GOT EVERYTHING CLEANED UP?

MR. PASAHOW: YES. OURS ARE TAKEN CARE OF.

THE COURT: OKAY, FINE.

MR. LEWIS?

MR. LEWIS: YOUR HONOR, OUR NEXT WITNESS IS RUDOLPH ANDERSON.

(PAUSE IN PROCEEDINGS)

THE CLERK: PLEASE RAISE YOUR RIGHT HAND.

RUDOLPH J. ANDERSON, DEFENDANT'S WITNESS, SWORN

THE CLERK: PLEASE TAKE THE STAND.

PLEASE STATE YOUR FULL NAME AND SPELL YOUR LAST NAME FOR THE COURT, PLEASE.

THE WITNESS: MY NAME IS RUDOLPH J. ANDERSON, A-N-D-E-R-S-O-N.

DIRECT EXAMINATION

BY MR. LEWIS:

Q. MR. ANDERSON, WHAT IS YOUR OCCUPATION?

A. I AM RETIRED. I AM OF COUNSEL TO A SMALL LAW FIRM IN VERMONT, DIAMOND & ASSOCIATES, A FIRM THAT I CLERKED FOR BEFORE ADMISSION TO THE BAR IN THE STATE OF VERMONT, AND MY SON IS A PARTNER IN THAT FIRM.

Q. WHAT TYPE OF LAW DID YOU PRACTICE BEFORE YOUR RETIREMENT?

A. PATENT LAW.

Q. LET ME SHOW YOU EXHIBIT B-3.

IS THAT YOUR CURRICULUM VITAE?

A. IT IS.

Q. I'D LIKE YOU, WITHOUT GOING TO THE FULL DETAIL THERE, TO DESCRIBE BRIEFLY YOUR EDUCATION AND YOUR CAREER.

A. WELL, MY EDUCATION WAS AT THE UNIVERSITY OF -- UNDERGRADUATE EDUCATION WAS AT THE UNIVERSITY OF NOTRE DAME; I RECEIVED A BACHELOR OF NAVAL SCIENCE, HAVING BEEN IN A NAVY PROGRAM AND GONE OUT TO SERVE HERE IN THE PACIFIC, AND THEN BACK TO SCHOOL; AND I OBTAINED A DEGREE OF BACHELOR OF SCIENCE IN CHEMICAL ENGINEERING.

SUBSEQUENTLY, I JOINED THE PATENT OFFICE AND WENT TO LAW SCHOOL AT NIGHT AT GEORGETOWN LAW CENTER AND OBTAINED BY JD AND -- MY JURIS DOCTORATE DEGREE IN 1951.

Q. WHAT WAS YOUR POSITION IN THE PATENT OFFICE?

A. I WAS A PATENT EXAMINER.

Q. AFTER YOU OBTAINED YOUR JD, WHAT DID YOU DO?

JD IS YOUR LAW DEGREE?

A. LAW DEGREE.

Q. WHAT DID YOU DO?

A. WELL, I WAS FORTUNATE ENOUGH TO PASS THE VIRGINIA BAR. I WAS LIVING IN VIRGINIA AT THE TIME WHILE WORKING AS A PATENT EXAMINER AT THE END OF MY THIRD YEAR OF FOUR OF LAW SCHOOL. AND I LEFT THE PATENT OFFICE AND JOINED THE DEPARTMENT OF JUSTICE AS A TRIAL ATTORNEY, THE EQUIVALENT OF THEIR PATENT DEPARTMENT AT THAT TIME.

I STAYED THERE FOR A COUPLE OF YEARS AND THEN WENT OUT

TO JOIN JOHNS MANVILLE CORPORATION IN NEW JERSEY.

A COUPLE OF YEARS -- A FEW YEARS LATER, I JOINED JOHNSON & JOHNSON.

Q. WHAT WERE YOU DOING AT JOHNS MANVILLE?

A. I WAS WRITING PATENT APPLICATIONS AND PROSECUTING PATENT APPLICATIONS, AND I DID THAT FOR THE EARLY PART OF MY CAREER AT JOHNSON & JOHNSON.

Q. I THINK AROUND 1958, YOU TOLD ME YOU STOPPED DOING PATENT LAW FOR AWHILE?

A. YES. I WAS COUNSEL TO ONE OF THE DIVISIONS OF JOHNSON & JOHNSON, AND I WAS INVITED TO LEAVE LAW AND GO OUT AS A DIRECTOR OF MARKETING.

AND I DID THAT FOR TWO YEARS, FOUND THAT I DID NOT FIND THAT TO BE AN ATTRACTIVE CAPACITY WHEN THE THIRD ASSISTANT BUYER OF GENERAL ELECTRIC BECAME THE MOST IMPORTANT MAN IN MY LIFE, AND I CAME BACK TO THE PRACTICE OF LAW.

Q. WHERE DID YOU PRACTICE LAW AT THAT POINT?

A. I JOINED MERCK & COMPANY, THE PHARMACEUTICAL COMPANY, IN RAHWAY, NEW JERSEY, AT THAT TIME IN THE CAPACITY OF A PATENT LAWYER.

Q. AND WHAT DID YOU DO AFTER THAT?

A. WELL, I STAYED WITH MERCK FOR 25 YEARS, AND I BECAME A -- I MOVED INTO THE SUPERVISORY CAPACITIES. I ULTIMATELY BECAME ASSOCIATE GENERAL COUNSEL AND DIRECTOR OF THE PATENT DEPARTMENT OF MERCK IN 1975.

Q. DID YOU STAY AT MERCK UNTIL YOUR RETIREMENT?

A. YES. IN 1984, '83, MONSANTO ASKED ME IF I WOULD TAKE AN EARLY RETIREMENT FROM MERCK, COME OUT TO ST. LOUIS AND REORGANIZE THE PATENT DEPARTMENT OF MONSANTO AND BRING IT MORE ORIENTED TO THE LIFE SCIENCES, WHICH WAS THE MERCK BUSINESS.

Q. AND HOW LONG WERE YOU WITH MONSANTO?

A. I WAS AT MONSANTO FOR ABOUT FOUR YEARS, AND THEN I SECOND RETIRED TO VERMONT.

Q. HAVE YOU BEEN A MEMBER OF PROFESSIONAL ORGANIZATIONS RELATED TO PATENT LAW?

A. YES. PRIMARILY -- MY PRIMARY INTEREST, I'VE BEEN AT THE PATENT AND TRADEMARK, COPYRIGHT SECTION OF THE AMERICAN BAR ASSOCIATION.

Q. WHAT IS THAT?

A. IT IS THE MAJOR ORGANIZATION OF PATENT LAWYERS. THERE ARE ABOUT, I THINK, MAYBE CLOSE TO 10,000 MEMBERS OF THAT SECTION AT THE PRESENT TIME. I --

Q. DID -- EXCUSE ME.

DID YOU EVER HOLD OFFICE IN THAT SECTION?

A. I DID. I WENT FROM THE RANKS OF COMMITTEE CHAIRMAN TO DIVISION CHAIRMAN TO VICE-CHAIRMAN AND, ULTIMATELY, SECTION CHAIRMAN IN THE YEAR THAT THE AMERICAN BAR ASSOCIATION MEETING WAS IN WASHINGTON AND LONDON. 1985.

Q. HAVE YOU BEEN A MEMBER OF OTHER PROFESSIONAL ORGANIZATIONS?

A. YES. I'M A MEMBER OF THE AMERICAN INTELLECTUAL PROPERTY &

LAW ASSOCIATION, THE ASSOCIATION OF CORPORATE PATENT COUNSEL, THE INTERNATIONAL PATENT LAW ASSOCIATION, AND MANY, MANY SUCH. THE LOCAL BAR, THE NEW JERSEY BAR ASSOCIATION, SO FORTH.

Q. HAVE YOU HELD LEADERSHIP POSITIONS IN THOSE ORGANIZATIONS?

A. IN SOME. BUT WITHIN THE --

Q. HAVE --

A. EXCUSE ME.

Q. EXCUSE ME.

A. BUT WITHIN THE CORPORATE RANKS, IT WAS MY POLICY TO SOMEWHAT SHARE THE ASSOCIATION ACTIVITIES WITH THOSE SUPERVISORY LAWYERS APPOINTED TO ME; AND ONE OF THEM WOULD TAKE THE AIPLA AND HE WOULD RISE IN THE RANKS OF AIPLA; ONE WOULD TAKE THE INTERNATIONAL.

AND THERE'S ALWAYS A VERY PLEASANT TRIP OUT TO CALIFORNIA, OR SUCH A PLACE, IN THE COURSE OF JANUARY. FROM NEW JERSEY TO CALIFORNIA IN JANUARY IS NICE.

Q. HAVE YOU SERVED ON ANY ADVISORY COMMITTEES FOR THE GOVERNMENT?

A. YES, I HAVE. I GUESS THE MOST IMPORTANT ONE WAS THAT I WAS A MEMBER OF THE ADVISORY COMMITTEE THAT PRESIDENT CARTER ESTABLISHED TO STUDY INDUSTRIAL INNOVATION IN THE UNITED STATES IN 1979.

I WAS ALSO A MEMBER OF THE STATE DEPARTMENT ADVISORY COMMITTEE ON MULTI-NATIONAL CORPORATIONS, AND I WAS THE PATENT LAWYER DISCIPLINE MEMBER OF THAT COMMITTEE, WHICH WAS MADE UP OF

ASSOCIATIONS AND OTHER BUSINESSMEN, ACCOUNTING AND SO FORTH.

Q. WHEN YOU SAY A PATENT LAWYER DISCIPLINE, YOU MEAN SUBJECT MATTER; YOU WEREN'T PUNISHING THEM.

A. NO. I WAS THE ONLY PATENT LAWYER ON THAT GROUP.

Q. ALL RIGHT. HOW LONG --

A. I --

Q. HOW LONG WERE YOU ON THE TWO STATE DEPARTMENT COMMITTEES?

A. WELL, FROM -- THAT ONE, FROM ITS INCEPTION TO WHEN I RETIRED FROM MONSANTO. I THINK IT IS STILL IN EXISTENCE UNDER THE TERM TRANSNATIONAL ENTERPRISES, BUT I'M NOT SURE.

Q. ALL RIGHT. FOR A NUMBER OF YEARS, AT ANY RATE.

A. YES.

Q. DURING THE TIME YOU WERE A PATENT EXAMINER, HOW MANY APPLICATIONS DID YOU WORK ON?

A. OH, I GUESS, OVERALL, IT WOULD HAVE TO BE IN THE HUNDREDS. WE WERE RESPONSIBLE AT THAT TIME TO PROVIDE OFFICE ACTIONS, OR THE ACTIVITY OF AN EXAMINER, ON ABOUT TEN APPLICATIONS A WEEK, SO OVER THE THREE AND A HALF, FOUR YEARS, THE MULTIPLICATION WOULD BRING IT OUT TO HUNDREDS.

Q. IN YOUR CAREER SINCE, HOW MANY PATENT APPLICATIONS HAVE YOU WORKED ON?

A. WELL, WHEN I WAS ACTIVELY PROSECUTING PATENT APPLICATIONS, YOU -- I WOULD HAVE A DOCKET. AS I WOULD JOIN JOHNS MANVILLE, FOR EXAMPLE, THERE WOULD BE PATENT APPLICATIONS AT VARIOUS STAGES OF PROCEEDING.

I WOULD ALSO HAVE THE RESPONSIBILITY TO PREPARE NEW APPLICATIONS IN THE AMOUNT OF, SAY, 20, 25 A YEAR, SO -- AND YOU WOULD PROSECUTE THOSE OVER THE PERIOD OF YEARS THAT IT TOOK TO GET THEM THROUGH THE PATENT OFFICE, SO WHATEVER PERIOD OF TIME IT TOOK.

SO I WOULD SAY THE DOCKETS WOULD RANGE IN THE VICINITY OF 80 TO A HUNDRED CASES. AND I DON'T KNOW. IF YOU MULTIPLY AGAIN THE YEARS, IT WOULD HAVE TO BE SOME THOUSAND OR SO.

OF COURSE, I WAS NOT DIRECTLY INVOLVED IN THE SUPERVISORY CAPACITY, BUT . . . I WAS FAMILIAR.

Q. ALL RIGHT. WELL, AT SOME POINT, YOU STOPPED PROSECUTING APPLICATIONS YOURSELF AND MOVED TO A SUPERVISORY CAPACITY?

A. YES.

Q. WHAT INVOLVEMENT DID YOU HAVE WITH THAT -- WITH PATENT APPLICATIONS AND PATENT PROSECUTIONS IN A SUPERVISORY CAPACITY?

A. WELL, IF THERE WAS A SIGNIFICANT MATTER, EITHER OF LAW -- EXCUSE ME -- OF LAW OR CORPORATE POLICY THAT WAS GOING TO BE INVOLVED IN THE HANDLING OF A PARTICULAR PATENT APPLICATION, WHEN I WAS THE IMMEDIATE SUPERVISOR, IT WOULD BE BROUGHT TO MY ATTENTION.

AND WHEN I WAS THE DIRECTOR OF PATENTS, THE LAWYER HANDLING THE CASE AND HIS IMMEDIATE SUPERVISOR AND I WOULD GENERALLY REVIEW THAT CASE AND THE ISSUES THAT WERE BEING POSED AT THAT TIME.

Q. I TAKE IT YOU WORKED -- TENDED TO WORK, THEN, ON MORE

DIFFICULT OR COMPLICATED ASPECTS.

A. I WOULD -- YES.

Q. DO YOU HAVE ANY PATENT EXPERIENCE THAT'S RELATED TO BIOTECHNOLOGY?

A. BIOTECHNOLOGY AS OF -- AS A FIELD OF SCIENCE DEVELOPED IN THE COURSE OF MY CAREER AT MERCK, AND I DID HAVE SOME DIRECT WORK AGAIN ON -- AS A SUPERVISOR -- OR IN A SUPERVISORY CAPACITY IN REVIEWING A COUPLE OF -- A COUPLE OF BIOTECHNOLOGY MATTERS.

ONE OF THEM, AS YOU PROBABLY -- AS MANY OF YOU PROBABLY KNOW, THE -- MERCK HAS A HEPATITIS B. VACCINE THAT WAS A RECOMBINANT PRODUCT. THAT WAS ONE.

MONSANTO -- I ALSO WORKED ON PRODUCTS IN MONSANTO THAT HAD TO DO WITH BOVINE GROWTH HORMONE, FROM THE RECOMBINANT PROCESS.

Q. HOW DID YOU GET INVOLVED IN BIOTECH AT MONSANTO?

A. WELL, AT MONSANTO, I WAS HIRED BY -- TO REPORT TO DR. HOWARD SCHNEIDERMAN, WHO WAS FROM THE UNIVERSITY OF CALIFORNIA AT IRVINE, WHO WAS THE CHIEF SCIENTIST OF MERCK.

AND IT WAS DR. SCHNEIDERMAN'S POLICY THAT ANY OF US ON HIS STAFF WERE REQUIRED TO TAKE A COURSE IN BIOTECHNOLOGY, AN INTERNAL CORPORATE COURSE, AND ACTUALLY GO INTO THE LABORATORY.

Q. DID --

A. AND I WAS TOLD I HAVE SPLICED A GENE. I WAS TOLD. I HAVE NEVER SEEN IT. I PROBABLY NEVER COULD.

Q. HAVE YOU DONE ANY OTHER BIOTECH PATENT WORK?

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A. YES. IN THE LAST FEW YEARS SINCE I -- SINCE I RETIRED FROM MONSANTO, I HAVE BEEN INVOLVED IN EITHER A CONSULTING OR AN EXPERT WITNESS ACTIVITY ON SEVERAL OF THE MAJOR MATTERS OF LITIGATION INVOLVING BIOTECHNOLOGY: THE FACTOR EIGHT CASE OF SCRIPPS INSTITUTE VS GENENTECH; THE AMGEN GENETICS INSTITUTE, CHUGUY ON EPO, ERYTHROPOINT (PHONETIC), AND . . . I THINK THAT'S IT.

Q. I WANT TO ASK YOU TODAY TO GIVE US SOME EXPLANATION OF PATENT MATTERS RELATING TO THIS SUIT. AND LET ME START WITH THIS:

WHY DO WE HAVE A PATENT SYSTEM?

A. WELL, THE CONSTITUTION OF THE UNITED STATES PROVIDED THAT THE CONGRESS SHOULD ENACT A LAW -- WOULD ENACT A LAW TO REWARD INVENTORS . . . WELL, TO PROMOTE SCIENCE AND THE USEFUL ARTS BY AWARDING INVENTORS FOR A LIMITED PERIOD OF TIME THE EXCLUSIVE RIGHT TO THEIR DISCOVERIES AND INVENTIONS.

CONGRESS DID IN 1790 ENACT THE PATENT LAW, AND WE'VE HAD ONE EVER SINCE.

Q. HOW DOES THE PATENT SYSTEM PROMOTE THE PROGRESS OF THE SCIENCE AND USEFUL ARTS?

A. WELL, THE FUNDAMENTAL PRINCIPLE OF THE PATENT SYSTEM IS THAT THERE BE A PUBLICATION. THE INVENTOR IS REQUIRED TO PUBLISH -- TO PROVIDE TO THE PUBLIC IN PRINTED FORM, IN THE FORM OF A PATENT, HIS -- THE DESCRIPTION OF HIS INVENTION, AND EXAMPLES OF HOW IT WILL WORK SO THAT PEOPLE SKILLED IN THE ART CAN PRACTICE

HIS INVENTION.

