

The opinion in support of the decision being entered today is not binding precedent of the Board.

Paper 59

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

DAVID S. MORRISON,

Junior Party,
(Patent 5,378,249),

v.

STEPHEN C. LAKES, HENRY G. STOEPPEL, II,
and BRUCE J. BEIMESCH,

Senior Party
(Applications 08/442,661 and 08/896,060).

Patent Interference 104,179 (McK)

Before: McKELVEY, Senior Administrative Patent Judge, and
TORCZON and MEDLEY, Administrative Patent Judges.

McKELVEY, Senior Administrative Patent Judge,

FINAL DECISION
(Judgment pursuant to 37 CFR § 1.658(a))

The interference is before a merits panel for entry of a
final decision.

A. Findings of fact

The record supports the following findings by at least a preponderance of the evidence.¹

1. The interference involves (1) junior party patentee David S. Morrison (**Morrison**) and (2) senior party applicants Stephen C. Lakes; Henry G. Stoeppel, II, and Bruce J. Beimesch (**Lakes**).

2. Morrison is involved in the interference on the basis of Morrison U.S. Patent 5,378,249, issued 3 January 1995, based on application 08/082,696, filed 28 June 1993.

3. The real party in interest is Pennzoil Products Company.

4. Lakes is involved in the interference on the basis of two applications:

- a. Application 08/442,611, filed 17 May 1995 and
- b. Application 08/896,060, filed 17 July 1997.

5. The real party in interest is Henkel Corporation.

6. Lakes has been accorded benefit of the purpose of priority of:

- a. Application 08/119,318, filed 9 September 1993 and
- b. Application 07/937,625, filed 28 August 1992.

7. The interference involves two counts.

¹ To the extent these findings of fact discuss legal issues, they may be treated as conclusions of law.

8. Count 1 is directed to a biodegradable oil composition comprising a heavy ester oil and a light ester oil (Paper 1, page 4).

9. Count 2, added after entry of a decision on preliminary motions, is directed to a gasoline/oil mixture comprising the biodegradable oil (Paper 27, page 1).

10. The claims of the parties are:

Morrison:	1-18
Lakes '611:	5-10 and 44-48
Lakes '060:	1-4, 11-16 and 20-39

11. The claims of the parties which have been designated as corresponding to Count 1 are:

Morrison:	1-17
Lakes '611:	5-6 and 44
Lakes '060:	1-4, 11-16 and 20-39

12. The claims of the parties which have been designated as corresponding to Count 2 are:

Morrison:	18
Lakes '611:	48
Lakes '060:	None

13. The claims of the parties which have been designated as not corresponding to a count, and therefore are not involved in the interference, are:

Morrison:	None
Lakes '611:	7-10 and 45-47
Lakes '060:	None

14. The parties have filed six briefs, all of which have been considered:

- a. Principal brief of Morrison (Paper 48).
- b. Lakes brief for final hearing (Paper 49).
- c. Lakes opposition to Morrison brief (Paper 50).
- d. Morrison opposition brief (Paper 51).
- e. Lakes reply brief (Paper 52).
- f. Morrison's reply to Lakes opposition brief (Paper 57).

15. Morrison alleges an actual reduction to practice on 17 September 1991 (Paper 48, page 33).

16. On 28 June 1993, Morrison filed the application which matured into the involved Morrison patent.

17. Thus, Morrison filed its application **21 months and 11 days** after its alleged actual reduction to practice.

18. On 28 August 1992, during the 21-month, 11-day period, Lakes filed its initial application 07/937,625. As noted

earlier, Lakes has been accorded benefit for the purpose of priority of its initial application.

19. A summary of events in chronological date order relevant to the issue before us is as follows:

- a. 17 September 1991--Morrison's alleged actual reduction to practice.
- b. 28 August 1992--Lakes files application.
- c. 28 June 1993--Morrison files application.

20. Lakes maintains that "[e]ven if Morrison can establish *** [an] actual reduction to practice, Morrison *** suppressed or concealed the invention by the unreasonable delay between the alleged [actual] reduction to practice [on 17 September 1991] and the time Morrison filed the patent application [on 28 June 1993]" (Paper 49, page 16).

21. There is little, if any, evidence in the record as to when specific events, if any, occurred during the 21-month, 11-day period between Morrison's alleged actual reduction to practice and the filing of the Morrison application.

22. Additional facts, as needed, are set out in the "Discussion" portion of this opinion.

B. The issue

Assuming arguendo that Morrison has established by a preponderance of the evidence that it actually reduced to practice on 17 September 1991, the issue becomes whether Lakes has established by a preponderance of the evidence that Morrison

suppressed or concealed the actual reduction to practice within the meaning of 35 U.S.C. § 102(g).

