

The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 36

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte RICHARD V. SPIEGEL

Appeal No. 2004-0575
Application 09/206,005

ON BRIEF

Before COHEN, FRANKFORT, and BAHR, Administrative Patent Judges.
FRANKFORT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal from the examiner's final rejection of claims 1 through 3, 5 and 12, the only claims remaining in this application. Claims 4 and 6 through 11 have been canceled.

As noted on page 1 of the specification, appellant's invention relates to a transmission fluid cooling system and, more particularly, to a cooler-bypass unit having a banjo bolt incorporating a relief valve. As can be seen in Figure 1 of the application drawings, appellant's cooler-bypass unit (40) is connected between the transmission fluid line (26) exiting the transmission case (22) and the fluid return line (30). The cooler-bypass unit has a banjo bolt relief valve (44) at a first end (45) of bypass fluid line (42) and a return banjo bolt (46) at an opposite end (47) of the bypass line. Operation of the cooler-bypass unit (40) is described in the following manner on pages 7 and 8 of the application:

In operation, when the engine is first started, the transmission fluid is cool and viscous. The transmission fluid is pumped through the transmission case 22 into the transmission fluid cooler 24, but the cool, viscous transmission fluid does not flow easily through the transmission fluid cooler 24. This causes back pressure to build up in the supply line 26 and in the annular cavity 56 of the banjo bolt relief valve 44. When the transmission fluid is sufficiently cool, this pressure is sufficient to overcome the spring bias of the ball 72 against the valve seat 71, thereby permitting transmission fluid to flow into the body portion 50 of the banjo bolt relief valve 44 and directly into the transmission fluid return line 30 back to the transmission case 22, bypassing the transmission fluid cooler 24.

When the transmission fluid heats and becomes less viscous, the transmission fluid flows more easily through the transmission fluid cooler 24, thereby reducing the

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pressure in the fluid supply line 26 and the annular cavity 56 of the banjo bolt relief valve 44. When this occurs, the spring 74 moves the ball 72 against the valve seat 71, thereby sealing the annular cavity 56 from the body portion 50 of the banjo bolt relief valve 44 forcing the transmission fluid through the transmission fluid cooler 24.

The prior art references of record relied upon by the examiner in rejecting the appealed claims are:

Hayashi et al. (Hayashi)	4,456,310	Jun. 26, 1984
Gilroy et al. (Gilroy)	5,564,317	Oct. 15, 1996
Lamblin (French Patent)	813,272	May. 29, 1937

Claims 1 through 3, 5 and 12 stand rejected under 35 U.S.C. 102(b) based on both public use and sale of the invention prior to the critical date of November 17, 1994.¹

¹ As noted in the yet to be clerically entered preliminary amendment filed on even date with this application (i.e., December 4, 1998), the present application is a continuation of U.S. Application No. 08/737,261 (now U.S. Patent No. 5,992,515), which application was itself the National stage application of PCT/US95/15085, filed November 17, 1995. PCT/US95/15085 lists both Canada and the United States as "Designated States." Under 35 U.S.C. § 363, the United States filing date, for § 102(b) purposes, of a patent application filed under the Patent Cooperation treaty (PCT) in which the United States is designated, is the date of the PCT application, which in the present case is November 17, 1995. Thus, making the "critical date" for purposes of our inquiries in the present case November 17, 1994. We also note that this preliminary amendment includes a claim 12 directed to a method for bypassing a transmission fluid cooler, which method claim has not been treated by the examiner and is not subject to this appeal. Nor has independent method

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Claims 1 through 3 and 5 additionally stand rejected under 35 U.S.C. 103(a) as being unpatentable over FR '272 in view of Gilroy and Hayashi.

