

NOTE

PROPOSED ALTERNATIVE TO SECRET PRIOR ART INVALIDATING AMERICAN PATENTS

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TABLE OF CONTENTS

INTRODUCTION	119
I. THE PATENT STATUTES REFLECT A POLICY OF RECOGNIZING ACCESSIBLE PRIOR ART	120
II. THE FEDERAL CIRCUIT HELD THAT 102(F) SECRET PRIOR ART THAT IS NOT SUBJECT TO ASSIGNMENT IS PRIOR ART FOR PURPOSES OF AN OBVIOUSNESS INQUIRY	122
A. <i>The Federal Circuit Based its Holding on the Facts of the Case and a Strict Reading of the Patent Statutes</i>	122
B. <i>Analysis of the OddzOn Decision Reveals Flaws in the Case</i>	125
1. The <i>OddzOn</i> Holding that Section 102(f) Prior Art References that are Not Subject to Assignment are Prior Art for Purposes of a Section 103 Obviousness Determination is Inapposite to Congressional Intent	126
a. <i>Senate Subcommittee Meeting Proves that Congress Intended to Facilitate Collaboration</i>	126
b. <i>The House Report on the 1984 Amendments to the Patent Act Proves that Congress Intended to Facilitate Collaboration</i>	126
2. Holding that Section 102(f) References that are not Subject to Assignment are Prior Art for a Section 103 Obviousness Inquiry Results in Invalidating Valid Patents...	127
III. A RE-EVALUATION OF <i>ODDZON</i> REVEALS THAT IT IS POSSIBLE TO PROTECT MORE PATENTS	132
A. <i>The Patent Law Regime Allows Courts to Eliminate the OddzOn Disclosures from the Obviousness Inquiry</i>	132
B. <i>Allowing for a Patent Amendment to Reflect Joint Ownership is a Specific Tool that Might Eliminate the OddzOn Concern</i>	134
IV. AMENDING THE PATENT ACT WOULD REMOVE MORE SECRET PRIOR ART FROM OBVIOUSNESS INQUIRIES	136
A. <i>A Proposed Amendment would Remove More Secret Prior Art from Obviousness Inquiries</i>	136
B. <i>Applying the Proposal to the OddzOn Facts Demonstrates that the Confidential Disclosures are Not Relevant to the Obviousness Inquiry</i>	140
C. <i>Amending Patents to Reflect Joint Ownership would Remain an Option</i>	142
V. CONCLUSION	143

INTRODUCTION

The field of patent law is rapidly changing. This is due in part to the changes in technology that have challenged the patent regime. In light of the

2004]

Proposed Alternative to Secret Prior Art

recent changes in patent law, would some prior cases be decided differently if they came before the Federal Circuit in 2003? In particular, this Note explores a holding of *OddzOn Products, Inc. v. Just Toys, Inc.*¹ and a proposed statutory amendment that arguably reflects the recent legislative changes in patent law and would change one of the *OddzOn* holdings. The specific contention in this Note is that 35 U.S.C. § 102(f) secret prior art should not be relevant to a 35 U.S.C. § 103 obviousness inquiry.² The problem with allowing the *OddzOn* holding to stand is that it threatens the modern realities of research and evidences the fact that a precise reading of the patent statutes is in tension with Congressional intent.³

In *OddzOn Products*, the Federal Circuit held that section 102(f) secret prior art is relevant to a section 103 obviousness inquiry.⁴ While the Federal Circuit arguably adhered to the language of the patent statutes,⁵ subsequent statutory amendments evidence a trend to a more lenient patent regime in which courts will uphold patents more willingly.⁶ Congress should codify this trend and the Federal Circuit should not consider 102(f) prior art when determining obviousness for purposes of 103.

Part II of this Note compares the patent statutes that were in effect at the

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¹ *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997).

² *See id.* at 1402 (secret prior art is a prior art reference that is not available to the public).

³ The *OddzOn* holding threatens non-profit and high tech research because the Federal Circuit held that the statutory language required the court to consider a confidential disclosure when determining if the patent was invalid for obviousness. *See Patent Law and Non-Profit Research Collaboration: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary*, 107th Cong. (2002) [hereinafter *Hearing*] (various witnesses at the hearing stated their concerns that the *OddzOn* holding threatens non-profit and high tech research and illustrates that the statutory language is not true to the Congressional intent that spurred the 1984 amendments to the patent statutes). Judges have two choices when they interpret and apply statutes: apply the plain meaning of the statutory language or consider the legislative history to determine what result the legislature intended in a particular case. *See* ABNER J. MIKVA & ERIC LANE, AN INTRODUCTION TO STATUTORY INTERPRETATION AND THE LEGISLATIVE PROCESS 6 (1997) (explaining that when the language of a statute is clear, the judge generally applies the clear meaning of the statute. If the statute is not clear the judge must consider the legislative intent behind the statute. Even when the language is clear, a judge might consider the legislative intent of a statute to determine if the legislature intended a particular outcome.).

⁴ *OddzOn Products, Inc.*, 122 F.3d at 1401-04.

⁵ *Id.* at 1401-04.

⁶ Compare 35 U.S.C. §§ 102, 103 (1994) with 35 U.S.C. §§ 102, 103 (2000) (the current version of § 103 changes the § 102 prior art references that are prior art for purposes of determining obviousness of the claimed invention). *See infra* pp. 2-6.

time of the *OddzOn* decision to the patent statutes that are currently in effect. A comparison of the patent statutes in effect in 1997 to the subsequent amendments illustrates the change from a strict patent regime to a more forgiving regime that restricts invalidation for obviousness based on secret prior art.⁷ Part III of this Note provides an exploration of the *OddzOn* case, including the facts and the rationale for the decision. Part III also explores the perceived problems and impact of the *OddzOn* decision, in addition to discussing the subsequent government inaction. Part IV of this Note re-evaluates *OddzOn* in light of the current statutes and subsequent case law. Part V of this Note proposes a statutory change that would reverse one of the Federal Circuit's holdings in *OddzOn*. Part VI of this Note concludes the discussion.

I. THE PATENT STATUTES REFLECT A POLICY OF RECOGNIZING ACCESSIBLE PRIOR ART

Congress has amended the Patent Act on a number of occasions.⁸ Of concern for this Note are the versions of the Patent Act in effect in 1997, the 1999 amendments, and the 2002 amendments.⁹

At the time the Federal Circuit decided *OddzOn*, the 1975 amendment to 35 U.S.C. § 102 and the 1984 and 1995 amendments to 35 U.S.C. § 103 were in effect.¹⁰ Congress amended the statutes in 1999,¹¹ two years after the *OddzOn* decision.

The 1999 amendment to section 102 changed subsections (e) and (g).¹² The 1975 amendment to subsection (e) prohibited a patent if:

the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of subsection 371(c) of this title before the invention thereof by the patent applicant for patent. . .¹³

35 U.S.C. § 371(c) lists the actions a foreign inventor must take to commence the national processing of a patent application.¹⁴ The 1999 amendment to section 102(e) changed this text to prohibit a patent if:

⁷ Compare 35 U.S.C. §§ 102, 103 (1994) with 35 U.S.C. §§ 102, 103 (2000).

⁸ See *id.* §§ 102, 103.

⁹ Congress approved additional changes to 35 U.S.C. § 103 on September 25, 2002. However, these changes do not effect affect the prior art. See 35 U.S.C. §§ 102, 103 (2002).

¹⁰ See *OddzOn Products, Inc., v. Just Toys, Inc.*, 122 F.3d 1396, 1403 (Fed. Cir. 1997).

¹¹ 35 U.S.C. §§ 102, 103 (2000).

¹² See *id.* § 102(e), (g).

¹³ *Id.* § 102(e) (1994) (current version at 35 U.S.C. § 102(e) (2000)).

¹⁴ *Id.* § 371(c) (2000).