C. Discussion

Each of the six briefs before us discusses the suppression and concealment issue.

1. Suppression or concealment

Numerous opinions of the Federal Circuit, the former CCPA and the board have addressed the issue of suppression and concealment within the meaning of 35 U.S.C. § 102(g) as applied to interference cases. Those opinions include:

- (1) Palmer v. Dudzik, 481 F.2d 1377, 178 USPQ 608 (CCPA 1973);
- (2) Young v. Dworkin, 489 F.2d 1277, 180 USPQ 388 (CCPA 1974);
- (3) Peeler v. Miller, 535 F.2d 647, 190 USPQ 117 (CCPA 1976);
- (4) Horwath v. Lee, 564 F.2d 948, 195 USPQ 701 (CCPA 1977);
- (5) Shindelar v. Holdeman, 628 F.2d 1337, 207 USPQ 112 (CCPA 1980);
- (6) Smith v. Crivello, 215 USPQ 446 (Bd. Pat. Int. 1982);
- (7) Correge v. Murphy, 705 F.2d 1326, 217 USPQ 753 (CCPA 1983);
- (8) Paulik v. Rizkalla, 760 F.2d 1270, 226 USPQ 224 (Fed. Cir. 1985) (in banc);
- (9) Holmwood v. Cherpeck, 2 USPQ2d 1942 (Bd. Pat. App. & Int. 1986);
- (10) Lutzker v. Plet, 843 F.2d 1364, 6 USPQ2d 1370 (Fed. Cir. 1988); and

(11) Fujikawa v. Wattanasin, 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996).

From these cases the following interference principles become manifest:

b. Suppression and concealment are questions of law. Fujikawa, 93 F.3d at 1567, 39 USPQ2d at 1901.

c. Suppression and concealment issues are resolved on the basis of the specific facts of each case. Young, 489 F.2d at 1280, 180 USPQ at 391; Shindelar, 628 F.2d at 1341, 207 USPQ at 115-16.

d. The party alleging suppression or concealment has the burden of proof. Young, 489 F.2d at 1279, 180 USPQ at 390. See also 37 CFR § 1.632, which requires a party to give notice that it intends to argue that its opponent suppressed or concealed, thereby giving the opponent an opportunity to present evidence to negate any inference of intent to suppress or conceal.²

e. The length of time from an actual reduction to practice until filing an application is not by itself determinative of suppression or concealment. Young, 489 F.2d at 1281, 180 USPQ at 391.

² Notice of Final Rule, Patent Interference Proceedings, 49 Fed. Reg. 48416, 48423 (col. 3) (Dec. 12, 1984): "The purpose of requiring the notice under § 1.632 is to make the parties and the Board aware during the interlocutory stage of an interference that abandonment, suppression, or concealment may be an issue in the interference. Early notice will permit the parties to ask for and the *** [administrative patent judge] to set appropriate testimony periods for a party to present evidence related to *** suppression, and concealment, particularly in those cases where long unexplained delays tend to prove the allegation of suppression or concealment."

f. A delay which can be characterized as "mere delay" is not sufficient to establish suppression or concealment. Young, 489 F.2d at 1281, 180 USPQ at 391.

g. A delay which can be characterized as an "unreasonable delay" or "too long a delay" may raise an inference of an intent to suppress or conceal. Paulik, 760 F.2d at 1275, 226 USPQ at 227; Peeler, 535 F.2d at 653, 190 USPQ at 122.

h. Once a delay is determined to be "unreasonable" or "too long", the junior party must come forward with evidence to rebut any inference of intent to suppress or conceal. Peeler, 535 F.2d at 653, 190 USPQ at 122.

i. A party who delays in filing a patent application after having actually reduced an invention to practice does so at the peril of a possible holding of suppression or concealment. Young, 489 at 1281, 180 USPQ 391.

j. Spurring into filing an application by knowledge of another's entry into the field, while relevant, is not essential to finding suppression or concealment. Young, 489 F.2d at 1281, 180 USPQ at 391-92.

k. Against the principles that "mere delay" will not establish suppression or concealment and that proof of "spurring" is not essential to finding suppression or concealment, stands the "linchpin" of the patent system, which is early public disclosure. Horwath, 564 F.2d at 950, 195 USPQ 703; Shindelar, 628 F.2d at 1341 n.7, 207 USPQ at 116 n.7.