The full text of the examiner's rejections and his response to the arguments presented by appellant can be found in the final rejection (Paper No. 24, mailed July 16, 2002) and examiner's answer (Paper No. 32, mailed February 21, 2003). Rather than reiterate the arguments appellant has put forth regarding the above-noted rejections, we make reference to the appeal brief (Paper No. 31, filed October 29, 2002) and reply brief (Paper No. 33, filed April 28, 2003) for a complete statement of appellant's position.

claim 12 ever been discussed by appellant in any proceedings before the examiner. We additionally make note of another preliminary amendment filed June 17, 2002, which has likewise not been clerically entered into the application. This preliminary amendment also includes a claim 12, which in this instance is an article claim that purports to be dependent from claim 1. Given the examiner's statements in the final rejection mailed July 16, 2002 (Paper No. 24), it appears the examiner has treated this claim 12 and that it is subject to the present appeal. However, both appellant and the examiner may wish to consider whether this claim 12 should in fact be dependent from claim 5 instead of claim 1, since it appears to provide further limitations on the "hollow bolt" of claim 5 rather than any structure set forth in claim 1.

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OPINION

In reaching our decision on the issues raised in this appeal, we have carefully considered appellant's specification and claims, the applied prior art references, the declaration by Mr. Richard V. Spiegel under 37 CFR §1.132 filed June 17, 2002, and the respective viewpoints expressed by appellant and the examiner. As a consequence of our review, we have made the determination that the examiner's rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. § 102(b) based on prior sale will be sustained, while that of the claims on appeal under 35 U.S.C. § 102(b) based on public use will not be sustained. In addition, the examiner's rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. § 103(a) will likewise not be sustained. Our reasoning follows.

PRIOR SALE UNDER 35 U.S.C. § 102(b)

Turning to the rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. § 102(b) based on prior sale, we look to appellant's § 132 declaration filed June 17, 2002 and note that Mr. Spiegel, then an engineer with Form Rite Corp., met with

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representatives of Ford Motor Company on July 8, 1994 to discuss a transmission oil cooler for one of Ford's upcoming product lines. At that meeting, Mr. Spiegel produced a sketch of a proposed transmission cooler-bypass unit (Exhibit A of the § 132 declaration), and subsequently contacted Mr. Chris Kargula, another Form Rite engineer, to review the sketch and determine feasibility (Exhibit B). Notations on the sketch indicate that Ford was seeking feasibility approval by July 13 and requested 200+ prototypes by August 23. On July 15, 1994, Mr. Kargula produced the engineering drawing attached as Exhibit C to the § 132 declaration, which drawing (EXP-1964-MS) essentially shows all details of the transmission cooler-bypass unit in the exact same manner as Figure 1 of the present application. That drawing carries an indication that it is the "CONFIDENTIAL PROPERTY OF FORM RITE CORP" and notes that any use, reproduction or redistribution thereof without written authorization from Form Rite Corp is "STRICTLY PROHIBITED."

A document which appellant characterizes as an "informal request for prototypes" was provided by Al Craig, a Ford engineer, on August 26, 1994 (Exhibit E), and followed by a "formal request for prototypes" on August 31, 1994 (Exhibit F).

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In the "informal request" (Exhibit E), Mr. Craig indicates that he wants to "order 10 prototypes ASAP" pending clarification of the design, and notes that his need is "URGENT." The "formal request" (Exhibit F) is for 10 banjo assemblies apparently as referenced in Form Rite's drawing EXP-1964-MS (Exhibit C), and indicates as a purpose "Test and evaluate a prototype cooling circuit bypass valve for use on the E400 transmission." The "DATE REQUIRED" indicated on the "formal request" is Sept. 14, 1994. In the lower lefthand corner, the "formal request" also indicates an estimated cost of "\$700.00 EACH" for the banjo assemblies. In addition, a hand written notation appears on the "formal request" and reads "Customer Charge \$700 x 10 PCS. = \$7,000."

The § 132 declaration further indicates (page 2) that 12 prototypes were assembled and sent to Ford for evaluation during the week of October 12, 1994. An informal engineering estimate indicating a future unit price of \$10.59 and estimated tooling costs of \$253,215.00 was sent to Ford on December 21, 1994 (Exhibit H), and on February 7, 1995, a more detailed "piece price estimate" was sent to Mr. Craig at Ford (Exhibit J).

