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PATENTS

Now *Holmwood v. Sugavanam* Applies to Patent Attorneys!



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Holmwood v. Sugavanam is the very useful opinion that allows us to rely on the testimony of scientific supervisors concerning what was done by their subordinates without going to the trouble (and incurring the risk) of putting on the testimony of those subordinates. Now, without actually citing *Holmwood*, the late Judge McKelvey extended that useful (but, we submit, questionable) technique to middle-management patent attorneys supervising junior patent attorneys.

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What Judge Rader Wrote in *Holmwood*

In *Holmwood*,¹ the party Holmwood relied on evidence concerning scientific tests as constituting an alleged actual reduction to practice to antedate the party Sugavanam's British priority date. The scientific tests were conducted by two technicians (Mr. Tippin and Mr. Tillman) under the supervision and direction of a senior scientist (Dr. Zeck). The party Holmwood introduced the results of the tests performed by Tippin and Tillman into evidence by way of the testimony of Zeck. Tippin and Tillman did not testify, and the party Sugavanam objected to the test results and the related portions of Zeck's testimony as hearsay.

Curiously, the board admitted into evidence reports prepared by Tippin and Tillman concerning what they had done, but then refused to give either the reports or Zeck's testimony based on those reports "any weight."² That resulted in the board's holding that the party Holmwood had failed to prove an actual reduction to practice before the party Sugavanam's priority date, and that in turn resulted in judgment for the party Sugavanam.

The Federal Circuit reversed. The appeals court held that the "rule of reason" test applicable to evidence about alleged actual reductions to practice "requires the Patent and Trademark Office to examine, analyze, and evaluate reasonably all pertinent evidence when weighing the credibility of an inventor's story."³ In this case, not only did Zeck assert that he had supervised and directed the testing, he asserted that the tests were

¹ *Holmwood v. Sugavanam*, 948 F.2d 1236, 20 U.S.P.Q.2d 1712 (Fed. Cir. 1991) (opinion delivered by Judge Rader for a panel that also consisted of Judges Newman and Archer).

² 948 F.2d at 1238, 20 U.S.P.Q.2d at 1713.

³ 948 F.2d at 1239, 20 U.S.P.Q.2d at 1714. Note that Zeck was *not* one of the inventors named in the *Holmwood* application. He was simply in charge of the testing.

standard within the industry.⁴ Moreover, Zeck asserted that, although he had the lab assistants perform the tests and record the results, he alone knew the composition of the compounds being tested.⁵ According to the Federal Circuit, under these circumstances, the lab assistants effectively operated as “‘blind hands’ to conduct the tests and record the results.”⁶ Since the testimony of the lab assistants would amount to little more than they had followed directions, their testimony “would have been cumulative or inferior to Dr. Zeck’s testimony.”⁷

The Federal Circuit concluded that:

Under the rule of reason, this court cannot ignore the realities of technical operations in modern day research laboratories. *Breuer v. DeMarinis*, 558 F.2d 22, 29, 194 U.S.P.Q. 308, 314 (C.C.P.A. 1977). Recognizing these realities, [the testimony of] a junior technician performing perfunctory tasks under the supervision of a senior scientist is not generally necessary to verify the reliability of evidence about scientific methods or data. In the absence of indicia calling into question the trustworthiness of the senior scientist’s testimony, the rule of reason permits the Board to rely on the trained supervisor’s testimony to ascertain scientific method or results.⁸

Of course, although the court said that the rule of reason “permits the Board” to rely on the supervisor’s testimony in situations of this type, the fact that the court reversed the board’s judgment suggested that the court was actually *requiring* the board to rely on the supervisor’s testimony in such situations “[i]n the absence of indicia calling into question the trustworthiness of the senior scientist’s testimony.” That is certainly how we of the interference bar interpreted the court’s holding, and, generally speaking, we’ve gotten away with it.⁹ Moreover, since we’re the ones who draft the testimony of the senior scientists, we have been in a position to insure that their testimony does not contain “indicia calling into question . . . [its] trustworthiness.”¹⁰

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* This of course assumes both that Zeck was telling the truth and that, if called, Tiffin and Tillman would have corroborated what he said.