2004]

Proposed Alternative to Secret Prior Art

The invention was described in –

- (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effect under this subsection of a national application published under section 122(b) only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language; or
- (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that a patent shall not be deemed filed in the United States for the purposes of this subsection based on the filing of an international application filed under the treaty defined in section 351(a) . . .¹⁵

The 1994 version of section 102(e) prohibited a patent in limited circumstances.¹⁶ The 1999 amendment to section 102(e)(1) enlarged the circumstances in which prior art would prohibit a patent, but only when the facts satisfy certain criteria.¹⁷ Section 102(e)(1) will only bar a patent from issuing if the claimed invention is the subject matter of a published international application that meets the requirements of the 1970 Patent Cooperation Treaty, designates the United States, and was published in English.¹⁸ Although this is an expansion over the 1975 amendment, which limited consideration of international applications to applications that ultimately resulted in an issued patent, it is a limited expansion.¹⁹ Therefore, although the 1999 amendment to section 102(e)(1) did expand the field of prior art that can prohibit a patent, it did so in a way that limits prior art to work that is generally accessible to an American inventor.²⁰

It is also necessary to examine section 103 because the references that are prior art under section 102 may be combined for purposes of a 103 obviousness determination.²¹ The 1984 amendment to section 103(c) changed the statutory language to:

Subject matter developed by another person, which qualifies as prior art

¹⁵ *Id.* § 102(e).

¹⁶ *Id.* § 102(e) (1994) (current version at 35 U.S.C. § 102(e) (2000)).

¹⁷ *Id.* § 102(e)(1) (2000).

¹⁸ *Id.* The reference to § 351(a) is a direct reference to the June 1970 Patent Cooperation Treaty. *Id.* § 351(a). It is notable that the 1999 amendment to 102(e)(1) allows for consideration of applications that did not result in a subsequent patent while section 102(e)(2) only designates successful domestic applications as prior art. *See id.* § 102(e) (2000).

¹⁹ *Id.* § 102(e)(1) (1994) (current version at 35 U.S.C. § 102(e) (2000)).

²⁰ *See id.* § 102(e)(1) (2000).

²¹ *See id.* § 103.

only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.²²

The 1999 amendment to this statute replaced “under subsection (f) or (g)” with “one or more of subsections (e), (f), and (g).”²³

The 1999 amendment to section 103 limited the prior art that is available for use in an obviousness determination.²⁴ Under the current version of the statute, prior art references that are owned by the party that owns the claimed invention or will be assigned the claimed invention cannot be used against a patent applicant when a court conducts an obviousness inquiry.²⁵ This amendment is consistent with the general policy of not using secret prior art as a bar to a patent.²⁶

The subsequent revisions to the patent statutes are relevant to a contemporary study of the *OddzOn* case because they bear on the court’s discussion of policy and use of secret prior art.²⁷

II. THE FEDERAL CIRCUIT HELD THAT 102(F) SECRET PRIOR ART THAT IS NOT SUBJECT TO ASSIGNMENT IS PRIOR ART FOR PURPOSES OF AN OBVIOUSNESS INQUIRY

A. *The Federal Circuit Based its Holding on the Facts of the Case and a Strict Reading of the Patent Statutes*

OddzOn Products, Inc. v. Just Toys, Inc. turned on the meaning of the then

²² *Id.* § 103(c) (1994) (current version at 35 U.S.C. § 103(c) (2000)).

²³ *Id.* § 103(c) (2000).

²⁴ *Id.*

²⁵ *Id.* For the purposes of this Note, “102(f) secret prior art that is not subject to assignment” refers to 102(f) secret prior art that 103 does not exclude from the obviousness inquiry.

²⁶ Although there is a general policy against using secret prior art to invalidate or bar a patent, secret prior art can be used against a patent applicant who was unaware of the prior art at the time of his invention. See Phillip L. McGarrigle, *Comment: OddzOn Products, Inc. v. Just Toys, Inc.: Prior Knowledge of 35 U.S.C. § 102(f) Clarified*, 38 IDEA 673, 676 (1997) (noting that the Federal Circuit recognizes the policy against using secret prior art to invalidate patents). See, e.g., *In re Bass*, 474 F.2d 1276 (C.C.P.A. 1973); *In re Clemens* 622 F.2d 1029 (C.C.P.A. 1980). See also *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437 (Fed. Cir. 1984) (holding that despite dicta in *In re Bass* and *In re Clemens*, 102(g) does not require that an inventor be aware of the prior art for it to be part of a 103 obviousness inquiry) (citations omitted).

²⁷ *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997).

current versions of 35 U.S.C. §§ 102 and 103.²⁸ Both parties to the case were toy manufacturers that marketed similar looking football-shaped tossing balls with fins.²⁹ *OddzOn* obtained a patent³⁰ on April 12, 1994 for its ball, the “Vortex.”³¹ Just Toys later brought a competing product line, “Ultra Pass,” to market.³²

OddzOn sued Just Toys on three counts: design patent infringement, trade dress infringement, and state-law unfair competition.³³ The parties cross-motivated for summary judgment.³⁴ The district court held that the *OddzOn* patent was valid, that Just Toys did not infringe on the patent, and that Just Toys did not infringe on *OddzOn*’s trade dress.³⁵ The district court also held that two confidential designs that had been disclosed to the *OddzOn* inventor qualified as subject matter encompassed within the meaning of 35 U.S.C. § 102(f) (1994).³⁶ The court also concluded that these designs could be combined with other prior art designs for purposes of a challenge to the validity of the patent under 35 U.S.C. § 103 (1994).³⁷ After evaluating the prior art, inclusive of the confidential designs, the district court held that the patented design was not obvious.³⁸

When determining whether the confidential disclosures qualify as prior art for a section 103 obviousness inquiry, the district court looked to the United States Patent and Trademark Office [hereinafter “PTO”] for guidance.³⁹ The district court found that the PTO considers 102(f) prior art references for purposes of 103 obviousness inquiries.⁴⁰ On appeal, *OddzOn* made two arguments: (1) “because these disclosures are not known to the public, they do not possess the usual hallmark of prior art, which is that they provide actual or constructive public knowledge”⁴¹ and (2) “while the two disclosures constitute patent-defeating subject matter under 35 U.S.C. § 102(f), they cannot be combined with ‘real’ prior art to defeat patentability under a combination of §

²⁸ *Id.*

²⁹ *Id.* at 1396.

³⁰ U.S. Patent No. D 346,001 (issued Apr. 12, 1994).

³¹ *OddzOn Products, Inc.*, 122 F.3d at 1399.

³² *Id.* at 1400.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*

³⁹ *Id.* at 1401. It is important to note that the PTO’s publications are not binding on the courts, however, courts may take notice of the publications when they are not in conflict with statutes. *Enzo Biochem, Inc. v. Gen-Probe Inc.*, 323 F.3d 956, 964 (Fed. Cir. 2002).

⁴⁰ *OddzOn Products, Inc.*, 122 F.3d at 1401.

⁴¹ *Id.*

102(f) and § 103.”⁴² Despite these arguments challenging the district court’s holding, the Federal Circuit held “that a fair reading of § 103, as amended in 1984, leads to the conclusion that § 102(f) is a prior art provision for purposes of § 103.”⁴³

The Federal Circuit reasoned that section 102(f) is a derivation provision that

provides that one may not obtain a patent on that which is obtained from someone else whose possession of the subject matter is inherently “prior”. . . It does not only pertain to public knowledge but also applies to private communications between the inventor and another which may never become public.⁴⁴

The Federal Circuit relied on the *Kimberly-Clark* decision⁴⁵ for the legal definition of prior art: “knowledge that is available, including what would be obvious from it, at a given time, to a person of ordinary skill in an art.”⁴⁶

The *OddzOn* court discussed the 1984 amendment to section 103:

Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.⁴⁷

The *OddzOn* court referred to the history of this amendment and noted that the purpose of the amendment was to prevent work of fellow employees from invalidating patents under section 103.⁴⁸ The court noted that there was no

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.* at 1401-02.

⁴⁵ *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437 (Fed. Cir. 1984).

⁴⁶ *Id.* at 1453 (citations omitted).

⁴⁷ 35 U.S.C. § 103(c) (1994) (current version at 35 U.S.C. § 103(c) (2000)). Congress’s omission of 102(e) from the 1984 amendment to 103 is meaningful. *Bartfield*, a patent applicant, unsuccessfully argued that the congressional intent behind eliminating certain 102(f) and (g) prior art from a 103 obviousness inquiry required the court to also exclude certain 102(e) prior art from the analysis. *In re Bartfield*, 925 F.2d 1450, 1452-53 (Fed. Cir. 1991). The Federal Circuit held that the language was plain and that the legislative history was clear that Congress intended to exclude only 102(f) and (g) prior art from the obviousness inquiry. *Id.* However, the 1999 amendment to 35 U.S.C. 103(c) did what *Bartfield* requested the Federal Circuit to do: it eliminated 102(e) prior art from the 103 obviousness inquiry if when the invention was made, one person owned or had a right of assignment to the subject matter and the claimed invention. 35 U.S.C. § 103(c) (2000).