IN RETURN, HE GETS A PERIOD OF TIME, 17 YEARS HERE IN THE UNITED STATES, TO EXCLUDE OTHERS FROM PRACTICING HIS INVENTION.

THE PURPOSE OF THE PUBLICATION, OF COURSE, IS THAT EVERYBODY CAN READ IT, EVERYBODY CAN BUILD ON THAT IN THEIR RESEARCH ACTIVITIES, AND . . . IT SERVES INNOVATION IN THAT FASHION.

Q. ARE THERE OTHER WAYS IN WHICH THE PATENT SYSTEM ENCOURAGES INNOVATION AND INVENTION BESIDES THE DISCLOSURE THAT'S MADE IN THE PATENT PUBLICATION?

A. WELL, THERE'S THE ECONOMIC INCENTIVE OF THE PATENT SYSTEM. IF YOU -- IF I MAY SPEAK WITH RESPECT TO MERCK, MY OWN PERSONAL EXPERIENCE:

MERCK SPENDS ABOUT $800 MILLION A YEAR IN THE RESEARCH FOR NEW MEDICINES, NEW PHARMACEUTICALS. THOSE FUNDS ARE PROCEEDS OF THEIR SALES OF PRODUCTS THAT HAVE RESULTED IN THE PAST FROM THAT RESEARCH INVESTMENT. AND SO THE -- THE PATENT SYSTEM CLEARLY IS NECESSARY TO SUPPORT THAT KIND OF INVESTMENT

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OF A COMPANY LIKE MERCK OR OTHERS THROUGHOUT THE NATION.

Q. ARE YOU FAMILIAR WITH THE PATENT & TRADEMARK OFFICE?

A. I AM.

Q. THAT'S KIND OF A SILLY QUESTION.

CAN YOU DESCRIBE TO THE JURY VERY BRIEFLY HOW THAT OFFICE IS STRUCTURED.

A. YES. THE -- THE PATENT OFFICE IS A PART OF THE DEPARTMENT OF COMMERCE. THE COMMISSIONER OF PATENTS IS AN ASSISTANT SECRETARY OF COMMERCE. HE HAPPENS TO BE HARRY MANBECK (PHONETIC), THE FORMER PATENT COUNSEL OF GENERAL ELECTRIC.

HE HAS REPORTING TO HIM A DEPUTY ASSISTANT COMMISSIONER -- I MEAN, A DEPUTY COMMISSIONER AND SIX ASSISTANT COMMISSIONERS, ONE OF WHOM IS THE ASSISTANT COMMISSIONER FOR PATENTS. THERE'S ONE FOR PATENTS, FOR TRADEMARKS, AND SO FORTH.

UNDER THAT DEPUTY COMMISSIONER FOR PATENTS, YOU HAVE 16 GROUPS THAT ARE BROKEN DOWN BY SUBJECT MATTER THAT SHOULD BE EXAMINED.

I FIND IT SOMEWHAT INTERESTING, BECAUSE WHEN I WAS A PATENT EXAMINER, THERE WERE THREE GROUPS: CHEMICAL, ELECTRICAL, AND MECHANICAL. EVERYTHING COULD FIT UNDER THOSE THREE SIMPLE CATEGORIES. NOW YOU HAVE 16 GROUPS.

THEY'RE HEADED BY A GROUP DIRECTOR. UNDER EACH GROUP, YOU HAVE WHAT ARE CALLED . . . ART UNITS. AM I . . . AND ART UNITS ARE AGAIN BROKEN DOWN BY TECHNICAL SUBJECT MATTER AND HEADED BY WHAT'S CALLED AN SPE, A SUPERVISORY PRIMARY EXAMINER.

Q. IS THERE A PARTICULAR GROUP THAT IS PERTINENT TO THE PATENTS IN THIS CASE?

A. YES. GROUP 180 IS A BIO -- IS THE GROUP HANDLING BIOTECHNOLOGY SUBJECT MATTER.

Q. HOW MANY -- I THINK YOU SAID THAT'S DIVIDED INTO ART UNITS?

A. YES. I THINK THERE ARE EIGHT ART UNITS IN GROUP 180.

Q. AND WITHIN THE ART UNITS, WHO ARE THE PERSONNEL?

A. WELL, EACH UNIT IS HEADED BY A SUPERVISORY PRIMARY EXAMINER, AND HE WOULD HAVE REPORTING TO HIM A NUMBER OF EXAMINERS.

THE EXAMINERS WOULD -- MAY BE -- WOULD BE OF DIFFERENT RANKS, IF YOU WILL. THE HIGHEST RANK UNDER HIM WOULD BE THE PRIMARY EXAMINER RANK, AND THEN IT MIGHT -- IT WOULD GO DOWN TO THE VERY BEGINNING OF ENTRY-LEVEL RANK.

Q. JUST TO GIVE US AN IDEA OF THE -- OF THE SIZE OF THIS ORGANIZATION, DO YOU KNOW HOW MANY EXAMINERS THERE ARE IN THE BIOTECH GROUP?

A. THERE ARE ABOUT -- TODAY, ABOUT 140, 15 OF WHOM ARE PRIMARY EXAMINERS, ROUGHLY.

Q. OKAY. LET'S TALK ABOUT EXAMINERS FOR A MINUTE:

WHAT KIND OF EDUCATIONAL BACKGROUND DOES IT TAKE TO BE AN EXAMINER?

A. WELL, TO BE HIRED BY THE PATENT OFFICE REQUIRES THAT YOU HOLD AT LEAST A UNIVERSITY TECHNICAL DEGREE.

THE PATENT OFFICE IS MOST ANXIOUS TO OBTAIN AS EMPLOYEES PEOPLE WHO HAVE A HIGHER SCIENTIFIC TRAINING, AND IN THE BIOTECHNOLOGY FIELD, THEY HAVE BEEN ANXIOUS TO GET AS MANY PH.D. CANDIDATE -- GRADUATES IN THAT FIELD AS THEY HAVE BEEN ABLE -- AS THEY CAN.

Q. WHAT KIND OF TRAINING DO YOU HAVE TO HAVE HAD IN PATENT PROCEDURES TO BECOME AN EXAMINER?

A. NONE.

Q. WHY IS THAT?

A. WELL, FUNDAMENTALLY, THEY FEEL, I GUESS -- WELL, THEY SUPPORT -- THEY RUN PROGRAMS OF TRAINING, WHICH INCLUDE THE LEGAL PRINCIPLES NECESSARY TO BE ABLE TO UNDERSTAND TITLE 35, THE PATENT LAW, AND HOW TO APPLY THE PRINCIPLES OF THAT LAW TO THEIR EXAMINING PROCEEDINGS.

THERE IS A TRAINING PROGRAM IN THE PATENT OFFICE CALLED -- CALLED THE PATENT OFFICE ACADEMY. EVERY ENTERING EXAMINER WILL HAVE ABOUT 200 HOURS OF PATENT OFFICE ACADEMY FORMAL TRAINING IN THE COURSE OF HIS FIRST YEAR, OR THAT'S THE GOAL CERTAINLY.

THEN THERE IS ALSO ONGOING TRAINING ACTIVITIES OF LEGAL, LECTURES AND WHAT HAVE YOU, TO -- TO THE EXAMINERS.

THE PATENT OFFICE ALSO FINANCIALLY SUPPORTS EXAMINERS WHO GO OUT TO THE LAW SCHOOLS THAT ARE IN THE WASHINGTON, D.C., AREA AND TAKE COURSES THAT ARE RELATED TO THE PRACTICE OF PATENT LAW.

Q. ASIDE FROM FORMAL TRAINING OF THIS SORT, THE PATENT ACADEMY AND LAW SCHOOL COURSES, AND THINGS LIKE THAT, ARE THERE OTHER MECHANISMS FOR EXAMINERS TO LEARN PATENT PROCEDURES?

A. WELL, THERE IS A BOOK ABOUT THAT THICK (INDICATING) THAT'S CALLED THE MANUAL OF PATENT EXAMINING PROCEDURES. EACH EXAMINER HAS A COPY OF THAT. THAT IS REALLY THE TEXTBOOK USED IN THE ACADEMY, AND IT'S THE TEXT USED ON A DAY-TO-DAY PRACTICE WHEN YOU'RE DOING AN EXAMINATION OF AN APPLICATION.

THEY ALSO, OBVIOUSLY, HAVE THE CHAP SITTING NEXT TO THEM. THEY HAVE THE SUPERVISORY PERSONNEL WHO ARE RESPONSIBLE FOR THE ON-THE-JOB TRAINING, AND I GUESS I WOULD SAY THAT THE ON-THE-JOB TRAINING IS FUNDAMENTALLY THE MOST IMPORTANT PART OF THE TRAINING OF AN EXAMINER.

Q. HOW DO EXAMINERS LEARN THE FIELD OF ART, THE SUBJECT MATTER, THE SCIENCE THAT THEY WORK IN?

A. WELL, SEVEN AND A HALF HOURS A DAY, YOU -- THEY LIVE IN IT.

AN EXAMINER IS ASSIGNED TO A PARTICULAR ART -- WHAT'S CALLED AN ART -- SUBCLASS.

FOR EXAMPLE, WHEN I WAS AN EXAMINER, I SPENT ALL OF MY TIME ON THE CHEMISTRY OF PHOTOGRAPHY. IN THE BIOTECHNOLOGY AREA, THERE WOULD BE EXAMINERS WHOSE RESPONSIBILITY WOULD BE THAT MUCH (INDICATING) SUBJECT MATTER IN BIOTECHNOLOGY, AND EVERYTHING THEY DID WOULD BE RELATED TO THAT SUBJECT MATTER.

THEY'D HAVE RESPONSIBILITY TO STAY UP WITH THE LITERATURE ON THAT AREA OF SUBJECT MATTER, AND THEIR SEARCHES WOULD TAKE THEM INTO THAT -- THAT SUBJECT MATTER ON A STEADY BASIS. ALL OF THEIR APPLICATIONS WOULD RELATE TO THAT SUBJECT MATTER, AND SOONER OR LATER, YOU GET TO KNOW IT QUITE WELL.

Q. ARE THERE ANY FORMAL TRAINING MECHANISMS IN THE AREAS -- THE SUBJECT MATTERS FOR BIOTECHNOLOGY?

A. YES. IN THE BIOTECHNOLOGY AREA, THERE HAS BEEN FORMED RATHER RECENTLY WHAT'S CALLED THE BIOTECHNOLOGY INSTITUTE.

Q. WHAT'S THAT?

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A. THAT'S PART OF THE PATENT OFFICE ACADEMY, AND IT'S MADE UP -- IT HAS A BOARD OF DIRECTORS MADE UP OF MEMBERS FROM INDUSTRY, FROM THE ACADEMIC WORLD, AND FROM THE PATENT OFFICE.

AND THAT GROUP IS DEVOTING THEIR EFFORTS TO DEVELOPING TRAINING MECHANISMS FOR THE EXAMINERS INVOLVED IN GROUP 80, IN THE BIOTECHNOLOGY SCIENCES.

THEY HAVE HAD LECTURES -- LECTURE SERIES THAT THEY RUN IN THE PATENT OFFICE FOR THOSE EXAMINERS, AND . . . THEY'RE DEVOTING SUBSTANTIAL FUNDS AND EFFORT TO THAT ACTIVITY.

Q. I SEE.

YOU MENTIONED A MINUTE AGO THAT THERE ARE DIFFERENT KINDS OR GRADES OF EXAMINERS; IS THAT RIGHT?

A. YES.

Q. I THINK ONE THAT YOU MENTIONED WAS A -- SOMETHING CALLED A PRIMARY EXAMINER?

A. YES.

Q. WHAT IS A PRIMARY EXAMINER?

A. WELL, A PRIMARY EXAMINER IS THE -- THE HIGHEST RANKED EXAMINER IN A NON-SUPERVISORY CAPACITY WHO HAS THE AUTHORITY TO . . . IN HIS ACTIONS, INTERVIEWS, AND IN HIS OFFICE ACTIONS, HIS CORRESPONDENCE WITH APPLICANTS, TO BIND THE PATENT OFFICE TO THOSE DECISIONS THAT HE MAKES.

Q. CAN YOU EXPLAIN TO THE JURY WHAT IT TAKES TO BECOME A PRIMARY EXAMINER.

A. WELL, FROM -- FROM THE ENTRY-LEVEL . . . YOU'RE EXPECTED TO

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DO CERTAIN THINGS UNDER THE SUPERVISION OF SOME HIGHER AUTHORITY, GENERALLY A MORE SENIOR ATTORNEY -- A MORE SENIOR EXAMINER WHO WOULD BE ASSIGNED AS THE TRAINING EXAMINER FOR THAT PARTICULAR -- FOR THIS NEWCOMER.

AS HE PROGRESSED IN HIS TRAINING, THE SUPERVISORS WOULD WATCH HOW HE WAS DOING AND WOULD GIVE HIM ADDITIONAL AUTHORITIES.

ULTIMATELY, IT WOULD COME UP THE RANK TO THAT AUTHORITY TO SIGN ACTIONS, SUBJECT TO THE SUPERVISOR APPROVING THE SIGNING IT, AND THEN ULTIMATELY TO THE PRIMARY EXAMINER RANK, WHERE YOU DO IT WITHOUT THAT NECESSITY OF A SUPERVISORY SIGNING.

Q. HOW LONG DOES IT NORMALLY TAKE FOR AN EXAMINER TO PROGRESS TO THE RANK OF PRIMARY EXAMINER?

A. OH, AT THIS TIME, IT'S ABOUT A SIX- OR SEVEN-YEAR PROPOSITION.

Q. WHAT RESPONSIBILITIES DOES A PRIMARY EXAMINER HAVE FOR WORKING WITH OTHER EXAMINERS?

A. WELL, HE NORMALLY WOULD BE ASSIGNED THE RESPONSIBILITY TO TRAIN AND . . . I THINK THAT -- HE OBVIOUSLY HAS A DOCKET. HE HAS HIS OWN DOCKET. HE PROCEEDS TO HANDLE HIS OWN APPLICATIONS AND HIS OWN -- ANY OTHER MATTERS, INTERFERENCES AND RE -- RE-EXAMINATION PROCEEDINGS.

BUT I -- IN ADDITION TO THAT, HE'S EXPECTED TO DO TRAINING.

Q. HE'S SUPPOSED TO TRAIN LESS EXPERIENCED EXAMINERS?

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A. YES.

Q. WE HEARD HERE EARLY IN THE TRIAL ABOUT SOME SORT OF QUOTAS FOR EXAMINERS' PERFORMANCE.

ARE YOU FAMILIAR WITH THAT?

A. I THINK THE TERM THAT -- THAT IS PREFERRED IS "GOALS." THE PATENT OFFICE WOULD MUCH PREFER THE TERM "GOAL" THAN "QUOTAS."

YES, I AM FAMILIAR WITH THAT.

Q. AND WE HEARD THAT THE GOAL -- TO USE YOUR WORD -- IN THE BIOTECH UNIT FOR AN EXAMINER LIKE THE ONE INVOLVED IN THIS CASE WAS ABOUT 26 HOURS TO PROCESS AN APPLICATION.

IS THAT YOUR UNDERSTANDING?

A. YES. THAT WOULD BE THE CUMULATIVE TIME FROM THE BEGINNING OF THE PROCESSING OF AN APPLICATION TO THE COMPLETION OF THE EXAMINER'S ACTIVITIES ON THAT APPLICATION. AND --

Q. DOES --

A. -- YES, I'VE SEEN A STATISTIC THAT INDICATES THAT THAT'S ABOUT RIGHT. IT'S AN AVERAGE NUMBER, HOWEVER.

Q. DOES THAT -- DOES THAT FIGURE APPLY TO EACH APPLICATION?

A. NO. AS I SAY, IT'S AN AVERAGE. THE . . . THE SYSTEM WORKS THAT THE HOUR -- THAT HOURS THAT AN EXAMINER SPENT IN EXAMINING TIME ARE RELATED TO THE NUMBER OF APPLICATIONS THAT HE'S HANDLED, AND THAT IS -- HE'S SUPPOSED TO REACH THAT KIND OF A GOAL, HANDLE THAT MANY APPLICATIONS THAT THE GOAL ENDS UP AT BEING A -- HE'S ATTAINED A 26- OR 25-HOUR PERIOD OF TIME, ON AVERAGE, FOR WHAT HE'S DONE.

Q. IS THERE -- WHAT CAN YOU TELL FROM THAT NUMBER, FROM THAT GOAL NUMBER, ABOUT HOW LONG THE EXAMINER SPENT ON THE TWO APPLICATIONS INVOLVED IN THIS CASE?

A. ABSOLUTELY NOTHING.

Q. IS THERE -- IS THERE ANY GOAL, TIME LIMIT RELATED GOAL, RELATED TO A RE-EXAMINATION PERFORMED BY AN EXAMINER?

A. NO. NO, IN RE-EXAMINATION, THE HOURS SPENT ON RE-EXAMINATIONS ARE NOT TAKEN INTO ACCOUNT IN THIS CALCULATION OF HOURS OF EXAMINER TIME.

OBVIOUSLY, IT'S NOT DONE ON ANY KIND OF A SPARE TIME BASIS. THE -- THE PATENT OFFICE VIEWS A RE-EXAMINATION AS A VERY IMPORTANT PROCEEDING AND THE EXAMINER IS GIVEN ALL THE TIME NECESSARY TO PROPERLY HANDLE A RE-EXAMINATION.

NOW, OBVIOUSLY, IN THEIR SUPERVISORY ACTIVITIES, THE . . . THE SUPER -- SUPERVISORY EXAMINER WOULD LOOK AT -- AT THE TIME HE'S RATING THE PERFORMANCE OF AN EXAMINER, HE'D LOOK AT THE REASONABLENESS OF THE TIME PUT ON A RE-EXAMINATION.

