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John A. Burgess

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THE DEMISE OF RES JUDICATA IN EX PARTE PATENT OFFICE PRACTICE

I. Introduction

The question of the applicability of *res judicata* in *ex parte* Patent Office practice has been plaguing both the courts and the Patent Office for a number of years. This Note will consider the doctrine of *res judicata* as a judicial concept, the nature of *ex parte* proceedings before the Patent Office, and the use of *res judicata* in unappealed final rejections of the Primary Examiner and in appealed rejections of the Examiner. At the outset it is to be observed that the applicability of *res judicata* in other areas of patent law, *e.g.*, interference proceedings of infringement suits, rests on considerations radically distinct from those pertinent to the question at hand.¹ The principles which govern in one situation may be entirely inappropriate in another.

II. Res Judicata²

Within the term "*res judicata*," as it is loosely employed, are comprehended two distinct concepts, *viz.*, *res judicata*, and collateral estoppel. In the words of the United States Supreme Court,

The general rule of *res judicata* applies to repetitious suits involving the same cause of action. . . . The rule provides that when a court of competent jurisdiction has entered a final judgment on the merits of a cause of action, the parties to the suit and their privies are thereafter bound "not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose." . . . The judgment puts an end to the cause of action, which cannot again be brought into litigation between the parties upon any ground whatever, absent fraud or some other factor invalidating the judgment. . . .

But where the second action between the same parties is upon a different cause or demand, the principle of *res judicata* is applied more narrowly. In this situation, the judgment in the prior action operates as an estoppel, not as to matters which might have been litigated and determined, but "only as to those matters in issue or points controverted, upon the determination of which the finding or verdict was rendered." . . . Once a party has fought out a matter in litigation with the other party, he cannot later renew the duel. In this sense, *res judicata* is usually and more accurately referred to as estoppel by judgment, or collateral estoppel. . . .³

Thus the distinction between *res judicata* and collateral estoppel is that

1 In inter-party proceedings, the rights of private contestants weigh as an additional consideration. See Stringham, *Patent Office Rejections as Res Judicata*, 9 J. PAT. OFF. Soc'y 399 (1927).

2 See generally 1B J. MOORE, FEDERAL PRACTICE §§ 0.401-448 (2d ed. 1965); Vestal, *Res Judicata / Claim Preclusion; Judgment for the Claimant*, 62 NW. U.L. REV. 357 (1967); C. A. Wright, *The Federal Courts—A Century After Appomattox*, 52 A.B.A.J. 742, 745 (1966); Vestal, *The Constitution and Preclusion / Res Judicata*, 62 MICH. L. REV. 33 (1963); Cleary, *Res Judicata Reexamined*, 57 YALE L.J. 339 (1948).

3 Commissioner v. Sunnen, 333 U.S. 591, 597-98 (1948); accord, *Cromwell v. County of Sac*, 94 U.S. 351 (1876).

in the former all issues that *might have been determined* concerning the cause of action or claim are ineligible for subsequent judicial determination, while in the latter only those issues *actually decided* are considered as having been finally determined. Now that this distinction has served the purpose of highlighting the precise nature of *res judicata*, the concept of collateral estoppel may be dismissed from further consideration for the reason that it plays no active part in the area of *ex parte* Patent Office prosecutions.⁴

Based upon the preceding, the following operational definition of *res judicata* may be proposed: *Res judicata* is the doctrine by which a valid, final, prior adjudication on the merits of a cause of action or claim bars relitigation by the parties or their privies of issues which were or might have been determined. The fact that *res judicata* bars relitigation of matters actually determined in a prior adjudication is not particularly surprising; indeed, its absence would be cause for wonder. But insofar as *res judicata* bars a determination of matters that might have been litigated in prior adjudication, it becomes apparent that the doctrine has vast potential for being applied in a rigorous and harsh manner. This potential for harshness can be vividly illustrated by calling attention to the situation in which it appears that the party who is now bound as to all the issues that might have been determined would have prevailed if he had only properly presented his claim.⁵ Further, to the extent that all the issues were not actually presented, it cannot be said that the party actually received a determination on the merits. Symptomatic of the judicial response to the plight of a claimant so situated is the Latin maxim, *res judicata facit ex albo nigrum; ex nigro, album; ex curvo, rectum; ex recto curvum*.⁶

Such deliberate nonconcern with the actual merits of a subsequent claim can be justified only by the most demanding contrary considerations. Generically, the justification of *res judicata* rests upon recognition of the fact that human resources, as applied to a specific endeavor, must be limited short of total expenditure. Specifically, the justifications are that litigation should have a terminal point, that judicial energy should be conserved, and that certainty in legal relations is both desirable and necessary. Finally, in inter-party proceedings, the doctrine of *res judicata* embodies an elementary notion of fairness, *viz.*, an adversary ought be free from harassment by his opponent.⁷

4 This, however, is not the case in inter-party proceedings. The extent to which the concept of collateral estoppel should be more expansively employed in inter-party proceedings has been the subject of several spirited commentaries. See Kananen, *Comments and Observations on Res Judicata and Patent Law*, 18 W. RES. L. REV. 103 (1966); C. M. Wright, *United States Patent System and the Judiciary*, 47 J. PAT. OFF. SOC'Y 727 (1965).