⁴⁸ *OddzOn Products, Inc., v. Just Toys, Inc.*, 122 F.3d 1396, 1403 (Fed. Cir. 1997); *Section by Section Analysis of H.R. 6286, Patent Law Amendments Act of 1984*, 130 CONG. REC. 10,525 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833.

2004] *Proposed Alternative to Secret Prior Art*

clear purpose for the inclusion of section 102(f) in section 103 but that since it was there, the court must give meaning to the language.⁴⁹ The court stated:

[w]hile the statute [§ 103] does not expressly state in so many words that § 102(f) creates a type of prior art for purposes of § 103, nonetheless that conclusion is inescapable; the language states that § 102(f) subject matter is not prior art under limited circumstances clearly implies that it is prior art otherwise.⁵⁰

To further support its interpretation of the statute, the court referenced a PTO regulation that section 102(f) and (g) material was prior art for purposes of section 103.⁵¹

Despite the seemingly sound judicial reasoning found in the opinion, the *OddzOn* court cast a shadow of doubt on its conclusion when it stated: “[i]t is sometimes more important that a close question be settled one way or another than which way it is settled. We settle the issue here (subject of course to any later intervention by Congress or review by the Supreme Court)”⁵² The court cast further doubt on its decision by commenting that “there is a basis for an opposite conclusion, principally based on the fact that § 102(f) does not refer to public activity, as do the other provisions that clearly define prior art”⁵³

B. Analysis of the OddzOn Decision Reveals Flaws in the Case

A careful analysis of the Federal Circuit’s reasoning in *OddzOn* reveals some flaws. Assuming that the disclosures at issue in *OddzOn* are prior art,⁵⁴ the holding is incorrect because it is inapposite to the Congressional intent of 35 U.S.C. §§ 102 and 103⁵⁵ and because it permits inequitable decisions.

1. The *OddzOn* Holding that Section 102(f) Prior Art References that are Not Subject to Assignment are Prior Art for Purposes of a Section 103 Obviousness Determination is Inapposite to Congressional

⁴⁹ *OddzOn Products Inc.*, 122 F.3d at 1403.

⁵⁰ *Id.*

⁵¹ *Id.* at 1403 (referencing 37 C.F.R. § 1.106(d) (1996)).

⁵² *Id.* at 1403.

⁵³ *Id.* This language from the Federal Circuit could be read as an open invitation to Congress and the Supreme Court to review the decision. Congress could react by amending the statutory language so as to preclude future cases from being decided the same way and the Supreme Court could intervene by taking the case for review.

⁵⁴ The reported decision omits the substance of the disclosures because the disclosures were confidential. Depending on the information that was contained in these disclosures, one might argue that the disclosures were not prior art because they did not constitute inventing the subject matter of the patent in issue, as required by 35 U.S.C. § 102(f). *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1400 (Fed. Cir. 1997).

⁵⁵ *Hearing*, *supra* note 3, at 1-2.

Intent

a. Senate Subcommittee Meeting Proves that Congress Intended to Facilitate Collaboration

The Subcommittee on Courts, the Internet, and Intellectual Property (“the Subcommittee”) met in March 2002 to discuss the concerns of universities that *OddzOn* threatens to chill non-profit research.⁵⁶ Witnesses at the meeting included representatives from private practice, the Wisconsin Alumni Research Foundation, the Council on Government Relations, and the American Intellectual Property Law Association.⁵⁷ Two Congressional representatives also submitted statements for the hearing.⁵⁸

California Representative Mr. Howard L. Berman, a ranking member of the Subcommittee, succinctly stated the issue: “[T]o provide an environment in which researchers have the freedom and opportunity to develop inventions and new ideas.”⁵⁹ He was particularly concerned with invalidating a patent because of information sharing.⁶⁰ Representative Berman’s statement of the intent of section 103(c) is of particular importance: to encourage teamwork and collaborative work.⁶¹ North Carolina Representative Howard Coble, Chairman of the Subcommittee, also noted a problem: a literal reading of the Patent Act is inconsistent with the intent of the Act.⁶²

These statements make clear that the language of the Patent Act is problematic: it directly contravenes Congress’ attempt to support collaborative work and joint invention by allowing certain prior art to invalidate patents for obviousness.⁶³

The statements of the representatives that the *OddzOn* holding is in conflict with Congressional intent support the notion that the court read the statute incorrectly.⁶⁴

b. The House Report on the 1984 Amendments to the Patent Act Proves that Congress Intended to Facilitate Collaboration

The House Report on the 1984 Amendments to the Patent Act also demonstrates that a strict reading of the statute language leads to a result that is

⁵⁶ *Id.*

⁵⁷ *Id.* at III.

⁵⁸ *Id.*

⁵⁹ *Id.* at 3.

⁶⁰ *Id.*

⁶¹ *Hearing, supra* note 3, at 3.

⁶² *Id.* at 2.

⁶³ *See id.* at 1-2.

⁶⁴ *See id.* at 2. *See also* *OddzOn Products, Inc. v. Just Toys, Inc.* 122 F.3d. 1396 (Fed. Cir. 1997). *See infra* pp. 10-11.

2004]

Proposed Alternative to Secret Prior Art

not in agreement with Congressional intent.⁶⁵ The report is clear that Congress intended to limit the effects of *In re Bass*⁶⁶ and *In re Clemens*.⁶⁷ Those cases allow an undisclosed invention of an employee to be used as prior art under section 102(g) and possibly 102(e) when determining section 103 obviousness, even if the inventor of the undisclosed invention and the inventor of the claimed invention work for the same employer.⁶⁸ Congress wanted to change this effect to remove the disincentive for communication within organizations.⁶⁹ The 1984 amendments remove this work from the prior art if, at the time of the invention, one entity owned the subject matter of the communication and the claimed invention, or if both were subject to assignment to the same person.⁷⁰

The Subcommittee meeting and the Congressional Report on the 1984 Amendments are clear: the purpose of the Amendments was to encourage collaboration.⁷¹

2. Holding that Section 102(f) References that are Not Subject to Assignment are Prior Art for a 103 Obviousness Inquiry Results in Invalidating Valid Patents

Although some believe *OddzOn* was a close case that needed a decision,⁷² a hypothetical fact pattern reveals an additional reason why the Federal Circuit should have decided the case the other way: the result is too harsh.

Brian Murphy provides an apt hypothetical that demonstrates precisely why the *OddzOn* court should have held that section 102(f) prior art is not prior art for purposes of a section 103 obviousness inquiry.⁷³ Murphy argues that the *OddzOn* “court should have: (1) determined whether inventorship was joint⁷⁴

⁶⁵ See *Section-by-Section Analysis: Patent Law Amendments Act of 1984*, 130 CONG. REC. 28069, 28071 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833.

⁶⁶ *In re Bass*, 474 F.2d 1276 (C.C.P.A. 1973).

⁶⁷ *In re Clemens*, 622 F.2d 1029 (C.C.P.A. 1980).

⁶⁸ See *Section-by-Section Analysis: Patent Law Amendments Act of 1984*, 130 CONG. REC. 28069, 28071 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833; *In re Bass*, 474 F.2d at 1276; *In re Clemens*, 622 F.2d at 1029.

⁶⁹ *Section-by-Section Analysis: Patent Law Amendments Act of 1984*, 130 CONG. REC. 28069, 28071 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833.

⁷⁰ *Id.*

⁷¹ See *id.*; *Hearing*, *supra* note 3, at 2.

⁷² *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1403 (Fed. Cir. 1997).

⁷³ See Brian P. Murphy, *OddzOn Products and Derivation of Invention: At Odds with the Purpose of Section 102(f) of the Patent Act of 1952?*, 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 529, 531 (1999).