⁸ *Id.*

⁹ See, e.g., *Price v. Symsek*, 988 F.2d 1187, 1195-96, 26 U.S.P.Q.2d 1037-38 (Fed. Cir. 1993) (court accepted testimony of corporate secretary relevant to drawing by another to support earlier conception date by inventor); *Cooper v. Goldfarb*, 154 F.3d 1321, 1330-31, 47 U.S.P.Q.2d 1903-04 (Fed. Cir. 1998) (under rule of reason, testimony of employees from another company can corroborate inventor testimony); *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1464, 45 U.S.P.Q.2d 1551 (Fed. Cir. 1998) (must consider testimony in context, make credibility determinations, and assign appropriate probative weight to the evidence).

¹⁰ Of course, this has led us to cross-examine our opponents’ “senior scientists” with vigor. But what well-prepared senior scientist is going to admit that his or her subordinates are anything but well-trained paragons of diligence and accuracy?

What Judge McKelvey Wrote in *Biogen MA Inc. v. Forward Pharma A/S*

Paper 611 in *Biogen MA Inc. v. Forward Pharma A/S*¹¹ is Judge McKelvey’s opinion for a unanimous panel of the board granting Biogen’s Motion 6, which sought entry of an order reviving Biogen’s abandoned U.S. Patent Application No. 12/526,296 for the purpose of entry of an amendment to claim in the ’296 application the benefit of the filing date of Biogen’s provisional Patent Application No. 60/888,921. Thus, Biogen’s Motion 6 was the do-over (or Mulligan) referred to in footnote 9 of Gholz, Pereira and Weinstein, *Is a Reference to a Parent Case in a Sequence Appendix Good Enough?*, 91 PTCJ 987 (Feb. 5, 2016) (91 PTCJ 987, 2/5/16).¹²

Biogen’s problem was two-fold. First, when its original law firm (Finnegan, Henderson) filed the ’296 application, it did not identify the ’921 provisional application in either of the two places specified in 37 C.F.R. § 1.78(a)(5)(iii) as it read prior to the enactment of the America Invents Act. Second, apparently no one at either Finnegan, Henderson or at the two other law firms (Sterne, Kessler and Jones Day) that subsequently represented it in connection with prosecution of the ’296 application and continuations thereof (including the application that matured into its patent in interference) noticed that omission until the law firms (Fitzpatrick, Cella and Kramer Levin) that represent Forward Pharma in the interference filed their list of intended motions. That list included a motion challenging Biogen’s entitlement to the benefit of the filing date of the ’921 provisional application.

When Biogen filed its Motion 6, it was supported by declarations from the “partners-in-charge” of the Biogen account at the three law firms in question and by a declaration from the in-house lawyer at Biogen who had dealt with the third of those lawyers. Curiously, Biogen’s Motion 6 was *not* supported by declarations from the lawyers (or, in one case, the patent agent) who had done the actual work,¹³ and the partners-in-charge had carefully not discussed what had occurred during the relevant time periods with the lawyers and the patent agent who had actually done the work.

The partner in charge at Finnegan, Henderson testified that “the failure to make the necessary claim for benefit [in the ’296 application] was ‘inadvertent’ ” and that “any delay in making . . . [a] . . . priority claim in the specific manner set forth in Rule 78 was uninten-

¹¹ Pat. Int. No. 106,023 (P.T.A.B. Feb. 5, 2016) (opinion delivered by Administrative Patent Judge McKelvey for a panel that also consisted of APJs Gardner Lane and Katz).

¹² On March 10, 2016, in an opinion by APJ McKelvey, the same panel denied Forward Pharma’s request for rehearing.

¹³ Although some of those individuals no longer worked for the firms for whom they worked during the relevant time period, there is no suggestion in Judge McKelvey’s opinion that either the lawyers or the patent agent who had done the actual work were dead or otherwise unavailable to testify. See general Gholz and Parker, *It’s OK To Pay Fact Witnesses for Their Time*, 13 Intellectual Property Today No. 10 at page 16 (2006), particularly its quotation from and discussion of the opinion by an expanded panel of the Board of Patent Appeals and Interferences in *Stampa v. Jackson*, Pat. Int. 105,06978 U.S.P.Q.2d 1567 (B.P.A.I. 2005) (non-precedential) (per curiam, by an expanded panel consisting of Chief APJ Fleming, Vice Chief APJ Harkom, Senior APJ McKelvey, and APJs Schafer and Lorin).