5 See e.g., Application of Prutton, 204 F.2d 291 (CCPA 1953). Of course, there are techniques for ameliorating the strictness of *res judicata*. Most notable, perhaps, are procedures for opening up final judgments. See FED. R. CIV. P. 60(b); 7 J. MOORE, *FEDERAL PRACTICE* §§ 60.09-42 (2d ed. 1955); Note, *Federal Rule 60(b): Finality of Civil Judgments v. Self-Correction by District Court of Judicial Error of Law*, 43 NOTRE DAME LAWYER 98 (1967). A less obvious technique would be to restrict the definition of cause of action or claim. Before *res judicata* applies, it must first be determined that the subsequent litigation presents the same cause of action or claim for decision as did the former proceeding. The narrower the definition of a cause of action or claim, the fewer will be the instances in which *res judicata* can be applied.

6 "A thing adjudged makes white, black; black, white; the crooked, straight; the straight, crooked."

7 *Commissioner v. Sunnen*, 333 U.S. 591 (1948).

Admittedly, one might reason from the finite character of human existence to the need for an abstract concept of *res judicata*. It is important to observe, however, that the specific, mature concept of *res judicata*, which is used today in judicial proceedings, is not the result of any *a priori* reasoning. Rather, it is a pragmatic response, its contours being the embodiment of a compromise, such as attends the resolution of all conflicting legitimate demands. Therefore, there is nothing sacred about the doctrine of *res judicata* in its judicial form. This means, primarily, that the question of *res judicata* in *ex parte* patent practice is not whether the doctrine should be adopted in its mature form as developed by the common law technique, nor whether it should be rejected in toto.⁸ The question is how may the concept best be utilized in regulating the disposition of patent applications so as to give adequate recognition to the need for consideration on the merits without causing an excessive dissipation of human resources.

III. The Procedural Apparatus of the Patent Office⁹

The procedural machinery of the Patent Office is set in motion by the filing of a written application with the Commissioner of Patents. The application consists of a specification, a drawing, and an oath.¹⁰ The specification is a disclosure of the invention that describes the best method of practicing the invention, explains both its utility and advantages over prior inventions, and concludes with claims that point out the subject matter that the applicant regards as his invention.¹¹ A drawing is required only if the nature of the case permits one.¹² By means of the oath, an applicant affirms that he is the sole and original inventor of the subject matter submitted.¹³ In response to such application, the Commissioner of Patents is required to cause an examination to be made of the alleged new invention.¹⁴

In order to secure allowance of the broadest claims possible, it is customary for an applicant to present several claims, some covering the invention broadly and some covering specific embodiments thereof. Since the specification is the applicant's offer in exchange for the grant of a limited monopoly, the Examiner, as representative of the public interest, attempts to limit the claims as narrowly

8 Cf. 2 K. DAVIS, *ADMINISTRATIVE LAW TREATISE* § 18.03, at 558-59 (1958).

9 See generally *MANUAL OF PATENT EXAMINING PROCEDURE* (3d ed. 1961) [hereinafter cited as *MPEP*]; A. MCCRADY, *PATENT OFFICE PRACTICE* (4th ed. 1959); Note, *The Doctrine of Res Judicata in Ex Parte Patent Practice — Prototype for a Liberal Approach*, 10 *RUTGERS L. REV.* 716 (1956).

10 35 U.S.C. § 111 (1964).

11 The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. . . . 35 U.S.C. § 112 (1964), as amended, 35 U.S.C.A. § 112 (Supp. 1966).

12 35 U.S.C. § 113 (1964). See also 35 U.S.C. § 114 (1964) (giving the Commission power to require an applicant to furnish a model of his invention).

13 35 U.S.C. § 115 (1964).

14 35 U.S.C. § 131 (1964).

as possible, and thus, the scope of the monopoly. There results from these conflicting interests a process that more nearly resembles bargaining and negotiation than litigation. This process is accompanied by exchanges of correspondence between the applicant and the Examiner, during which time the power to amend applications is limited only by the requirement that no new matter be introduced.¹⁵

If a compromise cannot be reached and the applicant's claims have been twice rejected, such rejection is considered final and appeal may be had to the Patent Office Board of Appeals,¹⁶ with further appeal lying to the United States Court of Customs and Patent Appeals and, ultimately, to the Supreme Court by writ of certiorari. As an alternate avenue of relief, an applicant may bring a civil action against the Commissioner of Patents in the United States District Court for the District of Columbia, then to the United States Court of Appeals for the District of Columbia by appeal, and by certiorari to the Supreme Court.¹⁷

If an applicant wishes to forego an appeal, he may file a second application with the Patent Office. This may be either a continuation,¹⁸ by which an applicant may introduce a new set of claims and establish a right to further examination, or a continuation-in-part.¹⁹ This latter procedure offers a technique whereby a subsequent application can be related to a rejected parent application and receive the benefit of the filing date of the parent application insofar as the disclosure in the parent application is common to the disclosure in the subsequent one.²⁰

IV. Res Judicata and Unappealed Final Rejections of the Primary Examiner

In *Overland Motor Company v. Packard Motor Company*²¹ the United States Supreme Court recognized the appropriateness of giving res judicata effect to the unappealed final rejections of the Primary Examiner. Application of the doctrine was optional, however, depending on the discretion of the Patent Office.²² The policy adopted by the Patent Office was clearly to forego the

15 35 U.S.C. § 132 (1964).

