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Resolution of Conflicting Claims to Intellectual Property

William C. McCoy, Jr.*

EVERY SO OFTEN SITUATIONS develop in which two or more persons have conflicting claims to the same intellectual property. The Patent Offices of most foreign countries resolve conflicts of this nature by awarding the disputed property to the first person to file an application therefor in accordance with the laws of the particular country. In the United States, however, the Patent Office has a unique statutory proceeding for resolving these conflicts which is entitled "an interference proceeding."

There are interference proceedings for both patents¹ and trademarks,² but there is nothing in the nature of an interference proceeding for copyrights. Interference proceedings are quite technical and no attempt is made in this article to do more than identify the various steps and give some of the reasoning involved. The general practitioner is most likely to be involved in a patent interference and, therefore, this will be discussed first.

Patent Interferences

A patent interference arises when two or more persons make the same invention within the same period of time and file conflicting patent applications. When the Patent Office discovers these circumstances, or they are brought to its attention, it institutes an interference proceeding.

An interference may also be declared between an issued patent and one or more patent applications. Although the Commissioner of Patents does not have the power to cancel an issued patent, he does have the power to grant another patent for the same invention. An interference between a patent application and a patent is generally subject to the same rules as an interference between two or more patent applications.

Before a patent interference is declared, the Patent Office must first determine that there is common patentable subject matter in the applications of each of the respective parties.³ After the Patent Office has made this determination, it formulates one or more claims to this common patentable subject matter and, in an official communication, suggests these claims to the parties. If a party agrees with the conclusion of the Patent Office that

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¹ 35 U. S. C., § 135.

² 15 U. S. C., § 1066.

³ Patent Rules of Practice, Rule 203(a).

the suggested claims may be included in its application, it proceeds to add these claims to its application. If a party does not add a claim to its application after it has been suggested to it by the Patent Office, the party is considered to have abandoned the subject matter thereof.⁴

At this point the interference is formally declared. The claims suggested to the parties constitute the contested subject matter. They are technically known as the "counts" of the interference. The prevailing party is awarded these claims, which means that he may include them in his patent application and obtain a patent thereon.

Priority of invention is the only issue in an interference proceeding. Subsidiary questions develop but they are all related to this single issue, *i.e.*, which of two or more persons is the legal inventor of the counts of the interference.

The sequence of the inventing process is considered to be a conception of the invention,⁵ which is a mental step, and an actual reduction to practice of the invention, which is a physical step. An invention is not considered completed until it has been reduced to practice.⁶ The term "reduction to practice" was defined some years ago by Chief Justice Taft in this manner:

A process is reduced to practice when it is successfully performed. A machine is reduced to practice when it is assembled, adjusted and used. A manufacture is reduced to practice when it is completely manufactured. A composition of matter is reduced to practice when it is completely composed.⁷

When a patent application is filed in the Patent Office, it is considered as a "constructive" reduction to practice and is equivalent, for legal purposes, to an actual reduction to practice.⁸ Three principal factors are involved in determining priority of invention, namely, (a) conception of the invention, (b) reduction to practice of the invention, and (c) diligence or activity from the date of conception to the date of reduction to practice.⁹ When the first person to conceive the invention is also the first person to reduce it to practice, either actually or constructively, there is no problem and he is found to be the first inventor and awarded the counts in issue.¹⁰ The problems arise when one per-

⁴ *Id.*, Rule 203(b).

⁵ *Townsend v. Smith*, 36 F. 2d 292 (1929), 17 C. C. P. A. 647.

⁶ *Automatic Weighing Machine Co. v. Pneumatic Scale Corp.*, 166 F. 288 (1st Cir. 1909).

⁷ *Corona Cord Tire Co. v. Dovan Chemical Corp.*, 276 U. S. 358, 383, 48 S. Ct. 380, 72 L. Ed. 610 (1928).

⁸ *Automatic Weighing Machine Co. v. Pneumatic Scale Corp.*, *supra* n. 6.

⁹ 35 U. S. C., § 102(g).

¹⁰ 4 *Revisé & Caesar, Interference Law and Practice*, Sec. 79 (and the cases cited therein) (curr. ed.).

son is the first to conceive the invention and another is the first to reduce it to practice, either actually or constructively.