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Exhibit K, dated March 22, 1995, appears to show that Form Rite was not ultimately selected to provide further bypass units to Ford.

Based on the evidence of record, we must agree with the examiner (answer, pages 10-14) that the transfer of 10-12 prototype cooler-bypass units to Ford Motor Company during the week of October 12, 1994 for the sum of approximately \$7000.00 constitutes a commercial transaction and is *prima facie* a sale of the invention claimed in the present application prior to the critical date of November 17, 1994. Moreover, the absence of evidence in the record that appellant maintained any control over the prototypes after their sale to Ford, the absence of any confidentiality agreement between the parties, the absence of any evidence that the prototypes themselves were marked as confidential, and the fact that the claims of the present application "read on" the drawing prepared July 15, 1994 by Mr. Kargula (Exhibit C of the § 132 declaration), from which the prototype units were fabricated, leads us to conclude that the sale to Ford in October 1994 does not fall under the "experimental use" exception.

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Looking at the test set forth in Pfaff v. Wells Electronics Inc., 119 S. Ct. 304, 311-12, 48 USPQ2d 1641, 1646-47, (U.S. 1998), we note that the on-sale bar under 35 U.S.C. § 102(b) applies when two conditions are satisfied before the critical date, i.e., the product must be the subject of a commercial offer for sale and the invention must be ready for patenting. On page 6 of the brief, appellant indicates that he "does not dispute that the invention was ready for patenting before the November 17, 1994 critical date," apparently based on Mr Kargula's formal drawing attached as Exhibit C of the § 132 declaration (drawing EXP-1964-MS), which essentially shows all details of the transmission cooler-bypass unit in the exact same manner as Figure 1 of the present application. However, appellant does dispute that the transfer of 10 or 12 cooler-bypass units for \$7000 to Ford constitutes a commercial offer for sale. According to appellant,

Contrary to the Examiner's assertion, the materials in the Spiegel declaration are not consistent with a sale (p.4). The Spiegel declaration and the exhibits clearly show that no contractual offer was in place, as required by Group One, Ltd. v. Hallmark Cards, 254 F.3d 1041 (Fed. Cri. 2001). Group One and Pfaff both specifically require that the offer must meet the level of an offer for sale in the contract sense, one that would be understood as such in the commercial community. Group one, 254 F.3d at 1046. If the offer cannot be made into a binding contract by simple

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acceptance, assuming consideration, then the offer is not a commercial offer for sale under § 102(b). Id. At 1048 (brief page 6).

Appellant further urges that, in this case, the development of prototypes for Ford for evaluation, without any commercial offer in place dictating the unit price for "commercially reasonable numbers," was normal in the context of its technological development.

Like the examiner, it appears to us that Exhibits C, E and F of Mr. Spiegel's § 132 declaration provide evidence of negotiations and a commercial transaction between Form Rite and Ford Motor Company for transmission cooler-bypass units which were "ready for patenting" prior to the critical date of November 17, 1994. While notations on the sketch of Exhibit A indicate that 200+ prototypes were being sought by Ford by August 23, the "informal request" or order from Ford for 10 prototypes dated August 26, 1994 (Exhibit E) indicates an "URGENT" need for those units. The "formal request" or purchase order from Ford's engineer Al Craig on August 31, 1994 (Exhibit F) indicates Ford's desire to procure 10 Banjo assemblies (bypass units like that shown in Exhibit C of the § 132 declaration) at a price of \$700

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each for delivery on September 14, 1994. As far as we can see, this document represents or reflects an understanding between the parties and an offer for sale in the contract sense between Form Rite and Ford Motor Company and was made into a binding contract by the acceptance thereof represented by the hand written notation on Exhibit F of "Customer Charge \$700 x 10 PCS. = \$7,000."