16 35 U.S.C. § 134 (1964). Under the present Patent Office practice of "compact prosecution," a final rejection is rendered on the second action on the merits. See *Address of Commissioner Edward J. Brenner*, 811 O.G. Pat. Off. 299 (1965); *Address of Commissioner Edward J. Brenner*, 803 O.G. Pat. Off. 893 (1964).

Of course the above narration assumes that the final rejection was based, broadly, upon an insufficient disclosure. For numerous other possible grounds of rejection, see MPEP §§ 706-706.03(z).

17 35 U.S.C. § 145 (1964).

18 MPEP § 201.07 (as rev. July 13, 1967).

19 *Id.* §§ 201.08, 201.11.

20

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed . . . by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application . . . 35 U.S.C. § 120 (1964).

For an example of a situation where it is crucial for an applicant to obtain the benefit of an earlier filing date, see *Application of Hitchings*, 342 F.2d 80 (CCPA 1965).

21 274 U.S. 417 (1927).

22 In so disposing of the case, the Supreme Court was merely following the lead of *In re Barratt's Appeal*, 14 App. D.C. 255 (D.C. Cir. 1899). For a discussion of the pre-*Overland* cases, see Stringham, *Patent Office Rejections as Res Judicata*, 9 J. PAT. OFF. Soc'y 399 (1927); Ballard, *Res Adjudicata as a Ground of Rejection*, 5 J. PAT. OFF. Soc'y 238 (1923).

invocation of *res judicata* in the unappealed final rejections of the Examiner²³ except for the "special situation" in which a continuation-in-part application was filed, and then, only if the parent application had been rejected because of insufficient disclosure.²⁴ Thus, in accord with the discretion sanctioned by the Court in *Overland*, there developed two lines of cases regarding the application of *res judicata* to continuation-in-part applications. If the parent application had been rejected on the basis of prior art, *res judicata* did not apply;²⁵ but an attempt to rely upon a parent application, previously rejected on account of disclosure insufficient to support allowable claims, "involved" *res judicata*.²⁶ Unfortunately, the term "involved" went undefined.

In *Lavin v. Pierotti*²⁷ and *Whittier v. Borchardt*²⁸ "the Court of Customs and Patent Appeals held that the *ex parte* rejections of prior parent applications on insufficient disclosure were final determinations and binding on the parties in their inter-party proceedings."²⁹ Relying upon *Lavin* and *Whittier*, the Patent Office Board of Appeals in *Ex parte Buc*³⁰ held that the adequacy of disclosure in a continuation-in-part application could not be considered because the parent application was rejected for failure to disclose utility. In *Ex parte Pfleger*³¹ the Board of Appeals appeared to stray from the principle announced in *Buc* by indicating that it thought *Lavin* and *Whittier* distinguishable in the *ex parte* context. In refusing to apply the doctrine of *res judicata*, however, the Board was not being inconsistent with its previous decisions, since the Examiner's final rejection of the parent application was based on prior art. In *Ex parte Armstrong & Knight*³² it was decided that the holding in *Buc* applied whatever may have been the reason for rejecting the parent application on ground of insufficient disclosure.

Shortly after *Armstrong & Knight*, the Court of Customs and Patent Appeals [CCPA] again entered the scene and began a sustained assault upon

23 A prior adjudication against the inventor on the same or similar claims constitutes a proper ground of rejection as *res judicata*. . . .

The rejection should only be used when the earlier decision was a final, appellate one, such as a Board of Appeals decision where the time limit for further remedies has expired, or a decision by the Court of Customs and Patent Appeals.

But see 201.11, last paragraph, for a special situation.

MPEP § 706.03(w) (as rev. April 12, 1967).

24 Where the first application is found to be fatally defective because of insufficient disclosure to support allowable claims, a second application filed as a "continuation-in-part" of the first application to supply the deficiency is not entitled to the benefit of the filing date of the first application. *Hunt Co. v. Mallinckrodt Chemical Works*, 83 U.S.P.Q. 277 at 281 and cases cited therein. *Ex parte Buc et al.*, 1957 C.D. 40; 722 O.G. 433. These cases also involve the question of *res judicata*.

MPEP § 201.11 (as rev. April 12, 1967).

25 *Ex parte Pfleger*, 131 U.S.P.Q. 439 (Pat. Off. Bd. App. 1961); *Ex parte Turinsky & Reck*, 100 U.S.P.Q. 443 (Pat. Off. Bd. App. 1953); *Ex parte Smith*, 88 U.S.P.Q. 121 (Pat. Off. Bd. App. 1950) (by implication).

26 MPEP § 201.11 (as rev. April 12, 1967). For the wording of this section, see note 24 *supra*.

27 129 F.2d 883 (CCPA 1942).

28 154 F.2d 522 (CCPA 1946).

29 Comment, 33 Geo. Wash. L. Rev. 1149, 1150-51 (1965).

30 114 U.S.P.Q. 552 (Pat. Off. Bd. App. 1957).

