunity to address some of the finest patent attorneys I know, both inside and outside the PTO.

Paul F. Morgan

330 Oakdale Drive

106 Rochester, New York 14618

Telephone (w) (716) 423-3015

FAX (w) (716) 423-5240

THE MODERATOR: Yes, ma'am.

MS. McCURTY: I'm Barbara McCurty from Finnegan, Henderson. I had a question about the pending interferences that aren't being run by the Trial Division. Is there any expectation that they'll be -- some of the procedures will be adopted in those pending interferences, such as cross-examination, or is it very individual as to what the APJ wants to do?

THE MODERATOR: Well, my short answer is it's probably up to the individual the APJ and the precise facts in the interference. The object, as the Chief Judge pointed out earlier, was to create a Trial Section starting last October in which we declared most of the interferences. There may be an interference declared by another APJ, for example, that as a result of some preliminary motion in the interference pending before that APJ.

Some of the non-Trial Section APJs have adopted some of our practices and some have stayed on the course they were on. If you're halfway through an interference using a first procedure, that's not necessarily the time to start over again. On the other hand, if counsel and the judge are happy changing course mid-interference then there would appear to be no objection to full scale adoption of the Trial Section practice in an "old" interference. I think you'll see an ad hoc development of those matters.

My expectation would be that in two more years that will not occur because all the interlocutory will be done down in the Trial Section.

MODERATOR: Yes, sir.

MR. RODGER BROWDY (of Browdy and Browdy): Roger Browdy of Browdy & Browdy. My question is: Is it ever appropriate to file a request for status if you're waiting a year and a half for a position on motions, or do you just get annoyed when we ask when should we expect something?

THE MODERATOR: No. Not only would I encourage you to file status, but file a copy with the Chief Judge as well. Chief Judge Stoner wants to know where these interference stand. It is no reflection one way or another on the APJ assigned to the interference; Chief Judge Stoner cannot administer the Board in an efficient manner if he is kept in the dark. For example, we have had various judges retire--some with larger dockets than others. And as you can imagine, it is a management problem shifting these dockets. They have to be assigned to a different APJ and there is a possibility that we might miss one and this would trigger -- that is to say, your notification to the Chief Judge would trigger -- that matter.

Bruce, you were going to add?

JUDGE STONER: I would simply like to add to that -- my secretary will shoot me for this -- the personal line is 308-9875. I answer that phone. 308-9879 is the number she prefers me to give out. E-mail is bruce.stoner@uspto.gov. I've received e-mail from many people in this room. I always welcome the questions about those cases that seemingly have disappeared for some reason or another. I will look into that.



More often than not there's good reason that it has disappeared, but at the same time I do welcome the opportunity to have a look and take a look at that. We try very hard to avoid inappropriate ex parte contact, but you've always got to be able to approach the chief and so if you've got a problem in a case, there's some case languishing, you haven't gotten response in a timely fashion, go ahead and give me a phone call, send me an e-mail. In cases like that, e-mail is probably the best if you have an easy record of a particular interference number or case number or appeal number you might be asking about.

I wanted to add one other thing. This is an opportune time to do that. You should know that to make it easy that we have been talking with one another on the interference issues. Some of the issues we discuss have has already been raised here, including the need, for example, to recognize interferences earlier and to handle declarations of interferences expeditiously. So this is an issue that's before both of us. We're both very concerned with making sure that happens. Some of the aspects are difficult, but we are making efforts. It's not something that we're not conscious of. We speak regularly with one another about this matter.

THE MODERATOR: Yes, sir, in the back.

QUESTIONER: Do you have a specialist at every art unit or specific unit? How do you arrange it?

THE MODERATOR: Judge Torczon can address that if you would.

JUDGE TORCZON: There are interference practice specialists that are associated with every Tech Center in the patent examining corps.

THE MODERATOR: Anybody else? Lunch is about to take place someplace. If there's no further questions, I'll be happy to close the meeting and thank you all very much for coming. And we look forward to doing this again next year.

(Applause.)

(Whereupon, at 12:05 p.m., the Interference Roundtable adjourned.)

#### CERTIFICATE OF REPORTER

I, Denise Dobner Vickery, the stenographic reporter who was assigned to well and truly report the foregoing proceedings, do hereby certify that they are true and correct to the best of my knowledge and ability; and that I have no interest in said proceedings financial or otherwise, nor through relationship with any of the parties in interest or their counsel.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of November, 1999.

Denise Dobner Vickery, RMR