

## When Does Outside The Count Count?<sup>1</sup>

by

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and

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### **Introduction**

One often hears the bromide that, “Unless it’s within the scope of the count, it doesn’t count”--the antecedent of “it” being evidence offered to prove a conception,<sup>4</sup> classical diligence,<sup>5</sup> Peeler diligence,<sup>6</sup> an actual reduction to practice,<sup>7</sup> or a constructive reduction to practice.<sup>8</sup> However, while this bromide is, perhaps, a useful rule of thumb (and certainly focuses the attention on the importance of obtaining a count that favors one and disfavors one’s opponent to the maximum extent possible), it has never been literally true.<sup>9</sup>

### **Establishing the Scope of the Invention By Ascertaining What Doesn’t Work**

Many counts include one or more numerical ranges--e.g., 100°C. to 200°C. Such ranges are supposed to define the boundaries of what works--or, at least, works well enough to be patentable either in terms of utility or in terms of giving sufficiently surprising (i.e., improved) results to be patentable over the prior art. However, in order to establish such boundaries, the researchers must experiment around the value that gave the first satisfactory result. (“Hallelujah! It works at 125°C. But, how about 120°C.? 130°C.? Etc.”) That involves, at a minimum, a plurality of experiments--some of which give unsatisfactory results. (“Rats! It really doesn’t work any more under 100°C.”) Moreover, if the count contains a plurality of ranges for different variables, it can require a multiplicity of experiments to establish the operative boundaries for each variable as a function of variations in each of the other variables.

Insofar as this article is concerned, the point to be made is that time spent conducting the experiments that didn't give satisfactory results counts towards both classical diligence<sup>10</sup> and Peeler diligence.<sup>11</sup>

### **Time Spent on Closely Related Inventions**

So far as we have found, the origin of this doctrine is Rines v. Morgan, 250 F.2d 365, 116 USPQ 145 (CCPA 1957).<sup>12</sup> It may well have been relevant to the result (1) that Dr. Rines was a Signal Corps officer on active duty in the middle of the Second World War when he conceived the invention in issue and several closely related inventions and (2) that Dr. Rines's patent attorney was his father. However, while the court enumerated those facts, it did not state that either of those facts was critical to the result it reached. Instead, it simply declared *ex cathedra* that:

it is to be noted that the Rines' application involved in this interference is closely related to his case 2 and incorporates much of the matter of that case. Accordingly, the work done on case 2 during November and December of 1943 contributed substantially to the ultimate preparation of the involved application. Such work, therefore, may properly be regarded as showing diligence in the preparation and filing of the instant application, even though case 2 did not include a disclosure of all the features of the invention here in issue.

The record shows that throughout the latter part of 1943 and the early part of 1944 Rines and his attorney were engaged in the preparation of four rather complex applications, including the one here in issue. During that period Rines was kept quite busy with his duties in the Signal Corps, and could communicate with his attorney only by mail. Under such circumstances, rapid progress could not be expected.

A voluminous record has been presented which shows beyond question that, considering the group of applications as a whole, Rines and his attorney were working diligently from October 1943 until the application here involved was filed in March 1944. The exact lines of demarcation between the cases were not clear in all

respects at the start and it was necessary for the attorney to prepare tentative drafts and submit them to Rines for revision. Naturally it was necessary for the attorney to determine the exact order of procedure in the manner which promised the best over-all results.

We find no evidence that either Rines or his attorney ever laid aside the invention here in issue at any time after September 1943, or that they gave preference to the preparation of an application of [sic; on] any later invention. Considering the circumstances as a whole we are of the opinion that the conduct of Rines and his attorney throughout a period beginning in November 1943 and ending with the filing of the Rines' application on March 18, 1944, shows reasonable diligence in one preparation and filing of his application here involved.<sup>13</sup>

**Comment:** The court's statement that it "[found] no evidence that either Rines or his attorney ever laid aside the invention here in issue at any time after September 1943, or that they gave preference to the preparation of an application of [sic; on] any later invention" sounds like what we would today term Peeler diligence rather than classical diligence. However, Rines v. Morgan was decided long before Peeler v. Miller, and the distinction between the two types of diligence was not yet firmly established.