31 131 U.S.P.Q. 439 (Pat. Off. Bd. App. 1961).

32 139 U.S.P.Q. 211 (Pat. Off. Bd. App. 1962).

the "special situation" doctrine. In *Application of Fried*³³ the CCPA expressly overruled *Lavin* and *Whittier* to the extent that those cases barred reconsideration of different claims on the ground of res judicata. The CCPA said:

Since different claims are here presented the issues decided in the parent application and those to be here decided are not the same. . . .

While claims as broad as [those] . . . of the parent application might fail for lack of an adequate disclosure, the parent application might contain disclosures adequate to support the narrower claims of the later filed application. Thus, *res judicata* cannot properly be applied in this situation to preclude a decision on the merits of the new issue here presented.³⁴

While *Application of Szwarc*³⁵ sustained the assault by holding that the *invention* of the appealed claims must be compared with the *invention* of the parent application in order to determine the effect of a prior "adjudication," the climax was reached in *Application of Hitchings*.³⁶ In *Hitchings* the possibility of injustice feared in *Fried* was not present since both the parent and appealed claims were identical. Nevertheless, the CCPA extinguished all vitality remaining in *Lavin* and *Whittier* by declaring that the doctrine of res judicata was not to be applied to the unappealed final rejections of the Examiner.³⁷ The "special situation" doctrine was dissolved in the vapor of judicial disapproval.

Hitchings is interesting, not only for its precise holding, but also because of the reasons offered in support of the decision. As to the first reason, the CCPA did not perceive that two different lines of cases had evolved in determining whether res judicata should apply to an Examiner's unappealed final rejection.³⁸ On this view, the cases do present a maze of inconsistency and confusion. Faced with this view of the cases and assured that *Overland* was not authority for inconsistent and arbitrary action by the Patent Office, the CCPA denounced the "special situation" doctrine on the ground that there was no "special situation," but only a hit-or-miss policy followed by the Patent Office.³⁹ On the basis of the foregoing, it may be argued that the CCPA offered the wrong reason for the right decision. The real question, though, would appear to be, not whether the Patent Office had been consistent, but whether there was a rational justification for carving out the "special situation" exception in the first place. On this point, a satisfying reason has yet to be offered,⁴⁰ and

33 312 F.2d 930 (CCPA 1963).

34 *Id.* at 931-33. In *Kollsman v. Ladd*, 226 F. Supp. 186 (D.D.C. 1964), the district court applied the "different claims" test of *Fried* to hold that res judicata was improper when claims in the continuing application were broader than those in the parent application. The case is criticized in Comment, 33 GEO. WASH. L. REV., *supra* note 29. The student author observes: "In this situation an Examiner's decision that the narrow claims lack sufficient disclosure would usually encompass claims more broadly drawn" and thus, a rejection because of prior adjudication would not be unjust. *Id.* at 1152 n.27.

35 319 F.2d 277 (CCPA 1963).

36 342 F.2d 80 (CCPA 1965).

37 *Id.* at 85.

38 The Commission sought a rehearing in *Hitchings*, requesting the court to modify its decision and hold that the Patent Office had consistently followed the policy outlined in MPEP §§ 706.03(w) and 201.11. Kananen, *supra* note 4, at 111.

39 *Application of Hitchings*, 342 F.2d 80, 85 (CCPA 1965).

40 It has been suggested that the "special situation" exception resulted from the use of

absent such an explanation, it is difficult to see why irrational consistency is entitled to judicial approval.

The second reason given by the *Hitchings* court for its decision focused on the broader questions underlying the concept of *res judicata*. It was explained that none of the legitimate goals of *res judicata* in its *ex parte* context, *i.e.*, finality of judgments and conservation of judicial energy, could be furthered by giving binding effect to an Examiner's unappealed final rejection. The CCPA concluded that no party has a substantial interest in being able to rely on a conclusive judgment as to a particular issue, that *res judicata* is at variance with the concept of continuing applications, and that judicial energy would be conserved.⁴¹ Without the application of *res judicata*, there would be no need for forced appeals with the result that more time would be spent at the administrative, not the judicial, level.

V. Res Judicata and Appealed Final Rejections of the Examiner

This area of patent law abounds with confusion that stems from the inability of appellate tribunals to agree on a standard by which the scope of *res judicata* may be determined. Precisely, there has been an inability to agree on whether *res judicata* should apply only to those matters actually determined, or should bar an attempt to raise matters that might have been presented in a previous application. Prior to its 1967 revision the appropriate provision of the Manual of Patent Examining Procedure [MPEP] read:

A prior adjudication against the inventor on the same or similar claims constitutes a proper ground of rejection as *res judicata*. When a different question of patentability is presented the rejection of *res judicata* does not apply. (Emphasis added.)⁴²

Thus, where the claims are different, *res judicata* does not apply.⁴³ The test for determining whether the claims are different was said to be whether the claims in the present application are patentable over the claims in the previous application.⁴⁴ This is the so-called "subject matter" test;⁴⁵ and like its judicial counterpart, the cause of action or claim, it looks to the underlying operative facts. MPEP § 706.03(w) went further, however, and as seen above,

inaccurate terminology. MPEP § 706.03(w) states the general rule concerning *res judicata* in *ex parte* Patent Office practice and then goes on to say that MPEP § 201.11 contains a "special situation," inferring that the "special situation" refers to *res judicata*. Section 201.11, though, deals exclusively with the concept of continuity between filing dates, not *res judicata*. Section 201.11 merely embodies the requirements of 35 U.S.C. § 120 (1954), and the "special situation" doctrine had its genesis in the failure to consider the separate and non-overlapping roles of MPEP § 706.03(w) and § 201.11. Kananen, *supra* note 4, at 112-13.

