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OddzOn Products and Derivation of Invention: At Odds with the Purpose of Section 102(f) of the Patent Act of 1952?

Brian P. Murphy*

INTRODUCTION

In *OddzOn Products, Inc. v. Just Toys, Inc.*,¹ the Federal Circuit ruled that non-public subject matter derived from another pursuant to section 102(f) of title 35 of the United States Code² may be used against the patentee as prior art for purposes of an obviousness determination under section 103.³ Judge Lourie, acknowledging contrary authority, explained the ruling by stating that the court felt constrained by the language of the 1984 amendments to section 103, and the legislative history in support thereof.⁴ While a

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1. 122 F.3d 1396 (Fed. Cir. 1997).

2. The Patent Act was enacted as the Patent Act of 1952, Pub. L. No. 82-593, 66 Stat. 792 (codified as amended at 35 U.S.C. §§ 1-376 (1994)). The subject matter did not fall within any of the provisions of section 102(a) through (e), or (g). See 35 U.S.C. § 102(a)-(e), (g). Section 102 states the “Conditions for patentability.” *Id.* Subsections (a)-(e), and (g) describe exceptions to entitlement for patentability. See *id.*

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

4. See *id.* (“It is historically very clear that this provision was intended to avoid the invalidation of patents under §103 on the basis of the work of fellow employees engaged in team research.”); see *Section-by-Section Analysis: Patent Law Amendments Act of 1984*, 130 CONG. REC. H10525 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833 (stating that the amendment, which encourages communication among members of research teams, was a response to *In re Bass*, 474 F.2d 1276 (C.C.P.A. 1973) and *In re Clemens*, 622 F.2d 1029, 1040 (C.C.P.A. 1980), in which “an earlier invention which is not public may be treated under Section 102(g), and possibly under 102(f), as prior art with respect to a later invention made by another employee of the same organization.”). There was no clear purpose to Congress’s inclusion of section 102(f) in the amendment other than an attempt to ameliorate the problems of patenting the results of team research. Nevertheless, the language appears in the statute, it was enacted by Congress, and therefore must be given effect.

federal court must give effect to statutory language and defer to the expressed intent of Congress, the court's ruling in *OddzOn Products* contravenes the purpose of section 102(f) and the policy behind its enactment.

Section 102(f) requires originality of invention of the subject matter sought to be patented.⁵ While the section defines a requirement for patentability; section 102(f) does not define prior art for purposes of section 103.⁶ In a case such as *OddzOn Products*, where a patentee learns of an idea from another who has not filed a patent application or otherwise published the idea, and the patentee improves upon the idea or is "inspired" by it, the unpublished idea should not be used as prior art in making a determination of obviousness under section 103.

An alternate analysis would require a determination of whether inventorship was joint and should be corrected under section 256,⁷ rather than granting the derived idea "prior art" status under section 103. Thus, what otherwise would be a patentable invention remains a patentable invention unless there was "deceptive intent[]" in failing to name a joint inventor on the original application.⁸ That solution promotes the progress of science and the useful arts by granting inventors exclusive rights to their respective inventions, while allowing the public to benefit from the disclosure of an invention that might not otherwise have come to light.⁹

5. See 35 U.S.C. § 102(f) (1994) (stating that unless the applicant failed to invent the "subject matter" for which he seeks a patent, that applicant is "entitled to a patent").

6. See *In re Bass*, 474 F.2d 1276, 1290 (C.C.P.A. 1973); see also *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, 78 F.3d 540, 548-49 (Fed. Cir. 1996) (Newman, dissenting); *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1445-46 (Fed. Cir. 1984).

7. See 35 U.S.C. § 256 (1994) (permitting correction of the designated inventorship of a patent when an error was made without deceptive intent).

8. *Id.* The Commissioner of Patents may issue a certificate of correction where, absent "deceptive intention" on the part of a person "named . . . as the inventor," a patent is issued: (1) to an incorrectly identified inventor or (2) without naming an inventor. *Id.*; see, e.g., *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340 (Fed. Cir. 1998); *Stark v. Advanced Magnetics, Inc.*, 119 F.3d 1551, 1556 (Fed. Cir. 1997) (holding that absent deceptive intention, the Commissioner may correct such an error at any time).