I HAD A CHAP STATE IT TO ME THAT, IF YOU PUT A HUNDRED HOURS ON A YO-YO, YOU MIGHT BE CRITICIZED, BUT THAT'S . . . THEY TAKE ALL THE TIME NECESSARY.

Q. I'D LIKE YOU NOW, IF YOU WOULD, TO GIVE US JUST AN OVERVIEW OF HOW THE APPLICATION -- AN APPLICATION FOR A PATENT IS PROCESSED WITHIN THE PATENT OFFICE, WHAT STEPS IT GOES THROUGH.

AND I BELIEVE WE HAVE A POSTER THAT CAN HELP YOU WITH THAT.

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THE COURT: MR. LEWIS, HOW LONG ARE YOU GOING TO BE ON DIRECT, DO YOU THINK?

MR. LEWIS: I EXPECT TO BE ANOTHER 45 MINUTES OR AN HOUR, YOUR HONOR.

THE COURT: OKAY.

(COURT CONFERS WITH COURT REPORTER)

THE COURT: OKAY. WHILE YOU'RE GETTING THE POSTER, WHY DON'T THE REST OF US STAND UP, AT LEAST THOSE OF US WHO'D LIKE TO STAND UP. WE'VE BEEN SITTING -- WE DIDN'T TAKE A BREAK IN BETWEEN TESTIMONY AND IT GETS A LITTLE WEARY.

MR. LEWIS: FINE. IT'LL GIVE ME AN OPPORTUNITY --

THE COURT: SOME PEOPLE MAY NOT HAVE BEEN UP AS LATE AS I WAS LAST NIGHT.

(PAUSE IN PROCEEDINGS)

MR. LEWIS: AT AN APPROPRIATE TIME, MAY MR. ANDERSON COME DOWN AND USE A POINTER?

THE COURT: YES. LET'S JUST GET EVERYBODY SORT OF . . .

THE WITNESS: I MIGHT NEED MY GLASSES FOR THAT.

(PAUSE IN PROCEEDINGS)

THE COURT: OKAY? EVERYBODY . . .

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) MR. ANDERSON, I'VE PUT UP EXHIBIT B-5.

COULD YOU GIVE US A BRIEF DESCRIPTION OF HOW AN APPLICATION FOR A PATENT IS PROCESSED ONCE IT'S BEEN FILED WITH

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THE PATENT OFFICE? WE DON'T NEED THE FULL DETAIL OF THAT THICK BOOK BUT JUST TO HELP.

A. CERTAINLY. CERTAINLY.

THIS PROCESS IS CONDUCTED BY MAIL.

THE PATENT APPLICATION IS FILED IN THE PATENT OFFICE. IT GOES TO WHAT'S CALLED AN APPLICATION . . .

THE REPORTER: I'M SORRY, BUT EVEN WITH THE MICROPHONE, I CAN'T HEAR. PERHAPS IF YOU HELD IT CLOSER TO YOUR MOUTH.

THE COURT: YES, HOLD IT CLOSER TO YOUR MOUTH.

THE WITNESS: IT'S REVIEWED FOR THE FORMALITIES, WHETHER THE FEE HAS BEEN PAID AND SO FORTH, AND THEN IT IS FORWARDED TO THE GROUP, THE ART UNIT, AND -- THAT IS CHARGED WITH RESPONSIBILITY OF EXAMINING THE SUBJECT MATTER TO WHICH THAT APPLICATION IS -- RELATES.

IT THEN WAITS FOR ITS TURN WITH THE OTHER APPLICATIONS BEFORE BEING TAKEN UP BY THE EXAMINER.

THE EXAMINER ULTIMATELY REACHES THE -- THAT APPLICATION. HE READS THE SPECIFICATIONS CAREFULLY TO UNDERSTAND THE APPLICATION AND THE INVENTION. HE READS THE CLAIMS TO SEE THE NATURE OF WHAT IS TO BE CLAIMED AND FOR WHICH STATUTORY PROTECTION IS DESIRED.

HE GOES OUT -- OR HE MAKES A SEARCH, AND THAT INCLUDES THE LITERATURE, PRIOR PATENTS, ALL OF WHICH ARE MADE AVAILABLE TO HIM, AND ELECTRONIC DATABASES THAT HAVE BEEN MADE AVAILABLE TO THE EXAMINER.

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HE PICKS FROM THAT THOSE THAT HE THINKS TO BE RELEVANT TO THE INVENTION, BRINGS THEM BACK TO HIS DESK, SITS DOWN, REVIEWS THEM CAREFULLY, REVIEWS THE CLAIMS MORE CAREFULLY, REACHES A CONCLUSION AS TO WHETHER HE SHOULD REJECT THE CLAIMS AS NOT BEING PATENTABLE OVER THAT ART, THAT PRIOR ART THAT HE HAS FOUND, AND HE WRITES WHAT'S CALLED A -- AN OFFICE ACTION REJECTION, AND THAT'S AT THAT POINT. HE MAILS IT OUT.

Q. (BY MR. LEWIS) EXCUSE ME, MR. ANDERSON.

IS THAT FIRST OFFICE ACTION, IS -- IN YOUR EXPERIENCE, IS THAT NORMALLY A REJECTION?

A. IT IS NORMALLY A REJECTION. IT'S . . . YES, IT IS. AND IT'S THE THING THAT TAKES A LOT OF THE EXAMINER'S TIME. IT TAKES -- TO DO THAT FIRST READING AND THAT FIRST EXAMINATION, THAT FIRST SEARCH AND SO FORTH, IT TAKES A FAIR AMOUNT OF THE EXAMINER'S TIME.

Q. NOW, IF YOU GET A REJECTION AT THAT FIRST STAGE, DOES THAT MEAN YOU DON'T GET A PATENT?

A. OH, NO, BY NO MEANS. THAT'S REALLY A -- THE MINIMUM THAT IT DOES IS FOR THE EXAMINER IN THE PATENT OFFICE -- HE'S IN THE PATENT OFFICE CAPACITY -- TO EXPRESS THEMSELVES ON THE ART AND THE CLAIMS BEING ASSERTED.

THAT'S MAILED OUT TO THE APPLICANT. THE APPLICANT HAS A PERIOD OF TIME TO RESPOND, RANGING FROM THREE MONTHS PERHAPS TO THE MAXIMUM STATUTORY PERIOD OF SIX MONTHS.

THE APPLICANT GETS IT, LOOKS AT THE REJECTION, LOOKS AT

THE PRIOR ART, REVIEWS HIS CLAIMS, TRIES TO REACH A CONCLUSION AS TO WHETHER HIS CLAIMS AREN'T PROPER, IN HIS JUDGMENT, AND THEREFORE HE SHOULD JUST ARGUE WITH THE POSITION TAKEN BY THE EXAMINER, OR, IN FACT, THE EXAMINER HAS A CERTAIN AMOUNT OF CORRECTNESS IN HIS -- IN HIS REJECTION, THE CLAIMS ARE TOO BROAD, SHOULD BE REVISED, WHAT'S CALLED AMENDED CLAIMS.

AND HE AMENDS THEM, WRITES A -- WHAT'S CALLED AN AMENDMENT -- EXCUSE ME -- WRITES A RESPONSE TO THE OFFICE ACTION AND SENDS IT IN TO THE PATENT OFFICE FOR THEIR -- FOR THAT EXAMINER'S FURTHER REVIEW.

AGAIN, THE APPLICATION AWAITS ITS TURN. IT IS TAKEN UP AGAIN BY THE EXAMINER, AND HE REACHES A CONCLUSION. HE LOOKS AT THE CLAIMS NOW BEING ASSERTED, LOOKS AT THE ARGUMENTS, LOOKS AT THIS ART, CONSIDERS HIS POSITION AGAIN, AND THEN REACHES A CONCLUSION, WHICH CAN DROP US TO THIS AREA (INDICATING).

SO HIS CONCLUSION IS EITHER GOING TO BE, "NO, I DON'T THINK THE APPLICANT IS RIGHT. I'M GOING TO GIVE HIM A FINAL REJECTION ON THESE CLAIMS. THEY'RE JUST NOT PATENTABLE, IN MY JUDGMENT."

OR HE SAYS, "YEAH, THERE'S AN INVENTION," AND HE ISSUES WHAT'S CALLED A NOTICE OF ALLOWANCE. IT'S A DOCUMENT THAT GOES OUT. AND WHEN HE ISSUES THAT, THE HAPPY APPLICANT PAYS THE ISSUE FEE AND THE PATENT IS GRANTED TO HIM.

IF HE HAS A FINAL REJECTION, HE HAS A -- OFTEN, HE WILL COME BACK WITH ANOTHER LETTER AND SAY, "HEY, THAT'S NOT RIGHT.

RECONSIDER." AND PERHAPS HE CAN CONVINCE HIM TO GO THIS DIRECTION (INDICATING).

IF NOT, HE GOES TO APPEAL TO THE BOARD OF APPEALS.

NOW, THERE ARE OCCASIONS, AS IS INDICATED IN THESE CHARTS, WHERE, AFTER THE FINAL REJECTION, THE REASONS FOR THE FINAL REJECTION MAY BE CORRECTED BY CHANGING THE WRITTEN DESCRIPTION OR SOME PART OF THE SPECIFICATION OF THE PATENT.

YOU CANNOT CHANGE THIS ONE (INDICATING), SO YOU HAVE TO DO IT HERE, FILE A NEW ONE, BRING IT BACK AND START ALL OVER AGAIN.

THE BOARD OF APPEALS EITHER SUSTAINS THE EXAMINER IN HIS REJECTION, AT WHICH POINT I'VE SHOWN HERE AN APPEAL TO THE COURT OF APPEALS OF THE FEDERAL CIRCUIT, OR THEY REVERSE THE EXAMINER, SAYING, "NO, EXAMINER, YOU'RE WRONG. THERE IS AN INVENTION." IT'S BACKED UP, BACK TO THE NOTICE OF ALLOWANCE.

Q. THANK YOU. YOU CAN TAKE A SEAT AGAIN.

A. (WITNESS RESUMES WITNESS STAND.)

Q. HAVE YOU EXAMINED THE FILES FROM THE PROSECUTION OF THE '195 PATENT AND THE '202 PATENT?

A. YES, I HAVE.

Q. DID THEY, IN GENERAL, GO THROUGH SOMETHING LIKE THIS PROCESS?

A. YES. THEY WENT THROUGH A TWO-OFFICE ACTION PROCESS.

Q. HOW LONG DID THE PROCESS TAKE FOR THE '202 PATENT, JUST TO GIVE AN IDEA OF HOW LONG IT TAKES?

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A. WELL, THE PATENT --

Q. LET ME HELP YOU. I HAVE EXHIBIT B-1, WHICH IS THE '202 PATENT.

A. WELL, THE APPLICATION WAS FILED IN OCTOBER OF 1985. THE PATENT WAS ISSUED IN JULY OF 1987, SO IT WAS SOMEWHAT SHORT OF TWO YEARS.

Q. WHEN MR. DE GRANDI WAS HERE, HE SPOKE ABOUT ONE EVENT IN THAT PROCESS THAT WAS CALLED A TERMINAL DISCLAIMER.

A. YES.

Q. WHAT IS A TERMINAL DISCLAIMER?

A. A TERMINAL DISCLAIMER IS A DOCUMENT THAT YOU FILE IN THE PATENT OFFICE WHEN YOU HAVE TWO APPLICATIONS OF THE SAME . . . OWNER -- OWNER -- THAT ARE RELATED TO EACH OTHER.

AND THE DOCUMENT SAYS, I . . . I WILL SIGN THE CERTIFICATE THAT DETERMINES THE DAY OF EXPIRATION OF THE SECOND PATENT AT THE DATE OF EXPIRATION OF THE FIRST PATENT.

Q. IT'S A DOCUMENT THAT SHORTENS THE TERM OF THE SECOND PATENT IN WHICH THE OWNER AGREES TO THAT?

A. YES.

Q. WHAT KIND OF SITUATION CALLS FOR THAT?

A. THERE IS A -- THERE IS A REJECTION USED IN THE PATENT OFFICE THAT'S CALLED AN OBVIOUSNESS REJECTION ON THE -- ON THE STATUTORY BASIS OF DOUBLE PATENTING.

IT CAN OCCUR WHEN YOU HAVE TWO APPLICATIONS, THEY'RE RELATED TO EACH OTHER, AND THE EXAMINER ARGUES THAT THE CLAIMS

OF THE SECOND APPLICATION ARE NOT PATENTABLE OVER THE CLAIMS OF THE FIRST APPLICATION AND WOULD EXTEND THE PATENT MONOPOLY FOR A PERIOD OF TIME IMPROPERLY.

Q. WHEN YOU SAY IT WOULD EXTEND THE PERIOD, THAT'S IF ONE ISSUES AFTER THE OTHER ONE ISSUES?

A. THAT'S CORRECT, THAT THEY ISSUE ON DIFFERENT DATES.

Q. SO YOU'D HAVE A 17-YEAR TERM ON ONE OF THEM AND THEN A 17-YEAR TERM OVERLAPPING THE OTHER.

A. WELL, OVERLAPPING. GENERALLY, IT WOULD BE A YEAR LONGER, OR SOMETHING OF THAT NATURE.

Q. ALL RIGHT. NOW, HOW DOES A TERMINAL DISCLAIMER SOLVE THAT PROBLEM?

A. WELL, IT -- IT TERMINATES THE TERM OF THE SECOND PATENT ON THE SAME DAY THAT THE TERM OF THE FIRST PATENT EXPIRES.

Q. NOW, IF YOU GET THIS KIND OF REJECTION, THIS PARTICULAR KIND OF A REJECTION, FROM AN EXAMINER AND YOU DECIDE TO USE A TERMINAL DISCLAIMER TO FIX IT, HOW LONG DOES THAT TAKE?

A. YOU WRITE THE LETTER AND DELIVER IT THE NEXT DAY, AND THE PROBLEM IS FINISHED.

Q. WHAT ELSE CAN YOU DO IN THAT SITUATION?

A. WELL, WHEN YOU GET THAT KIND OF A REJECTION, YOU -- NORMALLY, YOU ARGUE, BECAUSE THE -- IT ISN'T ALWAYS NECESSARILY TRUE. SO YOU WILL ARGUE WITH THE EXAMINER THAT IT IS AN IMPROPER REJECTION.

IF HE STAYS WITH HIS REJECTION, THEN I THINK -- OR AT

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LEAST IN MY EXPERIENCE, THEN YOU HAVE FOR THE CLIENT A -- AN ECONOMIC DECISION: IS THE BENEFIT THAT YOU'RE GOING TO RECEIVE FROM THAT EXTRA YEAR OF TERM IN THE SECOND PATENT WORTH THE FIGHT AND THE JEOPARDY OF WAITING IT OUT AND SO FORTH?

Q. WELL, JUST TO MAKE CLEAR WHAT THE FIGHT IS:

IF YOU DECIDE NOT TO FILE A TERMINAL DISCLAIMER AND CURE IT RIGHT AWAY, WHAT ELSE DO YOU DO?

A. WELL, YOU GO OVER TO THAT FINAL REJECTION AND THEN APPEAL TO THE BOARD OF APPEALS AND THEN AN APPEAL TO THE COURT OF APPEALS OF THE FEDERAL CIRCUIT, AND YOU'VE SPENT TWO YEARS OR BETTER OF TIME AND A SUBSTANTIAL AMOUNT OF EFFORT TO GET YOURSELF TO THAT POINT.

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) HAVE YOU REVIEWED THE -- YOU HAVE REVIEWED THE PROSECUTION FILES OF THESE PATENTS.

A. I HAVE.

Q. WAS THERE TERMINAL DISCLAIMER FILED?

A. YES, IN BOTH OF THEM.

Q. WAS THERE THIS TYPE OF OBVIOUSNESS TYPE DOUBLE PATENTING REJECTION THAT CALLED FOR THAT?

A. YES, IN THE FIRST ACTION IN BOTH, AND THEN AN ARGUMENT AGAINST IT ON THE PART OF CETUS.

THE EXAMINER HELD TO HIS POSITION, AND CETUS FILED TERMINAL DISCLAIMERS WITHOUT ACQUIESCING TO HIS REJECTION, CONTINUING TO ARGUE IT, AND SAID, BUT WITHOUT ACQUIESCING TO IT,

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HERE'S -- EXCUSE ME -- HERE'S THE TERMINAL DISCLAIMER.

Q. WHAT -- WHAT IN TERMS OF PATENT PROTECTION DID CETUS GIVE UP BY FILING THAT TERMINAL DISCLAIMER?

A. WELL, IN THIS PARTICULAR INSTANCE, THE PATENTS ISSUED ON EXACTLY THE SAME DAY, SO THERE WAS NO EFFECT OF THE TERMINAL DISCLAIMER.

Q. IS THERE -- IS THERE ANY REASON TO APPEAL IN THAT SORT OF SITUATION WHERE THEY'RE GOING TO ISSUE THE SAME DAY?

A. ANY . . .

Q. ANY REASON TO APPEAL A REJECTION OF THAT TYPE WHEN YOU ANTICIPATE THE PATENTS WILL ISSUE THE SAME DAY.

A. NO. BUT YOU NEVER CAN BE SURE THAT, IN THE COURSE OF THE PROCEEDINGS IN THE PATENT OFFICE, EVEN AFTER THE NOTICE OF ALLOWANCE, THAT THEY'LL BE ISSUED ON THE SAME DAY. YOU CAN REQUEST IT, BUT YOU CAN'T BE SURE.

