Expert Analysis

Fed. Circ. Constraints On PTAB Expertise Are Problematic

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Law360 (September 17, 2020, 5:58 PM EDT) --

In Brand v. Miller the U.S. Court of Appeals for the Federal Circuit held in 2007 that:

> in the context of a contested case, it is impermissible for the Board to base its factual findings on its expertise, rather than on evidence in the record, although the Board's expertise appropriately plays a role in interpreting record evidence.[1]

Contemporaneously, the U.S. Supreme Court held in 2007 in KSR International Co. v. Teleflex Inc. that:

> Rigid preventive rules that deny factfinders recourse to common sense, however, are neither necessary under our case law nor consistent with it.[2]

That was concerning to many because the two holdings seemed flatly irreconcilable, and one of the authors of this article argued that the Federal Circuit's decision should be reversed by the Supreme Court.[3]

The Supreme Court did not reverse the Federal Circuit's decision in Brand, and it is the thesis of this article that Velasco Diez v. McAllister, a July 31 Patent Trial and Appeal Board ruling, is exactly the kind of decision that concerned many back then.

The Relevant Facts in Velasco Diez v. McAllister

Velasco Diez v. McAllister was a patent application interference. Velasco Diez was involved in a patent for "a method of treating glioblastoma multiforme ... consisting essentially of administering to said human therapeutically effective amounts of cannabidiol (CBD) and tetrahydrocannabinol (THC)" containing three claims. McAllister was involved in a patent application also containing three claims.

Velasco Diez filed a motion for a judgment of no interference in fact,[4] and McAllister filed a paper saying that it did not oppose that motion.[5]

McAllister filed a motion seeking to cancel its involved claim 17,[6] and Velasco Diez filed a paper saying that it did not oppose that motion.[7]

The panel[8] held that Velasco Diez's motion was a threshold motion, to be decided first,[9] and it exercised its discretion to decide that motion along with McAllister's motion.[10]

Thus, as the panel's opinion put it:

> The record before us indicates that there is no dispute between the parties that, but for McAllister['s] involved claim 17, no claim of the involved Velasco Diez patent interferes with any claim of the involved McAllister application. McAllister has asked to cancel involved claim 17, and thus asks to cancel the only McAllister claim that the parties do not dispute interferes with a claim of the involved Velasco Diez patent.[11]

Velasco Diez filed the declaration of an expert witness, Dr. Angus Dalgleish, in support of its motion, and the panel held that Dalgleish was "qualified to testify about the technical subject matter relevant to Velasco Diez Motion 4."[12]

McAllister neither cross-examined Dalgleish nor submitted the declaration of an expert witness disputing Dalgleish's declaration.[13]

Velasco Diez filed three additional nonpriority motions. The panel stated that none of those nonpriority motions "appear[ed] to raise a threshold issue as defined in Bd.R.201."[14] Since the panel granted Velasco Diez's motion for a judgment of no interference in fact, it dismissed those nonpriority, nonthreshold motions as moot.[15]

The panel repeatedly relied on Brand to hold that, in the absence of any evidence controverting Dalgleish's declaration, it was bound by that testimony and could not rely on its own expertise as a substitute for such evidence.[16]

Three times recently, the Federal Circuit has held that Article III judges can employ their common sense as a substitute for evidence of record in making determinations that are substantively similar to the determination involved in Brand and Velasco Diez.[17]

Comments

One possible explanation for the panel's heavy reliance on Brand is that it was the easy out. That is, it can be argued that the panel was merely practicing "the nearest exit" technique of deciding cases in arriving at its decision. In particular, using Brand to avoid deciding Velasco Diez's other motions, meant that the panel didn't have to really dig into the technology.

However, the members of the panel are very senior administrative patent judges, remnants of the old Board of Patent Appeals and Interferences, and none of them has a reputation for shirking. We don't think that that explains their actions in this case.

We think that the members of the panel really, truly found their hands tied by Brand — and that they resented it. The flavor of their opinion suggests to us that, if they had been allowed to rely on their technical expertise, aka their common sense, they might have reached a different result.

In our experience as litigating patent attorneys and specialists in interference law, it is not unknown for interferents to reach a point of exhaustion and/or disgust at the constantly rising costs of the interference — or other post-issuance inter partes matter — where they would just like to make the matter go away, with each party retaining something as a face-

saving matter.

We suggest that Velasco Diez v. McAllister offers a near perfect solution for parties in this situation and that the opinion is an invitation to gamesmanship.[18]

In conclusion, we see no logical support for the difference between how the Federal Circuit handled the trier of fact's attempt to go beyond the record in Brand and how it handled the trier of fact's attempt to go beyond the record in the three more recent opinions cited above even with the three caveats to the application of common sense the Federal Circuit outlined in Arendi SARL. v. Apple Inc. in 2016.

If anything, it makes more sense to permit the technically educated administrative patent judges to employ their technical expertise than it does to permit the Article III judges and their law clerks, very few of whom are technically educated, to use their common sense as a substitute for technical education.

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Disclosure: Gholz was co-counsel for McAllister in pre-interference prosecution in Velasco Diez v. McAllister.

[1] Brand v. Miller, 487 F.3d 862, 869, 82 USPQ2d 1705, 1710 (Fed. Cir. 2007).

[2] KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 421, 82 USPQ2d 1385, 1397 (2007) (emphasis supplied).

[3] See, e.g., Gholz, "Is Brand v. Miller Consistent With KSR Int'l Co. v. Teleflex Inc.?", 14 Intellectual Property Today No. 7 at 40 (July 2007).

[4] Velasco Diez v. McAllister. Slip opinion at page 2.

[5] Slip opinion at page 2.

[6] Slip opinion at page 2.

[7] Slip opinion at page 2.

[8] The panel consisted of APJs Sally Gardner Lane, James T. Moore, and Deborah Katz. The panel's opinion was delivered by APJ Lane.

[9] Slip opinion at page 2.

[10] Slip opinion at pages 2-3.

[11] Slip opinion at page 3.

[12] Slip opinion at page6.

[13] Slip opinion at page 6.

[14] Slip opinion at page 3 n.4.

[15] Slip opinion at page 13.

[16] Slip opinion at page 4, in the section of its opinion entitled "Legal Principles". See also slip opinion at page 6, in the section entitled "Testimony", and slip opinion at pages 12-13 in the section entitled "Velasco Diez Motion 4 – No interference-in-fact".

[17] See B/E Aerospace v. C&D Zodiac, Inc., ___F.3d ____ (Fed Cir. June 26, 2020) and Merck Sharp & Dohme Corp. v. Hospira, Inc., 221 F.Supp. 3d 497 (D. Del. 2016), aff'd in pertinent part, 874 F.3d 724 (Fed. Cir. 2017); limited by Arendi S.A.R.L. v. Apple et al., 832 F.3d 1355 (Fed. Cir. 2016).

[18] Note that we are not suggesting that either of the parties in Velasco Diez v. McAllister was indulging in gamesmanship.