Appellant's Reply Brief

REPLY BRIEF FOR APPELLANT

In The
United States Court of Appeals
For The Federal Circuit

89-1241

RACING STROLLERS, INC.,
Plaintiff/Appellant,

v.

TRI INDUSTRIES, INC., JAY PAULSON, PAULSON MARKETING and TIM GALLIGAN,
Defendants/Appellees.

On Appeal From the United States District Court
For the District of Minnesota, Fourth Division
The Honorable James M. Rosenbaum

GEORGE C. RONDEAU, JR.
MAURICE J. PIRIO
SEED AND BERRY

6300 COLUMBIA CENTER
SEATTLE, WASHINGTON 98104-7092
(206) 622-4900

Attorneys for Appellant
Racing Strollers, Inc.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

Constitution

Statutes

Manual of Patent Examining Procedure

SUMMARY OF ARGUMENT

Appellees' main argument is based on the premise that the Patent Office still follows Campbell. Appellees, however, fail to cite the 1986 revision of the Manual of Patent Examining Procedure (MPEP) Section 1504.20 which states that the Patent Office no longer follows Campbell. Appellees cite only an outdated section of the manual.

Appellees argue that this Court should adopt the reasoning of a 1902 opinion of the Commissioner of Patents. The Commissioner's reasoning, however, led to a decision that was unjust and leads to a policy that hinders the progress of science and the useful arts.

Appellees also argue that this Court should infer congressional approval of the 1902 Commissioner's opinion when Congress reenacted the patent law 50 years later. Although the issues before the former Commissioner, and now before this Court, are important issues, it is hard to imagine that Congress was aware of, let alone approved of, such an obscure opinion of the Commissioner rendered 50 years before the Patent Act of 1952.

Appellees further argue that there is no substantial ground for difference of opinion concerning the continued validity of Campbell. The revised section of the MPEP speaks for itself as does the fact the Commissioner of Patents is granting design patents claiming priority based on utility

patent applications. Further, the existence of more recent case law indicating that the reverse situation is permitted, where a utility patent claims priority based on a design application, cannot be ignored.

Finally, appellees argue that public interest compels consistency in the law and thus Campbell should be upheld. However, Campbell is inconsistent with the patent statute; the opinions promulgated by this Court, the Court of Customs and Patent Appeals, the Patent Office Board of Appeals, and the Commissioner of Patents during the past decade; and the current operating procedures of the Patent Office. This Court can and should reconcile this inconsistency by overruling Campbell.

ARGUMENT

I. APPELLEES' RELIANCE ON A 1902 OPINION OF THE COMMISSIONER OF PATENTS AND ON AN OUTDATED SECTION OF THE MANUAL OF PATENT EXAMINING PROCEDURE IS MISPLACED.

Appellees rely on a 1902 opinion by the Commissioner of Patents that resulted in a decision that is unjust and is not in accord with either the patent statute or the current operating procedures of the Patent Office, and rely on an outdated section of the Manual of Patent Examining Procedure (MPEP) to support their position.

A. The Patent Office No Longer Follows Campbell.

In October 1986, the United States Patent and Trademark Office revised the MPEP at Section 1504.20 to instruct

patent examiners that the holding of In re Campbell, 212 F.2d 606, 101 U.S.P.Q. 406 (C.C.P.A.), cert. denied, 348 U.S. 858 (1954), is no longer controlling. As stated in MPEP § 1504.20:

> Where the conditions of 35 U.S.C. 120 are met, a design application may be considered a continuing application of an earlier utility application. Conversely, this also applies to a utility application relying on the benefit of the filing date of an earlier filed design application.
>
> In light of the KangaROOS USA, Inc. v. Caldor, Inc., 228 USPQ 32 (Fed. Cir. 1985) and In re Berkman, 209 USPQ 45 (CCPA 1981). **The holdings in In re Campbell, 101 USPQ 46 are no longer controlling.**

MPEP § 1504.20 (Revision 4, Oct. 1986; emphasis added). Additionally, the Patent Office Board of Appeals and Interferences no longer follows Campbell, but rather follows the reasoning of KangaROOS, U.S.A., Inc. v. Caldor, Inc., 778 F.2d 1571, 228 U.S.P.Q. 32 (Fed. Cir. 1985). Ex parte Duniau, 1 U.S.P.Q.2d 1652 (P.T.O. Bd. of App. & Inter. 1986).