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) WE HAVE -- THE JURY HAS SEEN A LITTLE BIT OF THE PATENT FROM TIME TO TIME, AND I'D LIKE YOU, WITHOUT TRYING TO INTERPRET WHAT IT MEANS OR ANYTHING, JUST TO EXPLAIN WHAT THE PARTS ARE OF THE PATENT. AND . . .

IF I CAN GET THE MACHINE ON.

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) NOW, THIS IS THE FIRST PAGE OF THE '202 PATENT, WHICH YOU HAVE UP THERE BEFORE YOU, AND WE HAD A WITNESS BEFORE WHO EXPLAINED THIS FIRST SHEET.

IS THAT CALLED THE COVER SHEET?

A. YES.

Q. OKAY. SO WE DON'T NEED TO GO THROUGH THAT IN DETAIL.

WHAT IS USUALLY THE THING THAT FOLLOWS THAT IN A PATENT?

A. WELL, THE PATENT IS MADE UP OF TWO ESSENTIAL PARTS. ONE IS THE PART OF DRAWINGS AND ONE IS THE PART OF SPECIFICATIONS.

IN THE COPY I HAVE BEFORE ME, THE DRAWINGS BECOME THE NEXT PART OF IT. THERE ARE SEVEN SHEETS OF -- THERE ARE 12 SHEETS OF DRAWINGS THAT ARE HERE. THEY CAN BE IN FRONT OR THEY CAN -- THEY CAN BE AT THE REAR OF THE SPECIFICATION.

BUT IF YOU GO PAST THE DRAWINGS, THERE'S A TEXTUAL MATERIAL THAT STARTS TALKING -- IT SAYS HERE, COLUMN 1, "PROCESS FOR AMPLIFYING NUCLEIC ACID SEQUENCES."

THIS IS CALLED THE SPECIFICATION. THAT'S THE VERY BEGINNING OF THE SPECIFICATION OF A PATENT.

Q. LET'S START WITH A LITTLE EXPLANATION OF THESE NUMBERS:

THERE'S A NUMBER AT THE TOP OF THE COLUMNS. THAT'S JUST A NUMBERING OF THE COLUMNS?

A. THAT'S JUST A NUMBERING SYSTEM OF COLUMNS.

YOU'LL SEE NUMBERS DOWN THE CENTER, AND THOSE ARE THE NUMBERS OF THE LINES.

Q. THAT'S JUST A WAY TO REFER TO A PLACE IN THE PATENT.

A. YES.

Q. OKAY. AND YOU WERE POINTING TO THE TITLE AT THE TOP OF

COLUMN 1 A MOMENT AGO?

A. THAT'S CORRECT.

Q. WHAT COMES NEXT IN A TYPICAL PATENT?

A. GENERALLY, THE PART THAT IS LABELED IN THIS PATENT AS BACKGROUND OF THE INVENTION. IN THAT AREA OF THE SPECIFICATION, YOU WOULD PROVIDE TO THE EXAMINER A WRITE-UP OF THE PRIOR ART KNOWN TO YOU TO WHICH THE -- THE INVENTION RELATES.

YOU GENERALLY OR OFTEN MAY PUT IN THERE A STATEMENT OF THE NATURE OF, "THE PROBLEM THAT EXISTS FOR WHICH THE INVENTION IS DESIGNED TO SOLVE." THE PROBLEM DESIGNED TO SOLVE. AND THAT WOULD BE IN THE BACKGROUND OF THE INVENTION.

GENERALLY, IT GIVES YOU, AS IT SAYS, THE BACKGROUND. IT GIVES YOU THE LITERATURE SO THAT, WHEN YOU START READING IT, YOU KNOW THE GENERAL FIELD YOU'RE GOING TO BE TALKING ABOUT.

Q. IN A TYPICAL PATENT -- IN DRAFTING A TYPICAL PATENT, WHAT COMES NEXT AFTER THE BACKGROUND?

A. WELL, YOU'LL HAVE A SUMMARY OF THE INVENTION, A FAIRLY CONCISE, AND BROAD, AND NOT . . . NOT VERY MUCH DETAIL GENERALLY, BUT A SUMMARY.

IT'S NOT THE SAME AS THE ABSTRACT IN THE FRONT. IT GIVES YOU A BIT MORE INFORMATION THAN THE ABSTRACT. BUT IT'S -- IT'S DESIGNED TO GIVE YOU A GENERAL . . . GENERAL IDEA OF WHAT YOU CAN EXPECT TO BE READING AS YOU GO THROUGH THE REST OF THE SPECIFICATION.

Q. OKAY. AND IN THIS PATENT, IN COLUMN 3, THE NEXT --

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A. COLUMN -- I'M SORRY. COLUMN 2 IS THE SUMMARY OF THE INVENTION.

COLUMN 3 PROVIDES A DESCRIPTION -- THE AREA -- IT SAYS THE DESCRIPTION OF THE DRAWING. AND EACH FIGURE MUST BE DESCRIBED IF THERE ARE DRAWINGS, AND IT'S A FAIRLY CONCISE DESCRIPTION OF WHAT THE FIGURE IS TO ILLUSTRATE.

AND THEN ALSO THE DETAILS OF WHAT IT ILLUSTRATES WILL COME LATER IN THE SPECIFICATION.

Q. THE NEXT HEADING HERE IS SOMETHING CALLED "DETAIL DESCRIPTION OF THE PREFERRED EMBODIMENTS."

WHAT DOES THAT MEAN IN NON-PATENT TERMS?

A. THAT WOULD BE THE BEGINNING OF THE GENERAL TEXTUAL MATERIAL THAT IS GOING TO BE USED TO DESCRIBE THE INVENTION IN ITS GENERAL TERMS AND . . . QUITE SPECIFIC, BUT . . . IT'S GENERAL AS DISTINGUISHED FROM WHAT COMES LATER IN THE PATENT SPECIFICATION CALLED EXAMPLES. IT GIVES VARIANCE OF DIFFERENT THINGS.

YOU OFTEN CAN GET THE DEFINITION OF TERMS, PARTICULARLY IN NEWER SCIENCES WHERE THE TERMS MAY NOT BE VERY WELL-KNOWN. YOU'LL GET THE DEFINITION THAT THE INVENTOR MEANS WHEN HE USES THE TERM IN HIS PATENT SPECIFICATION AND ULTIMATELY IN HIS CLAIMS.

Q. NOW --

A. THAT GOES ON IN THIS ONE FOR CONSIDERABLE PERIOD, THROUGH . . . THROUGH COLUMN 15, LINE 44, WHERE YOU SEE A

LISTING OF EXAMPLE 1.

Q. NOW, IS IT TYPICAL TO PUT EXAMPLES IN A PATENT?

A. YES. IT IS . . . IT IS CERTAINLY TYPICAL, AND AT THIS STAGE, IN A SCIENCE OF THIS NATURE, IT WOULD BE MANDATORY, FOR -- FOR GOOD READING.

Q. IN YOUR EXPERIENCE, DOES ONE NORMALLY PUT A DOZEN EXAMPLES IN A PATENT?

A. OH, A DOZEN IS COMMON. I'VE SEEN PHARMACEUTICAL PATENTS WE PREPARED THAT ARE THAT THICK (INDICATING) THAT MIGHT HAVE HUNDREDS OF EXAMPLES, BUT . . .

THE PURPOSE OF AN EXAMPLE IS TO GIVE RECIPES OR, IF YOU WILL, SPECIFIC EXPERIMENTS THAT CAN BE FOLLOWED BY SOMEONE SKILLED IN THE ART THAT CAN DEMONSTRATE TO HIM THAT, IF HE FOLLOWS THIS TECHNIQUE, OUTLINE, HE'S GOING TO RECEIVE -- HE'S GOING TO GET THE RESULTS INDICATED IN THAT EXAMPLE, AND FROM DOING THAT, HE'S GOING TO LEARN HOW TO PRACTICE THE INVENTION.

Q. NOW, THE EXAMPLES HERE RUN THROUGH COLUMN, OH, 26 OR 27; IS THAT RIGHT?

A. THEY RUN TO COLUMN 27, LINE 30.

Q. AND THEN WE GET TO WHAT WE'VE BEEN REFERRING TO AS THE CLAIMS?

A. THAT'S CORRECT.

Q. IS THAT USUALLY THE LAST PART OF A PATENT?

A. YES, AND AS INDICATED THERE, WHAT IS CLAIMED IS, WHAT IS CLAIMED AS MY INVENTION FOR WHICH, IMPLIED IN THE LANGUAGE, IS

FOR WHICH I REQUEST THE STATUTORY PROTECTION OF EXCLUSIVITY.

Q. I'D LIKE YOU TO EXPLAIN A COUPLE OF TERMS THAT WE'VE HEARD APPLIED TO CLAIMS BUT THAT I DON'T THINK HAVE BEEN DEFINED:

WHAT'S AN INDEPENDENT CLAIM?

A. WELL, AN -- ALL CLAIMS ARE WRITTEN AS A SINGLE SENTENCE.

AN INDEPENDENT CLAIM IS, AS YOU SEE HERE IN THE EXAMPLE, IN CLAIM 1, A FULL PARA -- A FULL LONG SENTENCE THAT DESCRIBES THE CHARACTERISTICS OF AN INVENTION, THE TOTALITY OF THE CHARACTERISTICS IN VARIOUS PHRASES.

A DEPENDENT CLAIM IS A CLAIM THAT INCORPORATES ALL OF THAT BY REFERENCE INTO THE DEPENDENT CLAIM, SUCH AS CLAIM 2, AND ADDS ANOTHER CHARACTERISTIC TO THE INVENTION. THESE CHARACTERISTICS ARE CALLED, BY US PATENT LAWYERS, LIMITATIONS.

Q. SO THAT'S WHAT A LIMITATION IS, A CHARACTERISTIC USED IN DESCRIBING THE INVENTION?

A. YES.

Q. AND ARE THERE INDEPENDENT AND DEPENDENT CLAIMS IN THIS '202 PATENT?

A. YES, THERE ARE SEVERAL INDEPENDENT AND EACH OF THEM HAVE SOME DEPENDENT CLAIMS.

Q. HOW CAN YOU TELL A DEPENDENT FROM AN INDEPENDENT CLAIM JUST BY READING IT?

A. WELL, IF YOU LOOK AT CLAIM 2 --

Q. LET ME PUT THAT ON SO WE CAN ALL LOOK AT IT.

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) I'M NOT AS GOOD AT THIS AS MR. PASAHOW.

NOW, HOW CAN YOU TELL THAT THAT'S A DEPENDENT CLAIM?

A. WELL, AS YOU SEE, IT SAYS THE PROCESS OF CLAIM 1 -- AND I CHUCKLED TO MYSELF BECAUSE IT EVEN IS NICE TO US THAT NEED GLASSES BECAUSE IT EMPHASIZES THE "1."

BUT IT SAYS, "THE PROCESS OF CLAIM 1." THAT MEANS EVERYTHING IN CLAIM 1. AND THEN IT SAYS, "WHEREIN THE STEPS ARE REPEATED AT LEAST ONCE." THAT'S THE ADDED LIMITATION.

Q. WE ALSO HEARD REFERENCES TO SOMETHING CALLED A BROAD CLAIM. WHAT DOES THAT MEAN? DOES IT HAVE A PRECISE MEANING?

A. WELL, IF YOU HAVE A PIONEERING INVENTION, OR A . . . THE CLAIM . . . THE DESCRIPTION OF THE CHARACTERISTICS OF THE CLAIM CAN ENCOMPASS A GREAT AMOUNT OF SUBJECT MATTER.

Q. LET ME INTERRUPT YOU.

WHAT DO YOU MEAN BY A PIONEERING INVENTION?

A. WELL, FOR EXAMPLE, I EXAMINED A PATENT APPLICATION THAT -- ON THE CHEMISTRY USED BY EDWIN LAND IN THE POLAROID CAMERA.

I WISH I KNEW THERE WAS A STOCK MARKET.

BUT HAVING EXAMINED THAT, HE GOT A VERY BROAD CLAIM OF -- ON INSTANT PHOTOGRAPHY, THE METHOD OF FORMING THE IMAGE WHILE THE CAMERA -- WHILE THE FILM WAS STILL IN THE CAMERA, AS WITNESSED WITH THE LITIGATION THAT WAS SUCCESSFUL AGAINST KODAK.

IT'S -- IT'S AN INVENTION WHERE THERE HAS NOT BEEN VERY MUCH GONE BEFORE RELATED TO THAT PARTICULAR SUBJECT MATTER, SO IT'S A . . . IT'S PIONEERING IN THAT SENSE.

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Q. ONE OTHER THING ABOUT THE CLAIMS:

IS THERE . . . IS THERE A USUAL ARRANGEMENT FOR -- A CONVENTION AS TO WHERE YOU PUT YOUR INDEPENDENT CLAIMS AND WHERE YOU PUT YOUR DEPENDENT CLAIMS AND WHERE YOU PUT YOUR BROAD CLAIMS?

A. NORMALLY, THE FIRST CLAIM OF THE PATENT WOULD BE THE BROAD CLAIM, THE BROADEST CLAIM THAT YOU WOULD BE ASSERTING, AND YOU WOULD DO YOUR DEPENDENT CLAIMS FROM THAT -- THAT BROAD CLAIM.

OFTEN, YOU WOULD HAVE THE DESIRE TO CHARACTERIZE YOUR INVENTION IN LANGUAGE DIFFERENT FROM THE LANGUAGE YOU USED IN CLAIM 1, SO YOU'D WRITE ANOTHER INDEPENDENT CLAIM AT A LATER DATE, A LATER PLACE IN THE LISTING OF CLAIMS, AND WRITE YOUR DEPENDENT CLAIMS TO THAT ONE.

Q. IS -- IS THE '202 PATENT LAID OUT, IN GENERAL, IN THAT WAY?

A. YES. YOU HAVE AN INDEPENDENT CLAIM 1 AND A DEPENDENT -- AND DEPENDENT CLAIMS FROM IT, AND ONES IN THE -- IN THAT SEQUENCE, DOWN TO CLAIM 18, AND THEN CLAIM 19 IS ANOTHER INDEPENDENT CLAIM, AND 20 AND 21 ARE DEPENDENT -- WELL, 20 IS DEPENDENT ON 19. 21 GOES BACK TO 1.

Q. ONE OTHER QUESTION -- ONE LAST QUESTION ABOUT THE CLAIMS:

WHEN YOU'RE DRAFTING A CLAIM, AS A PATENT LAWYER, DO YOU USUALLY LIMIT YOUR CLAIM TO THE SPECIFIC EXAMPLES THAT ARE SET FORTH IN YOUR PATENT?

A. NO. THE EXAMPLES ARE SPECIFIC RECIPES, IF YOU WILL, AND YOU DO NOT. BY NO MEANS WOULD THE CLAIMS BE LIMITED TO THE SPECIFIC

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EXAMPLES.

Q. CAN YOU EXPLAIN WHY.

A. WELL, THE CLAIMS ARE DESIGNED TO . . . DESCRIBE THE INVENTION IN ITS ENTIRETY AND THE COPY OF THE INVENTION FOR WHICH THE PROTECTION IS BEING REQUESTED.

THE EXAMPLES ARE TO SHOW HOW TO PRACTICE ANY SPECIFIC EMBODIMENT OF THAT INVENTION THAT WOULD BE ENCOMPASSED WITHIN THE CLAIM.

Q. SO THEY ARE EXAMPLES OF THE INVENTION, LITERALLY.

A. (NODDING HEAD.) HOW TO DO IT.

Q. LET'S CHANGE THE SUBJECT A LITTLE BIT:

ARE YOU FAMILIAR WITH A PATENT PROCESS THAT'S KNOWN AS RE-EXAMINATION?

A. I AM.

Q. WHAT EXPERIENCE PERTAINING TO RE-EXAMINATION DO YOU HAVE?

A. WELL, I -- I WAS INVOLVED, I GUESS, AT THE EARLIEST DATE WHEN THE CONCEPTS AND PRINCIPLES OF RE-EXAMINATION WERE BEING DEVELOPED.

THERE WAS . . . WHEN I SPOKE EARLIER OF THE ADVISORY COMMITTEE ON INDUSTRIAL INNOVATION DURING THE CARTER ADMINISTRATION, ONE OF THE SPECIFIC RECOMMENDATIONS THAT -- IMPORTANT RECOMMENDATIONS THAT CAME FORWARD FROM THE PATENT GROUP OF THAT COMMITTEE WERE -- WAS THAT THERE SHOULD BE A RE-EXAMINATION PROCEEDING AVAILABLE IN THE LAW OF THE UNITED STATES.

Q. UH-HUH.

A. A SECOND ONE WAS THAT THERE SHOULD BE A SINGLE COURT OF APPEALS FOR PATENT MATTERS, WHICH RESULTED IN THE COURT OF APPEALS OF THE FEDERAL CIRCUIT.

THE . . . IN SOME -- ABOUT THE SAME TIME, AND SOME LATER PERIODS OF TIME, A GROUP OF US PATENT COUNSEL, THE . . . HARRY MANBECK OF GENERAL ELECTRIC, DR. PAULINE NEWMAN OF FOOD MACHINE -- OF FOOD MACHINERY, ALAN LURIE OF SMITH KLINE, BOB BENSON OF ALICE CHALMERS, ELDON LUKENS OF COMBUS -- A GROUP. A GROUP, ANYWAY.

HARRY IS NOW COMMISSIONER, AND PAULINE NEWMAN AND ALAN LURIE ARE JUDGES ON THE COURT OF APPEALS OF THE FEDERAL CIRCUIT.