l. When it is determined that a party suppressed or concealed after an actual reduction to practice, the party is not entitled to rely on that suppressed or concealed actual reduction to practice in a priority contest. Paulik, 760 F.2d at 1275, 226 USPQ at 227-28. Stated in other terms, once it is established that a party suppressed or concealed an actual reduction to practice, evidence related to that actual reduction to practice, in effect, becomes inadmissible. Evidence of another actual reduction to practice, taking place after suppression or concealment ceases, is admissible. Paulik, 760 F.2d at 1274, 226 USPQ at 226.

m. A delay of **23-25**³ months was found to be unreasonable in Palmer v. Dudzik, particularly where personnel from the opponent's assignee visited the party's plant between the party's actual reduction to practice and the filing of a patent application.

n. A delay of **27-28** months was found to be unreasonable in Young v. Dworkin where little, if any, activity was established between an actual reduction to practice and filing a patent application.

o. A **four year** delay was found to be unreasonable in Peeler v. Miller even though it had not been established that any individual in the employ of the party's assignee had any actual intent to suppress or conceal.

³ The delay is characterized as being 23-25 months because an actual reduction to practice is said to have taken place in the Fall of the year (i.e., late September through late December).

Significantly, the CCPA declined to endorse a practice of placing patent applications in a que which would result in a 4-year delay as a "normal business practice that we should accept as part of sound patent system". 535 F.2d at 654, 190 USPQ at 123.

p. A **5 year, 6 month** delay was found to be unreasonable in Lee v. Horwath.

q. A **2 year, 5 month** (29 month) delay was found to be unreasonable in Shindelar v. Holdeman. Significantly, in Shindelar, the CCPA was willing to "excuse" only about 3 months for preparing a patent application. The CCPA also noted that a patent attorney's workload will not necessarily preclude a holding of suppression or concealment. Specifically, the CCPA notes, 628 F.2d at 1342, 207 USPQ at 116, that (1) one discussion with an inventor, (2) an order to a draftsman to search patent files, and (3) preparation of a search report could possibly account only for a few days; in many circumstances, one month would be ample allowance to a patent attorney to draft an application; another month could be ample for a draftsman to prepare the drawings; to be generous, perhaps another month could be allowed to have the application placed in final form, executed by the inventor and filed in the PTO. Thus, a three-month period might be excused in analyzing suppression or concealment.⁴

⁴ A different, and stricter criteria, applies with respect to reasonable diligence. Cf. D'Amico v. Koike, 347 F.2d 867, 146 USPQ 132 (CCPA 1965) (attorney diligence; an unexplained one month period of time during the critical period was found to be a lack of diligence).

r. A **22 month** delay was found to be unreasonable by the board in Smith v. Crivello.

s. In Correge v. Murphy, the CCPA found it unnecessary to determine whether a **7 month** delay was unreasonable, because the party had established that significant events had taken place on specific dates to (1) prepare and sign an invention disclosure, (2) file the invention disclosure with a corporate patent department, (3) authorize a search, (4) analyze the search results, (5) authorize the filing of a patent application and (6) actually disclose the invention to the public seven months after the actual reduction to practice.

t. A **33 month** delay was found to be unreasonable by the board in Holmwood v. Cherpeck.

u. A **51 month** delay was found to be unreasonable in Lutzker v. Plet.

v. A **17 month** delay was found not to be unreasonable in Fujikawa v. Wattanasin. In Fujikawa, there was evidence that during a 17-month "delay" that at least the following events took place: (1) testing toward perfecting invention, including in vivo experiments, (2) patent committee approval for filing of application, (3) work over several months by patent attorneys to collect data from inventors. While there was a 3-month unexplained delay, the Federal Circuit determined, in context, that an unexplained 3-month period was not sufficient basis for holding delay unreasonable.

2. Suppression or concealment in this case

One difficulty in this case is that the briefs, particularly Morrison's briefs, do not call attention to evidence of Morrison's activity between (1) Morrison's presumed actual reduction to practice on 17 September 1991 and (2) the filing of a patent application on 28 June 1993. In particular, the briefs do not favor us with a discussion of the dates on which any particular activity took place after Morrison's alleged actual reduction to practice on 17 September 1991. See 37 CFR § 1.656(b)(5), requiring a statement of facts.

