SECRET PRIOR ART - SECTION 102(g)

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It is doubtful there is an area in patent law with greater ferment and confusion and which was more muddled and unsettled and had wider pendulum swings than the area of secret prior art and Sections 102(g)/103. The articles and talks on this subject are legion.

It was on last year's program, too. One of the papers dealt with this very subject in discussing 35 U.S.C. Sec. 103 as amended by Public Law No. 98-622 (1984) and the then recent CAFC decision, Kimberly-Clark v. Johnson & Johnson, 223 USPQ 603 (Fed. Cir. 1984). The conclusion drawn in said paper was that the

> "amendment to 35 USC 103 reassures the in-house inventor that his company's prior non-public inventions do not qualify as §§102(g) or (f)/103 prior art. For the 'outside' inventor, however, the law is less clear. Kimberly-Clark suggests that there may exist a substantial body of latent §§102(g)/103 prior art which poses a continuing threat to the patentability of his inventions." (Handbook, "First Annual Joint Patent Seminar", May 7, 1985, p. 10)

The law is now indeed clear with respect to team-work inventions and I submit that the law is now also settling as regards all other inventors. For an appreciation of the change and progress, let us revisit briefly In re Bass, 177 USPQ 178 (CCPA 1973), and its progeny.

In re Bass was bad and controversial enough, even though it merely held

> "...that the prior invention of another who had not abandoned, suppressed or concealed, 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 §103 by virtue of §102(g)." (177 USPQ at 201.)

But the Patent and Trademark Office and the district courts lost no time extending the Bass rule unduly. I listed a slew of rejections and decisions that we started to see in my prior articles in this area (vid. 58 JPOS 523, 527-529 and 61 JPOS 593, 598-599).

The broadest and most drastic applications of Section 102(g) can be found in Westwood Chemical v. Dow Corning, 189 USPQ 649 (E.D. Mich. 1975) and Grain Products v. Lincoln Grain, 191 USPQ 177 (S.D. Ind. 1976). In the former a patent held by Westwood on pigmented silicone elastomers was held invalid in the face of a Section 102(g) defense based on prior independent secret work done at Dow Corning. The court held that a

> "'prior invention' which will invalidate a patent under § 102(g) need not involve use of the invention in public. Prior private or secret knowledge is available as prior art.... This independent work of others is also clear evidence of obviousness." (Id. at 666)

In the latter, a patent applied for by defendant in 1960 on cold-water-dispersible cereal products was voided under Section 102(g) because in 1949 (!) an employee of plaintiff "produced gelatinized cereal adhesive on a plastic extruder... (and) made 35 tests (!) using corn meal and flour and varying moisture, die area, feed rate and extruder temperature". The court considered this work as the "prior invention of the subject matter" of defendant's patent by plaintiff's employee.

No wonder the authors of Patent Law Perspectives and other commentators raised a veritable hue and cry and the corporate patent bar descended on Congress to overturn these cases legislatively, especially after In re Clemens, 206 USPQ 289 (CCPA 1980), made things worse for inventors in team-work situations when it added an explicit knowledge requirement to the Bass rule. Such a requirement was clearly implicit in In re Bass and also in Kimberly-Clark. Prior inventions of co-workers were involved and the patent applicants or patentees in suit had knowledge of such prior inventions. In re Clemens

was perceived to be extremely discriminatory. It was the straw that broke the camel's back and thus it came to pass that this line of cases was neutralized by P.L. 98-622 and we have clarity and uniformity as regards prior inventions made in corporate and University settings not constituting prior art under Secs. 102(g)/103.

Now, as regards other inventors, unaffected by P.L. 98-622, we still have a problem according to the authors of last year's paper. Or do we? If so, how big a problem is it? I submit it's manageable and we can live with it, especially if we keep in mind that, as George Frost reminded us,

> "In a first ~~of~~ to invent system, it ... makes sense to have prior art items measured by the date of invention.
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> If we are going to permit the patentee to gain benefit from having made his invention before the application filing date, then in all logic we need to regard some acts prior to the filing date from the standpoint of precluding patentability." (George E. Frost, "Prior Art-Logical and Illogical", unpublished, pp. 6, 16.)

There are several good reasons why this problem may not be all that serious and nothing to loose sleep over.

1) For starters and as was clearly stated in Kimberly-Clark, "the use of ... secret (prior) art - as §103 'prior art' - except as required by §102(e), is not favored for reasons of public policy." (223 USPQ at 607). It's noteworthy that In re Clemens was relied on for this statement. Note also the categorical statement in Gore v. Garlock, 220 USPQ 220, 226 (D.C. N.D. Ohio 1982), aff'd 220 USPQ 303 (Fed. Cir. 1983) that "(s)ecret uses do not constitute prior art".

2) As a corollary and as in also clear from the Bass, Clemens and Kimberly-Clark fact patterns and holdings, the prior inventions in order to be treated as prior art have to be disclosed in patents (paralled to Sec. 102(e)) or at least become publicly available at some reasonable point in time.

3) Sec. 102(g) has by its very terms built-in safeguards. Any such prior invention has to have been reduced to practice rather than constitute a mere conception or an incomplete abandoned experiment. A clear reduction to practice is not always the case and not always provable.

4) Furthermore, this prior invention must not have been abandoned, suppressed or concealed and abandonment, suppression and concealment does take place not infrequently and carrying the burden of proof on this issue has its problems, too.

5) Inventions made abroad, i.e. inventions underlying U.S. patents of foreign origin, foreign patents and foreign publications, could never constitute Sec. 102(g) prior art. Since the body of foreign art and U.S. patents of foreign origin is vastly growing, this is not a minor exception.

With all these limits and safeguards and with the heavy burden of proof required to establish a Secs. 102(g)/103 defense, there is no need to despair. Besides, Judge Rich may have a point when he states in Bass that many other attacks on patentability are easier to establish and "it is a rare case where the effort of going back to the date of invention of a prior inventor is worth the cost". (177 USPQ at 186.) He also added that Sec. 102(e) makes U.S. patents prior art for all purposes as of the filing dates and "the date of invention is usually not enough earlier to make a difference in the result." (Ibidem.)

He may have a point indeed but for another reason. If the alleged invention is indeed much earlier a serious question of abandoned experiment or suppression (or perhaps forfeiture as per Levinson v. Nordskog, 163 USPQ 52 (C.D. Cal. 1969), or Advanced Hydraulics v. Otis Elevator Co., 186 USPQ 1 (7th Cir. 1975) cases arises.)

This brings me to a very recent case which illustrates the retreat from, if not revolt against, such post-Bass holdings as Westwood Chemical and Grain Products. This case is Windsurfing International v. Ostermann, 277 USPQ 927 (S.D. N.Y. 1985), aff'd 228 USPQ 562 (Fed. Cir. 1986).

The Windsurfing court recognized that the prior art reference would be prior within the meaning of the statute, citing Kimberly-Clark only if the reference

inventor was reasonably diligent in furthering the invention during the period immediately before the patentee's concept and up to his own constructive reduction to practice. Although the reference inventor was reasonably diligent in sending back the revisions of a draft patent application, the application was mistakenly misfiled in the attorney's office, and when the attorney notified the referenced inventor of the accidental misfiling, the inventor noted that his reply was also a bit late and that the attorney should not be concerned about his delay. He also made the comment that "I have been very content to let the kite board lie dormant". The court felt that the inventor was not diligent during the critical period of about seven months relating to actually reducing his ivention to practice nor did he take diligent steps toward constructive reduction to practice during the relevant period. Therefore the reference inventor's work was not prior art under §102(g).