⁷⁴ Parties may be joint inventors although they did not physically work together, did not work at the same time, did not make equal contributions, or did not each make a contribution to each claim. 35 U.S.C. § 116 (2000); ALAN L. DURHAM, PATENT LAW

and (2) allowed correction under section 256.”⁷⁵ Murphy illustrates the problem through the story of Mr. Goodidea and Mr. Patentee.⁷⁶ Mr. Goodidea conceives of a new subject matter, A, but chooses to keep A private without concealing or abandoning it.⁷⁷ At some point in time, Mr. Goodidea communicates subject matter A to Mr. Patentee.⁷⁸ After some effort, Mr. Patentee reduces subject matter A to practice, and receives a patent, on which he is the sole inventor.⁷⁹ After obtaining his patent, Mr. Patentee creates a market for his patented invention and after investing two years of work in refining the manufacturing process and \$20 million in advertising, the annual sales of A reach \$100 million.⁸⁰ Mr. Goodidea becomes aware of Mr. Patentee’s work and praises his dedication.⁸¹

When a competitor knocks off A, Mr. Patentee files a patent infringement suit and is confident he will prevail in court.⁸² Mr. Patentee is disappointed with the outcome: the judge held that *OddzOn* controls and that under *OddzOn*, although the subject matter Mr. Goodidea communicated to Mr. Patentee was not a complete conception of the claimed invention, it is prior art under section 102(f) and makes the invention obvious within the meaning of section 103.⁸³

A careful reading of the hypothetical reveals that the only statutes in issue are 35 U.S.C. §§ 102(f) and 103.⁸⁴ Sections 102(a), (b), and (e) are not in issue because the subject matter was private and not claimed in a patent application.⁸⁵ Assuming that Mr. Goodidea did not suppress or abandon his subject matter prevents a party from raising 102(g).⁸⁶

Murphy argues that sections 102(f) and 103 do not adequately address the issues in this case – that Mr. Patentee benefited the public by publishing his invention, that Mr. Patentee did not commit a fraud by filing his application,

ESSENTIALS, 41-43 (1999). In light of the minimal statutory guidance as to what constitutes joint inventors, the Federal Circuit imposed a requirement that “each inventor must contribute to the joint arrival at a definite and permanent idea of the invention as it will be used in practice.” *Burroughs Wellcome Co. v. Barr Labs*, 40 F.3d 1223, 1229 (Fed. Cir. 1994). Mr. Goodidea and Mr. Patentee are joint inventors only if each contributed to the “definite and permanent idea of the invention.” *Id.*

⁷⁵ Murphy, *supra* note 73, at 531.

⁷⁶ *Id.* at 540-41.

⁷⁷ *Id.* at 540.

⁷⁸ *Id.*

⁷⁹ *Id.* at 541.

⁸⁰ *Id.*

⁸¹ Murphy, *supra* note 73, at 541.

⁸² *Id.*

⁸³ *Id.*

⁸⁴ *Id.* at 542.

⁸⁵ *Id.*

⁸⁶ *Id.*

2004]

Proposed Alternative to Secret Prior Art

that Mr. Goodidea and Mr. Patentee are actually joint inventors, and that in these circumstances Mr. Goodidea's private knowledge cannot be prior art.⁸⁷

The application is not a fraud in this fact pattern because Mr. Patentee is an inventor.⁸⁸ The idea of the first inventor encompasses the person who first reduced the invention to practice.⁸⁹ The fact pattern articulated by Murphy explicitly states that Mr. Patentee invested a considerable amount of effort refining Mr. Goodidea's conception before he reduced the invention to practice.⁹⁰ Further, there is no mention of Mr. Goodidea even reducing the subject matter to practice.⁹¹ Based on these facts, the communication between Mr. Goodidea and Mr. Patentee did not disclose an invention, it merely disclosed subject matter.⁹²

Even if one were to call the initial conception of the subject matter an inventive contribution, Mr. Patentee could amend the patent to list Mr. Goodidea as a joint inventor.⁹³ Joint inventors are proper when "two or more persons jointly work, cooperate, or collaborate in devising and putting into practical form the subject matter of the patent."⁹⁴ Mr. Goodidea and Mr. Patentee did work together, even if they did not intend to do so – without one the other would not have been able to put "into practical form the subject matter of the patent."⁹⁵ Mr. Goodidea implicitly admitted that he did not have the ability to follow through to patentability.⁹⁶ Additionally, although Mr. Patentee did not conjure up the initial subject matter, he clearly contributed to the conception of the invention.⁹⁷

Using his hypothetical, Murphy further argues that the best solution is to allow patent modification under 35 U.S.C. § 256.⁹⁸ Murphy contends that this is the best solution because:

⁸⁷ Murphy, *supra* note 73, at 540-45.

⁸⁸ *See id.* at 540-41.

⁸⁹ ERNEST BAINBRIDGE LIPSCOMB III, LIPSCOMB'S WALKER ON PATENTS § 3:2 (3d ed. 1984).

⁹⁰ Murphy, *supra* note 73, at 541.

⁹¹ *Id.* at 540-42.

⁹² *Id.*

⁹³ 35 U.S.C. § 256 (2000) (allowing for patent modification). *See also* Murphy, *supra* note 75, at 544.

⁹⁴ LIPSCOMB, *supra* note 92, § 3:8 (citations omitted). *See also* 35 U.S.C. § 116 (2000); *Burroughs Wellcome Co. v. Barr Labs*, 40 F.3d 1223, 1229 (Fed. Cir. 1994); *DURHAM*, *supra* note 77, at 41-43.

⁹⁵ LIPSCOMB, *supra* note 92, § 3:8 (citations omitted). *See also* Murphy, *supra* note 73, at 540-42.

⁹⁶ Murphy, *supra* note 73, at 541.

⁹⁷ *Id.* at 540-42.

⁹⁸ *Id.* at 544 (proposing that using 35 U.S.C. § 256 to amend a patent to reflect joint ownership is preferable to invalidating the patent).

Mr. Patentee . . . used the patent system to promote the progress of science for the public's benefit without withdrawing *any* information from the public domain and without committing a fraudulent or inequitable taking. Mr. Patentee's effort is the reason the concept of subject matter A blossomed into a 'useful' invention. Equally important, this result allows Mr. Patentee to exclude an unscrupulous willful infringer from the market place, rather than allowing the willful infringer to benefit from culpable conduct. Even Mr. Goodidea benefits from being named a joint inventor with indivisible rights in the patent.⁹⁹

Murphy's argument is a convincing one because the notion of excluding an infringer from the marketplace is an important one. In this instance the infringer did not contribute to the public domain, he merely tried to derive a benefit which he did not deserve from Mr. Goodidea's and Mr. Patentee's work.¹⁰⁰

Murphy draws additional support for his argument from the legislative history of the 1984 amendments to the Patent Act: he notes that the history consistently uses the word 'invention.'¹⁰¹ Murphy contends that this indicates the subject of any communication used to invalidate a patent as obvious under section 103 must be "a complete conception rather than only a partial idea that might lead to invalidity for obviousness under section 103."¹⁰²

The first problem with following Murphy's suggestion (allowing for patent modification that adds Mr. Goodidea as a joint inventor) is that Mr. Goodidea might get more than he is entitled to in return for his potentially small contribution.¹⁰³ However, this presents a freedom of contract issue for the joint inventors to address.¹⁰⁴ For instance, one party could sign away his rights, the two parties could agree to a split of revenues that is proportional to the amount of work each party contributed, or the parties could devise another arrangement that suits their needs.

It would be unwise for the courts to become overly involved in issues of joint ownership and determining a fair revenue split. Although the patent law

⁹⁹ *Id.* at 546 (footnotes omitted).

¹⁰⁰ *See id.* at 540-41 (describing a hypothetical scenario in which two parties jointly contribute to the development and subsequent patent, without mentioning work of additional parties).

¹⁰¹ *Id.* at 547.

¹⁰² Murphy, *supra* note 73, at 547.

¹⁰³ *Id.* at 540-41. Recall that Mr. Goodidea derived the subject matter for the claimed invention but did not pursue the subject matter. *Id.* at 540-42.

¹⁰⁴ "In general, parties may contract as they wish, and courts will enforce their agreements without passing on their substance. Sometimes, however, a court will decide that the interest in freedom of contract is outweighed by some overriding interest of society and will refuse to enforce a promise or other term on grounds of public policy." RESTATEMENT (SECOND) OF CONTRACTS Introductory Note to Chapter 8 (1981).

is clear that joint inventors are to appear on applications,¹⁰⁵ the arrangement between the parties is an issue of freedom of contract that courts should respect.¹⁰⁶ Contract law is applicable even if the parties did not enter into an express contract because a contract can be implied.¹⁰⁷ The Restatement (Second) of Contracts notes that a contract can be inferred from conduct.¹⁰⁸

The second problem with Murphy's solution is that joint inventorship is not applicable to all cases. A person is a joint inventor if he contributed to the conception of the invention.¹⁰⁹ Although there is a presumption that listed joint inventors are in fact joint inventors,¹¹⁰ the standard for being a joint inventor is relatively high. A party must do more than construct the invention, identify the problem, or suggest the proper materials for an invention.¹¹¹ The contribution of every Mr. Goodidea will not rise to the level of assisting in the conception of the invention.