Unless the first party to conceive the invention can prove diligence from just prior to the time when the other party entered the field up to the time the other party reduced it to practice, the first party will lose the interference.¹¹ An exception to this rule is provided when the person conceives an invention and reduces it to practice, but then deliberately abandons it until spurred into action by knowledge that a rival has entered the field. He is not entitled to an award of priority.¹²

Conception of an invention outside the United States and reduction to practice of an invention outside the United States is not recognized for interference purposes. The earliest date to which a foreign inventor is entitled is the filing date of his application in his own country (if it is a convention application) or the date when he first communicated the invention to someone in this country.¹³

The term "diligence" is defined as the activity of an inventor in bringing about a reduction to practice within a reasonable time.¹⁴ This term is given a relatively strict interpretation and a concentrated and consistent effort to reduce the invention to practice is required.

After an interference has been declared, the parties are required to file a paper which is entitled a "preliminary statement."¹⁵ The early history of the invention is critical, and nothing illustrates this more than the allegations which must be made in the preliminary statement and later proved up to sustain a claim of priority of invention. The preliminary statement must set forth the date on which the first drawing of the invention was made, the date of the first written description, the date of first disclosure to another person, the date of the first act or acts which if proved would establish a conception of the invention, such acts being different from those previously mentioned, the date of reduction to practice, and the date when active exercise of reasonable diligence toward reducing the invention to practice began.¹⁶ Here is a catalogue of the things which an inventor does in the making of an invention. It underlines the importance of proper records and the necessity for witnesses who can corroborate each of the facts alleged. Conception of an invention cannot be established by the uncorroborated testimony of the inventor himself.¹⁷ Likewise, actual

¹¹ *Revise & Caesar, op. cit. supra*, n. 9, Secs. 792, 793 (and the cases cited therein).

¹² *Stenger v. Holmes*, 103 F. 2d 410 (26 C. C. P. A. 1939).

¹³ *Wilson et al. v. Sherts et al.*, 81 F. 2d 755 (23 C. C. P. A. 1936).

¹⁴ *1 Revise & Caesar, Interference Law and Practice* 540 (1940).

¹⁵ *Patent Rules of Practice*, Rule 215.

¹⁶ *Id.*, Rule 216.

¹⁷ *Winslow v. Austin*, 14 App. D. C. 137 (1899).

reduction to practice of the invention cannot be established by the uncorroborated testimony of the inventor himself.¹⁸

The preliminary statement constitutes a very important part of the interference proceeding and must be prepared with the utmost care and diligence. Once it is filed in the Patent Office it cannot be amended except under extraordinary circumstances. In their proofs, the parties are confined strictly to the dates alleged in the preliminary statement.¹⁹

The party who first filed his patent application in the Patent Office is designated as the senior party and the other party or parties are designated as the junior party. The parties are presumed to have made their inventions in the chronological order of the filing dates of their applications.²⁰ In other words, the junior party has the burden of proof.

When the Patent Office examines the dates alleged in the preliminary statement, it may be apparent that the junior party cannot overcome the prima facie case of the senior party in that the date of conception of the invention by the junior party is subsequent to the filing date of the senior party. The junior party may not file a preliminary statement at all. In either instance, the junior party is placed under an order to show cause as to why judgment on the record should not be rendered against him and he is given a limited period of time within which to respond. If he fails to reverse the order, the interference is terminated at this point in favor of the senior party.²¹

If it is clear from examination of these preliminary statements that the interference should proceed, the Patent Office approves the preliminary statements and sets up a motion period. It also advises each party of the filing date and serial number of its opponent's applications. The parties may now obtain copies of their opponent's applications. They cannot obtain copies of their opponent's preliminary statement until the motion period has expired.

The general purpose of the motion period is to correct irregularities and crystallize the issues of the interference. A variety of motions may be brought in the motion period. A party may bring a motion to shift the burden of proof and obtain the benefit of an earlier filed application, thereby becoming the senior party.²² A party may bring a motion to dissolve the interference on the grounds that the counts are not patentable to either party or to the opposing party.²³ A party may bring a motion to add additional claims or counts to the interference or to bring in

¹⁸ Ireland v. Smith, 97 F. 2d 95 (25 C. C. P. A. 1938).