9. See *King Instruments Corp. v. Perego and Tapematic*, 65 F.3d 941, 950 (Fed. Cir. 1995). The court stated:

The patentee is deriving proper economic return on its investment in acquiring a patent right. The public benefits from the disclosure of the invention and the ability to exploit it when the patent term expires. As the Supreme Court noted:

This Essay argues that the 1984 amendments to section 103 incorrectly referenced section 102(f) as “prior art” for determining obviousness under section 103. As an alternative to its strict statutory construction of section 103(c), the court could have: (1) determined whether inventorship was joint and (2) allowed correction under section 256. Part I discusses the development of the derivation of invention defense that was analyzed in *Oddzon Products*. Part II reviews the *Oddzon Products* analysis, which formulated the rule that an invention may be unpatentable for obviousness under section 103—even where the patentee contributed an improvement to a non-public idea derived from another to achieve a complete conception of the claimed invention. Part III argues that the *OddzOn* rule should not be law and proposes that correction of inventorship under section 256 is a better way to resolve the issue of derivation.

I. THE DEVELOPMENT OF THE DERIVATION OF INVENTION DEFENSE

A. *The Law Prior to the 1952 Patent Act*

The defense of “derivation of invention” has always required proof that the patentee derived the “complete invention” or the “whole idea” of the invention from another person before the courts would invalidate a patent.¹⁰ The theory was that it was unfair and a violation of “the ordinary laws that govern human conduct”¹¹ to allow the patentee to benefit from what he did not do, consistent with the fundamental policy that the law would not sanction a fraudulent conversion or theft of intellectual property by sanctioning the fruits of such a taking.¹² On the other hand, the

Congress, in the choice of means of promoting the useful arts by patent grants, could have provided that the grant should be conditioned upon the use of the patented invention, as in fact it did provide by the Act of 1833 “But Congress was aware that an unpatented invention could be suppressed and the public thus deprived of all knowledge or benefit of it.”

Id. (quoting *Special Equip. Co. v. Coe*, 324 U.S. 370, 378 (1945)).

10. See *Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583, 603 (1868); see also *Atlantic Works v. Brady*, 107 U.S. 192, 205 (1883).

11. *Atlantic Works*, 107 U.S. at 203.

12. See *Agawam*, 74 U.S. at 597.

courts were leery of invalidating a patent, where an alleged first inventor was not diligent in pursuing the patent and bringing it into the public eye,¹³ because the diligent utilization of the patent system and the concomitant benefit to the public was of paramount importance.

B. *Federico's Commentary on the 1952 Patent Act*

P.J. Federico's "Commentary on the New Patent Act" of 1952 contains an illuminating discussion of the interplay between sections 102 and 103.¹⁴ Federico notes that the title of section 102 describes "[n]ovelty and *other* conditions for patentability,"¹⁵ an immediate indication that the subsections of section 102 define more than just prior art for determining novelty. Federico's commentary on section 102(a) emphasizes the limitations of the novelty requirement:

The novelty required is not novelty in an absolute sense as the *statute* defines what is to be looked to in order to show that an invention is not new The Committee Report both in the general part and in the Revision Notes recognizes that the interpretation of this condition is somewhat more restricted than the actual language, stating "the interpretation by the courts excludes various kinds of private knowledge not known to the public," and the narrowing interpretations are not changed.¹⁶

Thus, the reluctance of the courts to recognize "private knowl-

13. See *id.* (charging of a "fraudulently and surreptitiously obtain[ing] the patent for that which he well knew was invented by another, unaccompanied by the further allegation that the alleged first inventor was at the time using reasonable diligence in adapting and perfecting the invention, is not sufficient to defeat the patent"); cf. *Crown Cork & Seal Co. v. Ferdinand Gutmann Co.*, 304 U.S. 159, 174 (1937) ("But the arts and sciences will certainly not be promoted by giving encouragement to inventors to withhold and conceal their inventions for an indefinite time, or to a time when they may use and apply their inventions to their own exclusive advantage, irrespective of the public benefit").

14. See P.J. Federico, *Commentary on the New Patent Act* (1954), reprinted in 75 J. PAT. & TRADEMARK OFF. SOC'Y 161 (Mar. 1993).

15. See *id.* at 178 (emphasis added).

16. See *id.* (emphasis added) (quoting S. REP. NO. 1979 (1952), reprinted in 1952 U.S.C.C.A.N. 2394, 2399).

edge” in a challenge to patent validity was explicitly recognized and left unchanged by Congress and the drafters of the statute.

Federico comments that section 102(f) “is perhaps unnecessary,” but “it emphasizes that the inventor must be the one to apply for a patent.”¹⁷ He further points out that section 102(f) emphasizes the distinction between a true “author” of an invention and one who merely copies the invention from another.¹⁸ There is no statutory discussion of prior art or novelty in connection with section 102(f).¹⁹

Concerning section 103, Federico notes that this portion of the 1952 Patent Act was entirely new but codified a requirement of patentability mandated by the courts for more than 100 years.²⁰ The Senate Judiciary Committee Report provided that “[section 103] refers to the difference between the subject matter sought to be patented and the prior art, meaning what was known before as described in section 102.”²¹ Federico expands on this point, and states that “[t]he comparison is between the subject matter claimed to be patentable and what is disclosed or described in the available statutory prior art material, and *it is irrelevant whether the claimant knew or did not know* this prior art material.”²² That comment could only have been made if the drafters of the statute had intended to limit statutory prior art to that which was publicly available and, therefore, theoretically available to anyone and everyone regardless of whether the patentee actually had knowledge of it. Conversely, because a patentee’s actual personal knowledge of a prior invention by another is fundamental to section 102(f) invalidity, the drafters did not appear to have intended section 102(f) to be considered prior art under section 103.