We, like the Federal Circuit in Lutzker v. Plet, decline to decide other issues; rather, we will assume that Morrison actually reduced to practice on 17 September 1991. We hold, however, that the delay between that date and the filing of the Morrison application is an "unreasonable delay" and therefore raises an inference of intent to suppress or conceal. Since we have not been directed to evidence of specific activity between the two dates, any in particular when specific activity may have taken place, we hold that Morrison has failed to overcome the inference and therefore suppressed or concealed its actual reduction to practice. Accordingly, Morrison cannot rely on a 17 September 1991 actual reduction to practice. There being no other basis upon which Morrison can prevail, it follows that Morrison has failed to establish priority within the meaning of 35 U.S.C. § 102(g) by a preponderance of the evidence.

Much of the argument presented by Morrison is in the form of argument by counsel. An argument of counsel, however, cannot take the place of evidence in the record. Estee Lauder, Inc. v. L'Oreal, S.A., 129 F.3d 588, 595, 44 USPQ2d 1610, 1615 (Fed. Cir. 1997). Nevertheless, we proceed with an analysis of the arguments made by counsel, none of which we find particularly persuasive.

a.

According to counsel, "The evidence shows that Morrison and his Assignee, Pennzoil, were deliberative in their research and in the Morrison patent to ensure that the work was thorough and represented useful knowledge to the public" (Paper 48, page 34). Counsel also states that the Morrison patent "is a well written patent application replete with real data and information on the esters involved in the lubrication and replete with exemplary data showing the results of research" (Paper 48, page 34).⁵ Counsel goes on to state that the background portion of the Morrison patent shows "that careful consideration was given to

⁵ We need not decide whether the Morrison specification was, or is, "well written." We will note, however, that there may be errors in the specification. For example, we have not been able to reconcile Test 475-119-2 (Ex 2018) with Formulation A in Table 1 in column 8 of the patent. In the test, a composition having:

57.84% Priolube 3999
32.00% Emery 2911 and
10.16% OLOA 340R

is said to have a viscosity at 100°C of 7.32 and a -25° Brookfield of **3510**, whereas the data in Table 1 with respect to Formulation A reports no viscosity and a -25° Brookfield of **3160**.

the prior art in the area of two-cycle lubricants" (Paper 48, page 34).

We can assume arguendo that considerable research took place, or at least is alleged to have taken place, between 8 January 1990 and 17 September 1991 (see Paper 40, page 5, ¶ 8 through page 16, ¶ 30). We might even agree arguendo that the research properly can be characterized as "deliberative". However, it all may have taken place prior to 17 September 1991 and therefore has no bearing on the issue of suppression or concealment after 17 September 1991.

We can also assume arguendo that the specification of the involved Morrison patent is thorough and contains useful data based on experiments. Our difficulty, however, is that Morrison has not favored us with a discussion in its brief referring to evidence of when the experiments represented by the data took place. In other words, did they take place before or after 17 September 1991? We decline to take on the role of advocate for Morrison by comparing data in the patent specification to the evidence of record to make out a case for Morrison, all to the prejudice of Lakes who would not be able to respond.

We will note, however, that a review of Morrison's lab notebook (Ex 2018) would seem to demonstrate that at least some of the data reported in the patent specification is based on experiments which took place on 21 February 1990, which is prior to Morrison's alleged actual reduction to practice on 17 September 1991. Test 475-119-3 described in the lab notebook

would appear to be Formulation I reported in Table 3 in column 9 of the patent. Both Formulation I and Test 475-119-3 appear to involve a composition containing:

10%	Priolube 3999
62.36%	Emery 2964
17.48%	Emery 2199 and
10.16%	OLOA 340R

with a reported viscosity of 8.07 at 100°C and a -25°C Brookfield of 2960.

Thus, Morrison has not told us how the evidence in this case would suggest that post reduction to practice experimentation took place which is reported in the specification of the patent. Cf. Fujikawa v. Wattanasin, where it had been established that certain in vivo experimentation took place after an actual reduction to practice.

b.

Morrison, through counsel, argues that "[t]he Board should take judicial [sic--official⁶] notice of the requirements for a quality patent application. This [a quality patent application?] requires preliminary search and review of the prior art prior to filing, writing and necessary revision of the patent specification and in this case, thorough review by the inventor and the inventor's supervisory and co-workers who were involved in this project." Paper 48, page 34; Paper 51, page 11. We decline to take official notice of the facts suggested by

⁶ See 37 CFR § 1.671(c)(3).

Morrison because those facts are "subject to reasonable dispute". Fed. R. Evid. 201(b).⁷

Morrison further argues that the time period from 17 September 1991 through 28 June 1993 "obviously included the careful preparation of a patent application and review by the inventors or else there would have been no patent application to file on 28 June 1993 (Paper 51, page 10). It is not obvious to us when the application was prepared and/or reviewed.