⁴¹ Application of *Hitchings*, 342 F.2d 80, 85 (1965).

⁴² MPEP § 706.03(w), quoted in Application of *Herr*, 377 F.2d 610, 611 n.5 (CCPA 1967).

⁴³ *Ex parte Stybr*, 57 U.S.P.Q. 199 (Pat. Off. Bd. App. 1942).

⁴⁴ Application of *Prutton*, 204 F.2d 291 (CCPA 1953); *Hemphill Co. v. Coe*, 121 F.2d 897 (D.C. Cir. 1941); *In re Ellis*, 86 F.2d 412 (CCPA 1936); *In re Becker*, 74 F.2d 306 (CCPA 1935). *Accord*, Application of *Lundberg*, 280 F.2d 865 (CCPA 1960). "If the difference [in claims] is one which would not be obvious to one of ordinary skill in the art, the prior adjudication is certainly not a ground for rejection." *Id.* at 867.

⁴⁵ See *Ex parte Rey*, 44 U.S.P.Q. 697 (Pat. Off. Bd. App. 1940).

stated that *res judicata* was not to be invoked where "a different question of patentability" was presented. While the precise content of this phrase, "different question of patentability," was not given, at the very least it meant that *res judicata* was to be no bar as long as the same issue had not been previously determined.⁴⁶ Thus, if the present application could overcome the grounds upon which the parent application had been rejected, *res judicata* would not apply.⁴⁷ Accordingly, one writer has concluded that when *res judicata* has been used in the *ex parte* context, it has rested on a finding that the claims, on the face of the record, could not escape rejection on the same grounds as before.⁴⁸

As the following analysis will attempt to show, however, the matter is not quite so simple. This analysis will consider, first, the history of *res judicata* in the courts and, second, the history of *res judicata* in the Patent Office.

A. The Courts

The first significant case in this area appears to have been *In re Barratt's Appeal*.⁴⁹ The same court had previously upheld the denial of letters patent to an appellant⁵⁰ who, undaunted, filed a new application alleging the same invention as previously rejected. In upholding the rejection of this second application on the basis of *res judicata*, the court said:

The new application does not make a different case. The case is the same precise case. The subject matter of the invention is the same. The claim is the same. Only the specifications and drawings are more full . . . [A]ll of this . . . at the utmost amounts to no more than a clearer and better declaration or additional proof of the alleged invention. It does not make any new case⁵¹

Although *Barratt* was inconclusive as to the precise effect of *res judicata*,⁵² it offered a four-pronged rhetorical question as a reason for upholding the *res judicata* rejection of appellant's application.

When . . . an application for a patent is after due examination rejected, and finally determined against the applicant after exhaustion of the manifold right of appeal allowed to him . . . , why should a second application be allowed or entertained? Is there any reason why the determination of the matter should not be regarded as conclusive? If a second application could be regarded as proper, why not ten or twenty successive applications? Where are the applications to stop, and what would become of

46 See Note, 10 RUTGERS L. REV., *supra* note 9, at 719, 721.

47 See *Ex parte* Spencer, 40 U.S.P.Q. 133 (Pat. Off. Bd. App. 1938); *Ex parte* Gustavson, 14 U.S.P.Q. 332 (Pat. Off. Bd. App. 1932).

48 "On the basis of the decided cases, the only justified generalization seems to be that the doctrine of *res judicata* binds the applicant only as to such matters as have been *actually* (whether explicitly or implicitly) *adjudicated*." Note, 10 RUTGERS L. REV., *supra* note 9, at 721.

49 14 App. D.C. 255 (D.C. Cir. 1899).

50 *In re Barratt*, 11 App. D.C. 177 (D.C. Cir. 1897).

51 *In re Barratt's Appeal*, 14 App. D.C. 255, 259 (D.C. Cir. 1899).

52 In what we have said we do not desire it to be understood that the Patent Office may not, if it thinks it proper so to do, entertain and adjudicate a second application for a patent after the first application has been rejected. What we decide is, that it is not incumbent upon the office as a duty to entertain such applications, and that, if it refuses to entertain them, it has a perfect legal right so to do. *Id.* at 261.

the public business, if it were in the power of one person to obstruct the operations of the Patent Office by repeated and persistent applications? These questions answer themselves.⁵³

The typical language utilized by the courts in upholding *res judicata* rejections of patent applications is further illustrated by *In re Ellis*:⁵⁴

Of course, if . . . any . . . of the appealed claims, contain subject matter different from the subject matter of the abandoned application, appellant is entitled to have same considered on its merits, but in order to secure patent therefor it must appear that the difference involves invention.⁵⁵