17. See Federico, *supra* note 14, at 179-80.

18. See *id.* at 180.

19. But see *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1401 (Fed. Cir. 1997) (concluding that section 102(f) of title 35 is a prior art provision for purposes of section 103).

20. See Federico, *supra* note 14, at 180.

21. *Id.* at 181 (quoting S. REP. NO. 1979 (1952), reprinted in 1952 U.S.C.C.A.N. 2394, 2399).

22. *Id.* (emphasis added).

C. *In re Bass and the CCPA*

In 1973, the Court of Customs and Patent Appeals (“CCPA”) expounded on the definition of section 103 prior art in *In re Bass*.²³ There, the CCPA held:

[T]he use of the prior invention of another who had not abandoned, suppressed, or concealed it under the circumstances of this case which include the disclosure of such invention in an issued patent, is available as ‘prior art’ within the meaning of that term in [section 103] by virtue of [section 102(g)].²⁴

The CCPA also contrasted the circumstances of *In re Bass* with the case of *Grinnell Corp. v. Virginia Electric & Power Co.*,²⁵ where the district court refused to consider the prior invention of another as prior art under section 103 because the prior inventor had kept his work secret.²⁶ Judge Rich, in the principal opinion, noted that *Grinnell* “is an example of how the ‘not . . . suppressed or concealed’ clause serves to prevent the use of truly ‘secret’ prior invention as prior art under [section 103].”²⁷

In response to the concurring opinion of Judge Baldwin, Judge Rich attacked the proposition that everything in section 102 is prior art.²⁸ Judge Rich argued that the anatomy of section 102 is fairly

23. 474 F.2d 1276 (C.C.P.A. 1973).

24. *Id.* at 1286-87.

25. 277 F. Supp. 507 (E.D. Va. 1967).

26. *See id.* at 518-19.

27. *In re Bass*, 474 F.2d at 1286.

28. *See id.* at 1290. Judge Rich stated:

The concurrence makes the erroneous statement that in past cases we have based our thinking on “the proposition that *everything* in section 102 is prior art” (original emphasis). The anatomy of § 102 is fairly clear. As forecast in its heading, it deals with the two questions of “novelty and loss of right.” It also deals with originality in subsection (f) which says that one who “did not himself invent the subject matter” (i.e., he did not originate it) has no right to a patent on it. Subsections (c) on abandonment and (d) on first patenting the invention abroad, before the date of the U.S. application, on an application filed more than a year before filing in the U.S., are loss of right provisions and in no way relate to prior art. Of course, (c), (d), and (f) have no relation to § 103 and no relevancy to what is “prior art” under § 103. Only the remaining portions of § 102 deal with “prior art.” Three of them, (a), (e), and (g), deal with events prior to applicant’s *invention* date and the other, (b), with events more than one

clear, and that the concurrence erroneously stated that in “past cases we have based our thinking on ‘the proposition that *everything* in section 102 is prior art.’”²⁹ Judge Rich noted that the heading of section 102 forecasts that the section deals with the two questions of “novelty and loss of right.”³⁰ Section 102 “also deals with originality in subsection (f).”³¹ Subsection (f) states that the person who did not himself invent the subject matter has no right to a patent on it.³² Subsection (c) covers abandonment and subsection (d) covers the first patenting of the invention abroad, before the date of the United States application, on an application filed more than a year before filing in the United States.³³ Judge Rich argued that these subsections are loss of right provisions, are in no way related to “prior art,” and that these subsections, along with subsection (f), have no relation to section 103 and no relevancy to what is “prior art” under section 103.³⁴ Judge Rich opined that only the remaining portions of section 102 dealt with “prior art.”³⁵ Subsections (a), (e), and (g) cover events prior to an applicant’s invention date, while subsection (b) covers those events that occur more than one year prior to the United States application date.³⁶ Judge Rich concluded that these subsections are the “prior art” subsections.³⁷ Judge Rich’s argument is the clearest statement of the inapplicability of section 102(f) as prior art under section 103 to be found in the case law.³⁸

year prior to the U.S. *application* date. These are the “prior art” subsections. *Id.* (emphasis in original).

29. *Id.* (emphasis added).

