

IN THE
Supreme Court of the United States

PUI-KWONG CHAN, MAY SUNG MAK, AND YUN WANG,
PETITIONERS

v.

BAIZHEN YANG, SONGJIAN WANG AND CONGFU ZHAO
RESPONDENTS

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF

ALBERT WAI-KIT CHAN
Counsel of Record

*Law Offices of Albert Wai-Kit
Chan, PLLC
World Plaza, Suite 604
141-07 20th Avenue
Whitestone, NY 11357
(718) 799-1000
chank@kitchanlaw.com*

Counsel for Petitioners

TABLE OF CONTENTS

	Page
TABLE OF CONTENTS	i
TABLE OF AUTHORITIES.....	ii
REPLY BRIEF FOR THE PETITIONERS.....	1
A. THIS COURT SHOULD GRANT PETITION TO CLARIFY THE NATURE AND SCOPE OF PREREQUISITE TO DECLARE AN INTERFERENCE	1
B. THIS COURT SHOULD GRANT PETITION TO RESOLVE THE CONFLICTS BETWEEN 35 U.S.C. § 144 AND FEDERAL CIRCUIT RULE 36.....	5
C. THIS COURT SHOULD GRANT PETITION TO RESOLVE THE QUESTION OF CONSTITUTIONALITY OF INTERFERENCE PROCEEDINGS	6
CONCLUSION.....	8

TABLE OF AUTHORITIES

CASES

<i>Brenner v. Manson</i> , 383 U.S. 519 (1966)	1
--	---

CONSTITUTIONAL PROVISION

U.S. CONST. art. III.....	6, 7
U.S. CONST. amend. VII.....	6, 7

STATUTES

35 U.S.C. §101	passim
35 U.S.C. §102	1
35 U.S.C. §103	1
35 U.S.C. §144	passim
35 U.S.C. §135 (pre-AIA)	passim

RULES

37 C.F.R. §41.202(c)	1
Federal Circuit Rule 36	passim

Petitioners hereby file a reply to Respondents' Brief in Opposition dated November 17, 2017.

REPLY BRIEF FOR THE PETITIONERS

A. THIS COURT SHOULD GRANT PETITION TO CLARIFY THE NATURE AND SCOPE OF PREREQUISITE TO DECLARE AN INTERFERENCE.

The United States Patent and Trademark Office (USPTO) is authorized by U.S.C. §135 to institute and conduct interference proceedings to resolve priority issues between a pending application and an unexpired patent or another pending application. The power to declare an interference pursuant to U.S.C. §135 is vested with the USPTO but this power cannot be exercised arbitrarily. First and foremost, claims of each of the parties involved in the interference must be patentable to that party but for the interference. 35 U.S.C. §135 (pre-AIA) and 37 C.F.R. §41.202(c). For the purposes of interference, patentability is not determined solely by anticipation under 35 U.S.C. §102 and obviousness under 35 U.S.C. §103. An interference is also not proper if a claim in an involved application or patent does not satisfy the requirements of 35 U.S.C. § 101. *Brenner v. Manson*, 383 U.S. 519 (1966).

This Petition presents an important question as to whether the Patent Trial and Appeal Board (PTAB) must determine that a party's claims are directed to patentable subject matter under 35 U.S.C. §101 as a threshold jurisdictional prerequisite to declaring an interference. If none of the party's claims is patentable, there will be no room for the PTAB to exercise its

power or discretion in declaring and conducting an interference. Pet. 10-11.

Respondents do not seriously contest the significance of the statutory requirement under 35 U.S.C. §135 (pre-AIA) imposed on PTAB that each party's claims in an interference must be patentable but for interference. Respondents argue that patentability of Respondents' claims under 35 U.S.C. §101 is not in question in the '025 interference. BIO. 8. By relying on the fact that the '025 interference was declared *after* the entry of the May 12, 2015 Examiner Interview Summary (Pet. App. 8-14a), Respondents contend that the '025 interference was properly declared and put forward an unfounded presumption: "had the Board found any ambiguity in the Examiner's indication of patentability, the Board would have remanded the case to the Examiner for clarification before declaring the '025 interference". BIO. 11 & 23.