Appellees cite an outdated section of the MPEP, Section 201.06, to support their contention the Patent Office still follows Campbell (Appellees' Brief, p. 11). However, appellees fail to cite the revised section of the MPEP that directly contradicts appellees' position.

B. Appellees Rely On A 1902 Opinion Of The Commissioner Of Patents That Is Contrary To The Spirit Of The Constitution.

The 1902 opinion of the Commissioner of Patents upon which appellees rely does not "promote the Progress of Science

and the useful Arts." U.S. Const. art. 1, § 8, cl. 8. The following brief summary of the opinion is helpful to understand its adverse effects.

In Ex parte Waterman, 1902 C.D. 235, 236 (Comm'r Pat. 1902), the applicant filed a design application with a drawing that contained a complete disclosure of a utility invention, a specification that contained a full description of the utility invention, and claims directed to the utility invention. Although the applicant made a full disclosure of the utility invention and claimed that invention, for some unstated reason, the applicant filed the application in the form of a design application rather that a utility application. Id. Because the application was filed for the 14-year period of a design patent and the filing fee for a design patent was paid, the Patent Office refused to consider the utility claims so the applicant by amendment limited the claims to the design invention. Id. The applicant then filed a utility application claiming the structure fully disclosed and claimed in the original, first-filed application and claimed priority based on the filing date of the first-filed application. Id.

The Commissioner, without citing any court opinions or any statute, denied divisional status to the second-filed utility application. While recognizing that the utility invention was fully disclosed in the first-filed application, the Commissioner recited the proposition that "an applicant

will be permitted to claim in a divisional application such segregable matter as might have, had he so elected, been claimed in the original application." Id. at 237. The Commissioner reasoned, however, that the utility invention could not have been claimed in the first-filed design application, even though adequately disclosed, since the first-filed application was for a design patent. As such, the utility application could never be a division of the design application. Id. The Commissioner imposed a requirement beyond the disclosure requirements now set forth in Sections 112 and 120 of the Patent Act. Nowhere in the Patent Act of 1952 is there a requirement that the claims of the second-filed application must be of a nature that they could exist in the first-filed application, and there is no good reason to create such a requirement. Section 120 of the Patent Act only requires that the invention of the second-filed application be disclosed in the first-filed application in the manner provided for by the first paragraph of Section 112. It is noted that if such a requirement existed, this Court's holding in KangaROOS U.S.A., Inc. v. Caldor, Inc., 778 F.2d 1571, 1574, 228 U.S.P.Q. 32, 33 (Fed. Cir. 1985), that no statute prohibits a utility patent application from basing priority upon a disclosure in a design application would be rendered meaningless. In effect, grafting such an additional requirement onto the Patent Act to qualify for divisional status would mean that a patent application for one type of

subject matter could never be a divisional application for a patent for a different type of subject matter, thus rendering incorrect the decisions of the Board of Appeals in 1978 that a plant patent application could claim priority based upon an earlier-filed utility application, Ex parte Solomons, 201 U.S.P.Q. 42 (P.T.O. Bd. of App. 1978), and in 1986 that a design patent application could claim priority based upon an earlier-filed utility application, Ex parte Duniau, 1 U.S.P.Q.2d 1652 (P.T.O. Bd. of App. & Inter. 1986). Except as specifically provided in the Patent Act, the provisions of Title 35 apply to patents for designs and patents for plants. 35 U.S.C. § 161 and § 171. The Patent Act does not condition the ability to claim priority under Section 120 or Section 121 upon the subject matter type of the earlier-filed application, only upon satisfaction of the disclosure requirements of the first paragraph of Section 112. There is no statutory basis for so conditioning the grant of divisional status. Neither the Commissioner's decision in Waterman nor any of the other opinions cited by appellees point out any statutory basis which could justify the requirement for claiming divisional status appellees wish to perpetuate.