BUT A GROUP OF US DEVELOPED THE TEXT THAT WE THOUGHT APPROPRIATE FOR RE-EXAMINATION, A RE-EXAMINATION STATUTE, AND SET -- AND IT WAS ALSO INVOLVED IN THE ABA COMMITTEE ACTIVITIES. AND ALL KINDS OF RESOLUTIONS OF SUPPORT WERE DEVELOPED BY THE PTC SECTION OF THE AMERICAN BAR ASSOCIATION, BY THE AIPLA, INTELLECTUAL LAW ASSOCIATION, AND OTHERS INTERESTED IN THE SAME PRINCIPLES AND BASICALLY, THROUGH SUBSTANTIAL AMOUNT OF EFFORT, PREVAILED UPON CONGRESS TO PASS THE -- THE LAW AND ADD RE-EXAMINATION TO THE STATUTE.

Q. SINCE THE ENACTMENT OF THE STATUTE, HAVE YOU WORKED ON A RE-EXAMINATION?

A. YES. AT MERCK, I WAS INVOLVED, AND I WAS INTERESTED ENOUGH TO BE PERSONALLY INVOLVED IN ONE OF THE FIRST RE-EXAMINATION

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PROCEEDINGS THAT WENT ON IN THE PATENT OFFICE.

Q. HAVE YOU BEEN INVOLVED SINCE IN RE-EXAMINATIONS?

A. YES. THERE WERE -- THERE WERE A COUPLE MORE IN MERCK; I DON'T RECALL ANY AT MONSANTO. BUT I'VE BEEN CONSULTED IN THE LAST YEAR AND A HALF ON TWO FOR ASSISTING A LAW FIRM IN NEW YORK.

Q. WHY WAS A RE-EXAMINATION PROCESS DESIRED?

A. WELL . . . WHEN YOU HAD AN EXAMINATION PROCEEDING, AS WE WENT THROUGH HERE, AND THE CLAIMS WERE FINALLY ALLOWED AND THE PATENT WAS ISSUED, IT WAS ON THE BASIS OF THE -- THE ART, THE PRIOR ART, THE REFERENCES THAT HAD BEEN FOUND BY THE EXAMINER OR PROVIDED BY THE APPLICANT, AND IT WAS WITHIN THAT FRAMEWORK OF PRIOR ART THAT THE CLAIMS OF THAT PATENT WERE REVIEWED.

AND WHEN YOU WOULD GET INTO A MORE -- INTO A SERIOUS MATTER RELATING TO THE PATENT, WHETHER IT BE A LICENSING SITUATION OR WHETHER IT BE LITIGATION --

Q. THIS IS AFTER A PATENT ISSUES.

A. AFTER THE PATENT HAS ISSUED.

-- THERE'D BE A VERY MUCH MORE DETAILED SEARCH THAN ANYBODY MIGHT HAVE MADE BEFORE, AND THERE WOULD BE NEWLY-DISCOVERED ART.

AND THE PATENTEE WOULD BE FACED WITH SOMEONE SAYING TO HIM, "HERE'S SOME ART I FOUND, AND IT ADVERSELY AFFECTS THE PATENTABILITY OF THE CLAIMS THAT ARE IN YOUR PATENT."

WELL, THERE WAS NOTHING HE COULD DO ABOUT IT. THERE

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WAS NOTHING THE PATENTEE COULD DO ABOUT IT AT THAT POINT BECAUSE THE PROCEEDINGS IN THE PATENT OFFICE HAD BEEN CLOSED.

Q. YOU MEAN NOTHING HE COULD DO TO DETERMINE WHETHER THAT WAS A VALID CLAIM OR NOT?

A. WELL, THERE WAS NOTHING HE COULD DO TO CHANGE HIS CLAIMS.

Q. RIGHT.

A. AND WE FELT THAT THERE WERE MANY TIMES WHEN A COURT WOULD, UNDER THOSE CIRCUMSTANCES, HOLD A PATENT INVALID, AND PROPERLY INVALID, BECAUSE THE CLAIM ACTUALLY BEING ASSERTING -- ASSERTED WAS TOO BROAD IN THE LIGHT OF THIS NEW PRIOR ART.

BUT THE MAN DID, IN FACT, HAVE A REAL INVENTION. IT JUST HAD NOT BEEN PROPERLY CHARACTERIZED IN THE CLAIMS OF THE APPLICATION.

SO IF YOU COULD DEVELOP A PROCEEDING WHEREBY A PATENT COULD BE TAKEN BACK, BY ANYONE INTERESTED IN THE PATENT, TAKEN BACK INTO THE PATENT OFFICE, THE NEW ART CITED TO THE PATENT OFFICE AND A -- A RE-EXAMINATION OF THAT PATENT CONDUCTED, IF THERE WAS TO BE A REJECTION OF THE CLAIMS BY THE EXAMINER ON THE BASIS OF THAT NEW ART, THEN THE PATENTEE WOULD HAVE AN OPPORTUNITY TO REVISE HIS CLAIMS AND PROPERLY DEFINE MORE CAREFULLY, PROPERLY DEFINE HIS INVENTION, AND HAVE THE CLAIMS CONFIRMED TO HIM AS BEING VALID IN THE LIGHT OF THIS NEW ART, PATENTABLE IN THE LIGHT OF THIS NEW ART.

Q. WAS THE IDEA THAT YOU'D ONLY TAKE IT BACK IF YOU WANTED TO CHANGE YOUR CLAIMS?

A. NO. AS I SAY, YOU COULD -- IT WAS FOR AN ASSESSMENT BY THE SKILLED ADMINISTRATIVE AGENCY AS TO THE EFFECT OF THIS NEW PRIOR ART ON THE PATENT.

Q. IS -- IS THERE A LOT OF DISSATISFACTION WITH THE RE-EXAMINATION STATUTE?

A. NO. THERE'S . . . THERE HAS ALWAYS BEEN A GROUP OF THE BAR WHO -- FIRST OF ALL, THERE'S ALWAYS DISSATISFACTION. I MEAN, THERE'S ALWAYS DIALOGUE IN THE BAR ON ANY SUBJECT.

BUT WHEN IT COMES TO THE RE-EXAMINATION, ONE OF THE PRINCIPAL ISSUES IN RE-EXAMINATION IS WHETHER BOTH PARTIES INVOLVED IN THE RE-EXAMINATION, SUCH AS IN HERE, WHETHER BOTH CETUS AND DU PONT, SHOULD HAVE . . . WHETHER OTHER THAN THE PATENT OWNER SHOULD HAVE A GREATER PARTICIPATION OVER A LONGER PERIOD OF TIME IN THE RE-EXAMINATION PROCEEDINGS.

THE STATUTE PROVIDES THAT THE PETITION IS FILED. IF THE PATENT OWNER RESPONDS TO THE PETITION, THE OTHER PARTY HAS A RIGHT TO RESPOND ONCE, AND THAT'S IT, AND IT GOES ON THEN DOWN THROUGH THE TYPICAL EX-PARTE PROCEEDING THAT WE JUST TALKED ABOUT ON A REGULAR PATENT APPLICATION.

Q. WHY WAS IT SET UP THAT WAY?

A. WELL, MOST OF US WHO WERE INVOLVED IN IT HAD EXPERIENCE IN PATENTS OVERSEAS.

IN GERMANY, FOR EXAMPLE, THERE WAS A . . . A THING CALLED AN OPPOSITION, WHICH WOULD BE COMPARABLE TO THIS SAME BACK-AND-FORTH ARGUMENT, AND THEY WERE INTERMINABLE.

AND, IN FACT, I HAD A SITUATION IN MERCK WHERE ONE OF OUR QUITE IMPORTANT INVENTIONS WAS INVOLVED IN THE GERMAN OPPOSITION, AND THE TERM OF THE PATENT -- THE TERM OF THE GERMAN PATENT -- EXPIRED PRIOR TO THE END OF THE OPPOSITION PROCEEDINGS.

Q. HOW LONG WAS THAT TERM?

A. 16 YEARS.

Q. WELL, HAVING DESCRIBED IN GENERAL TERMS THE PROCEDURE, THE REASONS FOR THAT, I'D LIKE TO GET INTO A LITTLE MORE DETAIL ABOUT THE PROCESS USING ANOTHER POSTER THAT WE HAVE.

(PAUSE IN PROCEEDINGS)

Q. (BY MR. LEWIS) AND THIS IS EXHIBIT B-7.

THE COURT: IS THAT -- I HAVE THE SAME PROBLEM WITH GLASSES.

IS THAT A GENERAL DESCRIPTION OF THE RE-EXAMINATION PROCEDURE OR IS THAT PARTICULARIZED TO THIS CASE?

MR. LEWIS: IT IS A GENERAL DESCRIPTION, YOUR HONOR.

THE COURT: I KNOW THAT THAT WILL BECOME APPARENT EVENTUALLY.

Q. (BY MR. LEWIS) MR. ANDERSON, COULD YOU COME DOWN HERE WITH JUST A BRIEF DESCRIPTION?

THERE'S A LOT OF LITTLE BOXES IN THIS CHART. MAYBE WE DON'T HAVE TO TAKE EACH ONE OF THEM INDIVIDUALLY, BUT . . .

(PAUSE IN PROCEEDINGS)

THE WITNESS: YES.

Q. (BY MR. LEWIS) THE BOX WE HAVE AT THE TOP IS THAT THERE'S A REQUEST FILED.

WHO CAN FILE A REQUEST?

A. ANYONE CAN FILE A REQUEST. THEY FILE A PETITION FOR RE-EXAMINATION.

THE FIRST THING THAT HAPPENS IS, IT GOES TO THE EXAMINER, AND HE HAS THE RESPONSIBILITY OF DETERMINING WHETHER THERE IS A SUBSTANTIAL NEW QUESTION OF PATENTABILITY POSED BY THE NEWLY-CITED ART.

Q. HOW DOES HE DECIDE THAT?

A. WELL, HE HAS TO DECIDE WHETHER THE -- THE NEW ART IS MATERIAL.

AND THE STANDARD HE USES FOR "MATERIAL" IS WHETHER A REASONABLE EXAMINER WOULD FIND THAT IT WOULD BE IMPORTANT FOR HIM TO REVIEW THIS ART TO DETERMINE THE PATENTABILITY OF THE CLAIMS AT ISSUE. A SUBSTANTIAL QUESTION.

Q. NOW, WHAT -- WHAT CAN HAPPEN AT THAT STAGE?

A. WELL, THE FIRST THING THAT CAN HAPPEN IS, HE CAN LOOK AT THE ART AND HE SAYS, NO, THERE IS NO -- NO ADDITIONAL -- I MEAN, THERE IS NO MATERIALITY TO THOSE REFERENCES, AND HE DENIES RE-EXAMINATION AND THERE'S NO APPEAL FROM THE DENIAL OF RE-EXAMINATION.

OR HE CAN ORDER THAT THE RE -- HE'D GRANT THE PETITION AND ORDER THAT THE RE-EXAMINATION PROCEED.

Q. NOW, DOES THAT MEAN THAT THERE IS AN INVALID PART OF THE

PATENT?

A. NO, BY NO MEANS.

Q. WHAT DOES IT MEAN?

A. IT MEANS THAT THE -- IT GOES BACK TO THE QUESTION OF AN EXAMINATION AS IF AN APPLICATION HAD BEEN FILED IN THE FIRST INSTANCE AS SHOWN IN THE FIRST CHART.

Q. ALL RIGHT. AFTER THE ORDER GRANTING THE RE-EXAMINATION, WHAT HAPPENS?

A. WELL, I SHOULD GO BACK UP HERE AND RECOGNIZE THAT THE PETITION CAN -- WHEN FILED, HAS A -- HAS GREAT DETAIL.

THERE IS A REQUIREMENT THAT THE PERSON FILING THE PETITION PROVIDE THE -- COPIES OF THE REFERENCES AND REASONS WHY THOSE REFERENCES ARE MATERIAL ON THE ISSUE OF PATENTABILITY. THESE -- THESE ARE FAIRLY COMPLEX DOCUMENTS.

WHEN THE ORDER GRANTING RE-EXAMINATION COMES FORWARD, THE PATENT OWNER HAS THE RIGHT TO PROVIDE TO THE EXAMINER A STATEMENT -- HIS STATEMENT IN RESPONSE TO ALL OF THESE ARGUMENTS THAT HAVE BEEN PUT FORTH BY THE PETITIONER.

IF HE DOES SO, AS I SAID BEFORE, THE PERSON FILING THE REQUEST, NOT THE PATENT OWNER, HAS THE RIGHT TO FILE ONE STATEMENT TO RESPOND TO WHAT THE PATENT OWNER SAID.

THAT'S THE END OF ANYTHING OF AN INTER PARTES STATEMENT.

Q. WHAT DOES "INTER PARTES" MEAN?

A. TWO PEOPLE FIGHTING EACH OTHER.

(LAUGHTER)

THE WITNESS: IT COMES DOWN -- THEN IT COMES DOWN, AND AT THIS STAGE OF THE PROCEEDING, THE RE-EXAMINATION IS JUST ABOUT IDENTICAL TO WHAT WE WERE LOOKING AT BEFORE, AS IF A NEW APPLICATION HAD BEEN FILED IN THE PATENT OFFICE.

SO THE EXAMINER LOOKS AT THE ART, LOOKS AT THE CLAIMS THAT ARE BEING ASSERTED, OR CLAIMS THAT ARE IN THE PATENT ACTUALLY, AND REACHES A CONCLUSION AS TO WHETHER OR NOT THIS NEWLY-CITED ART, IN THE LIGHT OF ALL THESE ARGUMENTS OR ALL THESE DISCUSSIONS, SHOULD REQUIRE A REJECTION OF THE CLAIMS.

OR, NO, I'VE LOOKED IT ALL OVER. THEY'RE MATERIAL BUT THEY DO NOT AFFECT -- THE CLAIMS ARE STILL PATENTABLE OVER THAT ART AND ALL THE ARGUMENTS THAT HAVE BEEN PUT FORWARD APPLY TO THAT ART.

AND IF HE REACHES THAT CONCLUSION, HE COMES DOWN AND ISSUES A NOTICE OF INTENT TO ISSUE A RE-EXAMINATION CERTIFICATE.

Q. (BY MR. LEWIS) WHAT'S THAT DOCUMENT? WHAT IS THAT?

A. WELL, THE NOTICE ITSELF IS HIS DECISION AND REASONS THAT HE GIVES FOR HIS DECISION AS TO WHY HE REACHED THE CONCLUSION HERE.

IF HE, IN FACT, FINDS THAT, YES, IT IS APPROPRIATE TO REJECT THE CLAIMS -- AND WHEN HE DOES THAT, HE'S LOOKING AT THE CLAIMS THE SAME WAY HE LOOKED AT THEM IN THE ORIGINAL APPLICATION, IN THE BROADER SCOPE -- HE WRITES A REJECTION, AN OFFICE ACTION, AS WE TALKED BEFORE.

THE PATENT OWNER GIVES A RESPONSE, THE SAME KIND OF

RESPONSE, AN AMENDMENT THAT WE TALKED ABOUT BEFORE.

AND THEN, AGAIN, THE EXAMINER HAS THE SAME PATH THAT HE HAD BEFORE. HE EITHER GIVES A NOTICE OF INTENT OR ISSUES A RE-EXAMINATION CERTIFICATE, FINALLY REJECTS IT, THE PATENT OWNER HAS TO GO APPEAL, SO FORTH.

SO IT'S THE SAME ROUGH PROCEDURE WE TALKED ABOUT BEFORE.

Q. HOW LONG DOES THIS PROCESS TAKE?

A. WELL, THE PATENT OFFICE, AND THE STATUTE, ENCOURAGES THAT THE PROCEEDINGS OCCUR WITHIN A YEAR PERIOD.

NOW, IF IT GETS DOWN TO THIS STAGE, THERE'S NO WAY THAT THIS KIND OF A SEQUENCE CAN BE COMPLETED WITHIN A YEAR.

Q. THAT'S THE SEQUENCE WHERE THERE ARE REJECTIONS OF CLAIMS AND --

A. ANY KIND -- ANY KIND OF CORRESPONDENCE OF THIS REJECTION AND AMENDMENTS.

Q. OKAY.

A. (WITNESS RESUMES WITNESS STAND.)

Q. JUDGE PATEL HAS TOLD THE JURY ABOUT SOMETHING CALLED A PRESUMPTION OF VALIDITY IN THIS CASE.

IS THERE A PRESUMPTION OF VALIDITY IN THESE PROCEEDINGS?

A. NO. IT'S EXACTLY THE SAME AS IF THE APPLICATION IS FILED IN THE FIRST INSTANCE.

Q. HOW DOES THE EXAMINER IN A RE-EXAMINATION APPROACH THE

CLAIMS? HOW DOES HE APPROACH UNDERSTANDING THE CLAIMS?

A. WELL, HE READS THE SPECIFICATION IN THE SAME FASHION AS IF IT WAS AN ORIGINAL APPLICATION. HE INTERPRETS THE CLAIMS IN THEIR BROADEST SENSE, AND HE INTERPRETS THE ART AND CONCLUDES WHETHER OR NOT THE ART IS RELEVANT AND SHOULD RESULT IN THE REJECTION OF THE CLAIMS.

Q. WHY DOES HE INTERPRET THEM IN THEIR BROADEST SENSE?

A. BECAUSE IT'S . . . BECAUSE -- IT IS PUT BACK THE SAME AS IF IT WAS AN ORIGINALLY-FILED APPLICATION BEING LOOKED AT IN THE LIGHT OF THIS NEW ART.