However, contrary to the Respondents' assertion at BIO. 11, there is no clear evidence on records showing that "the Board considered the claims indicated to be allowable by the Examiner, *i.e.*, with the 'white raphide' limitation therein, when it declared the '025 interference". Nothing on records has suggested that the Board had considered the "white raphide" limitation in Respondents' claims when the '025 interference was declared. Rather, Respondents admitted that "the instant interference was declared **before** the amendment could be entered". Pet. App. 17a & n1. Although the Examiner suggested adding "white raphide" to Respondents' claim 12, such limitation has not been officially entered. According to the Examiner, Respondents' claims without such limitation would not be patentable. Pet. App. 8a. Nonetheless, PTAB

proceeded to declare interference, without considering the “white raphide” limitation so that count 1 in the declaration of interference did not recite such limitation. Neither did Respondent’s list of claims. Pet. App. 16-20a. Therefore, Respondents’ claims involved in the ‘025 are not patentable, violating the statutory requirements. PTAB erred as a matter of law in declaring and conducting an interference involving an application that has no patentable claim. This practice would lead to the declaration of interference where it is not warranted, allowing a patent applicant to raise the issue of priority even when none of his/her claims has been deemed allowable and entered into the record. This would harm patent holders who would otherwise not be faced with a challenge of priority, and may result in patents to be issued when they should not be.

Respondents also contested that PTAB did not err in declining to resolve the patentability issues raised in the ‘025 interference, by interpreting that “the Board is given discretionary authority to resolve patentability challenges under 35 U.S.C. §135(a) (pre-AIA), but is not required to do so unless a party initiates such a challenge”. BIO. 12. Again, Respondents chose not to seriously address whether the patentability of each party’s claims should be the prerequisite condition and statutory requirement for declaring an interference.

Indeed, Respondents and PTAB were made aware of the patentability issue under 35 U.S.C. § 101 but chose to ignore it. Moreover, PTAB acknowledged that “raphide” is a needle-shaped crystal of calcium oxalate found in many plants, and did ***not*** think a compound obtained by crystallizing an eluate of plant material is *non-obvious over the naturally occurring plant material*. Pet. 10. As such, Respondents’ allowed claims

are directed to a combination of two natural products, which would not be patentable under 35 U.S.C. §101, in the absence of any “markedly different characteristics from any found in nature”, contrary to the Examiner’s opinion. Needless to say, Respondents’ interference claims directed to a natural product would not be patentable either. Instead, Respondents and PTAB unjustifiably relied on the doctrine of interference estoppel, arguing that Petitioners are barred from raising the patentability issue under 35 U.S.C. § 101 of Respondents’ claims. BIO. 12-14.

Respondents and PTAB were plainly wrong. Their position cannot stand because the ‘025 interference was ***improperly*** declared in the first place since it was declared based on an application which has no patentable claim at all. Therefore, the ‘025 interference should have never existed and there is no room to apply the doctrine of interference estoppel.

Respondents insist that Petitioners should be estopped from relitigating the issue of 35 U.S.C. § 101 because of the estoppel created by Petitioners in the prior interference, otherwise it would be inequitable to Respondents. Quite the contrary, it would be inequitable to Petitioners for being barred from challenging the patentability issue and subsequent cancellation of Petitioners’ claims in a *void ab initio* interference proceeding based on interference estoppel. The Federal Circuit, while providing no opinion when affirming PTAB’s decision, failed to recognize PTAB’s error in improperly declaring interference, applying interference estoppel when there should not have been interference, and allowing cancellation of claims of an already issued patent based on wrongly applied estoppel

In sum, the position of the Respondents and PTAB is that interference estoppel trumps the prerequisite requirement to determine the patentability of claims prior to declaring an interference. This is an issue that warrants this Court's review.