The purpose of the patent law is to foster productive effort that "will have a positive effect on society through the introduction of new products and processes of manufacture into the economy." Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 480, 181 U.S.P.Q. 673, 678 (1974);

Diamond v. Chakrabarty, 447 U.S. 303, 307, 206 U.S.P.Q. 193, 196 (1980). The reasoning of the 1902 Commissioner's opinion in Waterman has no such effect. In fact, it will encourage applicants not to file a second application disclosing additional information on the product or process since divisional status and thus patent protection will be denied if the subject matter type of the second application differs in type from the first-filed application. Further, imposing on inventors claiming divisional status an unsupportable requirement that the subject matter type of both applications be of the same type (i.e., both be for designs, for plants, or for products/processes) serves no purpose and is arbitrary. It is inherently unjust and needlessly harsh to deny an applicant, who makes a full disclosure of a design invention in an earlier-filed utility application, a patent simply because the subject matter to be protected by the two applications differs.

II. THE CONCEPTS OF LEGISLATIVE REENACTMENT AND ADMINISTRATIVE PRACTICE DO NOT APPLY TO THE SITUATION BEFORE THIS COURT.

Appellees rely heavily on the concepts of legislative reenactment and administrative practice to support their position. Neither of these concepts are applicable. The concepts are at best auxiliary tools for interpreting ambiguous statutes. Moreover, the patent law states that all

the provisions of the law apply equally to design and utility patents, except as otherwise provided. There is no ambiguity.

A. The Concept Of Legislative Reenactment Is Inapplicable Because It Is Only An Auxiliary Tool, Because There Is No Indication That Congress Was Even Aware Of The Commissioner's 1902 Opinion, And Because The Campbell Opinion Issued Two Years After The Statute Was Last Enacted.

The concept of legislative reenactment, on which appellees rely heavily to support their position, "is at best only an auxiliary tool for use in interpreting ambiguous statutory provisions." Jones v. Liberty Glass Co., 332 U.S. 524, 534 (1947), reh'g denied, 333 U.S. 850 (1948). There is no reason it should be applied to the Commissioner's opinion in Waterman, 1902 C.D. 235 (Comm'r Pats. 1902). Furthermore, as the United States Supreme Court stated, "[w]e do not expect Congress to make an affirmative move every time a lower court indulges in an erroneous interpretation." Jones, 332 U.S. at 534. Thus, even assuming Congress was aware of the later Campbell opinion by the Court of Customs and Patent Appeals, Congress could not be expected to correct the error.

It must be remembered that Congress could not have intended the interpretation of Campbell to be included in the last reenactment of the patent laws in 1952, since the Campbell opinion was not written until 1954, two years later. Additionally, there is no indication that Congress in 1952 was even aware of the then 50-year old opinion of the Commissioner

of Patents in Waterman, let alone intended to enact the Commissioner's interpretation.

Appellees' reliance on legislative reenactment is misplaced. The opinions that appellees cite to support their position address situations in which Congress was aware of a controversy but did not change the statute in response. For example, in Bonito Boats, the Court stated that "despite sustained criticism for a number of years, [Congress] has declined to alter the patent protections presently available for industrial design." Bonito Boats, Inc. v. Thunder Craft Boats, Inc., ___ U.S. ___, 109 S. Ct. 971, 9 U.S.P.Q.2d 1847, 1859 (1989). In Copper Queen, the Court stated that the concept of legislative reenactment applies "when for a considerable time a statute notoriously has received a construction from those whose duty it is to carry it out." Copper Queen Consol. Mining Co. v. Territorial Board of Equalization, 206 U.S. 474, 479 (1907) (emphasis added). In Pierce, the Court noted that Congress was fully aware of the judicial interpretation involved (12 circuits out of 13 were in agreement), but nevertheless reenacted the legislation without change. Pierce v. Underwood, 108 S. Ct. 2541, 2551 (1988). In the present case, there is no indication that Congress was aware of the Commissioner's opinion in Waterman, which was written 50 years before the Patent Act of 1952 was enacted.