In summary, application of patent and contract law to the hypothetical of Mr. Goodidea and Mr. Patentee could save the patent, thereby rewarding inventors for their work and preventing infringers from gaining an advantage. Based on the facts, a court could find that Mr. Patentee and Mr. Goodidea each made sufficient contributions to the inventive process and are therefore joint inventors and *OddzOn* does not apply.¹¹² A court could then allow Mr. Patentee to amend the patent to reflect this fact.¹¹³ Application of contract law would then prevent the communication from becoming part of the prior art because the parties were collaborating.¹¹⁴ The existence of collaboration is supported by the inference of an implied contract: Mr. Goodidea and Mr. Patentee performed in a way that implied a contract.¹¹⁵ This analysis would

¹⁰⁵ 35 U.S.C. § 116 (2000).

¹⁰⁶ RESTATEMENT (SECOND) OF CONTRACTS ch. 8, introductory note (1981).

¹⁰⁷ RESTATEMENT (SECOND) OF CONTRACTS: HOW A PROMISE MAY BE MADE § 4 (1981).

¹⁰⁸ *Id.*

¹⁰⁹ *Burroughs Wellcome Co. v. Barr Labs*, 40 F.3d 1223, 1229 (Fed. Cir. 1994) (“[E]ach inventor must contribute to the joint arrival at a definite and permanent idea of the invention as it will be used in practice.”); *DURHAM*, *supra* note 77, at 41-43.

¹¹⁰ *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980 (Fed. Cir. 1997) (A party can overcome the presumption that the named inventors are the true inventors with clear and convincing evidence.).

¹¹¹ *DURHAM*, *supra* note 77 at 41-42 (citing *Hess v. Advanced Cardiovascular Sys., Inc.*, 106 F.3d 976, 980-81 (Fed. Cir. 1997); *Burroughs Wellcome Co. v. Barr Labs*, 40 F.3d 1223, 1227-28 (Fed. Cir. 1994); *see also* *Sewell v. Walters*, 21 F.3d 411, 416-17 (Fed. Cir. 1994).

¹¹² *See* *LIPSCOMB*, *supra* note 92, § 3:8. *See* *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997).

¹¹³ *See* 35 U.S.C. § 256 (2000).

¹¹⁴ *See id.* § 103.

¹¹⁵ *See id.*; RESTATEMENT (SECOND) OF CONTRACTS: HOW A PROMISE MAY BE MADE § 4

protect the patent but would also prevent courts from examining the details of the implied contract because parties are free to agree to the terms that they choose.¹¹⁶

Mr. Patentee has incentive to present and support the above analysis because he invested a great deal of time and money in reducing the subject matter to practice and in bringing it to the market.¹¹⁷ He wants to protect his investment. In fact, the stated analysis would be an incentive for Mr. Patentee to be more forthcoming in his business dealings. If Mr. Patentee is aware that his patent is subject to a finding of invalidity due to the failure to list Mr. Goodidea as a joint inventor, it will be in Mr. Patentee's best interests to explain the patent law to Mr. Goodidea and to arrange an express contract which sets out the rights of each party.

The offered analysis also supports the reliability of the patent system: it allows a court to support the PTO's grant of a patent. A third party is less likely to willfully infringe on a patent that he suspects will be upheld in court because he will be subject to liability for infringement.¹¹⁸

III. A RE-EVALUATION OF *ODDZON* REVEALS THAT IT IS POSSIBLE TO PROTECT MORE PATENTS

Perhaps there is not a need for a statutory change to patent law in light of *OddzOn*. Perhaps patent cases are the kind of cases in which a blanket expansion of the law is not appropriate because so much turns on the specific details of the case. Given the technical and detailed nature of patent litigation, perhaps the best method of progress is for the courts to evaluate the details of each case and either invalidate the patent or allow for joint ownership, where appropriate. Perhaps Congress is watching the Federal Circuit and will amend the laws in the future if it thinks the court is not deciding cases properly.

A. *The Patent Law Regime Allows Courts to Eliminate the OddzOn Disclosures from the Obviousness Inquiry*

The 1999 amendment to section 102(e) expanded prior art to include the work of foreign inventors.¹¹⁹ The 1999 amendment to section 102(e) does not support expanding the definition of prior art to include the secret prior art that was used to challenge the *OddzOn* patent. The 1999 amendment limited the

(1981).

¹¹⁶ RESTATEMENT (SECOND) OF CONTRACTS ch. 8, introductory note (1981).

¹¹⁷ See Murphy, *supra* note 73, at 540-41.

¹¹⁸ "Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court." 35 U.S.C. § 284 (2000).

¹¹⁹ See 35 U.S.C. § 102(e) (2000).

2004]

Proposed Alternative to Secret Prior Art

expansion of patent-defeating prior art to international applications that designate the United States and are published in English, in accordance with the Patent Cooperation Treaty.¹²⁰ A careful analysis of the statutory language indicates that the patent-defeating prior art must be generally accessible to an American applicant – the international application must be published in English.¹²¹

If the work of a foreign inventor is discoverable this work is not secret. An American inventor can search foreign patents for prior art and can read trade journals to remain informed of what people in other countries are doing. The 1999 amendment to section 102(e)(1) specifically refers to international applications that are published in English and designate the United States;¹²² thus limiting the expansion of prior art to accessible work.¹²³

The language of the 1999 amendment would not be subverted by a reading of section 102 that does not encompass private conversations between potential inventors. The central point is the public versus private nature of the work. One effect of the patent system is to reward people who disclose their inventions, whether abroad or in the United States, by giving them a limited monopoly on making and using their inventions.¹²⁴ This is something of a social contract: the American government chooses to give a monopoly as consideration for a full disclosure of the invention.¹²⁵ A court that hears a contracts dispute will invalidate a contract that is not supported by consideration; each side must suffer a detriment in order for the contract to stand.¹²⁶ The inventor offers his disclosure in exchange for a limited monopoly.¹²⁷

As the law stands now, an inventor who does not disclose an invention to society but merely mentions subject matter to someone else can invalidate a

¹²⁰ *See id.* § 102(e)(1).

¹²¹ *See id.*

¹²² *Id.*

¹²³ *See id.* Although the 1999 amendment to section 102(e)(1) does not recognize secret work of foreign inventors, section 102(e)(2) recognizes the secret work of domestic inventors by prohibiting a patent if the same invention is described in another domestic application that was already filed with the PTO and that ultimately results in a patent. *Id.* § 102(e)(2).

¹²⁴ *See* 35 U.S.C. §§ 112, 154 (2000); *Johnson v. Dep't of Health, Educ., & Welfare*, 462 F. Supp. 336, 337 (D.D.C. 1978).

¹²⁵ *See* 35 U.S.C. §§ 112, 154; RESTATEMENT (SECOND) OF CONTRACTS: REQUIREMENT OF EXCHANGE; TYPES OF EXCHANGE § 71 (1981); 35 U.S.C. §§ 112, 154 (2000).

¹²⁶ *See* RESTATEMENT (SECOND) OF CONTRACTS: REQUIREMENT OF EXCHANGE; TYPES OF EXCHANGE § 71 (1981).

¹²⁷ *See* 35 U.S.C. §§ 112, 154 (2000); RESTATEMENT (SECOND) OF CONTRACTS: REQUIREMENT OF EXCHANGE; TYPES OF EXCHANGE § 71 (1981).

subsequent patent.¹²⁸ This is in considerable tension with patent law and with the notion of a social contract. The first inventor who does not publicly disclose his invention does not offer society anything. Although the person who initially conceived of the subject matter is not likely to get a patent on the invention claimed by the litigated patent, this person is preventing someone else from benefiting from monopoly rights, despite having made a disclosure.

The mere investment in research and development does not benefit society unless that information is made available for everyone to use. That is why there is a patent system – a patent is a reward for giving society the fruits of labor.¹²⁹ Society offers consideration by sacrificing the free market and the rights of independent inventors in return for knowledge.¹³⁰ A person who keeps his work secret does not give anything to society and, therefore, does not deserve patent rights or to invalidate the patent rights of an inventor that is willing to disclose his invention.

To decide otherwise would undercut the patent system.¹³¹ The person who conceived of the subject matter would be allowed to bar the patent applicant from enjoying the monopoly he earned. The applicant is the inventor who ensured the invention was fully developed, who prosecuted the patent, and who made a public disclosure. Patent law should reward those who are productive. If the purpose is to encourage people to invest time and money in inventions and patents and to enter into public contracts, it makes sense to reward the people who take those steps. It does not make sense to reward the people who devise an idea and do not develop it or divulge that idea to society.