Even if a "quality patent application" requires a preliminary search, Morrison has not favored us with a brief which helps us review the record to determine when, and if, any search was performed. Nor have we been favored with a discussion in Morrison's briefs as to the dates on which any other relevant action might have taken place to prepare, revise and file a patent application. Cf. Fujikawa v. Wattanasin, where there was evidence of when events which took place in connection with the preparation of a patent application. On the other hand, in Shindelar, when there was no meaningful evidence, the CCPA was able to "excuse" on the issue of suppression or concealment only a 3-month period. Here we have an unexplained 21-month period. Since Morrison, not Lakes, is in possession of the evidence which would tell us a story which might avoid a holding of suppression or concealment, we have no difficulty drawing adverse inferences against Morrison for failure to put that evidence before the

⁷ The Federal Rules of Evidence apply in interference proceedings. 37 CFR § 1.671.(b).

board despite the fact Morrison had every opportunity to do so. Cf. Revson v. Cinque & Cinque, P.C., 221 F.3d 71, 81-82 (2d Cir. 2000) ("It is well-settled that a party's failure to call a witness may permissibly support an inference that witness's testimony would have been adverse. See, e.g., Graves v. United States, 150 U.S. 118, 121, 14 S. Ct. 40, 37 L.Ed. 1021 (1893) ('if a party has it peculiarly within his power to produce witnesses whose testimony would elucidate the transaction, the fact that he does not do it creates the presumption that the testimony, if produced, would be unfavorable')). According to Morrison, "the facts presented here are insufficient to raise any inference of *** suppression or concealment" (Paper 51, page 9). Morrison's argument rings hollow, however, because Morrison has not told us where we are to find the evidence which would make out a factual case for overcoming an inference of intent to suppress or conceal. Thus, we lack substantial evidence upon which to make findings which Morrison apparently would have us make.

c.

We agree with Morrison that there is no per se rule on whether a delay of a particular time period is "unreasonable" (Paper 48, page 35). We can also agree that there is no "smoking gun" that Morrison intended to suppress or conceal (Paper 48, page 35). However, the 21-month, 11-day period in this case, where no meaningful evidence has been called to our attention of

activity leading to the filing of a patent application, raises an inference of an intent to suppress or conceal. Hence, on this record, we find and conclude that the 21-month, 11-day period is "unreasonable" and that Morrison was under a burden to rebut the inference of suppression or concealment which results from a finding of "unreasonable" delay. Morrison has failed to do so.

d.

Morrison argues that Lakes did not enter the field during the 21-month, 11-day delay (Paper 49, page 36; Paper 51, page 11). Morrison's argument is factually flawed because it is manifest that Lakes entered the field by filing a patent application on 28 August 1992--which is between 17 September 1991 and 28 June 1993.

e.

Morrison correctly notes that there is no evidence that Morrison was spurred into filing an application by activity of Lakes. However, as noted in Correge v. Murphy, spurring is not a requirement for a holding of suppression or concealment. Failure to timely file a patent application, or otherwise make the invention known to the public however, is a significant factor. On this record, Morrison has not satisfactorily explained how it made an effort to make the invention available to the public until the filing of a patent application on a date after Lakes had filed its patent application.

f.

Morrison also argues that its patent was issued about 18 months after the Morrison application was filed and that a patent has not issued to Lakes notwithstanding Lakes filed first (Paper 51, page 10). A "failure", if that is what it is, of a patent to issue to Lakes is not relevant on whether Morrison suppressed or concealed its actual reduction to practice.

D. Order

Upon consideration of the arguments presented in the briefs, and the evidence to which they make reference, and for the reasons given, it is

ORDERED that judgment on priority as to Count 1 (Paper 1, page 4) and Count 2 (Paper 27, pages 1-2), the only counts in the interference, is awarded against junior party David S. Morrison.

FURTHER ORDERED that junior party David S. Morrison is not entitled to a patent containing claims 1-17 (corresponding to Count 1) and claim 18 (corresponding to Count 2) of patent 5,378,249.

FURTHER ORDERED that a copy of this paper shall be made of record in files of (1) application 08/442,661, (2) application 08/896,060 and (3) U.S. Patent 5,378,249.

FURTHER ORDERED that if there is a further settlement agreement, attention is directed to 35 U.S.C. § 135(c) and 37 CFR § 1.661.

_____)	
FRED E. McKELVEY, Senior)	
Administrative Patent Judge)	
)	
)	
_____)	
RICHARD TORCZON)	BOARD OF PATENT
Administrative Patent Judge)	APPEALS AND
)	INTERFERENCES
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104,179
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