30. *Id.*

31. *Id.*

32. *See In re Bass*, 474 F.2d at 1290.

33. *See id.*

34. *Id.*

35. *Id.*

36. *See id.*

37. *Id.*

38. *See In re Clemens*, 622 F.2d 1029, 1040 (C.C.P.A. 1980) (effectively deriding a standard of patentability which measure’s an applicant’s contribution against “secret prior art.”).

D. *The Federal Circuit's Treatment of Derivation of Invention under Section 102(f)*

Judge Rich, in *Kimberly-Clark Corp. v. Johnson & Johnson*,³⁹ continued to emphasize that the use of “secret” art as prior art under section 103 is disfavored for reasons of public policy.⁴⁰ Judge Kashiwa issued a concurring opinion clarifying his construction “that the invention of another under section 102(g), to be available as prior art for a section 103 determination, must have been disclosed in an issued U.S. patent.”⁴¹ Judge Kashiwa was motivated by a concern that the court was unduly expanding the scope of prior art within the meaning of section 103.⁴²

Judge Kashiwa's concern was not unwarranted. In *New England Braiding Co., Inc. v. A.W. Chesterton Co.*,⁴³ the Federal Circuit affirmed the lower court's denial of plaintiff's motion for a preliminary injunction, refusing to overturn the district court's ruling that plaintiff was not likely to overcome the defense of derivation of invention under section 102(f).⁴⁴ This decision is unremarkable except for the declaration that a patent is invalid under section 102(f) if “at least so much of the claimed invention as would have made it obvious to one of ordinary skill in the art” is derived from another.⁴⁵ The decision cites *Agawam Co. v. Jordan*⁴⁶ and *DeGroff v. Roth*⁴⁷ in support of the proposition.

Agawam consistently speaks of derivation of a “complete invention” or a “complete and perfect machine” as a precondition to patent invalidation.⁴⁸ The language in *Agawam* on which the *New England Braiding* court relied stands for the proposition that the derived idea must have been so complete as to have “enabled an ordinary mechanic, without the exercise of any ingenuity and spe-

39. 745 F.2d 1437 (Fed. Cir. 1984).

40. *See id.* at 1446.

41. *Id.* at 1461 (Kashiwa, concurring).

42. *See id.*

43. 970 F.2d 878 (Fed. Cir. 1992).

44. *See id.* at 884.

45. *Id.* at 883.

46. 74 U.S. (7 Wall.) 583, 602-03 (1868).

47. 412 F.2d 1401, 1405-06 (C.C.P.A. 1969) (relying on the same language from the *Agawam* decision).

48. *Agawam*, 74 U.S. at 603.

cial skill on his part, to construct and put the improvement in successful operation.”⁴⁹ The characterization of an ordinary mechanic reducing a complete conception to practice is not to be confused with a person of ordinary skill in the art making an obvious modification to an incomplete conception. *Agawam* does not support the use of section 102(f) subject matter as prior art under section 103.⁵⁰

The *OddzOn Products* decision also discussed *Lamb-Weston, Inc. v. McCain Foods, Ltd.*⁵¹ In *Lamb-Weston*, although the majority declined to reach the issue of whether section 102(f) defines prior art for an obviousness determination under section 103,⁵² Judge Newman dissented, chastising the majority for what she felt was an erroneous invocation of section 102(f) to provide the necessary “motivation” for a determination of obviousness.⁵³ Judge Newman outlined the rationale of *In re Bass* and *Kimberly-Clark* that section 102(f) is not prior art, “which is defined as actual or presumed public knowledge.”⁵⁴ The majority merely noted contrary authority without discussing the merits.⁵⁵

49. *Id.* at 602-03.

50. *See* *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1577-78 (Fed. Cir. 1997) (stating that “*New England Braiding* . . . did not incorporate an obviousness test into the [section 102(f)] analysis.”)

51. 78 F.3d 540 (Fed. Cir. 1996).

52. *See id.* at 544 n.1. The court stated:

This court [does] not reach the . . . issue of whether section 102(f) . . . defines prior art for an obviousness determination under section 103 [because] . . . the Matsler and Jayne potato slices [(the end-products of earlier inventions)] were separate from the machines that produced them and [thus] were not confidential.

Id.

53. *Id.* at 546.

54. *Lamb-Weston*, 78 F.3d at 549.