A counter-argument is that the patent applicant is not entitled to all the benefits of patent law because he did not initially conceive of the idea/subject matter. The question then becomes one of equity and fairness: is it just to reward the patent applicant for taking all the steps to reap the benefits of incentives or is it just to cut his monopoly short simply because someone else contributed to the process? It is logical to reward the patent applicant for the aforementioned reasons.

B. Allowing for a Patent Amendment to Reflect Joint Ownership is a Specific Tool that Might Eliminate the OddzOn Concern

Perhaps the most equitable solution is joint ownership, as suggested by Murphy,¹³² and a witness at the subcommittee hearing.¹³³ At first blush this

¹²⁸ See *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1401 (Fed. Cir. 1997).

¹²⁹ ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 137 (2d ed. 2000).

¹³⁰ See 35 U.S.C. §§ 112, 154 (2000); RESTATEMENT (SECOND) OF CONTRACTS: REQUIREMENT OF EXCHANGE; TYPES OF EXCHANGE § 71 (1981).

¹³¹ See 35 U.S.C. §§ 112, 154 (2000).

¹³² Murphy, *supra* note 73, at 544.

¹³³ *Hearing*, *supra* note 3, at 17.

makes sense but a deeper analysis suggests more is needed. Recall the scenario that Murphy detailed.¹³⁴ In Murphy's scenario, Mr. Patentee invested far more time and effort than Mr. Goodidea, who stops short of admitting how little work he actually did.¹³⁵ Court-imposed joint ownership would allocate the benefits of monopoly among the two parties. However, who is to say that Mr. Patentee or one of his employees would not have developed the idea independently¹³⁶ or what the subject matter is worth?

Assuming the requirements for joint ownership are met,¹³⁷ how would a court allocate ownership? The default starting point would likely be a 50-50 share. Perhaps there would be a burden on each party to prove that his contribution was worth more than 50%. Patent litigation is already complex, time consuming, and expensive. Why further strain judicial resources to figure out these kinds of disputes when a person made a choice not to aid society by developing and disclosing his idea?¹³⁸ Judicial resources are scarce enough already; it seems unnecessary to allow these parties into court.

Additionally, how would the parties prove their cases? Who would be in the best position to prove to what extent he developed the subject matter and how much he contributed to the claimed invention? Is it realistic to expect parties to document all conversations? Part of the solution would be the default starting point of 50-50 ownership. However, placing a burden on each party to prove the value of his contribution, if greater than 50% seems to disadvantage the "little guy." Suppose that the person who made the first contribution to conception of the initial subject matter is the stereotypical garage inventor and the patent applicant is the CEO of an information technology company. The patent applicant is likely to have better records, especially if he already holds a number of patents and knows how important it is to document the research and development process. In light of these details, the 50-50 default seems less than fair. Perhaps that is what the patent system must accept if it will allow for joint ownership in the proper circumstances.

These are only some of the problems that a court will grapple with if it is forced to consider joint ownership in patent cases.¹³⁹ This is a realistic scenario in light of the current patent statutes.¹⁴⁰ Prior art currently encompasses private conversations between parties that are not in collaboration with each other because section 103 only excludes collaboration from the prior

¹³⁴ Murphy, *supra* note 73, at 540-42.

¹³⁵ *Id.*

¹³⁶ See Gary Edmond & David Mercer, 2002 *Conjectures and Exhumations: Citations of History, Philosophy and Sociology of Science in US Federal Courts*, 14 *LAW & LITERATURE* 309, 332 (2002).

¹³⁷ See *Burroughs Wellcome Co. v. Barr Labs*, 40 F.3d 1223, 1229 (Fed. Cir. 1994).

¹³⁸ See Murphy, *supra* note 73, at 540-42.

¹³⁹ See *supra* pp. 16-19.

¹⁴⁰ See 35 U.S.C. §§ 102, 103 (2000).

art if at the time of the invention, the subject matter and the invention are owned by one person or are subject to assignment to one person.¹⁴¹

If a court that feels the equities of the case before it weigh heavily in favor of validating the patent but that the requirements for joint ownership are not met, the court might choose to operate within the bounds of section 103 by implying a contract between the party that disclosed the subject and the patent applicant. A court could do this because contract law recognizes that contracts do not need to be express, they can be implied from the actions of the parties.¹⁴² If the court implies a contract, it could define the terms of the contract to include ownership or assignment of the patent rights.¹⁴³ This would remove the disclosure of the subject matter from a 103 obviousness determination because at the time of invention the subject matter and the invention would be owned by the same person or subject to assignment to that person.¹⁴⁴ However, this would involve additional litigation to determine the terms of the implied contract.

The scenarios described above are not addressed by the 1999 amendment to section 102.¹⁴⁵ Given that the policy of the amendment does not speak to the issues at hand, it seems unjust to allow the amendment to force an outcome that is contrary to the goals of the patent system.

Interpreting Congressional silence, especially in light of the subcommittee hearing and the 2002 statutory amendments,¹⁴⁶ is a difficult task that is unlikely to produce an accurate result. One could guess that Congress is not troubled by the recent case decisions. One could also guess that in light of the cases that came after *OddzOn*, Congress believes that secret prior art is an infrequent problem that does not justify additional statutory amendments. It is possible that subsequent Federal Circuit cases do not to turn on secret prior art. However, many trial level cases might turn on secret prior art but a party does not appeal because of the *OddzOn* decision.¹⁴⁷

IV. AMENDING THE PATENT ACT WOULD REMOVE MORE SECRET PRIOR ART FROM OBVIOUSNESS INQUIRIES

A. *A Proposed Amendment would Remove More Secret Prior Art from*

¹⁴¹ See *id.* § 103.

¹⁴² RESTATEMENT (SECOND) OF CONTRACTS: HOW A PROMISE MAY BE MADE § 4 (1981).

¹⁴³ See RESTATEMENT (SECOND) OF CONTRACTS: HOW A PROMISE MAY BE MADE § 4 (1981).

¹⁴³ See RESTATEMENT (SECOND) CONTRACTS ch. 8, Introductory Note (1981) (stating that parties are generally free to agree to contract terms of their choosing).

¹⁴⁴ See 35 U.S.C. § 103 (2000).

¹⁴⁵ See *id.* § 102.

¹⁴⁶ See *id.* §§ 102, 103; *Hearing, supra* note 3.

¹⁴⁷ *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997).

2004] *Proposed Alternative to Secret Prior Art*

Obviousness Inquiries

Regardless of what the legislative silence means, an amendment is in order. Section 103 should be amended to broaden section 103(c).¹⁴⁸ The proposed amendment should read:

§ 103(d) In spite of subsection (f) of section 102 of this title, private communications between people not corroborating under contract for research and development purposes, are not prior art for purposes of an evaluation of obviousness of the claimed invention and shall not preclude patentability where the patent applicant can show:

- (i) that the communication was private in nature and
- (ii) that use of the information does not constitute a misappropriation of information due to
 - (a) the undeveloped character of the disclosed idea and
 - (b) the lack of circumstances that would suggest to a reasonable person that the party making the disclosure would consider use of the information to be a misappropriation.

This language would allow for the patenting of inventions that are the result of collaborations among co-workers and among unrelated inventors that draw on one another's work. If the language was abused, a public prior art author might claim part ownership in a new patent. That alone is not reason to leave the statute as it now reads. The country trusts the courts to detect abuses in a range of cases. This would be another instance in which the courts would be required to keep abuses in check.

The proposed amendment would require courts to analyze case-by-case circumstances and determine if the patent applicant misappropriated the idea from another person. This would not be a challenge for courts because section 102(f) currently requires a case-by-case analysis of whether the patent applicant invented the subject matter of the patent application.¹⁴⁹ The proposed language indicates a presumption of patentability despite a conversation. The burden on the party challenging the patent would be high. The policy of the statutory amendments and the incentives of the patent system support this high burden.¹⁵⁰

The proposed amendment extends the Congressional amendment for research team members to people who are not working together but who share information. It is one step beyond the 1999 amendment¹⁵¹ but leaves room for the courts to determine if the patent applicant improperly acquired the idea

¹⁴⁸ See 35 U.S.C. § 103(c) (2002).

¹⁴⁹ See 35 U.S.C. § 102(f) (2000).

¹⁵⁰ See *Graver Tank Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 607 (1950); *Hearing*, *supra* note 3, at 1-2.