The fact that the purchase order (Exhibit F) carries the notation that Ford intended to test and evaluate the prototype units for use in their E400 transmission, does not alone provide evidence that this sale should fall within the "experimental use" exception to 35 U.S.C. § 102(b). Nor does the fact that Ford apparently sought some minor design changes in the prototypes before or at the time of the "informal request" (Exhibit E) provide evidence of experimental use that inures to the benefit of appellant, who, from all indications in the record, failed to maintain dominion and control over the 10-12 prototypes after their sale to Ford. From the facts of record, we conclude that the above-noted sale of 10-12 prototype units to Ford was clearly commercial rather than experimental in nature, and again note that the drawing prepared July 15, 1994 by Mr. Kargula (Exhibit C

of the § 132 declaration), from which the prototype units were apparently fabricated, is virtually identical to drawing Figure 1 of the present application, on which all of the claims on appeal are readable.

As for appellant's assertions concerning the fact that "commercially reasonable numbers" of units were not involved in the above sale, we fail to see that a sale or offer for sale of the invention must involve what appellant has characterized as "commercially reasonable numbers" of units in order to fall within the proscriptions of 35 U.S.C. § 102(b). In that regard, we also observe that appellant has provided no case law to support any such proposition. To the contrary, for example, in Stearns et al. v Beckman Instruments, Inc., 737 F.2d 1565, 1566, 222 USPQ 457, 458 (Fed. Cir. 1984), it appears the Court found that the sale of two of the "second prototype" syringes involved in that case to Dr. Tejada of the EPA for a price of \$48 each, prior to the critical date of February 19, 1975, constituted an "on sale" bar under 35 U.S.C. § 102(b), notwithstanding that changes were made to the "second prototype" at about the time of the sale and which resulted in a "third prototype" being made.

With respect to appellant's characterization on page 8 of the brief regarding Weatherchem v. Clark, 49 USPQ2d 1001 (Fed. Cir. 1998) requiring commercially reasonable quantities of units to be involved in a transaction before the "on sale" bar of 35 U.S.C. § 102(b) is triggered, we agree with the examiner's evaluation as set forth in the paragraph bridging pages 13-14 of the answer, and find no basis in Weatherchem to conclude that "commercially reasonable quantities" of units must be involved in a transaction before that transaction can trigger an "on sale" bar under 35 U.S.C. § 102(b).

Based on the foregoing, we will sustain the examiner's rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. § 102(b) based on prior sale.²

²Regarding an attorney's duty of reasonable inquiry and investigation, we simply point to the statements and reasoning of the Court in Brasseler v. Stryker Sales Corp., 267 F.3d 1370, 1382-85, 60 USPQ2d 1482, 1489-91 (Fed. Cir. 2001), wherein the Court noted that an attorney has no duty to investigate unless he/she is presented with sufficient information to suggest the existence of specific information the materiality of which may be ascertained with reasonable inquiry. Thus, there is no need for an attorney to pursue a fishing expedition to obtain information, unless there is reason to question the accuracy or completeness of information at hand and counsel is on notice of the likelihood that specific, relevant, material information exists and should be disclosed. In the final analysis, the Court indicates that an
(continued...)

PRIOR USE UNDER 35 U.S.C. § 102(b)

The next rejection for our review is that of claims 1 through 3, 5 and 12 under 35 U.S.C. 102(b) based on a "public use" of the invention more than one year prior to the effective filing date of the present application, i.e., prior to the critical date of November 17, 1994. In this instance, the examiner contends that the transfer of 10-12 prototype units to Ford on or about October 12, 1994, prior to the critical date, without an existing confidentiality agreement, and without such units themselves being marked confidential, constitutes a "public use" of the invention at the time such prototypes were received by engineers at Ford. The examiner appears to base this conclusion on speculation and conjecture that Ford engineers took the prototypes and "shopped suppliers" (final rejection, page 6) so as to obtain the lowest possible price, and also disclosed the prototypes to third party "testing subcontractors" for evaluation.

²(...continued)

attorney must conduct meaningful inquiries when the surrounding factual circumstances would cause a reasonable attorney to understand that relevant and questionable material information should be assessed.