It may be argued that in none of these cases does the language used by the courts indicate the underlying reality because in each case there was no apparent reason for not rejecting the appealed rejection on the same ground as the prior application. That is, the courts were really deciding the question on the merits and the *res judicata* rhetoric merely obscured the actual reason for the decision. It is unnecessary to become involved in a factual analysis of the cases to determine the validity of this argument, for any vitality that it might have had was emasculated by *Application of Prutton*.⁵⁶ In *Prutton* the first application was rejected on grounds of anticipation, the rejection being affirmed by the CCPA. The appellant refiled his application and, on the basis of an affidavit not in evidence in the first application, persuaded the Patent Office Board of Appeals to hold that his invention was patentable over the prior art. The Board of Appeals, however, affirmed the Examiner's rejection on the ground of *res judicata*. Despite the fact that the subsequent application had escaped the ground upon which the first application had been rejected, the CCPA, nevertheless, affirmed the Board of Appeals in these words: "Only if the instant claims on appeal contain subject matter *patentably different* from the subject matter of those [prior] claims is appellant entitled to have them considered on their merits."⁵⁷

The appellant contended that he had met this test, arguing that since the claims in the earlier application had been rejected as unpatentable and since the present claims were held patentable, on the merits, there must have been a patentable distinction. The short answer, given by the CCPA, was that the first determination was erroneous and that this was immaterial in regard to the question of *res judicata*.

In *Application of Lundberg*,⁵⁸ the last pronouncement on the question by the CCPA until 1967,⁵⁹ the CCPA further elaborated upon the "patentably distinct" test. The CCPA took great pains to point out that the comparison was not between the present claim and the prior art, but between the present claims and the prior adjudicated claims.

53 *Id.* at 258. For a critical analysis of this rhetorical question, see *Application of Herr*, 377 F.2d 610, 616 (CCPA 1967) (Rich J., concurring).

54 86 F.2d 412 (CCPA 1936).

55 *Id.* at 415. For language of similar import, see *Hemphill Co. v. Coe*, 121 F.2d 897 (D.C. Cir. 1941) and *In re Becker*, 74 F.2d 306 (CCPA 1935).

56 204 F.2d 291 (CCPA 1953).

57 *Id.* at 294.

58 280 F.2d 865 (CCPA 1960).

59 The case referred to is *Application of Herr*, 377 F.2d 610 (CCPA 1967).

[W]hat must be borne in mind with respect to *res judicata* is the distinction between claims to different inventions on the one hand and different claims to the same invention on the other. Where different inventions are claimed, *res judicata* does not preclude a new consideration; but where an applicant is merely presenting new claims to the same invention, the patentability of which he has already argued before the court, reconsideration of the issue of patentability is proscribed by the doctrine of *res judicata*.⁶⁰

As a consequence of the preceding decisions, one treatise writer was led to the view that *res judicata*, in appealed final rejections of the Examiner, barred consideration, not only of matter actually determined, but of all matters that might have been presented in support of a claim.⁶¹

B. The Patent Office Board of Appeals

The *res judicata* cases, dealing with appealed final rejections, decided by the Patent Office Board of Appeals present a rich field of diversity and confusion. Initially, the Board's position appeared to be quite liberal. For example, in *Ex parte Gustavson*,⁶² the Board reversed a *res judicata* rejection of a second application, where the first claimed invention was rejected as unpatentable on the grounds of insufficient disclosure and failure of the affidavits to show advantage over the prior art. The rationale of *Gustavson* was that *res judicata* was inappropriate because the first rejection was not made on the merits.⁶³ This liberal view was further evidenced by *Ex parte Nardone*,⁶⁴ in which *res judicata* did not bar a second application even though the specification was identical with that in the prior case. The reason given was that the previously adjudicated claims, unlike those in the second case, were not supported by the specification.⁶⁵

60 Application of Lundberg, 280 F.2d 865, 868 (CCPA 1960). The author of *Lundberg* has subsequently explained that the broad language used there must be read in light of the factual context to which it was addressed and limited by that factual context. That is, in *Lundberg*, the appellant argued, *only on the basis of the claims*, that a different issue was being presented to the court in the second application. The CCPA found against the appellant, as a matter of factual inquiry, and since the appellant's argument was based only on the point that the claims were different, "so, in consequence, was our opinion." Application of Herr, 377 F.2d 610, 613 (CCPA 1967) (Rich J., concurring).

61 In *ex parte* prosecution of patent applications, a distinction must be borne in mind with respect to *res judicata* as between claims to different inventions on the one hand and different claims to the same invention on the other. When different inventions are claimed, *res judicata* does not preclude a new consideration; but where an applicant is merely presenting new claims to the same invention, the patentability of which he has already argued, reconsideration of the issue of patentability is proscribed by the doctrine of *res judicata*. L. ADMUR, PATENT OFFICE RULES AND PRACTICES § 199.2, at 710 (Seidman & Horowitz ed. 1967).

62 14 U.S.P.Q. 332 (Pat. Off. Bd. App. 1932).