55. *See id.*

II. THE FEDERAL CIRCUIT'S RULING BLESSES A NEW CATEGORY OF PRIOR ART FOR DETERMINING OBVIOUSNESS UNDER SECTION 103

A. *The Facts and Procedural History of OddzOn Products*

In *OddzOn Products*, the plaintiff, OddzOn Products, Inc. (“OddzOn”), alleged infringement of its U.S. Patent D346,001.⁵⁶ The ‘001 patent protects the ornamental features of a foam, foot-ball-shaped ball with a tail and fin structure sold by OddzOn.⁵⁷ The defendant, Just Toys, Inc. (“Just Toys”), sold a competing product with similar features.⁵⁸ On a motion for summary judgment, the district court found that two confidential ball designs had been disclosed to the inventor of the OddzOn ‘001 patent and had “inspired” the inventor in his patented design.⁵⁹ The district court determined that the disclosure of the confidential designs qualified as subject matter within the meaning of section 102(f) and could be combined with other prior art designs for purposes of an obviousness challenge under section 103.⁶⁰ The district court nonetheless ruled that the patented design would not have been obvious in light of the prior art, including the two confidential designs.⁶¹

B. *The Federal Circuit Construed Prior Art under Section 103 to Include Non-Public Subject Matter Derived from Another under Section 102(f)*

On appeal, OddzOn challenged the trial court’s ruling that section 102(f) subject matter is prior art for purposes of obviousness under section 103.⁶² Judge Lourie, writing for the court, noted that the issue had not been decided expressly by the Federal Circuit.⁶³ The court acknowledged the logical rationale for a contrary hold-

56. 122 F.3d 1396, 1399-1401 (Fed. Cir. 1997).

57. *See id.* at 1399.

58. *See id.*

59. *Id.* at 1400-01.

60. *See id.*

61. *See id.* at 1400.

62. *See OddzOn Prod.*, 122 F.3d at 1401.

63. *See id.*

ing,⁶⁴ but affirmed the district court's ruling and held that "a fair reading of [section 103], as amended in 1984, leads to the conclusion that [section 102(f)] is a prior art provision for purposes of [section 103]."⁶⁵

Judge Lourie deftly explained the prior art and loss-of-right subsections in section 102. Subsections (a), (b), (e), and (g) are clearly prior art and "relate to knowledge manifested by acts that are essentially public."⁶⁶ Subsections (c) and (d), on the other hand, are loss-of-right provisions triggered by an inventor's failure to pursue a patentable invention in a timely fashion.⁶⁷ Judge Lourie then summarized longstanding patent law doctrine that "prior art" is knowledge available to the public, and he elucidated the policy of preferring later inventors who use the patent system over prior, but non-public, inventors.⁶⁸

Having cited Judge Rich's dicta in *In re Bass*, to the effect that section 102(f) has "no relation to [section 103] and no relevancy to what is 'prior art' under [section 103],"⁶⁹ Judge Lourie seemed poised to declare that section 102(f) subject matter is not prior art for purposes of section 103. It was not to be.

Judge Lourie, almost abruptly, quoted the language contained in the 1984 amendment to section 103: "[s]ubject matter developed by another person, *which qualifies as prior art only under subsection (f) or (g) of section 102 . . . shall not preclude patentability under this section . . .*"⁷⁰ While this statutory language does not state affirmatively that subject matter under section 102(f) is prior art under section 103, Judge Lourie reasoned that this conclusion is "inescapable" because "the language that states that [section 102(f)] subject matter is not prior art under limited circumstances clearly implies that it is prior art otherwise."⁷¹ He then attempted to justify the ruling, but in doing so, underscored the difficulty

64. *See id.* at 1402.

65. *Id.* at 1401.

66. *Id.* at 1402.

67. *See id.*

68. *OddzOn Prod.*, 122 F.3d at 1402.

69. *Id.*

70. *Id.* at 1403 (quoting 35 U.S.C. § 103(c) (1994)) (emphasis in original).

71. *Id.*

with the statutory language and the construction the court felt compelled to announce.

Thus, according to the rule of *OddzOn Products*, an invention may be unpatentable for obviousness under section 102(f)/section 103, even though the patentee contributed an improvement to a non-public idea derived from another to achieve a complete conception of the claimed invention.⁷²

III. DISCUSSION AND ANALYSIS

The holding in *OddzOn Products* fails to comply with the historical rationale and policy behind the derivation of invention defense and also cuts against the important public policy of encouraging inventors to use the patent system and share the benefits of their inventions with the public.⁷³

A. *The Hypothetical Case of Mr. Goodidea and Mr. Patentee*

While the factual circumstances of *OddzOn Products* are, perhaps, somewhat rare (at least based upon the relative dearth of reported decisions under section 102(f)), the use of ideas derived from others occurs often enough to merit discussion.⁷⁴ Suppose that Mr. Goodidea conceives a novel subject matter that I will call "A." For any number of reasons, such as the wish to maintain secrecy, or a lack of money, or interest, Mr. Goodidea does not publish, patent, or in any way publicly use or disclose subject matter A. Then, perhaps through some casual conversation, an error in judgment, or formal discussions convened pursuant to an executed nondisclosure agreement, Mr. Goodidea discloses subject matter A to Mr. Patentee.