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As we well know, the examiner has the burden of proving public use with facts supported by at least a preponderance of the evidence. In this particular case, we find no evidence in the record to support any shopping around of appellant's prototype units to other sub-component manufacturers, nor disclosure of such units to third party "testing subcontractors" for evaluation, and no evidence of any other form of public use of appellant's invention prior to the critical date. In fact, there is no evidence in this record of exactly how the 10-12 cooler-bypass units shipped to Ford during the week of October 12, 1994 were used or evaluated by Ford. At best, it would appear that one might infer from the record that Mr. Al Craig of Ford received the cooler-bypass units prior to the critical date. In addition, appellant asserts that the business relationship between Form Rite and Ford gave rise to a reasonable expectation of confidentiality when the prototypes were transferred to Ford, and that if such an implied confidentiality agreement did not exist, no supplier would be willing to transfer any information or prototypes to automotive manufacturers such as Ford. Absent evidence to the contrary, we would in general agree with appellant. Thus, absent any credible evidence in the record showing public use of appellant's invention prior to the critical

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date, we will not sustain the examiner's rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. 102(b) based on a "public use."

THE PRIOR ART REJECTION

The last of the examiner's rejections on appeal is that of claims 1 through 3 and 5 under 35 U.S.C. § 103(a) as being unpatentable over FR '272 in view of Gilroy and Hayashi. According to the examiner (final rejection, Paper No. 24, pages 14-16), to have used FR '272 to cool a transmission as taught by Gilroy would have been obvious to prevent overheating and attain a compact structure. In addition, the examiner contends that to have formed the banjo bolt section of FR '272 "integrally" with the valve section is fairly taught by Hayashi in Figure 9 (elements 87 and 88) and that making integral two parts that are fastened together is well known to be obvious.

For the reasons aptly set forth in appellant's brief and reply brief, we will not sustain the examiner's above-noted rejection of claims 1 through 3 and 5 under 35 U.S.C. § 103(a). Like appellant, we are of the view that it would be antithetical

to the teachings in Gilroy to make the modification therein urged by the examiner. In that regard, it is clear to us that the method and apparatus in Gilroy is premised on having a one-piece relief valve (Fig. 1) associated with the transmission cooling system therein so as to reduce the number of required parts and the number of fluid connections to the transmission cooling system and thus reduce the possibility of leaking. In direct contrast to such teachings, it is clear that the examiner's proposed substitution of the cooling radiator seen in Figure 11 of FR '272 for the entirety of the transmission cooling/bypass system seen in Figure 1 of Gilroy would not only increase the number of parts and size of the system therein, but would significantly increase the number of fluid connections in the transmission cooling system and thus significantly increase the possibility of leaking. Simply stated, absent hindsight derived from appellant's own disclosure and claims, there is no teaching or suggestion in the collective disclosures of Gilroy and FR '272 which would have made it obvious to one of ordinary skill in the art at the time of appellant's invention to modify the transmission cooling system of Gilroy in the manner urged by the examiner. As our court of review indicated in In re Fritch, 972 F.2d 1260, 1266, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992), it is

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impermissible to use the claimed invention as an instruction manual or "template" in attempting to piece together isolated disclosures and teachings of the prior art so that the claimed invention is rendered obvious. The examiner's further reliance on Hayashi does nothing to cure the above-noted defect in the examiner's position and, if anything, further exemplifies the hindsight nature of the examiner's rejection.

SUMMARY

The examiner's rejection of claims 1 through 3, 5 and 12 under 35 U.S.C. § 102(b) based on the "on sale" bar is sustained, while that of claims 1 through 3, 5 and 12 under 35 U.S.C. § 102(b) based on "public use" is not sustained. In addition, the examiner's rejection of claims 1 through 3 and 5 under 35 U.S.C. § 103(a) as being unpatentable over FR '272 in view of Gilroy and Hayashi is not sustained.

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Since one rejection of all of the claims before us on appeal has been sustained, it follows that the decision of the examiner is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a).

AFFIRMED

IRWIN CHARLES COHEN)	
Administrative Patent Judge)	
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)	BOARD OF PATENT
CHARLES E. FRANKFORT)	
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