tional.”¹⁴ However, as pointed out by Judge McKelvey, the partner, “while referencing Finnegan, Henderson, testified as to his knowledge not the knowledge of a juristic Finnegan, Henderson entity.”¹⁵

The partner in charge at Sterne, Kessler similarly testified that “any failure to claim priority of the ’921 provisional application in the ’296 application ‘in the manner set forth in Rule 78 . . . was inadvertent’ ” and that “any delay in filing an . . . [a]mendment . . . [in] the ’296 application . . . was unintentional.”¹⁶ However, he, too, was testifying about what others had done (or failed to do), not about what he personally had done or failed to do.

The partner in charge at Jones Day testified to similar effect and similarly based on what others had done (or failed to do), not on what she herself had done or failed to do.¹⁷

Finally, Biogen’s in-house attorney in charge of communications with outside counsel starting long after the filing of the ’296 application testified that “any delay in seeking to . . . enter an . . . [a]mendment into the ’296 application was . . . unintentional from the . . . [declaration] of this interference through the October 23, 2015 . . . date of . . . [Biogen’s Motion 6] to revive.”¹⁸ However, for the most part she also was testifying about what others had done (or failed to do), not about what she herself had done or failed to do.

Not surprisingly, Forward Pharma’s counsel argued that “Biogen failed to prove its case by a preponderance of the evidence via testimony of individuals having first-hand knowledge of the facts,”¹⁹ noting particularly that “Biogen [had] failed to call as witnesses the . . . [five] individuals who . . . [it] characterized as ‘key prosecutors [sic; prosecutors] who were substantively involved in the prosecution of the ’296 application.’”²⁰

Judge McKelvey agreed that “it may be true [that] a stronger case might have been made had the five above-identified witnesses been called.”²¹ However, he ruled that “the attorneys who testified on behalf of Biogen had *sufficient first-hand knowledge* of the prosecution details to satisfy us that an inadvertent error had been made, and that no one responsible for the relevant prosecution discovered the error until it was uncovered during this interference.”²²

¹⁴ Paper No. 611 at p. 7.

¹⁵ Paper No. 611 at p. 8. Counsel testified that, if the attorneys actually prosecuting the application had realized that there was a priority problem, “they would have come to see me.” Testimony from the attorneys actually prosecuting the application could have been either consistent with or inconsistent with the lead partner’s speculation. His testimony effectively amounted to no more than that of a patent law expert stating that a reasonably prudent patent attorney would have reported or remedied the priority problem if he or she had discovered it.

¹⁶ Paper No. 611 at p. 10.

¹⁷ Paper No. 611 at p. 13.

¹⁸ Paper No. 611 at p. 14.

¹⁹ Paper No. 611 at p. 18.

²⁰ *Id.*

²¹ Paper No. 611 at p. 19.

²² *Id.* (emphasis added). In *Holmwood*, Zeck was allegedly the only person who knew the compound being tested, had allegedly selected the tests being performed, and had allegedly supervised and directed the tests. If all of that was true, Zeck therefore had highly relevant first-hand knowledge of the details of the tests, which led the court to conclude that the testimony of Mr. Tippin and Mr. Tillman would have been no more

While Judge McKelvey’s opinion is lengthy and makes several points in support of its holding, we think that it is fair to say that the following is the key language:

The record fails to reveal that the error was in any way intentional. Indeed, it would border on incredible to believe that a registered patent attorney/agent would intentionally fail to make the “specific reference” or, that if a registered patent attorney/agent later discovered a failure to make the “specific reference,” that the attorney would play ostrich and ignore the failure. In this respect, we highly credit the testimony of attorney [Thomas L.] Irving [of Finnegan] (in practice since 1977) and attorney [John L.] Covert [of Sterne Kessler] (in practice since 1994), both of whom stated that if any failure to claim priority would have been discovered by an associate working under their direction that the associate immediately would have been in their office reporting the failure. Both attorneys were familiar with [the] employees under their direction and we find that based on their association with those employees [they] can legitimately form an opinion as to what the employees would have done had the error been detected.²³

Is the Hypothesized Behavior Truly Incredible?