¹⁹ Patent Rules of Practice, Rule 223.

²⁰ Id., Rule 257.

²¹ Id., Rule 225.

²² Id., Rule 235.

²³ Id., Rule 232.

other patent applications.²⁴ Motions are decided on briefs or after an oral hearing in the Patent Office.

After the motion period expires and the motions, if any, have been decided, the parties are assigned their times for taking testimony. The junior party takes testimony first, then the senior party takes testimony, and then the junior party takes testimony rebutting the testimony of the senior party. Testimony is generally taken by deposition but may be introduced into the record in the form of affidavits or stipulated facts if the parties so agree.

As the preliminary statement indicates, the testimony of the parties must be corroborated by other witnesses or documentary or physical exhibits which have been dated and identified by other witnesses. Uncorroborated testimony of an inventor carries little weight. The importance of proper records and corroborated evidence cannot be overemphasized.

After testimony has been taken, the parties submit briefs and then have a final hearing before the Board of Patent Interferences in the Patent Office which consists of three Interference Examiners. This Board renders a written decision similar to the decision of a Court.

The decision of the Board may be appealed to the Court of Customs and Patent Appeals²⁵ or to the United States District Court in the district where the prevailing party resides.²⁶

The prevailing party is given the right to keep the count in interference in his application. This generally, though not necessarily, means that he obtains a patent containing the claim so acquired.

It has already been stated that the sole issue of a patent interference proceeding is priority of invention. A fertile field for conflicts is with respect to ownership or title to inventions. The Patent Office will not resolve these questions.²⁷ All questions of this nature must be resolved in the appropriate state or Federal Court.

Some mention should be made of a little used proceeding entitled a *public use proceeding*.²⁸ The patent statutes do not provide for opposition to the grant of a patent on the part of interested members of the general public. Protests are merely acknowledged and referred to the examiner having charge of the subject matter involved, for his information.²⁹

However, an interested member of the general public may file a petition, supported by affidavits, showing that the invention appearing in a patent application believed to be on file in

²⁴ *Id.*, Rule 234.

²⁵ 35 U. S. C. § 141.

²⁶ *Id.*, § 146.

²⁷ *Ex parte Harrison*, 1925 C. D. 122.

²⁸ Patent Rules of Practice, Rule 292.

²⁹ *Id.*, Rule 291.

the Patent Office or in interference was in public use more than one year prior to the application filing date. This fact, if proved, would invalidate any patent granted on the application in question. If this showing is accepted by the Patent Office, it will institute a public use proceeding.³⁰ Testimony is taken as in an interference and a decision is rendered, but thereafter the petitioner has no status and cannot appeal. Because there is provision for a separate public use proceeding, the question of prior public use cannot be brought into an interference proceeding. Public use proceedings are not favored and generally should be resorted to only when the fact of public use is incontrovertible.

Trademark Interferences

As in the case of patent applications, it sometimes happens that two or more persons attempt to obtain registrations for conflicting trademarks. When the date of first use of the trademark of a second filed application is prior to the date of first use of the trademark of a first filed application or registration, the Patent Office may declare that an interference exists.³¹

Before an interference is declared, the Patent Office must decide that, except for the conflicting rights between the parties, the trademarks are registerable to each party.³²

The interference proceeding may be between two trademark applications or a trademark application and certain issued trademark registrations. The Commissioner has the right and power to cancel issued trademark registrations as the result of an interference proceeding.³³

The test applied to determine whether a conflict exists is that one mark so resembles another as to be likely, when applied to the goods of the other, to cause confusion or mistake or to deceive purchasers.³⁴

The ultimate issue determined in a trademark interference proceeding is which party is entitled to registration of the mark in question on the basis of priority of adoption and use. The scope of a trademark interference proceeding is broader than that of a patent interference proceeding in that various subsidiary issues and defenses may be considered. For example, equitable principles of laches, estoppel and acquiescence may be considered and applied.³⁵

After a trademark interference has been declared, the parties have forty days within which to bring certain motions. The motions which may be brought are: (a) that no interference in fact

³⁰ *Id.*, Rule 292.