The next opinion in this series is Rey-Bellet v. Engelhardt v. Schindler, 493 F.2d 1380, 181 USPQ 453 (CCPA 1974). It involved alleged attorney diligence during a very short period (less than a month). Unfortunately, the passage on point is very brief and not particularly informative:

During the contested time period, it appears that Dr. Cutler, in addition to other duties,<sup>[14]</sup> was also working on at least one other patent application related to that relied upon by Engelhardt for priority purposes. This application was directed to a process for preparing amitriptyline and closely related compounds including NTL. He testified that he worked on this application concurrently with Engelhardt's application because both were similar in scope and required the same starting materials. The record establishes that Dr. Cutler was working on the process application at least as late as April 27, 1961. Work on related applications can be relied

upon to show reasonable diligence. *Rines v. Morgan*, 45 CCPA 743, 250 F.2d 365, 116 USPQ 145 (1957).

In view of Cutler's activity on the related process case and his testimony that he was working on the draft of Engelhardt's application prior to May 12, 1961, it is our view that there was reasonable diligence during the contested period, a time span of but 21 days.<sup>15</sup>

The next opinion in this series is Ginos v. Nedelec, 220 USPQ 831 (PTOBPAI 1983).

Whereas Rines and Rey-Bellet involved only attorney diligence (that is, both Dr. Rines's father and Dr. Cutler were working on drafting patent applications during the relevant periods, not on trying to actually reduce the inventions to practice), Ginos involved laboratory diligence. Nedelec's argument was that Ginos had not established continuous diligence because there was "a period of 50 days when no acts were taken to prepare a compound encompassed by the counts."<sup>16</sup> Nonetheless, Ginos won:

We recognize that from November 15, 1975 until January 5, 1976 Ginos performed no work directed toward the preparation of a compound encompassed by the count. However, during this period Mr. Doroski was continuously working on the preparation of other compounds which were considered by Ginos to be part of the same invention as PPhD-HCl, all of which were eventually included in his grandparent application. In this particular case we consider Ginos' work on the closely related compounds during the period between the preparation of P-1 and the preparation of P-2 to be sufficiently related to his work on the invention in issue to count as diligence toward the reduction to practice of this invention. It is evident that Ginos believed that PPhD and its salts were part of the single generic invention set forth in the grandparent application and that essentially continuous activity was directed to the reduction to practice of the multiple aspects of this generic invention. A patent attorney's work on an application closely related to one directed to an invention in issue may in some cases be relied upon to show diligence with respect to constructive reduction to practice of the invention in issue. *Rey-Bellet v. Engelhardt, supra.*, and *Rines v. Morgan*, 45 CCPA 743, 250 F.2d 365, 116 USPQ 145 (1957). We believe that under some circumstances an inventor should also be able to rely on work on closely related inventions as support for diligence toward the

reduction to practice of an invention in issue. Those circumstances are present in this case where the period in question is less than 2 months, during which Ginos was working on a generic invention including compounds which were structurally closely related to PPhD-HCl, were expected to exhibit the same utility and were included in his patent application.<sup>17</sup>

**Comment:** It seems unlikely to us that this doctrine will be limited to cases “where the period in question is less than 2 months...”<sup>18</sup> Indeed, the critical period in Rines was much longer than that.

The final opinion in this series is Bey v. Kollonitsch, 806 F.2d 1024, 231 USPQ 967 (Fed. Cir. 1986). That case again involved attorney diligence rather than laboratory diligence. The attorney in question had worked on a group of related patent applications during the 41-day critical period. The attorney had “worked on the applications from this group on almost every working date in the critical period,”<sup>19</sup> but she was unable to establish on which days she had worked on the particular application which wound up in interference. Nevertheless, Bey won, the court reasoning as follows:

Frequently, an inventor or group of inventors may file more than one patent application involving closely related subject matter. In this type of situation, the “exact lines of demarcation between the cases [may not be] clear in all respects at the start.”<sup>10</sup>

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Treating a generic invention and the resulting group of related applications as a whole, there may be significant overall savings in time and expense by having one attorney prepare the applications together as a group. In Bey's case, Hattan and her supervisor testified that the applications were assigned to one attorney because of the interrelationships in chemistry, structure, utility, and inventorship, as well as the distance between the patent law department in Cincinnati, Ohio, and the inventors' location in Strasbourg, France. Hattan's supervisor testified that “while in theory [the applications] could have been distributed amongst several patent attorneys, in practice it would mean duplication of

work unnecessarily and, ultimately, delay in preparation of the cases.”