The authors of this article are old, and perhaps they are cynical, but they do not find it incredible that a registered patent attorney/agent in a subordinate position who discovered that he or she had made an error of the magnitude at issue here would “play ostrich and ignore the failure.” Would a patent attorney/agent in a subordinate position have an incentive to do that? You bet your sweet bippy that he or she would have an incentive to do that!²⁴

The fact of the matter is that very few patents are ever subjected to the kind of scrutiny to which Biogen’s patent in interference is being subjected. Many an inadvertent prosecution error exists, but is never pointed out. However, if such an inadvertent prosecution error is pointed out (or confessed by a subordinate attorney to his or her supervisor), negative consequences are nearly inevitable and create an incentive against confessing the error.

Moreover, we suspect that most experienced readers of this article have seen instances where exactly that happened—including instances where a partner-in-charge discovered an error of that magnitude made either personally by the partner-in-charge or by a subordinate working for the partner-in-charge and where the partner-in-charge chose either not to try to rectify the error (because doing so would have brought the making of the error to the client’s attention) or not to communi-

than “cumulative or inferior” to Dr. Zeck’s.” *Holmwood*, 948 F.2d at 1239, 20 U.S.P.Q.2d at 1714. In contrast in *Biogen*, the supervising attorneys appeared to have had no first-hand knowledge of the actual circumstances relating to the prosecution of the applications and the corresponding priority problem. At a minimum, the testimony of the attorneys and agents actually prosecuting the applications would likely have been superior to that of the supervisory attorneys.

²³ Paper No. 611 at p. 16.

²⁴ Of course, Tippin and Tillman (the two techie subordinates involved in *Holmwood*) might have had an incentive not to confess to their techie supervisor Zeck that they had been less than 100 percent diligent and accurate in performing the tests in question—a fact which Judge Rader also did not mention.

cate the fact of the error to the client and to try to “make the client whole” financially.

How Far Can Judge McKelvey’s Logic Be Pushed?

Judge McKelvey’s opinion for the panel granting Biogen’s Motion 6 permitted Biogen to rely on the testimony of middle manager attorneys concerning what attorneys or patent agents reporting directly to them would have done had they realized that they (or their predecessors) had made a grievous error. However, in most law firms the comparable middle manager attorneys report in turn to more senior attorneys, and those more senior attorneys are more experienced (and better) at public speaking (including testifying) than the middle manager attorneys.

If we find ourselves in a position comparable to the position of the attorneys representing Biogen in this interference, can we put forward as our witnesses to the diligence, accuracy and honesty of the patent attorneys/agents who actually did the work the senior-most and most articulate attorney at the firm responsible for the error even though that senior-most attorney has even less first-hand knowledge of the prosecution than the middle manager attorney who supervised the work and who actually knows the individuals who did the work?

We think not. Judge McKelvey did assert that at least two of the middle manager attorneys in question “were familiar with [the] employees under their direction [who did the work]. . . ,”²⁵ and he “f[ound as a fact] that

based on their association with those employees[,] [the middle manager attorneys could] legitimately form an opinion as to what the employees [in question] would have done had the error been detected.”²⁶ In our experience, the same could not be said for the attorney supervisors of most middle manager attorneys.

Finally, we note that, although Judge McKelvey’s opinion lets Biogen off the hook, he did concede that “it may be true [that] a stronger case might have been made had the five . . . witnesses [who actually did the work] been called.”²⁷

Of course a stronger case could have been made had Biogen’s litigation counsel done that—which inevitably suggests that Biogen’s litigation counsel had their reasons for *not* calling at least one of those individuals, and that they had their reasons for insuring that none of the partners-in-charge whom they *did* call had discussed what had happened during the relevant time periods with the attorneys and agent who had actually done the work. After all, if our suspicion is correct that one of those individuals had indicated that he or she would not “sing in perfect harmony” with the others, they could hardly call all of the others but not call that one individual without giving the absence of that one individual undue prominence.

While we acknowledge that “the best evidence rule” is not applicable to this situation, we respectfully suggest that the logic underlying “the best evidence rule” is very much applicable to this situation!

²⁵ Paper No. 611 at p. 16.

²⁶ *Id.*

²⁷ Paper No. 611 at p. 19.