B. The Past Administrative Practice Of The Patent Office Is Contrary To The Patent Statute.

Appellees argue that Campbell should be upheld based on a quote from an opinion of the Court of Customs and Patent Appeals (C.C.P.A.) dealing with a customs taxes. Appellees state that "[a] long-continued, uniform administrative practice, **if not contrary to or inconsistent with law**, is entitled to great weight." United States v. Zenith Radio Corp., 562 F.2d 1209, 1219 (C.C.P.A. 1977), aff'd, 437 U.S. 443 (1978) (emphasis added); (Appellees Brief, p. 12). The past practice of the Patent Office is not entitled to any weight because (1) the Patent Office's past practice is contrary to the law, (2) the Patent Office over the past decade has sought to limit Campbell, and (3) the Patent Office no longer follows Campbell as a result of a recent opinion of this Court.

First, the practice of denying an application to cover a design invention the benefit of the earlier filing date of an application to cover a utility invention fully disclosing the design invention is contrary to the law.[1] Section 120, which addresses filing-date priority, is applicable to all patent applications, regardless of whether their subject matter is for a design, plant, or utility invention. 35 U.S.C. § 120. Congress made no special

---

[1] Appellant addresses this issue more fully in their principal brief (Appellant's Brief, pp. 6-9).

exclusion or limitation for designs. Nor did Congress indicate any intent that patent applications for designs should not be entitled to the priority of an earlier-filed utility application. The United States Supreme Court recently reiterated its long-standing position that courts "should not read into the patent laws limitations and conditions which the legislature has not expressed." Diamond v. Chakrabarty, 447 U.S. 303, 308, 206 U.S.P.Q. 193, 196 (1980) (quoting United States v. Dublier Condenser Corp., 289 U.S. 178, 199, 17 U.S.P.Q. 154, 162 (1933)). The past practice of the Patent Office is inconsistent with both the plain language of the Patent Act and the Supreme Court's position on interpreting the Patent Act.

Second, in 1978 the Patent Office began limiting the scope of Campbell. Ex parte Solomons, 201 U.S.P.Q. 42 (P.T.O. Bd. of App. 1978). In Solomons, the Board allowed an application to cover a plant invention to be a continuation of an application to cover a utility invention, but needed to distinguish Campbell in arriving at its decision.[2] In 1981, the Commissioner of the Patents allowed an application to cover a design invention to claim continuation-in-part status based on an earlier-filed application to cover a utility

---

[2] The Board in Solomons did not follow the reasoning of the Commissioner of Patents in the 1902 Waterman opinion. If the Board had followed Waterman, it would have decided that the plant application could not base priority on the utility application, since the plant invention could not have been claimed in the utility application.

invention over an examiner's objection that was based on Campbell. In re Corba, 212 U.S.P.Q. 825 (Comm'r Pat. 1981). In Corba, the Commissioner stated that when there is no intervening reference he would allow the earlier filing date, but if there was an intervening reference then it was up to the Board of Appeals to determine entitlement. In 1986, the Board set down the policy that it would allow applications to cover design inventions to base priority on earlier-filed applications to cover utility inventions. Ex parte Duniau, 1 U.S.P.Q.2d 1652 (P.T.O. Bd. of App. & Inter. 1986). The Board based its opinion on this Court's reasoning in KangaROOS U.S.A., Inc. v. Caldor, Inc., 778 F.2d 1571, 228 U.S.P.Q. 32 (Fed. Cir. 1985).

Finally, as discussed above, in 1986 the Patent Office revised the Manual of Patent Examining Procedure to reflect its internal policy that Campbell is no longer controlling. The Patent Office has since been granting design patents which claim priority based on an earlier-filed application for a utility invention, including appellant's design patent, which the Commissioner of Patents issued in 1988 and which claimed priority based upon appellant's earlier-filed utility application.