¹⁵¹ See 35 U.S.C. § 103 (2000).

from another inventor. The proposed amendment also supports the incentives of the patent system by rewarding the person who fully developed and patented an idea.¹⁵²

How would this change *OddzOn*? This proposed amendment strengthens the presumption of patentability that Just Toys would have to rebut and eliminates the confidential disclosures from the relevant prior art. The proposal creates the presumption that the patent application claims more than the initial idea; the subject of the patent application is also all the work that goes into developing that idea and prosecuting the patent.

The *OddzOn* court stated the best argument to the contrary: section 102(f) is included in section 103 and is also included in the proposed amendment, therefore, the courts must give some meaning to the language.¹⁵³ However, even the *OddzOn* court noted that there is more than one way to read the language.¹⁵⁴ The proposed amendment responds to this concern by explicitly stating that although a communication is technically prior art under 102(f), it is not prior art for a 103 obviousness determination unless the patent applicant knew or should have known that to use the information would be a misappropriation of that information.¹⁵⁵

Additionally, the legislative record could reflect the purpose of the amendment. A party could state that proposed amendment recognizes a presumption of patentability and that a party challenging patentability must show that the patent applicant misappropriated the information.¹⁵⁶ The legislative history or a note preceding the statute could state that the reference to subsection (f) is included only to prevent improper acquisition of another's work but is not intended to bar a patent where the patent applicant merely drew on the work of another that was shared with him. This note is supported by the requirements of existing section 102(f): the patent applicant must be the person who conceived of the invention, with the possibility of joint ownership.¹⁵⁷

It is notable that the *OddzOn* court seemed uncomfortable with the outcome of the case: "It is sometimes more important that a close question be settled one way or another than which way it is settled. We settle the issue here (subject of course to any later intervention by Congress or review by the Supreme Court)."¹⁵⁸ Congress adopting a statutory amendment similar to the proposed change would simply be accepting the court's invitation.¹⁵⁹

This proposed amendment would also address the situation of Mr.

¹⁵² See *Graver Tank Mfg. Co.*, 339 U.S. at 607.

¹⁵³ *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1403 (Fed. Cir. 1997).

¹⁵⁴ *Id.*

¹⁵⁵ See *supra* p. 26.

¹⁵⁶ See *supra* p. 26.

¹⁵⁷ See 35 U.S.C. § 102(f) (2000).

¹⁵⁸ *OddzOn Products, Inc.*, 122 F.3d at 1403.

¹⁵⁹ See *id.*

2004]

Proposed Alternative to Secret Prior Art

Goodidea.¹⁶⁰ Mr. Goodidea and others would not be able to invalidate Mr. Patentee's patent without making a showing that Mr. Patentee was dishonest in taking the idea from Mr. Goodidea.¹⁶¹ It is important to note that Mr. Goodidea never attempted to get a patent.¹⁶² One could argue that he effectively abandoned his idea, which leaves Mr. Patentee free to pursue it. However, that is an argument beyond the scope of this Note.

The presumption in the case of Mr. Patentee would be that the patent is valid. The defendant would not be able to succeed by showing only that Mr. Patentee did not conceive of the initial subject matter. The proposed amendment would require the challenger to show that the patent applicant misappropriated the idea.¹⁶³ Such a determination would be sensitive to the circumstances of each individual case. Although this might initially result in additional litigation, the Federal Circuit could offer guidance by taking some cases on appeal.

If Congress were to pass an amendment to section 103¹⁶⁴ similar to this proposal, the PTO would likely issue regulations to direct its employees, and potentially the courts, in interpreting the change. These regulations could set out a non-exclusive list of factors for courts to consider when determining whether a party misappropriated the work of another. This list could include:

- (1) how much time and effort the party that conceived of the initial subject matter, Party1, and the patent applicant, Party2, each invested in the idea before and after making the disclosure to Party2,
- (2) whether Party2 acted honestly in developing the subject matter or if his actions evidence a subjective belief of misappropriation,
- (3) whether either party is experienced in these matters, and
- (4) whether the idea is was so unique as to make the possibility of another person conceiving of the subject matter an unlikely possibility.¹⁶⁵

Factor (1) would take into account if Party1 was developing this idea and happened to mention it to Party2, possibly for guidance. The more invested Party1 is at the time of the communication, the more likely he is to guard his work. However, if he has invested little work and is not careful in guarding his secret, it would seem that he had no intention of working through the patent system and allowing the public to benefit from his idea. This would also

¹⁶⁰ See Murphy, *supra* note 73, at 540-42.

¹⁶¹ See *supra* p. 26.

¹⁶² See Murphy, *supra* note 73, at 540-42.

¹⁶³ See *supra* p. 26.

¹⁶⁴ 35 U.S.C. § 103 (2000).

¹⁶⁵ See Edmond & Mercer, *supra* note 138, at 332 (citing to research that suggests if one person does not create a particular invention, someone else will at approximately the same point in time).

suggest that the subject matter of the disclosure was not a complete conception and therefore not patentable nor grounds for finding a misappropriation of information.¹⁶⁶ Taken to the extreme, factor (1) would suggest that Party1 and Party2 will each file a patent application for the same invention. In this instance, the court would conduct a priority inquiry, as set out in section 102(g)(1).¹⁶⁷ The less a party guards his work from another, the more this factor would argue against a finding of misappropriation because the communication was not likely more than the initial subject matter.

Factor (2), whether the patent applicant acted honestly in developing the subject matter or if his actions evidenced a subjective belief of inappropriate conduct, also delves into the subjective mindset of one of the parties. A party that is developing an idea into an invention for subsequent patent will guard his work and likely keep it secret to the extent possible. However, if the patent applicant is misleading as to where he initially derived the subject matter from, that would suggest that he was acting with deceptive intent because he misappropriated someone else's work. If a party is deceptive, the court could find that he misappropriated the information and is therefore not entitled to a patent.¹⁶⁸

Factor (3), whether either party is experienced in these matters, would consider the relative experience of the parties. Is either party a savvy businessperson that was taking advantage of an inexperienced inventor? If so, this factor could weigh in favor of finding a misappropriation because the businessperson would be taking advantage of the other party's lack of knowledge regarding patent law. This factor could also chill the anti-competition effects of patent law.¹⁶⁹ This factor has the potential of giving some protection to parties that are attempting to enter a market and inadvertently share an idea with big market players during the course of an informal conversation.

Factor (4), whether the idea is so unique as to make the possibility of another person coming up with the idea an unlikely possibility, asks about the contribution of the party that initially conceived of the subject matter. Did this person really make a unique contribution or is this something that other people would have conceived of more or less contemporaneously?¹⁷⁰ The more likely it is that someone would have conceived of the same subject matter in the same time period, the less the factor points in favor of finding a misappropriation of

¹⁶⁶ See *supra* p. 26.

¹⁶⁷ 35 U.S.C. § 102(g)(1) (2000).

¹⁶⁸ See *supra* p. 26.

¹⁶⁹ See 35 U.S.C. § 154 (2000) (granting the successful patent applicant the exclusive right to sell the invention for a period of time).

¹⁷⁰ See *Edmond & Mercer, supra* note 139, at 332 (citing to research that suggests if one person does not create a particular invention, someone else will at approximately the same point in time).

2004] *Proposed Alternative to Secret Prior Art*

information because it is evidence that this was not a particularly inventive thought.

B. Applying the Proposal to the OddzOn Facts Demonstrates that the Confidential Disclosures are Not Relevant to the Obviousness Inquiry

A court faced with the facts of the *OddzOn* case would ask if the disclosures were private in nature and whether using the disclosed information that was disclosed was a misappropriation of information.

The facts of the case clearly indicate that the communication was private – in fact, it was confidential.¹⁷¹ Applying the proposed amendment to the facts of this case, the court would therefore declare that communication will not preclude patentability unless the circumstances show that *OddzOn* misappropriated the information. This analysis would consider the previously listed factors.