Q. I'D LIKE TO ASK YOU:

HAVE YOU REVIEWED THE FILES IN CONNECTION WITH THE RE-EXAMINATIONS THAT WERE -- THAT TOOK PLACE IN CONNECTION WITH THIS CASE?

A. YES, I HAVE.

Q. LET'S SEE IF WE HAVE THOSE.

(PAUSE IN PROCEEDINGS)

THE COURT: WOULD THIS BE A GOOD POINT, MR. LEWIS, TO TAKE --

MR. LEWIS: YES, IT WOULD, YOUR HONOR.

THE COURT: -- A RECESS?

THEN WE CAN CHANGE THE REPORTERS. WE MIGHT AS WELL DO IT NOW OR NOT AT ALL.

OKAY. BEFORE WE GO ON TO THIS PARTICULAR RE-EXAMINATION, DO YOU KNOW WHAT PERCENTAGE OF PETITIONS FOR

RE-EXAMINATION ARE, IN FACT, GRANTED?

THE WITNESS: YOUR HONOR, I HAVE -- I'VE SEEN NO STATISTICS. I HAVEN'T ADDRESSED THEM RECENTLY. I JUST REALLY DON'T KNOW.

PERHAPS MR. FIGG COULD HELP. THE WASHINGTON LAWYERS GENERALLY ARE MORE AU COURANT.

THE COURT: I'M NOT SURE HE WANTS TO BE CALLED AS A WITNESS IN THESE PROCEEDINGS. OKAY.

THE WITNESS: BUT I REALLY -- I REALLY DON'T KNOW, YOUR HONOR. I THINK I -- I'D BE SPECULATING.

THE COURT: OKAY. FINE.

WE'LL TAKE OUR RECESS NOW, AND WE'LL SEE YOU AT THE CLOSE OF THE RECESS. THANK YOU.

(JURY EXCUSED)

(RECESS TAKEN AT 11:56 A.M.)

(CONTINUED ON NEXT PAGE, NOTHING OMITTED)

(OPEN COURT, JURY PRESENT:)

MR. LEWIS: MAY I PROCEED, YOUR HONOR?

THE COURT: YOU MAY PROCEED.

Q. (BY MR. LEWIS) MR. ANDERSON, HAVE YOU REVIEWED THE FILES IN CONNECTION WITH THE RE-EXAMINATIONS THAT TOOK PLACE IN THIS CASE?

A. I HAVE.

Q. LET ME, IN CASE YOU NEED TO REFER TO THEM, PUT THOSE FILES BEFORE YOU. THERE ARE VARIOUS EXHIBITS THAT HAVE BEEN MARKED INTO EVIDENCE HERE AND ADMITTED INTO EVIDENCE HERE.

I WOULD LIKE YOU TO EXPLAIN THE EVENTS IN HE RE-EXAMINATION BASED ON YOUR REVIEW, AND IN THAT CONNECTION I HAVE A COPY OF A CHART THAT THE JURY HAS SEEN BEFORE IN DU PONT'S CASE.

YOUR HONOR, MAY I USE THIS?

THE COURT: YES.

MR. LEWIS: AND FOR IDENTIFICATION PURPOSES WE'VE MARKED THAT AS EXHIBIT B-249.

Q. LET'S START WITH THIS: HOW MANY RE-EXAMINATION PROCEEDINGS WERE THERE?

A. THERE WERE TWO RE-EXAMINATION PROCEEDINGS, ONE BROUGHT BY HOFFMAN-LA ROCHE AND ONE BROUGHT BY DU PONT.

Q. THERE IS AN INDICATION ON THIS CHART LA ROCHE FILES FRIENDLY REQUEST IN DECEMBER OF 1989. IS THAT THE HOFFMAN-LA ROCHE REQUEST YOU WERE TALKING ABOUT?

A. YES, IT IS. I DON'T UNDERSTAND THE TERM "FRIENDLY."

Q. WE'LL TALK ABOUT THAT IN A MOMENT.

WHAT IS HOFFMAN-LA ROCHE'S RELATIONSHIP TO THE PATENTS?

A. MY UNDERSTANDING FROM WHAT I'VE HEARD HERE, IS HOFFMAN-LA ROCHE HOLDS A LICENSE UNDER THE PATENT.

Q. ARE YOU FAMILIAR WITH THAT COMPANY FROM YOUR DAYS AT MONSANTO AND MERCK?

A. I CERTAINLY AM FROM MY DAYS AT MERCK. I'M FAMILIAR WITH HOFFMAN-LA ROCHE OF NEW JERSEY WHICH IS THIS COMPANY -- WHICH IS THE AMERICAN SUBSIDIARY OF HOFFMAN-LA ROCHE OF BASEL, SWITZERLAND.

Q. ROACH IS A LICENSEE'S I'D LIKE TO INDICATE THAT ON HERE BY THE WORD LICENSEE.

AND IS THERE AN INDICATION IN WHAT YOU REVIEWED OF WHY ROACH FILED A PETITION?

A. LA ROCHE ACKNOWLEDGED THEY WERE A LICENSEE UNDER THE PATENTS IN THE PETITION AS THEY FILED IT.

Q. DID THEY TELL THE PATENT OFFICE WHY THEY WERE FILING A PETITION?

A. YES. THEY TOLD THE PATENT OFFICE IN THEIR CAPACITY AS LICENSEE, THIS ART SHOULD BE REVIEWED ON A RE-EXAMINATION BASIS.

Q. WHAT ART DID LA ROCHE CITE IN THE PETITION?

A. WELL, THEY CITED ALL OF THE ART THAT DU PONT HAD CITED WHEN THEY BROUGHT THE LAWSUIT IN AN EARLIER DATE AND PROVIDED, AS REQUIRED BY THE RULES, REFERENCES ON WHICH THEY PLAN TO RELY,

PLUS REFERENCES THAT LA ROCHE OBVIOUSLY HAD DEVELOPED IN A SEARCH OF THEIR OWN.

Q. LET'S NOTE THAT, THAT THEY CITE DU PONT ART.

NOW, HAVE YOU REVIEWED THE COMPLAINT IN THIS CASE?

A. YES, I HAVE, BACK --

Q. WHEN WAS THAT FILED?

A. IN AUGUST OF 1989, AS I REMEMBER.

Q. AND IS THAT AN APPROPRIATE WAY TO NOTE THAT, DU PONT FILES SUIT AUGUST?

A. SEEMS SO TO ME.

Q. IN THE COMPLAINT DID DU PONT LIST ART?

A. NOT IN THE COMPLAINT. THE ART DU PONT CITED WAS PROVIDED IN THE RESPONSE TO REQUEST FOR INTERROGATORIES OF CETUS.

Q. AND WHEN WAS THAT IN RELATION TO THESE TWO DATES?

A. IT WAS IN BETWEEN THOSE TWO DATES, IT WAS ABOUT A MONTH SUBSEQUENT. I THINK IT WAS SEPTEMBER OF '89.

Q. LET'S WRITE THAT DOWN, ART NAMED.

AND THAT'S WHAT LA ROCHE -- THAT'S THE ART THAT LA ROCHE CITED IN ITS PETITION?

A. YES, IT WAS. PLUS OTHER ART, AS I SAID.

Q. LET'S NOTE THAT.

WHAT CLAIMS OF THE PATENTS DID LA ROCHE ASK TO HAVE RE-EXAMINED?

A. ALL CLAIMS OF THE PATENT.

Q. ALL CLAIMS.

AND WHAT GROUNDS DID THEY ASK THE PATENT OFFICE TO RE-EXAMINE THEM ON?

A. ON THE GROUNDS OF ANTICIPATION AND OBVIOUSNESS.

Q. THOSE WORDS MAY BE TOO LONG FOR ME TO WRITE ON HERE, I'LL LEAVE THEM OFF FOR NOW.

THE NEXT THING IN THIS TIME LINE IS THAT LA ROCHE OBTAINED A RE-EXAMINATION. WHAT DOES THAT MEAN?

A. THAT MEANS THAT PETITION FILED BY LA ROCHE FOR RE-EXAMINATION RESULTED IN AN ORDER OF THE PATENT OFFICE THAT THE PATENTS BE RE-EXAMINED.

Q. THAT WAS THE ORDER THAT CORRESPONDED TO THE DIAMOND DIAGRAM --

A. IT IS.

Q. -- ON YOUR PATENT RE-EXAMINATION PROCEDURE EXHIBIT?

A. THAT'S CORRECT.

Q. NOW, IN THAT ORDER WHAT CLAIMS WERE ORDERED RE-EXAMINED?

A. WELL, A LIMITED NUMBER OF THE CLAIMS. I COULD -- DO YOU WANT ME TO DEFINE THE NUMBERS? I CAN FIND THEM IN THE FILES, BUT NOT ALL CLAIMS OF THAT -- OF EITHER OF THE PATENTS.

Q. NOT ALL CLAIMS?

A. NOT ALL CLAIMS.

Q. AND WHAT GROUNDS WAS RE-EXAMINATION ORDERED ON?

A. IT WAS ORDERED ON THE GROUNDS ONLY OF ANTICIPATION, NOT ON THE GROUNDS OF OBVIOUSNESS.

Q. SO IT DID NOT COMPLETELY DO WHAT LA ROCHE ASKED?

A. THAT'S CORRECT.

Q. NOW, THE NEXT ITEM IN THE TIME LINE SHOWS DU PONT FILES A RE-EXAMINATION REQUEST OR RE-EXAMINATION REQUESTS?

A. YES.

Q. HAVE YOU REVIEWED THOSE?

A. I HAVE.

Q. WHAT CLAIMS DID DU PONT ASK TO HAVE RE-EXAMINED?

A. THEY ASKED THAT ALL CLAIMS BE RE-EXAMINED.

Q. SO THAT WAS JUST LIKE LA ROCHE?

A. THAT'S CORRECT.

Q. AND THAT WAS AFTER THE PATENT OFFICE HAD ORDERED RE-EXAMINATION IN THE LA ROCHE PROCEEDING ON SOME BUT NOT ALL OF THEM?

A. THAT'S CORRECT.

Q. WHAT GROUNDS DID DU PONT ASK TO HAVE THE RE-EXAMINATION CONDUCTED ON?

A. ON THE GROUNDS OF ANTICIPATION, SECTION 102 AND ON OBVIOUSNESS SECTION 103.

Q. NOW, WITH THE LA ROCHE EXAMINATION ALREADY ORDERED DID DU PONT INDICATE IN ITS FILING WHY IT WAS FILING A RE-EXAMINATION REQUEST?

A. YES. IT WAS FAMILIAR WITH THE POSITION TAKEN BY LA ROCHE IN ITS PETITION FILED TO THE PATENT OFFICE. THOSE PETITIONS, AS I INDICATED BEFORE, HAVE SUBSTANTIAL DETAIL OF THE REASONS OF THE APPLICABILITY OF THE ART TO THE CLAIMS. LA ROCHE HAD THAT

AVAILABLE TO THEM AT THE TIME THEY PREPARED THEIR PETITION FOR RE-EXAMINATION.

Q. I'M SORRY, YOU SAID ROACH.

A. I'M SORRY. EXCUSE ME. DU PONT HAD IT AVAILABLE TO THEM AT THE TIME DU PONT PREPARED ITS RE-EXAMINATION REQUEST AND, IN FACT, DEVOTED JUST ABOUT HALF OF THEIR PETITION FOR RE-EXAMINATION TO RESPOND TO THE POINTS MADE BY LA ROCHE IN THEIR PETITION FOR RE-EXAMINATION.

Q. SO THIS PETITION RESPONDED TO ROACHE'S?

A. PARDON ME.

Q. SO THIS PETITION BY DU PONT RESPONDED TO LA ROCHE'S PETITION?

A. YES.

Q. WELL, LET'S NOTE THAT.

STAYING ON THIS TIME LINE FOR A MOMENT, THERE'S AN INDICATION DU PONT OBTAINED RE-EXAMINATION IN MAY, IS THAT ANOTHER PATENT OFFICE WORD?

A. THAT'S THE SAME ORDER WE JUST TALKED ABOUT THAT OCCURRED WHEN IT SAID LA ROCHE OBTAINS RE-EXAMINATION BELOW.

Q. NOW, IN THIS ORDER WHICH CLAIMS DID THE PATENT OFFICE ORDER RE-EXAMINED?

A. SIMILARLY TO THE LA ROCHE RE-EXAMINATION ORDERED A LIMITED NUMBER OF THE CLAIMS EXAMINED. AND WHEN I REVIEWED THE DU PONT PETITION FOR RE-EXAMINATION THEY ORDERED RE-EXAMINATION OF THOSE CLAIMS THAT DU PONT ASSERTED TO BE UNPATENTABLE ON THE GROUND OF

ANTICIPATION.

AND THE CLAIMS THAT THEY DID NOT ORDER TO BE RE-EXAMINED WERE THOSE THAT DU PONT ASSERTED TO BE UNPATENTABLE ON THE GROUND OF OBVIOUSNESS.

Q. WELL, LET ME GET ONE THING CLEAR FIRST. IS THERE ANY DIFFERENCE BETWEEN THE CLAIMS THAT WERE ORDERED RE-EXAMINED IN THE DU PONT PETITION AND THE CLAIMS THAT WERE ORDERED RE-EXAMINED IN THE LA-ROACHE PETITION?

A. NO, TURNS OUT TO BE THE SAME THING.

Q. SAME CLAIMS. LET ME DRAW A LINE SO WE KNOW WHAT WE'RE TALKING ABOUT HERE.

NOW, WHAT GROUNDS DID THE PATENT OFFICE ORDER RE-EXAMINATION ON IN THE DU PONT PROCEEDING?

A. AS IN THE LA ROCHE PROCEEDING ONLY ON THE GROUND OF ANTICIPATION.

Q. SO IT'S SAME CLAIMS AND SAME GROUNDS?

A. YES, SIR.

Q. NOW, NOTED HERE ON THE CHART THERE'S SOMETHING THAT SAYS CETUS FILES OWNER'S STATEMENT?

A. YES.

Q. THAT WAS IN WHEN?

A. IN APRIL. THERE'S A A TWO MONTH PERIOD FOR THE OWNER TO FILE THAT KIND OF A STATEMENT.

Q. AND THAT WAS IN RESPONSE TO THE LA ROCHE PETITION?

A. THAT'S CORRECT.

Q. WHAT IN FILING -- HAVE YOU EXAMINED THAT OWNER'S STATEMENT?

A. I HAVE.

Q. DOES IT RESPOND TO THE DU PONT PETITION?

A. WELL, IT SPECIFICALLY RESPONDS TO THE LA ROCHE PETITION, BUT IT -- BUT IT SAYS AND IT INCLUDES TEXT THAT INDICATES THAT -- DID I SAY -- IT RESPONDS TO THE LA ROCHE PETITION, BUT IT INCLUDES TEXT THAT SAYS THAT IT IS WRITTEN IN THE LIGHT OF THE DU PONT PETITION FOR RE-EXAMINATION, ALSO.

SO THAT, IN EFFECT -- THE MATERIALS IN THE CETUS OWNER'S STATEMENT OF -- REFLECT ARGUMENTS AGAINST THE POSITION ASSERTED BY BOTH.

Q. SO THE CETUS OWNER'S STATEMENT ADDRESSED THE LA ROCHE PETITION --

A. SPECIFICALLY.

Q. SPECIFICALLY, BUT REFERRED TO DU PONT'S ARGUMENTS?

A. YES, BUT SUCH A DEGREE OF SIMILARITY THAT THE RESPONSE HAD TO DO WITH -- WELL, IT STATED THEY -- THEY CAN'T SAY THEY WERE RESPONDING TO DU PONT, BUT THEY WERE TAKING THE DU PONT PETITION INTO CONSIDERATION IN THEIR RESPONSE.

Q. AND THE LA ROCHE PETITION ITSELF HAD REFERRED TO THE DU PONT LAWSUIT?

A. CERTAINLY.

Q. NOW, LET ME JUST WRITE HERE THEY NOTED THERE THAT DU PONT HAD FILED A PETITION?

A. CORRECT.

Q. NOW, THERE'S AN ENTRY ON HERE THAT SAYS THAT CETUS ASKED THE PATENT OFFICE TO MERGE THE RE-EXAMINATIONS, THAT'S AFTER ONE HAD BEEN ORDERED ON DU PONT. WHAT DOES THAT REFER TO?

A. WELL, THE PATENT OFFICE WHEN THERE ARE TWO RE-EXAMINATIONS PROCEEDINGS BROUGHT WITH RESPECT TO THE SAME PATENTS, WILL MERGE, EITHER ON THEIR OWN INITIATIVE OR ON REQUEST, THEY'LL MERGE THEM INTO ONE PROCEEDING BEFORE THE EXAMINER.

Q. LET ME ASK YOU THIS: IF CETUS HAD NOT FILED THIS REQUEST FOR MERGER, DO YOU KNOW WHAT THE PATENT OFFICE WOULD HAVE DONE?

A. WELL, AS I SAY, THEY OFTEN DO IT ON THEIR OWN INITIATIVE I'M SURE TO HAVE A CERTAIN DEGREE OF ECONOMY OF TIME FOR THE EXAMINER.

Q. AND THEN THERE'S A NOTATION THE PATENT OFFICE DID MERGE THESE RE-EXAMINATIONS?

A. YES, YOU WOULD EXPECT THEM TO.

Q. THESE ARE NOT SEPARATE LINES OF PROCEEDING ANYMORE?

A. THAT'S CORRECT.

Q. LET'S JUST INDICATE THAT.

NOW, WHAT'S THE EFFECT OF MERGING THE PROCEEDINGS ON HOW THE ARGUMENTS OF THE PARTIES ARE CONSIDERED IN THE TWO SEPARATE PROCEEDINGS?