³¹ 15 U. S. C. § 1066.

³² Trademark Rules of Practice, Rule 2.92(a).

³³ 15 U. S. C. § 1068.

³⁴ Trademark Rules of Practice, Rule 2.91(a).

³⁵ 15 U. S. C. § 1069.

exists; (b) that there is an irregularity in declaring the interference, such as to prevent its proper determination; and (c) that the applicant's mark is not registrable.³⁶ Motions are generally decided upon briefs without an oral hearing.

Within fifty days after declaration of an interference, a party may file a pleading setting forth any matter which, if proved, would prevent the other party from prevailing or maintaining its registration.³⁷

Thereafter the Patent Office assigns times for taking testimony. Prior to this, the parties may obtain discovery against each other by deposition, production of documents, or by requests for admissions but not, surprisingly enough, by interrogatories.³⁸

As in patent interferences, testimony is taken by deposition, with the junior party taking testimony first. After the testimony period closes, the case is submitted on briefs. There is a final hearing or oral argument before a Trademark Trial and Appeal Board, which decides the case. This decision may be appealed to the Court of Customs and Patent Appeals³⁹ or to the United States District Court in the district where the prevailing party resides.⁴⁰

The fact that one party wins a trademark interference does not necessarily mean that he can prevent the losing party or other parties from using the same or a similar mark. In other words, the right to a trademark registration and the right to foreclose another's use of the mark are not identical rights, and the second right does not automatically follow from the first right. The only way of enforcing a registered trademark is by bringing a trademark infringement action in a United States District Court under the Trademark Act.⁴¹

Although the proceedings are similar, a trademark *interference* is to be distinguished from a trademark *opposition*. In a trademark interference it is established that one party is entitled to a trademark registration and the issue is which one. It is a conflict in rights in intellectual property. In a trademark *opposition* one party tries to prevent the other from obtaining a registration on the grounds that he will be damaged thereby. It is a proceeding in which one party tries to destroy the other's rights in intellectual property.

An *opposition* arises out of trademark registration procedure. In the process of obtaining a registration for a trademark, the application is examined and then published for *opposition* in the Official Gazette of the Patent Office. Any member of the general public may enter an *opposition* to registration of the mark

³⁶ Trademark Rules of Practice, Rule 2.94(a).

³⁷ *Id.*, Rule 2.97.

³⁸ *Id.*, Rule 2.120.

³⁹ *Id.*, Rule 2.145; 35 U. S. C. § 141.

⁴⁰ Trademark Rules of Practice, Rule 2.145; 35 U. S. C. § 146.

⁴¹ 15 U. S. C. § 1114 (1); 28 U. S. C. § 1338.

if he can show that he will be damaged.⁴² An opposition proceeding thus initiates with the general public after publication of a trademark, whereas an interference proceeding is initiated by the Patent Office. As a practical matter, there are many more trademark opposition proceedings than trademark interference proceedings.

This article would be incomplete without mentioning one other proceeding with respect to conflicting rights in trademarks. One portion of the Trademark Act provides that a person may apply to the Patent Office for a right to register and use a trademark "concurrently" with another person.⁴³ The fact circumstances to which this provision applies arise, for example, when one party has used a mark in the New England states for a period of time and another party has used a similar mark on the West Coast. If, after a proceeding similar to a trademark interference proceeding, the Patent Office decides that no conflict or confusion will result from simultaneous use of these marks, the Patent Office may grant a concurrent use registration on such terms and conditions as it sees fit.

Conclusion

Proceedings for the adjudication of conflicting claims to intellectual property are technical and complicated; so that, when these controversies arise, counsel familiar with the field should be engaged. In the case of patent rights, records of the inventor's activities should be maintained which are complete and which are corroborated. In the case of trademark rights, records of the early use of the trademark should be kept, and representative records of subsequent use should be kept, so that convincing evidence of continuous use of the trademark may be presented. Interference proceedings may take several years and are expensive. During the period in which the parties are fighting over their rights, the value of those rights themselves may be lost because of other circumstances and developments. For this reason, a determined effort should be made by each party to settle the controversy without delay.

⁴² 15 U. S. C. § 1063.

⁴³ *Id.*, § 1052(d).