**B. THIS COURT SHOULD GRANT PETITION TO
RESOLVE THE CONFLICTS BETWEEN 35
U.S.C. § 144 AND FEDERAL CIRCUIT RULE 36.**

Petitioners submit in the Petition that the Federal Circuit must issue a mandate and opinion pursuant to 35 U.S.C. § 144. Pet. 12. An affirmance without opinion under Fed. Cir. Rule 36 is not permitted insofar a written opinion is (1) necessary to clarify the record and clarify what may happen in any further proceedings in the case in the USPTO; and/or (2) if the issue in question has sufficient precedential value. Pet. 13.

Respondents argue that the instant case has no precedential value and therefore the conditions for the Federal Circuit to enter a judgement without opinion under Fed. Cir. Rule 36 are satisfied. BIO. 21-22. Indeed, the Federal Circuit may affirm a decision of an administrative agency in complete agreement or partial agreement on different grounds. In the instant case, affirmance of PTAB's decision goes beyond yes or no, but to the heart of the exact statutory requirements for declaring an interference. Therefore, this case should be entitled a written opinion.

Respondents also argue that "this Court recognized that '[t]he courts of appeals should have wide latitude in their decisions of whether or how to write opinions,' and that this principle is 'especially true with respect to summary affirmances' " . Therefore, the proper

interpretation of 35 U.S.C. § 144 in line with the longstanding principles and Title 28 should not include a prohibition on the use of affirmances without opinion. BIO. 17-18.

Respondents' argument is not a reason to deny this Petition. There are varying views and interpretations of 35 U.S.C. § 144 in light of Fed. Cir. Rule 36 (and other provisions) held by the practitioners and scholars, and concerns as to the persistence of entering Rule 36 Judgment in appeals taken from the USPTO may undermine legal certainty and consistency. Pet. 15.

The above indicates that there are apparent inconsistencies between 35 U.S.C. §144 and Fed. Cir. Rule 36 which require this Court to resolve. Specifically, this Court should review whether the Federal Circuit must issue its mandate and opinion in appeals from USPTO's decisions under 35 U.S.C. §144, irrespective of Fed. Cir. Rule 36.

**C. THIS COURT SHOULD GRANT PETITION
TO RESOLVE THE QUESTION OF
CONSTITUTIONALITY OF
INTERFERENCE PROCEEDINGS.**

Respondents argue that interference proceedings are consistent with Article III and the Seventh Amendment of the United States Constitution.

Respondents suggested that patent rights are public rights that stem from a federal scheme under the authorization of the Congress, and thus cancellation of claims after a determination of priority in an interference proceeding by the Board to prevent two

patents from issuing on the same invention is consistent with Article III. BIO. 28.

Respondents cannot equate the refusal of claims of a pending application with the cancelation of claims of an issued patent. The fact that Congress has vested the USPTO with a power to grant patent rights, and the constitutionality of this delegation do not and should not imply that the power or authority of PTAB to cancel claims of an issued patent in interference proceedings is not unconstitutional. The USPTO is authorized to grant patent right to an invention which meets the prescribed statutory requirements. By the same token, the USPTO has authority to refuse a patent to an invention which does not satisfy the statutory requirements. However, invalidation of claims of an issued patent is an entirely different matter. Therefore, Respondent's argument is not founded.

This Court should review whether the authority of PTAB to cancel claims of issued patents in interference proceedings contravene Article III and the Seventh Amendment of the U.S. Constitution.

CONCLUSION

For the foregoing reasons, the Petition should be granted.

Respectfully submitted,

ALBERT WAI-KIT CHAN
Counsel of Record
LAW OFFICES OF ALBERT
WAI-KIT CHAN, PLLC
World Plaza, Suite 604
141-07 20th Avenue Whitestone,
NY 11357
(718) 799-1000
chank@kitchanlaw.com