A. WELL, THE EXAMINER WILL GIVE FULL ATTENTION TO THE -- THE WRITTEN DOCUMENTS PROVIDED BY BOTH PARTIES SETTING FORTH THEIR ARGUMENTS.

Q. HE CONSIDERS THEM ALL TOGETHER?

A. NO.

Q. HE CONSIDERS ALL OF THE ARGUMENTS AS A SINGLE CASE?

A. AS A SINGLE PROCEEDING, BUT OBVIOUSLY HE READS EACH PARTIES INDIVIDUALLY, BUT THE PROCEEDING IS NOW ALL OF THAT SUBJECT MATTER BEFORE THE EXAMINER FOR HIS DETERMINATION OF CONCLUSION OF PATENTABILITY.

Q. SO THE EFFECT OF THIS IS THAT ALL OF THE ARGUMENTS ARE CONSIDERED BY THE SAME EXAMINER IN ONE PROCEEDING?

A. CORRECT.

Q. NOW THAT MY WRITING IS DETERIORATING, I'VE WRITTEN ALL ARGUMENTS TOGETHER. IS THAT A FAIR WAY TO SHORTHAND THAT?

A. I THINK SO.

Q. THERE'S A NOTATION HERE THAT IN AUGUST OF 1990 THE PATENT OFFICE CONCLUDES THE RE-EXAMINATION. DO YOU KNOW WHAT THAT REFERS TO?

A. YES. THAT REFERS TO -- WE WERE LOOKING AT THE CHART THAT THE EXAMINER WOULD . . . ISSUE THAT YELLOW -- THE NOTICE OF INTENT TO ISSUE A RE-EXAMINATION CERTIFICATE IN THAT YELLOW BOX.

Q. THAT'S A WRITTEN DECISION?

A. YES, IT IS A DECISION OF THE EXAMINER GIVING THE REASONS FOR HIS DECISION.

Q. LET ME WRITE THAT DOWN. DECISION AND REASONS.

NOW, IN THE RE-EXAMINATION PROCEEDINGS -- WELL, LET ME ASK YOU THIS FIRST:

WHAT WAS THE RESULT OF THAT DECISION, WHAT DID IT

DECIDE?

A. IT AFFIRMED THE PATENTABILITY OF THE CLAIMS OF BOTH PATENTS. ACTUALLY YOU END UP WITH FOUR DOCUMENTS, MR. LEWIS, ONE IN THE DU PONT PROCEEDING; ONE IN THE LA ROCHE PROCEEDING AND WITH RESPECT TO EACH PATENT, SO YOU HAVE FOUR DOCUMENTS.

Q. WELL, REFERRING TO THE RE-EXAMINATION CHART YOU DID BEFORE IN THESE DECISIONS, WAS THERE ANY REJECTION OF CLAIMS?

A. NO, THERE WAS A CONCLUSION ON THE PART OF THE EXAMINER LOOKING AT THE NEW ART AND LOOKING AT THE CLAIMS THAT EXISTED AT THAT TIME IN THE PATENT, THAT THE ART WAS -- DID NOT ADVERSELY AFFECT THE PATENTABILITY OF THOSE CLAIMS.

THAT THOSE CLAIMS, IN FACT, WERE PATENTABLE AND HE THEREFORE SET FORTH HIS NOTICE OF INTENT AND GAVE THE REASONS FOR THAT CONCLUSION ON HIS PART.

Q. SO THIS PROCEEDING WENT DIRECTLY FROM A REPLY TO THE OWNER'S STATEMENT BOX DOWN TO THE NOTICE OF INTENT?

A. THAT'S CORRECT.

Q. IT DIDN'T GO THROUGH THE REJECTION STEPS?

A. NOT AT ALL.

Q. WELL, DID ANY QUESTION OF AMENDING THE CLAIMS AS YOU REFERRED TO FOR RE-EXAMINATION ARISE IN THESE PROCEEDINGS?

A. NO, THERE'S NO NEED TO AMEND ANY CLAIMS, UNLESS THE EXAMINER WOULD ISSUE THE REJECTION OF THE CLAIMS FOR -- FOR WHATEVER REASON HE ISSUED IT.

Q. SO THE UPSHOT IS THAT ALL OF THE CLAIMS WERE UPHELD?

4

A. ALL OF THE CLAIMS WERE UPHELD.

Q. NOW, IN TERMS OF THE PROCEEDINGS THEMSELVES, WHAT IS THE ULTIMATE RESULT OF A RE-EXAMINATION PROCEEDING LIKE THIS, IS THERE A DOCUMENT THAT ISSUES?

A. YES, THERE IS A CERTIFICATE THAT IS GIVEN TO THE PATENTEE INDICATING THAT THERE HAS BEEN A RE-EXAMINATION AND CONFIRMING THE CLAIMS THAT WERE GRANTED ON THE BASIS OF THE RE-EXAMINATION.

Q. IF YOU'D LOOK AT THE TOP OF THE STACK THERE. CAN YOU TELL ME, ARE THOSE THE RE-EXAMINATION CERTIFICATES?

A. YES, THEY ARE. THESE PINK DOCUMENTS ARE THE RE-EXAMINATION CERTIFICATES.

Q. IS THAT A PATENT OFFICE CUSTOM TO MAKE THEM PINK?

A. IT IS.

Q. WE'VE GOT ONE BLOW UP ON THE ONE, ON THE 195 PATENT, JUST SO WE CAN SEE WHAT THEY LOOK LIKE.

THESE WERE ISSUED ON BOTH PATENTS?

A. YES, THEY WERE.

Q. I HAVE ONE QUESTION ABOUT THIS, MR. ANDERSON, THERE'S AN ASTERISK HERE, WHAT IS THIS?

THAT'S THE DATE IT'S ISSUED UP AT THE TOP RIGHT-HAND CORNER, NOVEMBER 27TH 1990?

A. YES, IT IS.

Q. PERHAPS WE COULD PUT THAT ON THE CHART.

THERE'S AN ASTERISK BY THAT DATE AND A LITTLE LEGEND THAT SAYS THE PORTION OF THE MATERIAL OF THIS PATENT SUBSEQUENT

TO JULY 28TH 2004 HAS BEEN DISCLAIMED?

A. YES, THAT'S THE -- THAT'S AN ACKNOWLEDGMENT OF THE FACT THAT THE TERMINAL DISCLAIMER HAD BEEN FILED IN THIS APPLICATION.

Q. NOW, WAS THE TERMINAL DISCLAIMER FILED IN THE RE-EXAMINATION?

A. NO, IT WAS FILED IN THE ORIGINAL APPLICATION.

Q. THAT'S THE SAME ONE WE TALKED ABOUT BEFORE?

A. SAME ONE -- THE SAME ONE WE TALKED ABOUT BEFORE TO OVERCOME THE JUDICIALLY CREATED DOCTRINE OF OBVIOUSNESS DOUBLE PATENTING.

Q. SO THIS IS OLD STUFF?

A. YES. BUT IT'S REFERRING TO THE FACT THAT -- THAT'S THE TERM. AGAIN, IN THIS CASE IT DIDN'T MAKE ANY DIFFERENCE THE TERM WAS THE SAME DAY IN EACH CASE.

Q. SO THIS DATE OF JULY 28TH, 2004 IS A FULL 17 YEAR TERM FOR THIS PATENT?

A. FOR BOTH PATENTS.

Q. NOW, TO GET BACK TO ONE THING THAT YOU COMMENTED ON BEFORE, BASED UPON YOUR REVIEW OF THE FILES AND YOUR EXPERIENCE WITH RE-EXAMINATION PROCEEDINGS, DID THE PATENT OFFICE CONSIDER QUESTIONS OF OBVIOUSNESS AT ALL IN THESE PROCEEDINGS?

A. WELL, MR. LEWIS, I THINK THAT ANYTIME THERE'S A PATENT APPLICATION IN THE OFFICE, THE EXAMINER ALWAYS CONCLUDES -- CONSIDERS THE QUESTIONS OF OBVIOUSNESS.

AS I SAID BEFORE, HE DELETED FROM RE-EXAMINATION CLAIMS WHERE OBVIOUSNESS HAD BEEN ASSERTED AS THE GROUND OF

UNPATENTABILITY. SO HE MUST HAVE CONSIDERED OBVIOUSNESS WHEN HE DID THAT.

Q. DOESN'T THAT MEAN HE IGNORED OBVIOUSNESS?

A. I SAID HE HAD TO CONSIDER OBVIOUSNESS AND WHETHER OBVIOUSNESS WAS APPLICABLE WHEN HE ELIMINATED THOSE CLAIMS AND CONCLUDED IT WAS NOT.

Q. SO WHERE DOES THAT PUT THE OBVIOUSNESS QUESTION IN TERMS OF YOUR CHART OF RE-EXAMINATION PROCEEDINGS?

WHERE DID IT FALL OUT? WHERE WAS IT CONSIDERED ALONG HERE?

A. RIGHT AT THE TOP BAR ACROSS WHERE IT SAYS EXAMINER'S ACTION. WELL, EXCUSE ME, THE FIRST TIME IT WOULD HAVE BEEN CONSIDERED IS IN THE FIRST YELLOW BOX WHEN THE DECISION WAS WRITTEN ORDERING THE GRANT OF RE-EXAMINATION AND CONCLUDING NOT TO RE-EXAMINE CERTAIN CLAIMS.

Q. ALL RIGHT.

A. THAT'S WHEN IT WAS CONSIDERED.

Q. OKAY.

A. THEN IF YOU LOOK AT THE NOTICE OF INTENT TO ISSUE THE RE-EXAMINATION CERTIFICATE, YOU SEE IN THERE TOWARDS THE END OF THAT DOCUMENT WORDS THAT SAY ONE REFERENCE IS CONSIDERED IN THE LIGHT OF ANOTHER REFERENCE.

NOW, WHEN YOU COMBINE TWO REFERENCES OF THAT NATURE YOU HAVE TO BE CONSIDERING A QUESTION OF OBVIOUSNESS, THAT'S THE WAY OBVIOUSNESS COMES ABOUT.

Q. WELL, LET'S NOT GET TO FAR INTO THAT, SIR.

A. OKAY.

Q. THERE ARE SOME OTHER ENTRIES TO THIS CHART THAT PERTAIN TO A COMPLAINT THAT DU PONT HAS HAD ABOUT THE RE-EXAMINATIONS AND THEY CONCERNED THE NSF GRANT PROPOSAL, THAT'S BEEN MARKED AS AN EXHIBIT IN THIS CASE.

WE'VE HEARD TESTIMONY THAT THERE WAS SOME PROBLEM WITH CETUS' NOT CALLING THAT PROPOSAL, THAT NSF GRANT PROPOSAL, TO THE PATENT OFFICES ATTENTION IN THE RE-EXAMINATION. IN YOUR OPINION, IS THAT A VALID CRITICISM?

A. NO. THIS IS THE DOCUMENT -- THERE WAS A GRANT PROPOSAL RECEIVED BY CETUS IN RESPONSE TO A SUBPOENA TO M.I.T.

Q. HAVE YOU LOOKED --

A. I'VE SEEN THAT. IS THAT THE GRANT PROPOSAL THAT IS REFERRED TO IN THAT NOTE?

Q. IT APPARENTLY IS, BUT LET'S NOT GET INTO THAT.

HAVE YOU YOU LOOKED AT THE DOCUMENTS THAT CETUS RECEIVED PURSUANT TO A SUBPOENA TO M.I.T.?

A. YES, I HAVE.

Q. NOW, WAS THAT A GRANT?

A. NO, IT WAS A DRAFT OF A PROPOSAL BY M.I.T. TO REQUEST A GRANT OF FUNDING FROM THE NATIONAL SCIENCE FOUNDATION.

Q. SO THIS THING THAT SAYS CETUS GETS SUBPOENA KHORANA NSF GRANT IS INACCURATE?

A. IT IS.

Q. LET'S CROSS THAT OUT.

BASED ON WHAT YOU SAW CETUS -- WHAT DID CETUS RECEIVE IF NOT A KHORANA NSF GRANT?

A. THEY RECEIVED A DOCUMENT THAT WAS OBVIOUSLY A DRAFT OF A PETITION FOR A GRANT. AS I SAY, IT WAS OBVIOUS BECAUSE THE AUTHORITY OF M.I.T. WHO WAS SUPPOSE TO SIGN THE DOCUMENT TO REQUEST THE GRANT IS NOT ON THAT DOCUMENT AND IN OTHER AREAS OF THE DOCUMENT THERE ARE JUST MANY HANDWRITTEN NOTES.

Q. SO IT'S DOCUMENTS RELATED TO A GRANT APPLICATION THAT WERE RECEIVED?

A. I GUESS IT WAS RECEIVED, YES.

Q. NO. I'M TALKING ABOUT WHAT CETUS RECEIVED WAS DOCUMENTS RELATED TO A GRANT APPLICATION?

A. RELATED TO A GRANT APPLICATION?

Q. NOT A GRANT.

A. CORRECT.

Q. NOW, IS THAT THE SORT OF DOCUMENT THAT YOU IN YOUR PATENT PRACTICE WOULD FILE WITH THE PATENT OFFICE?

A. NO. CERTAINLY A DRAFT -- A DOCUMENT OF THAT NATURE WHICH IS A DRAFT WOULDN'T RISE TO THE WHOLE QUESTION OF WHETHER IT'S PRIOR ART OR NOT.

IT IS CLEARLY NOT PRIOR ART AND WOULD HAVE NO PURPOSE TO BE IN THE PATENT OFFICE FOR ANY REASON AND UNDER OUR RESPONSIBILITIES TO THE PATENT OFFICE OF A DUTY OF CANDOR YOU WOULD NEVER -- YOU MEAN, YOU WOULDN'T EVEN CONSIDER SOMETHING OF

THAT NATURE AS BEING SOMETHING OF INTEREST TO THE PATENT OFFICE FROM A PATENT LAW STANDPOINT.

Q. WELL, AT SOME POINT THERE CAME TO LIGHT THIS NSF GRANT APPLICATION THAT'S BEEN MARKED AS DOCUMENT HERE. IN THE FILES YOU'VE REVIEWED HAVE YOU SEEN HOW THAT CAME TO LIGHT?

A. WELL, THAT'S A DOCUMENT THAT IS ATTACHED TO A SUMMARY JUDGMENT MOTION FILED --

MR. FIGG: YOUR HONOR, I OBJECT TO THE REFERENCE TO PRIOR MOTIONS FILED IN THE CASE. I THINK THE WITNESS CAN EXPLAIN THIS WITH SIMPLY REFERRING TO DOCUMENTS FILED WITH THE COURT.

MR. LEWIS: THAT'S FINE, YOUR HONOR.

THE COURT: FINE. YOU MAY REFER TO IT AS LONG AS HE DOESN'T REFER TO THE CONSEQUENCE OF THAT MOTION.

Q. (BY MR. LEWIS) PLEASE DON'T REFER TO THE NATURE OF THE MOTION.

A. IN A DOCUMENT FILED HERE IN THE COURT AS ATTACHMENTS THERE TO WERE THE DOCUMENT THAT WAS A GRANT -- A PETITION TO THE NSF THAT WAS ACCEPTED BY THE NSF AND FOR WHICH GRANT MONEY WAS GIVEN TO M.I.T.

Q. WHEN WAS THAT FILED WITH THE COURT, ACCORDING TO THE FILE YOU REVIEWED?

A. IN SEPTEMBER, I BELIEVE IT WAS, OF THIS YEAR, 1990.

Q. WOULD HAVE BEEN IN AUGUST?

A. IN THE COURT?

Q. THE FILING IN THE COURT.

A. I WOULD ACCEPT THAT. I'D HAVE TO LOOK AT IT.

Q. WE WON'T NOTE IT ON THE CHART.

MR. FIGG: WE'LL STIPULATE IT WAS AUGUST 18TH, YOUR HONOR.

THE COURT: FINE.

MR. FIGG: IF COUNSEL IS INTERESTED IN THAT STIPULATION.

MR. LEWIS: THANK YOU.

Q. NOW, WHO FILED IT WITH THE COURT?

A. DU PONT FILED IT WITH THE COURT.

Q. IS THERE ANY INDICATION IN THE FILES YOU REVIEWED OF WHEN DU PONT GOT IT?

A. YES. THEY RECEIVED IT IN THE PREVIOUS MONTH OF JULY.

Q. AND I'M NOTING THAT DOWN AS DU PONT GETS NSF PROPOSAL SOMETIME IN JULY.

DID DU PONT EVER FILE THAT WITH THE PATENT OFFICE IN CONNECTION WITH THE RE-EXAM?

A. NOT TO MY KNOWLEDGE.

Q. IN THE FILES YOU REVIEWED?

A. NOT IN THE FILES OF RE-EXAMINATION, NO.

Q. IS THERE ANY REFLECTION THAT CETUS TOLD THE PATENT OFFICE ABOUT THIS GRANT APPLICATION?

A. YES. AS INDICATED THERE -- I'M SORRY, DID YOU ASK ME IS THERE AN INDICATION?

Q. IS THERE AN INDICATION THAT CETUS TOLD THE PATENT OFFICE?
A. YES. IN THE FILE CETUS DID INFORM THE PATENT OFFICE OF THE GRANT IN SEPTEMBER.
Q. NOW -- AND THAT'S SOMETHING REFERRED TO BY THIS ENTRY HERE (INDICATING) APPARENTLY?
A. THAT'S CORRECT.
Q. THAT NSF INFORMS PATENT OFFICE OF KHORANA NSF GRANT?
A. CORRECT.
Q. WAS THAT A GRANT OR PROPOSAL?
A. I BELIEVE THE DOCUMENT -- I'D HAVE TO CHECK THIS FILE, COUNSEL, BUT I BELIEVE THE DOCUMENT FILED WAS THAT -- WAS THE GRANT.
Q. WHY DON'T YOU TAKE A LOOK THERE.
A. OKAY.