63 This same result was reached in *Ex parte* Spencer, 40 U.S.P.Q. 133 (Pat. Off. Bd. App. 1938), where a second application contained a disclosure sufficient to allow the applicant to swear back, thus causing withdrawal of the references, which he was unable to do on the first application. See also *Ex parte* Jameson, 23 U.S.P.Q. 179 (Pat. Off. Bd. App. 1934):

We feel therefore that the question of *res adjudicata* [sic] as here raised is unwarranted inasmuch as the present application overcomes the lack of disclosure in the prior application and that our decision was rendered principally because of the lack of disclosure in the former application. *Id.* at 180-81.

64 41 U.S.P.Q. 588 (Pat. Off. Bd. App. 1938).

65 But cf. *Ex parte* Mikeska, 79 U.S.P.Q. 152 (Pat. Off. Bd. App. 1947) distinguishing

In *Ex parte Atwood*⁶⁶ the Board ignored the distinction drawn in *Lundberg*⁶⁷ by holding that, since the claims defined a process which was patentable over the reference, the process was patentable over the prior claims. And in *Ex parte Schott*⁶⁸ the Board declared:

[The] decisions are uniform in principle. They all hold that a prior adjudication should not be considered as binding or be followed when passing upon the same claim where a different question of patentability is presented for adjudication because of new evidence or new disclosures.⁶⁹

Evidently the decisions were not so uniform, or at least they were not as acceptable, because ten members of the Board decided to repudiate the above-quoted statement from *Schott* in *Ex parte Budde*.⁷⁰ Thus, after *Budde*, it was the position of the Patent Office "that an 'insufficient disclosure' rejection, affirmed on appeal, [was] . . . res judicata to all possible claims."⁷¹ This is how matters stood until the CCPA rendered its decision in *Application of Herr*.⁷²

C. The Demise of Res Judicata

Factually, *Herr* was almost indistinguishable from *Prutton*.⁷³ Due to a defective specification in the prior application, a certain affidavit was inadmissible, and the alleged chemical invention was rejected as obvious in view of the prior art.⁷⁴ The Examiner's first final rejection was upheld by the CCPA.⁷⁵ In his second application, the appellant cured the defective specification, thus laying the foundation for the admission of the affidavit. This time, the Examiner held that the new evidence of nonobviousness overcame the original rejection, but nonetheless went on to bar the claim on res judicata grounds. In this disposition the Examiner was upheld by the Board of Appeals.⁷⁶ The CCPA, in a terse opinion, proceeded on the assumption that the appealed claims were identical to those previously rejected and conceded that the same issue of non-

Nardone on the ground that in *Mikeska* the claims in the second application would have been supported by the disclosure in the prior application. The Board, however, went on to intimate that the new claims were substantially the same as the old ones. McCrady's comment on this pair of cases is: "Where an application presents a different disclosure it may [citing *Nardone*] or may not [citing *Mikeska*] receive consideration." A. MCCRADY, PATENT OFFICE PRACTICE § 138, at 191 (4th ed. 1959).

66 103 U.S.P.Q. 247 (Pat. Off. Bd. App. 1954).

67 See text accompanying notes 58-60 *supra*.

68 136 U.S.P.Q. 383 (Pat. Off. Bd. App. 1962).

69 *Id.* at 385. But see *Ex parte Ittner*, 85 U.S.P.Q. 24 (Pat. Off. Bd. App. 1948). "In our opinion, the weight of authority is to the effect that the new claims, to be allowable, must differ patentably from the claims which have been previously refused." *Id.* at 27. The weakness of *Ittner* is pointed out in Note, *The Doctrine of Res Judicata in Ex Parte Patent Practice — Prototype for a Liberal Approach*, 10 RUTGERS L. REV. 716 (1956). *Ittner* "is somewhat weakened in that it appears not to distinguish clearly between an evidentiary fact and an ultimate fact . . ." *Id.* at 721 n.11. See also *Ex parte Smith*, 88 U.S.P.Q. 121 (Pat. Off. Bd. App. 1950).

70 150 U.S.P.Q. 469 (Pat. Off. Bd. App. 1966).

71 Kananen, *Comments and Observations on Res Judicata and Patent Law*, 18 W. RES. L. REV. 103, 115 n.95 (1966).

72 377 F.2d 610 (CCPA 1967).

73 See text accompanying note 56 *supra*.

74 35 U.S.C. § 103 (1964).

75 *Application of Herr*, 304 F.2d 906 (CCPA 1962).

76 *Application of Herr*, 377 F.2d 610, 611 (CCPA 1967).

obviousness was again present. Unexpectedly, however, it reversed the Board's decision:

More to the point . . . the precise issue in the prior *Herr* appeal was whether appellant was entitled to allowance of his claims in the *application* and *record then* on appeal. The precise issue here is whether appellant has legally established his right to those claims in the *application* and *record now* before us.⁷⁷

Res judicata, then, was held to bar consideration of only those matters of record in the prior proceeding. Put another way, consideration of issues *which might have been determined* is no longer precluded by res judicata.

The reasons offered by the CCPA for its decision were basically two. First, the court was unable to conclude that procedural bedlam would reign supreme in the Patent Office because an applicant would no longer be precluded from submitting the same application more than once. It was simply unable to conjure up a situation where a litigant would engage in such a bizarre endeavor, involving risk, time, and great expense, in exchange for the dubious delight of creating havoc in the halls of government. Second, and more important, the court felt that any other disposition of the case would have amounted to an unjust enrichment of the public at the expense of the inventor. It is this feeling of injustice to the inventor which strikes at the heart of the matter.