In priority determinations, the inventor should not be penalized because his attorney reasonably prepared the closely related applications together, thereby expediting the filing of the applications and the prompt disclosure to the public of the closely related inventions contained therein.

The question is under what circumstances may work on a related case be credited as diligence with respect to the instant application. We hold that work on the related case is to be credited toward reasonable diligence if the work on the related case “contribute[s] substantially to the ultimate preparation of the involved application.”

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<sup>10</sup> Rines, 250 F.2d at 369, 116 USPQ at 148.<sup>20</sup>

### **Conclusion as to Time Spent on Closely Related Inventions**

Thus, when considering the relative strengths and/or weaknesses in one’s case, it would be prudent to investigate contemporaneous activities related to but not within the scope of the count. The opinions discussed above provide some guidance as to what “contemporaneous activities” can be relied upon. However, we believe that the doctrine is still highly malleable. While it is true that all of the professional activities of many researchers are directed to the same general field, we believe that it is likely that the court will limit this doctrine to activities that are very closely related to the subject matter defined by the count. However, just how closely is still up in the air--and, as demonstrated by Rines v. Morgan, it is likely to be influenced by equitable factors remote from the invention itself.

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<sup>4</sup> "[T]he formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention as it is thereafter to be applied in practice." Townsend v. Smith, 36 F.2d 292, 295, 4 USPQ 269, 271 (CCPA 1930). See also, Sewall v. Walters, 21 F.3d 411, 30 USPQ2d 1356 (Fed. Cir. 1994) (Rich, J.); and Hitzeman v. Rutter, 243 F.3d 1345, 58 USPQ2d 1161 (Fed. Cir. 2001). "This court and its predecessor have long recognized that "nothing is better settled in patent law than that in interference cases express limitations in counts may not be ignored." McBride v. Teeple, 109 F.2d 789, 799, 44 USPQ 523, 533 (CCPA 1940) (citing cases). Accordingly, all limitations in interference counts "will be regarded as material to the invention covered by the counts." Meitzner v. Corte, 537 F.2d 524, 530, 190 USPQ 407, 412 (CCPA 1976). In establishing conception, "a party must show possession of every feature recited in the count, and that every limitation of the count must have been known to the inventor at the time of the alleged conception." Coleman v. Dines, 754 F.2d 353, 359, 224 USPQ 857, 862 (Fed. Cir. 1985).

<sup>5</sup> Classical diligence is reasonable diligence from just prior to one's opponent's "entry into the field" (which usually means its conception date) to one's own reduction to practice date, whether that reduction to practice is an actual reduction to practice or a constructive reduction to practice. The standards for classical diligence are very high. See generally, Gholz and Wilcox, What

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Excuses for Inactivity During a Classical Diligence Period Are (and Are Not) Good?, 15

Intellectual Property Today No. 3 at page 36 (2008).

<sup>6</sup> Peeler diligence, so called after, Peeler v. Miller, 535 F.2d 647, 653-54, 190 USPQ 117, 122 (CCPA 1976) (Rich, J.), is diligence during the period from one's own actual reduction to practice to one's own constructive reduction to practice. The standards for Peeler diligence are very low. See, e.g., Fujikawa v. Wattenasin, 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996), discussed in Gholz, A Critique of Recent Opinions of the Federal Circuit in Patent Interferences, 79 JPTOS 271 (1997) at pages 283-85. This is because, in statutory terms, Peeler diligence is the absence of 35 USC 102(g) suppression or concealment. Thus, if one hasn't suppressed or concealed an invention, one is said to have been "diligent".