(PAUSE IN THE PROCEEDINGS)

Q. (BY MR. LEWIS) WELL, WE'LL PASS THAT FOR NOW, MR. ANDERSON. WHAT WAS THE PATENT OFFICES RESPONSE TO THAT?
A. WELL, IT WAS -- THE PATENT OFFICE RESPONDED THAT THEY WOULD PUT THE DOCUMENTS IN THE FILE, THEY WOULD NOT REOPEN THE RE-EXAMINATION PROCEEDINGS. AND THEY INFORMED CETUS THAT CETUS HAD SATISFIED ITS DUTY OF CANDOR TO THE PATENT OFFICE IN FILING THESE DOCUMENTS.
Q. SO THEY -- THE PATENT OFFICE DECLINED TO REOPEN THE RE-EXAM?
A. THEY DID THAT. BUT THEY ALSO ACKNOWLEDGED THE RECEIPT OF THE DOCUMENTS AND STATED THAT CETUS HAD SATISFIED THEIR DUTY OF

RESPONSIBILITY OF CANDOR TO THE PATENT OFFICE.

Q. LET ME NOTE THAT AS THE . . . CETUS DUTY.

HAVING REVIEWED WHAT HAPPENED THERE, IN YOUR OPINION, IS THERE ANY VALIDITY TO DU PONT'S CRITICISM OF CETUS FOR NOT CALLING THE NSF GRANT APPLICATION THAT'S BEEN MARKED IN EVIDENCE HERE TO THE PATENT OFFICES ATTENTION?

A. NO, I DON'T BELIEVE SO. I THINK CETUS . . . THE FIRST TIME THERE COULD EVEN BE ANY CONSIDERATION OF THAT DOCUMENT BEING APPROPRIATE FOR FORWARDING TO THE PATENT OFFICE WAS IN THAT 8/18 FILING WITH THE COURT. THAT'S THE FIRST KNOWLEDGE THERE WAS AN ALLEGATION IN THERE THAT IT WAS A PRINTED PUBLICATION.

NOW, THAT IT HAD BECOME A GRANT IN FACT RATHER THAN A DRAFT OF A GRANT THE -- IN MY PRACTICE I WOULD HAVE LOOKED AT THAT; I WOULD HAVE STUDIED THE QUESTION OF WHETHER OR NOT IT WAS IN FACT A PUBLICATION; WHETHER IN FACT THE PATENT OFFICE WOULD HAVE INTEREST IN IT OR PATENTABILITY QUESTIONS WOULD ARISE.

THOUGH WE BEND OVER BACKWARDS TO SATISFY OUR DUTY OF CANDOR TO THE PATENT OFFICE, I'D AT LEAST TAKE SOMETIME TO ESTABLISH TO MY OWN SATISFACTION THESE QUESTIONS AND THEN I WOULD FILE IT.

OBVIOUSLY CETUS FILED IT IN AN ABUNDANCE OF CAUTION.

Q. NOW, I'M SORRY, DID DU PONT EVER SUBMIT IT TO THE PATENT OFFICE?

A. NOT TO MY KNOWLEDGE.

Q. COULD DU PONT HAVE SUBMITTED IT TO THE PATENT OFFICE IN

CONNECTION WITH THE RE-EXAMINATION?

A. YES, DU PONT COULD HAVE FILED A SECOND PETITION FOR RE-EXAMINATION, CITED THIS ART AND, IN FACT, COULD HAVE STARTED IN THE NEW RE-EXAMINATION PROCEEDING A REQUEST TO REVIEW THE WHOLE MATTER AGAIN IN THAT RE-EXAMINATION PROCEEDING.

Q. WOULD THAT HAVE BEEN A SEPARATE PROCEEDING FROM THE ONES THAT ARE HERE ON THE CHART?

A. YES, IT WOULD BE. WOULD HAVE BEEN.

Q. WOULD IT HAVE SAID SEPARATE UNDER PATENT OFFICE PROCEDURES?

A. I DON'T KNOW YOU COULD TELL AT THIS POINT. IF IT WAS A LATE DATE LIKE JULY AND A PETITION WAS FILED, I DON'T THINK THERE'S ANYWAY YOU KNOW WHETHER THE PATENT OFFICE WOULD DELAY ONE RE-EXAMINATION TO TAKE IT INTO ACCOUNT OR NOT.

Q. WHAT WOULD IT HAVE TAKEN TO FILE SUCH A PETITION?

A. WELL, THE PREPARATION OF THE DOCUMENT AND THE PAYMENT OF 1,500, NOW $2,000.

Q. ANYTHING MORE?

A. NO.

Q. THERE WERE A COUPLE OF OTHER COMMENTS THAT MR. DE GRANDI HAD ABOUT THIS PROCESS. HE SAID THERE WAS SOMETHING UNFAIR ABOUT HOFFMAN-LA ROCHE AND CETUS ARGUING ON THE ONE SIDE FOR THE PATENTS TOGETHER AND DU PONT ON THE OTHER. DO YOU AGREE WITH THAT?

A. NO, I DON'T. IT HAS TO BE FOUNDED ON THE CONCEPT THAT CETUS IS CRITICIZED FOR NOT FILING AN OWNER'S STATEMENT IN THE DU PONT

PROCEEDING.

THE RULES PROVIDE AN ABSOLUTE OPTIONALITY TO THE QUESTION OF WHETHER YOU FILE AN OWNER'S STATEMENT OR NOT. CETUS AT THE TIME CETUS FILED THEIR OWNER'S STATEMENT. THE ISSUES WERE WELL-KNOWN TO LA ROCHE, TO DU PONT AND TO CETUS AND I THINK THE ISSUES WERE FAIRLY IN FRONT OF THE EXAMINER.

Q. IF CETUS HAD FILED AN OWNER'S STATEMENT IN THE DU PONT CASE, THIS ONE THAT'S ON THE TOP LINE --

A. YES.

Q. -- WHEN WOULD THAT HAVE BEEN VIEWED?

A. WELL, IT WOULD BE MADE JUNE, JULY, CETUS WOULD HAVE HAD UNTIL JULY TO FILE IT. I MEAN, THE TWO MONTH PERIOD.

Q. THAT'S ACTUALLY, I GUESS, WHAT THAT LINE MEANS, NO CETUS RESPONSE TO DU PONT REQUEST?

A. I ASSUME SO.

Q. NOW, IF CETUS HAD FILED AN OWNER'S STATEMENT IN JULY --

A. THAT WOULD HAVE GIVEN DU PONT TWO MONTHS TO FILE A REPLY TO THAT OWNER'S STATEMENT, WHICH WOULD HAVE CARRIED IT OUT TO SEPTEMBER.

Q. SO LET'S NOTE THAT TIME FOR THE DU PONT REPLY.

IF THAT HAD HAPPENED TO YOU, HAVE AN OPINION ABOUT WHETHER THE RE-EXAMINATION PROCEEDINGS COULD HAVE BEEN COMPLETED IN TIME FOR THIS TRIAL?

A. WELL, JUST LOOKING AT THAT TIME FRAME AND NOTING THAT THE LA ROCHE REPLY WAS IN EARLY JUNE AND THE PATENT OFFICE CONCLUSION

WAS SOMEWHAT MORE THAN TWO MONTHS LATER, I WOULD -- AND AS I UNDERSTAND THE TRIAL WAS SET FOR EARLY NOVEMBER, I WOULD THINK IT COULD NOT HAVE BEEN COMPLETED.

Q. IN CONSIDERING THE EVENTS ON THIS CHART AND YOUR EXPERIENCE AS A PRACTITIONER, IN THIS SITUATION DO YOU SEE ANY REASON FOR CETUS TO HAVE FILED AN OWNER'S STATEMENT?

A. NO. AS I SAY, I THINK I WOULD HAVE CONCLUDED THAT I WAS SATISFIED THAT THE ISSUES WERE FAIRLY PRESENTED TO THE EXAMINER BY THE DOCUMENTS ALREADY BEFORE HIM.

I WOULD BE ANXIOUS FOR THE PATENT OFFICE TO REACH A CONCLUSION SO THAT THE COURT COULD HAVE THE BENEFIT OF THE CONCLUSION OF THE PATENT OFFICE. AND I WOULD NOT WANT TO PUT MYSELF IN THE POSITION OF DELAYING ALL OF THE PROCEEDINGS IN CASE, FOR EXAMPLE, A MERGER OCCURRED, UNTIL WELL AFTER THE TRIAL DATE.

Q. THERE WAS A COMPLAINT THAT DU PONT DID NOT HAVE A CHANCE TO REPLY TO THE CETUS FILINGS AND THE LA ROCHE REPLY, DO YOU THINK THAT'S A JUSTIFIABLE CRITICISM?

A. I THINK ANYBODY WHO FILES A PETITION FOR RE-EXAMINATION KNOWS THAT THE LIKELIHOOD IS A VERY STRONG POSSIBILITY HE'S GOING TO GET ONE BIT AT THE APPLE AND HE PROVIDED ALL HIS ARGUMENTS IN THE BEST FORM HE CAN PRESENT THEM AT THE TIME HE FILES HIS PETITION.

Q. IN THE FILES YOU REVIEWED DID DU PONT REPLY TO ARGUMENTS THAT WERE MADE BY LA ROCHE AND CETUS?

A. YES. AS I INDICATED BEFORE, ALMOST HALF OF THE DU PONT PETITION FOR RE-EXAMINATION WAS RESPONSIVE TO THE LA ROCHE PETITION FOR RE-EXAMINATION.

Q. HOW -- WHAT WAS IN THAT DU PONT DOCUMENT?

DO YOU HAVE IT UP THERE? MAYBE IT'S YOUR OTHER ELBOW.

(PAUSE IN THE PROCEEDINGS)

THE WITNESS: YES, I HAVE -- EXCUSE ME, WHAT WAS THE QUESTION, MR. LEWIS?

Q. (BY MR. LEWIS) WHAT DID DU PONT INCLUDE WITH ITS FILING?

A. WELL, THEY INCLUDED A GREAT --

Q. I'M SIMPLY ASKING YOU TO DESCRIBE WHAT THE PIECES OF THAT FILING ARE?

A. WELL, THE PIECES ARE THE REQUEST FOR RE-EXAMINATION . . . THAT'S ABOUT 28 PAGES. THERE ARE LISTS OF ART, THERE ARE SOME DECLARATIONS OF DR. JOSEPH SAMBROOK . . . DATED MARCH 8TH, 1990.

Q. WE CAN GO PAGE BY PAGE AND IT'S GOING TO TAKE FOR EVERY, MR. ANDERSON.

A. I HAVE A RECOLLECTION OF READING --

Q. THERE'S ANOTHER --

A. -- DECLARATION OF DOCTOR KORNBERG. THEN THERE'S PHOTOCOPIES OF ALL THE DIFFERENT REFERENCES THAT ARE CITED IN THIS PETITION FOR RE-EXAMINATION.

MR. LEWIS: I THINK I HAVE NO FURTHER QUESTIONS, YOUR HONOR.

THE COURT: I THINK YOU STOPPED RIGHT ON TIME.

I GUESS THAT MEANS, AS MR. ANDERSON WELL KNOWS, A RETURN VISIT ON . . . THIS IS THURSDAY, ISN'T IT?

MR. LEWIS: YES, YOUR HONOR.

THE COURT: ON MONDAY.

SO, LADIES AND GENTLEMEN, WE WILL NOT SEE YOU UNTIL MONDAY. HAVE A VERY NICE WEEKEND AND PLEASE FOLLOW THE INSTRUCTIONS YOU'VE BEEN GIVEN ABOUT NOT DISCUSSING THE CASE AMONGST YOURSELVES OR ANYONE ELSE, OR FORMING OR EXPRESSING ANY OPINION BASED ON WHAT YOU HEARD SO FAR. AND WE'LL SEE ON MONDAY, SAME TIME.

(PROCEEDINGS HELD IN OPEN COURT, JURY NOT PRESENT:)

THE COURT: AND YOU GET A LONG WEEKEND IN SAN FRANCISCO?

THE WITNESS: I GUESS SO, YOUR HONOR. SUPPOSED TO BE IN MAINE.

THE COURT: MAINE IS VERY LOVELY, BUT THIS TIME OF YEAR IT'S MUCH NICER TO BE HERE. I THINK IT'S PROBABLY MUCH SAFER TO STAY HERE THEN GOING BACK AND FORTH.

THE WITNESS: MAYBE I CAN GET DOWN TO CARMEL, YOUR HONOR.

THE COURT: I'LL GIVE YOU A LIST OF GOOD RESTAURANTS. THEY'RE WAITING, READY TO POUNCE.

KEEP IN MIND YESTERDAY THAT MS. MORIYAMA DID NOT HAVE ANY LUNCH.

MR. PASAHOW: I HAVE ONE SIMPLE HOUSEKEEPING MATTER,

YOUR HONOR.

THE COURT: I GAVE UP HOUSEKEEPING A LONG TIME AGO.

(LAUGHTER)

MR. PASAHOW: I HAVEN'T. THESE ARE THE EXHIBITS OF THE CHARTS THAT WE USED DURING DR. VAN DE SANDE'S CROSS-EXAMINATION AND THEY ARE EXHIBITS B-206 THROUGH B-214 AND I BELIEVE MR.--

MR. FIGG: I THINK THAT SQUARES WITH OUR INVENTORY AS WELL. LET'S MAKE SURE.

(PAUSE IN THE PROCEEDINGS)

MR. FIGG: WE HAVE NO OBJECTION.

MR. PASAHOW: THAT WAS THE ONLY THING WE HAD, YOUR HONOR.

THE COURT: THEY ARE ADMITTED.

(DEFENDANT'S EXHIBITS B-206 THROUGH B-214 RECEIVED IN EVIDENCE)

MR. FIGG: MY COLLEAGUES REMINDED ME THAT WE HAD ALREADY MOVED THE ADMISSION AND HAS BEEN ADMITTED, THE POSTER OF DR. MULLIS' KM31 PAGE, BUT THE ACTUAL DOCUMENT ITSELF HAS BEEN MARKED AS A-61 AND WE WOULD MOVE ITS ADMISSION.

THE COURT: AS I RECALL THAT'S PART OF A PAGE, RIGHT?

MR. FIGG: NO, IT'S THE ENTIRE PAGE. IT'S A COMPLETE PAGE.

THE COURT: THIS ONE IS THE COMPLETE PAGE?

MR. FIGG: HE COPIED THAT PAGE ONTO ANOTHER NOTEBOOK. THIS WAS A STAND ALONE.

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MR. PASAHOW: THERE'S NO OBJECTION.

THE COURT: IT'S ADMITTED.

(PAUSE IN THE PROCEEDINGS)

THE CLERK: IT HAS BEEN ADMITTED ALREADY.

THE COURT: NOW IT'S ADMITTED FOR SURE.

MR. FIGG: I WAS TOLD IT WASN'T.

THE COURT: IS THAT IT?

MR. FIGG: THAT'S IT.

THE COURT: YOU HAVE SOME PAPERS DUE IN, I GUESS, TOMORROW.

MR. FIGG: RIGHT.

THE COURT: WHERE DO WE STAND IN TERMS OF WITNESSES AFTER MR. ANDERSON?

MR. LEWIS: DR. DAHLBERG WILL BE OUR NEXT WITNESS FOLLOWING MR. ANDERSON AND I'M SURE HE'LL TAKE US THROUGH THE DAY ON MONDAY.

THE COURT: AND?

MR. PASAHOW: STARTING ON . . . OUR NEXT WITNESS AFTER DR. DAHLBERG WILL BE DR. FRENCH ANDERSON.

THE COURT: DOES THAT WIND IT UP THEN?

MR. LEWIS: WE'RE LOOKING FOR A BIGGER PICTURE THAN WE THOUGHT.

MR. PASAHOW: THIS WILL DEPEND UPON SCHEDULES IN PARTICULAR DAYS. PREDICTING IS PROVING TO BE DIFFICULT AND WE'VE GOTTEN OURSELVES WELL OUT OF THE WINDOW WE ASK WITNESSES

TO RESERVE.

BUT IN SOMETHING APPROXIMATELY IN THIS ORDER DURING THAT WEEK WE WILL HAVE DR. ERLICH, SAIKI AND DOCTOR KUNKEL AND I EXPECT THEY WILL PROBABLY TAKE US INTO PROBABLY THE FIRST DAY OF THE WEEK AFTER THAT.

THE COURT: WELL, DR. SAIKI AND DR. KUNKEL'S TESTIMONY SHOULD BE RELATIVELY SHORT.

MR. PASAHOW: YES.

THE COURT: DR. DAHLBERG RELATIVELY LONG.

MR. PASAHOW: YES.

THE COURT: HOW ABOUT DR. ANDERSON.

MR. PASAHOW: HIS TESTIMONY WILL BE RELATIVELY SHORT, TOO. THE ONE OTHER MATTER WE HAVE TO DO IS READ THE DEPOSITION OF DOCTOR KLUG.

THE COURT: OKAY. WE'LL SEE YOU ON MONDAY THEN. HAVE A NICE WEEKEND.

(COURT ADJOURNED AT 1:10 P.M. TO RECONVENE MONDAY, FEBRUARY 11, 1991, AT 8:00 A.M.)