Mr. Patentee is a titan of industry and inventor of some renown. He has fifty United States patents to his credit and has founded and successfully established two businesses built around his patent portfolios. Mr. Patentee, possessing Mr. Goodidea's

72. *See id.*

73. *See id.* at 1403-04.

74. *See id.* at 1396-1401. One commentator has noted that "[i]n one sense every invention is nothing but the result of new uses of old materials." Federico, *supra* note 14, at 177.

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conception of subject matter A, cogitates. He runs some experiments and diligently records the results that fill ten pages in his inventor's notebook. Mr. Patentee cogitates some more. Finally, Mr. Patentee modifies and refines subject matter A, reduces the invention to practice and files a patent application in his own name for the invention. The patent application necessarily discloses subject matter A to comply with section 112 of title 35 of the United States Code.⁷⁵

Mr. Patentee immediately creates a market for the invention. After two years of manufacturing refinements and \$20 million in advertising expenses, sales are a robust \$100 million annually. Mr. Patentee's shareholders are ecstatic. His customers are even happier. Mr. Goodidea, having read about the success of the invention in the local newspaper, gushes with praise for Mr. Patentee: "That Mr. Patentee is something else. I wish I had his drive and determination."

All is fine until Mr. Patentee's top sales representative reports that a major competitor has knocked-off the invention and is grabbing Mr. Patentee's market share. Mr. Patentee's lawyers commence an action for willful patent infringement and move for a preliminary injunction. Mr. Patentee, brimming with confidence as he enters the courtroom, leaves eight hours later a beaten man. District Judge Smart denied the request for a preliminary injunction. Judge Smart found that Mr. Patentee could not establish a likelihood of success on the merits because, under the rule of *OddzOn Products*, subject matter A—although not a complete conception of the invention—was prior art under sections 102(f) and 103.⁷⁶ Thus the patent was rendered invalid for obviousness.

75. Section 112 mandates that the patent application "contain a written description of the invention and the manner and process of making and using it" 35 U.S.C. § 112 (1994).

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

B. *Should the Rule of OddzOn Products be the Law?*

1. The Importance of Prior Art Being Publicly Available

It bears repeating that the above hypothetical fact pattern, like the *OddzOn Products* case, assumes that Mr. Goodidea's conception of subject matter A was non-public and not the subject of a patent application. Thus, it could not be prior art under section 102(a), (b), or (e).⁷⁷ Section 102(g) might be invoked, but it is further assumed that Mr. Goodidea abandoned, suppressed, or concealed his idea, as in *OddzOn Products*.⁷⁸ Therefore, only section 102(f)/section 103 is at issue.⁷⁹

Subsections (a), (b), (e), and (g) of section 102 have been read into the "prior art" provision of section 103 on the theory that the subsections all relate to knowledge that is published, or eventually leads to, publication.⁸⁰ Thus, the policy of benefiting the public, through early publication and guarding against a patent grant that attempts to withdraw technology already in the public domain,⁸¹ is consistently maintained in a section 103 analysis focusing on that which is obvious from what *could have been known* by one—anyone—of ordinary skill in the art. That rationale does not apply to subject matter under 102(f) because the subject matter could not have been known to anyone, that is everyone, of ordinary skill—in our case it was known to only particular individuals, Mr. Goodidea and Mr. Patentee.

77. Subsections (a) and (e) deal with events prior to the applicant's invention date, and (b) with events more than one year prior to the application date. These are the "prior art" provisions. See 35 U.S.C. § 102 (1994); see also *In re Bass*, 474 F.2d 1276, 1290 (C.C.P.A. 1973) (discussing the prior art provisions of section 102).

78. In *OddzOn Products*, the confidential designs had been disclosed to the inventor. See *OddzOn Prods.*, 122 F.3d at 1400-02. Similarly, Mr. Goodidea's idea was non-public and disclosed only to Mr. Patentee.

79. Subsection (f) states a person is not entitled to a patent if the inventor himself did not invent the subject matter. See 35 U.S.C. § 103 (1994).

80. See *OddzOn Prods.*, 122 F.3d at 1402; *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, 78 F.3d 540, 548-49 (Fed. Cir. 1996); *In re Clemens*, 622 F.2d 1029, 1039-40 (C.C.P.A. 1980); *In re Bass*, 474 F.2d 1276, 1286-87 (C.C.P.A. 1973).

81. See *Graham v. John Deere Co.*, 383 U.S. 1, 6, (1966); *OddzOn Prods.*, 122 F.3d at 1402 (citing *W.L. Gore & Assoc. v. Garlock*, 721 F.2d 1540, 1550 (Fed. Cir. 1983)); *Kimberly-Clark Corp. v. Johnson & Johnson*, 745 F.2d 1437, 1453 (Fed. Cir. 1984).