<sup>7</sup>"In an interference proceeding, a party seeking to establish an actual reduction to practice must satisfy a two-prong test: (1) the party constructed an embodiment or performed a process that met every element of the interference count, and (2) the embodiment or process operated for its intended purpose." Eaton v. Evans, 204 F.3d 1094, 1097, 53 USPQ2d 1696, 1698 (Fed. Cir. 2000). See also Schendel v. Curtis, 83 F.3d 1399, 38 USPQ2d 1743 (Fed. Cir. 1996) ("To establish priority based on alleged actual reduction to practice, [the inventor] was required to prove, inter alia, that he prepared a fusion protein meeting every limitation of the count."); Purdue Pharma L.P. v. Boehringer Ingelheim GMBH, 237 F.3d 1359, 57 USPQ 1647 (Fed. Cir. 2001); and Mycogen Plant Science, Inc. v. Monsanto Co., 243 F.3d 1316, 58 USPQ2d 1030 (Fed. Cir. 2001).

<sup>8</sup> Constructive reduction to practice is defined in 37 CFR 41.201 as follows:

Constructive reduction to practice means a described and enabled anticipation under 35 U.S.C. 102(g)(1) in a patent application of the subject matter of a count.



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Earliest constructive reduction to practice means the first constructive reduction to practice that has been continuously disclosed through a chain of patent applications including in the involved application or patent. For the chain to be continuous, each subsequent application must have been co-pending under 35 U.S.C. 120 or 121 or timely filed under 35 U.S.C. 119 or 365(a).

See also Hyatt v. Boone, 146 F.3d 1348, 1352, 47 USPQ2d 1128, 1130 (Fed. Cir. 1998):

When a party to an interference seeks the benefit of an earlier-filed United States patent application, the earlier application must meet the requirements of 35 U.S.C. §120 and 35 U.S.C. §112 ¶1 for the subject matter of the count. The earlier application must contain a written description of the subject matter of the interference count, and must meet the enablement requirement. *Fiers v. Revel*, 984 F.2d 1164, 1170, 25 USPQ2d 1601, 1606 (Fed.Cir. 1993) (section 112 paragraph 1 must be met by the earlier application).

<sup>9</sup> We recognize that our assertion flies in the face of SAPJ McKelvey’s assertions that “The scope of a count defines the scope of admissible evidence on the issue of priority” and that “The count limits the scope of the priority proofs....” Ashurst v. Brugger, Int. No. 105,482, Decision on Motions 16 July 2008 pp. 41 and 44. Diligence is, of course, one aspect of “the issue of priority.”

<sup>10</sup> Mycogen Plant Science, Inc. v. Monsanto Co., 252 F.3d 1306, 58 USPQ2d 1891 (Fed. Cir. 2001), *on denial of reh’g*, 261 F.3d 1345, 59 USPQ2d 1852 (Fed. Cir. 2001); and In re Jolley, 308 F.3d 1317, 64 USPQ 2d 1901 (Fed. Cir. 2002) (“... we decline to adopt a rule that evidence of diligence *must* be excluded if there is any possibility that it could be construed in support of an invention beyond the reach of the count.”)

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<sup>11</sup> Fujikawa v. Wattanasin, 93 F.3d 1559, 39 USPQ2d 1895 (Fed. Cir. 1996)(“We are satisfied from the record that this disclosure-related activity was sufficient to avoid any inference of suppression or concealment during this period.”)

<sup>12</sup> It may interest the reader to note that Dr. Rines later attained fame for leading several expeditions intended to verify the existence of “The Loch Ness Monster.”

<sup>13</sup> 250 F.2d at 369, 116 USPQ at 148.

<sup>14</sup> Everybody spends twenty-four hours per day doing something, so the fact that one had “other duties” is not normally an acceptable excuse for lack of diligence relating to the invention.

<sup>15</sup> 493 F.2d at 1388, 181 USPQ at 458.

<sup>16</sup> 220 USPQ at 835.

<sup>17</sup> 220 USPQ at 835-36.

<sup>18</sup> 220 USPQ at 836.

<sup>19</sup> 806 F.2d at 1026, 231 USPQ at 969.

<sup>20</sup> 806 F.2d at 1026, 231 USPQ at 970.