It must be observed that the rationale offered in *Hitchings* for abolishing res judicata as applied to final unappealed rejections of the Primary Examiner (i.e., time spent on the administrative level results in a conservation of judicial energy) is not applicable in appealed final rejections of the Examiner. Rather, a decision like *Herr* invites the imposition of further burdens upon judicial resources. It is clear, therefore, that *Herr* was the result of a value judgment by the CCPA that this extra burden does not constitute an unnecessary expenditure of judicial energy in view of the ultimate goal to be attained, viz., the granting of letters patent to all those who, on the merits, are deserving of such grants.

VI. Conclusion

The present status of res judicata in ex parte Patent Office proceedings cannot be said to commend itself to the Patent Office. The recent *Budde* case⁷⁸ and the amendment to the MPEP⁷⁹ indicate that the direction favored by the Patent Office is opposed to that favored by the CCPA. The reason for the Patent Office's position is not difficult to fathom. At the present moment, the Patent Office is faced with an inauspicious backlog of patent applications,⁸⁰ and observers of the patent system are aware of the fact that the present system of administration will be in need of revision.⁸¹ The Patent Office's view on

⁷⁷ *Id.*

⁷⁸ See text accompanying notes 70-71 *supra*.

⁷⁹ See note 23 *supra*.

⁸⁰ See *The United States Patent System, 1790-1965 — A Look to the Future*, 47 J. PAT. OFF. SOC'Y 211 (1965); *Address of Commissioner Edward J. Brenner*, 811 O.G. Pat. Off. 299 (1965); *Address of Commissioner Edward J. Brenner*, 803 O.G. Pat. Off. 893 (1964).

⁸¹ *The United States Patent System, 1790-1965 — A Look to the Future*, *supra* note 80.

res judicata seems but part of a larger effort⁸² to expedite business under present conditions. The wisdom of such a course of action, however, is questionable.

First, it does not appear that a liberal view of res judicata would greatly decrease Patent Office efficiency.⁸³ Second, the difficulties with which an applicant is confronted in adequately presenting his invention have received official recognition.⁸⁴ Therefore, to assert that a rejection based on a defective specification, whether appealed or not, bars all further claims to the invention impresses one as being an instance of incomplete justice. This impression can be confirmed by noting that in the reverse situation, where after adjudication by a court resulting in a decision that the alleged invention is patentable, res judicata does not apply because the Patent Office may still refuse to grant a patent on the basis of an additional reference to the prior art not previously cited.⁸⁵ To be sure, this result is put upon the ground that the courts do not order or direct the Commissioner of Patents to issue letters patent to an applicant; they merely remand for proceedings consistent with their opinion.⁸⁶ But this reasoning only postpones the crucial question — why have the courts such limited power? The answer is obviously because it is thought to be in the public interest to refrain from granting limited monopolies when, in fact, the statutory standards regulating the issuance of patents have not been met. The converse of this proposition should likewise be true.

Attention has been called to the role of our patent system in maintaining our way of life. By appealing to the legitimate interest of self-concern in granting limited monopolies, the patent system can, to a certain extent, credit itself with motivating *homo faber* to extract from nature goods which power our economy and add convenience to our lives.⁸⁷ Further, to the extent that we are a people imbued with a fascination for gadgetry, contrivances of all sorts, and innovation generally, delighting in the reduction of matter to the will of men, our patent system plays an integral part in defining and sustaining our culture. The limited use of res judicata can only act to increase the number of patents granted and thus further the realization of the interests and values for which the patent laws were enacted.

John A. Burgess

82 The concept of "compact prosecution," mentioned in note 16 *supra*, may be cited as another element of this larger effort.

83 "I am convinced that the savings in time in the Patent Office would be very small indeed, and that the injustices possible under it [res judicata as a bar to issues which might have been previously determined] are too large a price to pay." Application of Herr, 377 F.2d 610, 627 (CCPA 1967) (Smith J., concurring). "Adoption of this practice [binding an applicant only to matters actually determined] has not flooded the Patent Office nor the courts with 'vexatious litigation,' nor has it encouraged disrespect for judicial determinations." Note, 10 RUTGERS L. REV., *supra* note 69, at 722.

84 The specification and claims of a patent, particularly if the invention be at all complicated, constitute one of the most difficult legal instruments to draw with accuracy, and in view of the fact that valuable inventions are often placed in the hands of inexperienced persons to prepare such specifications and claims, it is no matter of surprise that the latter frequently fail to describe with requisite certainty the exact invention *Topliff v. Topliff*, 145 U.S. 156, 171 (1892).

85 *Jeffrey Mfg. Co. v. Kingsland*, 179 F.2d 35 (D.C. Cir. 1949).

86 Application of Johnsen, 359 F.2d 905 (CCPA 1966); Application of Citron, 326 F.2d 418 (CCPA 1964).

87 *The United States Patent System, 1790-1965 — A Look to the Future*, *supra* note 80; G. M. Wright, *United States Patent System and the Judiciary*, 47 J. PAT. OFF. Soc'y 727 (1965).