III. FOR THE PAST DECADE, THE COURTS AND THE PATENT OFFICE HAVE CAST SERIOUS DOUBT ON THE VALIDITY OF CAMPBELL.

Appellees' assertion that there is no substantial difference of opinion as to whether a design application can

base priority upon an earlier-filed utility application is wrong. Appellees distort the position of the courts and the Patent Office.

For example, appellees disregard the holdings of this Court in KangaROOS. In KangaROOS, the patentee, during prosecution, asserted that the earlier-filed design application adequately disclosed the invention claimed in the utility application. This Court stated that:

> the critical question of law was whether the invention claimed in [the patentee's] *divisional* utility application had **no reasonable or justifiable basis for asserting the priority of the design application**, such that there was clear and convincing evidence of fraud or inequitable conduct within the constraints and inference that guide summary procedures.

KangaROOS U.S.A., Inc. v. Caldor, Inc., 778 F.2d 1571, 1574, 228 U.S.P.Q. 32, 34 (Fed. Cir. 1985) (emphasis added). Appellees correctly assert that the issue was not whether the patentee was actually entitled to priority. Nevertheless, the Court necessarily assumed that a utility application was entitled to priority of an earlier-filed design application. Moreover, this Court explicitly stated that "[t]here is no statutory prohibition against [a utility] applicant's reliance, in claiming priority under 35 U.S.C. § 120, on a disclosure in a design application if the statutory conditions are met." Id. at 1574, 228 U.S.P.Q. at 33.

Also, appellees' statements relating to the Board's opinion in Duniau are, at best, misleading.[3] Ex parte Duniau, 1 U.S.P.Q.2d 1652 (P.T.O. Bd. of App. & Inter. 1986). The Board expressly stated that a design application could base priority upon an earlier-filed utility application. Id. at 1654. The examiner had taken a contrary position. The Board disagreed with the examiner.

Finally, appellees imply that the Court of Customs and Patent Appeals in Berkman approved of the examiner's reliance on Campbell. In re Berkman, 642 F.2d 427, 209 U.S.P.Q. 45 (C.C.P.A. 1981). (Appellees' Brief, p. 18.) The court expressly stated that they did not address the issue of whether a utility application can be considered a continuation-in-part of a design application. Id. at 429 n.3, 209 U.S.P.Q. at 46 n.3. The decision was based solely upon whether the earlier-filed application adequately disclosed the invention claimed in the later-filed application under Section 112. Id. at 430, 209 U.S.P.Q. at 47.

---

[3] Appellees put forth the untenable proposition that the Board did not even bother to look to the prior decisions, or the MPEP section relied upon by appellees in researching its opinion (Appellees' Brief, p. 19). We are uncertain exactly how this is known to appellees. We do note, however, that the Board in Duniau did cite Campbell and this Court's KangaROOS opinion, which in turn cites the opinion of the C.C.P.A. in Berkman, which in turn cites Section 201.06 of the MPEP. Moreover, we note that the MPEP was changed to reflect the new policy of disregarding Campbell the same month, October 1986, that the Duniau opinion was released.

CONCLUSION

Appellant agrees with appellees that public interest compels consistency in interpreting the law. For the last decade, a consistent body of law has eroded the holding of Campbell. The Court of Appeals for the Federal Circuit, the Court of Customs and Patent Appeals, the Patent and Trademark Office Board of Appeals, and the Commissioner of Patents and Trademarks have all acted to erode the continued validity of Campbell. By overruling Campbell, this Court can bring consistency back into the law and remove an unnecessary restriction on applicants seeking to claim the benefits Congress intended to provide under Sections 120 and 121. Campbell is an anomaly, an incorrect decision that has no statutory support. Campbell should be overruled.

George C. Rondeau, Jr.
Maurice J. Pirio

WDPLAAV7