2. Derivation of Invention Is an Equitable Defense

The defense of derivation of invention, now codified in section 102(f), is, and always has been, a limited exception to the rule of law favoring later inventors who use the patent system and publish their inventions over prior inventors who do not publish their inventions.⁸² It is a personal defense grounded in equity, because the defense is based on personal, private knowledge.⁸³ The courts will not permit a person to obtain or maintain a patent for subject matter that is wholly another's invention. Just as the tortious conversion or criminal theft of personal property is illegal, so too is the conversion or theft of intellectual property.⁸⁴ The key, it would seem, is whether there is a culpable *mens rea* and a taking of a complete conception on the part of the patentee to justify invalidating a patent.

In the situation where a patentee takes a complete conception from someone else and patents it as his own, there is a clear fraud, evidenced by a false declaration of inventorship, and section 102(f) nicely fits the bill to invalidate the patent. The culpable *mens rea* is readily apparent. But what of Mr. Patentee and Mr. Goodidea? Hasn't Mr. Patentee benefited the public by utilizing the patent system to publish a true invention? Has Mr. Patentee really committed a fraud by filing a patent application reflecting his inventive contribution? Are Mr. Patentee and Mr. Goodidea joint inventors of the invention? If so, how can the non-public, personal knowledge of Mr. Goodidea be used as prior art?⁸⁵ Sections 102(f) and 103 do not adequately address these issues.

82. See *Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583, 602 (1868); *OddzOn Prods.*, 122 F.3d at 1401-02.

83. See *Atlantic Works v. Brady*, 107 U.S. 192, 202-04 (1883); *Agawam*, 74 U.S. at 597, 602-03.

84. See MICHAEL A. EPSTEIN, *MODERN INTELLECTUAL PROPERTY*, at § 9.02 (3d ed. 1998) (discussing the National Stolen Property Act and its application to personal and intellectual property).

85. In a situation of true joint inventors, the prior knowledge of one of the inventors cannot be used as prior art. See *Shields v. Halliburton*, 667 F.2d 1232, 1236-37 (5th Cir. 1982).

3. Correction of Inventorship Analysis Is a Better Way to Resolve the Issue of Derivation

Correction of inventorship provides a better way to resolve the issue of derivation, as provided for in section 256 of title 35.⁸⁶ Section 256 states that the Commissioner has the authority to issue a certificate correcting an error in an issued patent where the error did not arise out of any deceptive intention.⁸⁷ Such error includes a person being named in an issued patent as the inventor or through error an inventor is not named in an issued patent.⁸⁸ The certificate may be issued upon application of all the parties and assignees to the patent, with proof of the facts and such other requirements as may be imposed.⁸⁹ An error whereby the inventors are omitted or the named person was not the inventor does not invalidate the patent if the error can be corrected pursuant to section 256.⁹⁰

A determination of proper inventorship under section 256 requires two important findings: (i) an identification of the individuals who made an inventive contribution to the claimed invention and (ii) whether there was deceptive intent in the nonjoinder (or misjoinder) of any inventor.⁹¹ Significantly, if the omission of an inventor can be corrected under section 256, the statute affirmatively precludes a finding that the patent is invalid.⁹²

As applied to our fact pattern, a trier-of-fact would determine whether Mr. Goodidea and Mr. Patentee both made an inventive contribution to the claimed invention. If the jury finds that both

86. 35 U.S.C. § 256 (1994). Section 256 states:

Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose *without any deceptive intention* on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error. The error of omitting inventors or naming persons who are not inventors *shall not invalidate the patent* in which such error occurred if it can be corrected as provided in this section

Id. (emphasis added).

87. *See id.*

88. *See id.*

89. *See id.*

90. *See id.*

91. *See id.*

92. *See id.*

individuals made separate inventions, Mr. Patentee retains his patent and nothing changes. If they are found to be joint inventors,⁹³ inventorship will be corrected and the validity of the patent maintained, but only if Mr. Patentee is found to have acted without deceptive intent by filing and prosecuting the patent application solely in his name.⁹⁴ If it is decided that only Mr. Goodidea, but not Mr. Patentee, made an inventive contribution to the claimed invention, then the patent will be invalidated under section 102(f), because such a finding would necessarily mean that Mr. Patentee derived a complete conception of the claimed invention from Mr. Goodidea.⁹⁵ Thus, there is no reason to consider subject matter derived from another in accordance with section 102(f) as prior art under section 103.