Factor (1), how much time and effort Party1 and Party2 each invested in the idea before and after Party1 made the disclosure to Party2, is not helpful on the facts of *OddzOn*.¹⁷² The facts of the case are not telling as to how much work the party that made the confidential disclosures to *OddzOn* invested in developing the idea prior to or after the disclosures.¹⁷³ If the party had not invested effort in developing the idea, the court could conclude as a matter of fact that the subject of the communication was less than the subject matter of the patent application and is not subject to misappropriation. If this is the proper conclusion, it would be difficult to find that *OddzOn* misappropriated the information in violation of the proposed amendment because *OddzOn* did not deprive the other party of anything.¹⁷⁴

The facts of *OddzOn* do not inform the reader of how much time and effort *OddzOn* invested in developing the disclosed subject matter into the patented invention.¹⁷⁵ However, given that there was a patent application and that the toy was eventually brought to the market, it is clear that *OddzOn* invested some resources in the invention.¹⁷⁶

Factor (2), did Party2 act honestly in developing the subject matter or are his actions evidence of a subjective belief of misappropriation, is also indeterminate on these facts. The facts do not indicate if *OddzOn* developed the football in a manner typical to its other projects.¹⁷⁷ The fact that a patent applicant developed a claimed invention in a secretive manner alone is not

¹⁷¹ See *OddzOn Products, Inc.*, 122 F.3d 1396

¹⁷² See *id.*

¹⁷³ See *id.*

¹⁷⁴ See *id.*

¹⁷⁵ See *id.*

¹⁷⁶ See *id.*

¹⁷⁷ See *OddzOn Products, Inc.*, 122 F.3d at 1403.

enough information. The key to this inquiry is whether the applicant acted in a way that evidenced a subjective belief of misappropriation; was the party elusive?¹⁷⁸ This can be a difficult question in patent law because inventors work in relative secrecy. One question to ask would be whether the applicant routinely sends out press releases to begin marketing its claimed invention. If this is routine and a party in the position of OddzOn did not do that while working on a particular invention, a court might draw an inference of added secrecy that suggests the party knew it was engaged in wrongdoing.

Factor (3), whether either party is experienced in these matters, suggests that OddzOn did not misappropriate the information. If the reader is not careful, it will seem that the proposed amendment suggests this factor should weigh against OddzOn. However, the proposed amendment refers only to whether a reasonable party would infer, based on the circumstances, that he was misappropriating information. The fact that the disclosures were confidential¹⁷⁹ suggests that Party1 was in some kind of business, or at least had some knowledge of how to protect itself in business. Although Party1 was knowledgeable in business matters, there is no evidence in the court opinion that this party asserted an action against OddzOn for misappropriation of the information contained in the confidential disclosures.¹⁸⁰ This is information that the court would have to obtain from the parties when one challenges the validity of a patent. The lack of an action by Party1 against OddzOn suggests that OddzOn did not misappropriate the information in violation of the proposed statutory amendment.

The final factor in the proposed list, whether the idea is was so unique as to make the possibility of another person conceiving of the subject matter an unlikely possibility, suggests that there was no misappropriation. The idea was clearly not unique because Just Toys developed a similar design.¹⁸¹

Thus, factors (3) and (4) support removing the communication from the prior art and affirming OddzOn's patent because OddzOn did not misappropriate the information and the proposed amendment explicitly removes the conversation from the prior art for purposes of an obviousness inquiry. The first two factors are not helpful in this instance because there was not enough information in the court opinion to determine whether OddzOn misappropriated the information.¹⁸² The factors should not necessarily be given equal weight, allowing the court discretion to decide the case based on the particular facts.

Based on the facts of the OddzOn case¹⁸³ and the proposed amendment, the

¹⁷⁸ See *supra* p. 26.

¹⁷⁹ *OddzOn Products, Inc.*, 122 F.3d at 1400.

¹⁸⁰ See *id.*

¹⁸¹ See *id.*

¹⁸² See *id.*

¹⁸³ See *id.*

2004] *Proposed Alternative to Secret Prior Art*

patent in *OddzOn* is valid. The proposed amendment asks if the conversation was private so as to make the information not part of the prior art and if using the information would be a misappropriation of information. The parties in *OddzOn* did consider the communication to be private – it was confidential, the parties that engaged in the communication are parties that are knowledgeable of business matters, and *OddzOn* likely invested resources in the development of the product.¹⁸⁴ For these reasons, the patent would be valid and the communication would not be part of the prior art.

C. Amending Patents to Reflect Joint Ownership would Remain an Option

If despite the proposed amendment, the analysis points to invalidation, a court could consider joint ownership in the proper circumstances.¹⁸⁵ This would be an effective solution in *OddzOn* because it would result in a third party sharing ownership of the *OddzOn* patent, thus removing the communication from the prior art because the subject matter and the claimed invention would be subject to assignment to the same person or would be owned by the same person at the time of invention, as permitted by the existing statute.¹⁸⁶ The proposed amendment and multi-factor test are intended to resolve cases in which joint ownership is not appropriate because the party making the disclosure of subject matter is contributing something so undeveloped that he is not adding to the inventive process.¹⁸⁷

A party such as Just Toys would only be interested in raising the communication to show that the patent was obvious in light of that communication.¹⁸⁸ The proposed amendment saves the patent from a finding of obviousness because it removes the communication from the prior art by which obviousness is judged.¹⁸⁹ If the test was unclear as to whether a patent is obvious because the communication was not removed from the prior art and 35 U.S.C. § 103(c) does not remove the conversation, then the court could engage in an implied contract analysis.

If a court did resort to the theory of implied contract, the burden would be on the patentee to contact the potential joint inventor to protect the patent from invalidation. The patentee should bear this burden because he is the one that has this information and has a relationship with the potential joint inventor.

V. CONCLUSION

Patent law is evolving to be more permissive than in the past. This is

¹⁸⁴ *See id.*

¹⁸⁵ *See* 35 U.S.C. § 256 (2000); Murphy, *supra* note 73, at 544.

¹⁸⁶ *See* 35 U.S.C. § 103(c) (2000).

¹⁸⁷ *See* LIPSCOMB, *supra* note 92, § 3:8.

¹⁸⁸ *See* *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1403 (Fed. Cir. 1997).

¹⁸⁹ *See* 35 U.S.C. § 103 (2000); *supra* p. 26.

evident in the evolution of the patent statutes.¹⁹⁰ The patent statutes as currently codified generally do not allow a court to consider secret prior art when a party is challenging the validity of a patent.¹⁹¹ This policy suggests that private communications should not be part of an obviousness inquiry.¹⁹² Eliminating additional secret prior art from obviousness determinations will allow the Federal Circuit to affirm more patents. The Federal Circuit should not be required to hold, as it reluctantly did in *OddzOn*, that section 102(e) secret prior art is prior art for purposes of a section 103 obviousness determination.¹⁹³ It is likely that if the Federal Circuit reconsidered this holding, it would find that 102(e) secret prior art is not prior art for purposes of an obviousness inquiry.

A proper understanding of the patent statutes supports this contention.¹⁹⁴ The patent statutes do allow foreign prior art to enter into the court's consideration of whether an invention is patentable, but only in limited circumstances that require the prior art be accessible to domestic inventors.¹⁹⁵

Despite the 1999 statutory amendments, the Federal Circuit might be unwilling to reverse its holding in *OddzOn* in the absence of direction from Congress. Congress could offer this direction by enacting the proposed statutory amendment:

§ 103(d) In spite of subsection (f) of section 102 of this title, private communications between people not corroborating under contract for research and development purposes, are not prior art for purposes of an evaluation of obviousness of the claimed invention and shall not preclude patentability where the patent applicant can show:

- (i) that the communication was private in nature and
- (ii) that use of the information does not constitute a misappropriation of information due to
 - (a) the undeveloped character of the disclosed idea and
 - (b) the lack of circumstances that would suggest to a reasonable person that the party making the disclosure would consider use of the information to be a misappropriation.

Adoption of this proposed amendment would allow the Federal Circuit to eliminate most secret prior art from section 103 obviousness inquiries because it dispenses with strict requirements of collaboration between the patent

¹⁹⁰ Compare 35 U.S.C. §§ 102, 103 (2000) with 35 U.S.C. §§ 102, 103 (1994) (current versions at 35 U.S.C. §§ 102, 103 (2000)).

¹⁹¹ See 35 U.S.C. §§ 102, 103 (2000).

¹⁹² See *OddzOn Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396 (Fed. Cir. 1997).

¹⁹³ See *id.*

¹⁹⁴ 35 U.S.C. §§ 102, 103 (2000).

¹⁹⁵ See *id.* § 102(e).

2004] *Proposed Alternative to Secret Prior Art*

applicant and the party that shared the initial subject matter. If the amendment fails to eliminate secret prior art in some instances, the Federal Circuit could apply the theory of implied contracts¹⁹⁶ to find that the parties were in fact collaborating. This would also remove the disclosure from the obviousness inquiry. The check on this amendment is the continued existence of section 102(f).¹⁹⁷

¹⁹⁶ RESTATEMENT (SECOND) OF CONTRACTS: HOW A PROMISE MAY BE MADE § 4 (1981).

¹⁹⁷ 35 U.S.C. § 102(f) (2000).