Employing a correction of inventorship analysis rather than an analysis under sections 102(f) and 103 makes sense.⁹⁶ If there are entirely separable inventions or a joint invention with no deceptive intent on the part of Mr. Patentee, an otherwise patentable invention remains patentable. Mr. Patentee has made a valid contribution to the inventive concept and has taken an idea that, but for Mr. Patentee's diligence and effort, would *never* have been published or patented. It would have remained undetected amid the rubble of other discarded ideas.

93. 35 U.S.C. § 116 (1994) provides, in relevant part:

Inventors may apply for a patent jointly even though (1) they did not physically work together or at the same time, (2) each did not make the same type or amount of contribution, or (3) each did not make a contribution to the subject matter of every claim of the patent.

Id.

94. See generally 35 U.S.C. § 256 (1994); *Eli Lilly & Co. v. Premo Pharmaceutical Labs., Inc.* 630 F.2d 120 (3d Cir.) (holding that a patent application was valid where it: (1) adequately disclosed information about the nonobvious trait of the drug cephalixin, and (2) where the trait was readily identifiable by persons trained in prior art), *cert. denied*, 499 U.S. 1014 (1980).

95. The filing of the patent application by Mr. Patentee and publication of the patent however will likely preclude Mr. Goodidea from ever obtaining his own patent if he is determined to be the sole inventor.

96. Both *Agawam* and *Shields* recognize the applicability of a joint inventorship and/or correction of inventorship analysis under similar factual circumstances. See *Agawam Co. v. Jordan*, 74 U.S. (7 Wall.) 583 (1868); *Shields v. Halliburton*, 667 F.2d 1232, 1236 (5th Cir. 1982); cf. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573, 1578 (Fed. Cir. 1997).

Mr. Patentee should be rewarded rather than penalized because he has 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.⁹⁷ Even Mr. Goodidea benefits from being named a joint inventor with indivisible rights in the patent.⁹⁸

C. The Legislative History of the 1984 Amendment to Section 103 Does Not Provide Clear Guidance on What Constitutes Prior Art under Section 103

Judge Lourie, reflecting on the language of the 1984 amendment to section 103, was correct: "[t]here was no clearly apparent purpose in Congress' inclusion of section 102(f) in the amendment other than an attempt to ameliorate the problems of patenting the results of team research."⁹⁹ Certainly a reference only to section 102(g) would have been sufficient to accomplish the purpose, but the inference the court draws from the statutory reference to section 102(f) may not be so compelling.¹⁰⁰

The legislative comment cited by Judge Lourie acknowledges only the possibility that "an earlier *invention* which is not public

97. The Court in *Agawam* specifically cited this possibility. See *Agawam*, 74 U.S. at 604.

98. Some might argue that this is not entirely fair in view of Mr. Goodidea's failure to publicize his idea or use the patent system to benefit the public. Mr. Patentee and Mr. Goodidea could well reach an economic solution through arm's length bargaining to value Mr. Goodidea's contribution, but even so, this potential for dispute seems a lesser evil than nullifying legitimate patent rights.

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

100. Section 102(g) provides in part:

[I]n determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 102(g) (1994). Section 102(f) states in relevant part, "he did not himself invent the subject matter sought to be patented." 35 U.S.C. § 102(f) (1994).

may be treated under section 102(g), and possibly under 102(f), as prior art with respect to a later *invention* made by another employee of the same organization.”¹⁰¹ The legislative history goes on to emphasize that “the amendment is not intended to enable appropriation of the *invention* of another.”¹⁰² In both cases, the word “invention” is used, thus implying that the prior art must be a complete conception rather than only a partial idea that might lead to invalidity for obviousness under section 103.

On the other hand, the legislative history states that the amendment to section 103 “makes clearer that *information* learned from or transmitted to persons outside the inventor’s immediate organization is not disqualified as prior art.”¹⁰³ It seems the limited exception intended by the amendment to section 103—promoting unencumbered communication among members of research teams working in corporations, universities, or other organizations—has had the unintended effect of creating a new category of prior art.¹⁰⁴

CONCLUSION

The Federal Circuit’s holding in *OddzOn Products*, that subject matter under section 102(f) may be used as prior art for purposes of an obviousness determination under section 103, is the result of an inferential statutory construction that leaves room for debate. The legislative history is inconsistent on the point and is not fleshed out in any detail, and the court’s holding undermines the purpose of section 102(f). The provisions of section 256, regarding correction of inventorship, provide a better analytical framework to resolve the issues resulting from the communication of non-public information from one person to another who later obtains a patent.

101. See *Section-by-Section Analysis: Patent Law Amendments Act of 1984*, 130 CONG. REC. H10525 (1984), reprinted in 1984 U.S.C.C.A.N. 5827, 5833 (emphasis added).

102. *Id.* at 5834 (emphasis added).

103. *Id.* at 5834. (emphasis added).

104. *Id.* at 5833.