When is Private Really Public?

Question of Research Tools and Patents

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Good news for inventors. Using an invention secretly in one's own shop, even for a period longer than a year, will not by itself cause a court to invalidate a patent filed later to protect the invention. This rule was pronounced in response to a defense where an accused infringer of a patent asserted that the patent was invalid due to prior public use. The question turns on how the phrase public use is defined.

Under Section 102(b) of U.S. patent law[1], knowledge, once placed in the public's hands, ultimately stays with the public. An inventor can seek, be granted, and enjoy a temporary right to exclude others from making, using, or selling his/her invention, but sooner or later, the knowledge is supposed to enter the public domain.

If the prior use started more than one year before the patent application was filed, then the public use phrase of Section 102(b) may be the weapon that forces entry of the patented invention into the public domain sooner than upon the patent's statutorily determined expiration.

The good news for inventors is that the Federal Circuit, the court to which patent cases are appealed, recently provided us with a better understanding of what a public use is.

The Federal Circuit discussed recently how using an invention prior to filing for patent may or may not be fatal to an issued patent. In *Invitrogen Corp. v. Biocrest Manufacturing, L.P., et al.*[2], decided October 5, 2005, the Federal Circuit held that the secret use of an invention internally to develop future products that were not sold before a patent application was filed is not a public use under U.S. patent law. For more than a year prior to filing for the patent, Invitrogen neither sold nor offered for sale its claimed process or any products made with it, and kept the invention entirely confidential within the company. Sounds familiar, doesn't it?

Have an Invention, Will Use It

The facts of the Invitrogen case do not appear unique and, perhaps, are also common among biotech-related efforts, where tools are often developed that are essential to creating new and useful products for end-users. Invitrogen developed such a tool and belatedly filed for a patent. After being granted a patent, Invitrogen sued the defendants for their infringing use of a process for producing transformable *E. coli* cells. A U.S. District Court in Texas held that whereas the patent was infringed and not invalid for indefiniteness, it was nevertheless invalid because of public use under Section 102(b) of the U.S. patent law.

How does Invitrogen's confidential prior use of the claimed process render its patent invalid under a public use theory? The District Court used a balancing test to consider the "totality of the circumstances" and reasoned that whereas Invitrogen had used the claimed process secretly in its own laboratories, it had done so in furtherance of its commercial position.

The judge reasoned that the secret use benefitted other projects that were commercial and the secret use started more than a year prior to the patent's filing date. The use was, therefore, deemed public, and the patent was declared invalid. Indeed, precedential case law holds that a trade-secret process used to make a product that is sold or otherwise available to the public for more than one year before filing for a patent cannot be the subject of a valid patent claim. Accordingly, the lower court's decision, while not strictly following precedent, was not far-fetched.

Assessing the Public Nature of a Use

Many question a standard of law where even when one expends the effort to hold an invention as a trade secret, a court can decide to invalidate a later-filed patent application on a theory where the prior private use is turned on its head and deemed a prior public use. Can black truly be white in patent law?

The legal question of the public nature or impacts of a private use has been considered many times, but perhaps none more memorable than the 1884 U.S. Supreme Court case of *Egbert v. Lipmann*[3]. In *Egbert*, the inventor of a corset spring gave two samples of the invention to a lady friend. She used the samples for their intended purpose more than two years before the inventor applied for a patent.

Sewn into a corset, the invention was, by its nature, not visible to the public.

Nonetheless, that use of the invention was deemed public by the court. At the time when the samples were given, the inventor and his lady friend did not have a relationship that society traditionally treats in a special manner, as in husband-wife, doctor-patient, and the like, where confidentiality of communications is protected.

Irrelevant were the facts that apart from the lady friend's knowledge and use, the invention was kept secret, the inventor received no commercial advantage (intangible benefits notwithstanding), and they later married each other. According to the Court, it was a public use to give or sell the invention "to another, to be used by the donee or vendee, without limitation or restriction, or injunction of secrecy."

In contrast, the facts of a later case concerned a dentist inventor who installed an inventive orthodontic appliance in several of his patients without eliciting or receiving an express promise of confidentiality[4]. The Federal Circuit recognized the confidential nature of the dentist-patient relationship and therefore did not consider the use public. There was no charge for the use of the device, and the invention was not commercially exploited during the critical period. Accordingly, in *TP Laboratories, Inc. v. Professional Publishers, Inc.*, the dentist's patent was held valid.

These cases stand for the general proposition that an agreement of confidentiality, or a similar expectation of secrecy, may negate a public use where there is no commercial exploitation. Simply put, the corset spring inventor remained a bachelor a tad too long.

The question of commercial exploitation is raised overtly in another clause of Section 102(b) wherein selling an invention prior to patent filing starts the clock that might preclude patentability. Both the on sale and public use bars stem from the same reluctance to allow an inventor to remove knowledge from public use once it has been so introduced.

Following that premise, the U.S. Supreme Court established a two-part on-sale invalidity test in a 1998 decision, *Pfaff v. Wells Electronics, Inc.*, in place of the former "totality of the circumstances" test[5]. The first part of the on-sale test evaluates whether the invention was "ready for patenting" when it was offered for sale. Only if so, the inquiry continues into further analysis of whether the invention was (a) accessible to the public or (b) commercially exploited. Accordingly, applying *Pfaff* to the public use test, secrecy of use alone is not sufficient to show that existing knowledge has been kept from public use; use for a commercial gain is also forbidden.

No Commercialization, No Bar

Now, referring back to the *Invitrogen* case, the Federal Circuit overturned the District Court's ruling because it misapplied Section 102(b). The lower court applied a "totality of the circumstances" test of public use, whereas public use under Section 102(b) should be found after the following inquiries: (1) prior to one year from the filing date of a patent, was the claimed invention both in public use and ready for patenting; (2) if both characteristics were found, was the use accessible to the public or commercially exploited?

Regarding the first prong for a public use analysis, an inventor's own work cannot be used to invalidate patents unless the inventor places the invention on sale or uses it publicly more than a year before filing a patent application. To qualify as public, a use must occur without any limitation or restriction, or injunction of secrecy. In *Invitrogen*, the invention was maintained as a trade secret, i.e., under a strict obligation of secrecy.

Citing *Pfaff*, the Federal Circuit acknowledged that secrecy alone is not sufficient to show that existing knowledge has not entered public use. The second prong of the public use analysis, i.e., commercial exploitation, must also be addressed. In this case, there was no commercial exploitation of the invention. Invitrogen did not give or sell its invention to another, nor did Invitrogen use it to create a product given or sold to another. Accordingly, the facts in the *Invitrogen* case were insufficient to erect a public use bar to patentability under Section 102(b).

Still, an agreement of confidentiality is not essential to render a use not public. For example, in *Moleculon Research Corp. v. CBS, Inc.*, an inventor's private use of the invention, as well as explanations of the operation of his invention to friends and university colleagues, were not deemed to constitute public use[6].

The author of the *Invitrogen* opinion, Judge Rader, provided a hint on how to assess interest in an invention before starting the process and expense of preparing and filing a patent application. Judge Rader stated that "commercial exploitation is a clear indication of public use, but it likely requires more than, for example, a secret offer for sale"[7]. Whether an offer for sale made subject to a confidentiality agreement is enough to withstand an on-sale bar attack under section 102(b) is by no means certain, but taking care to maintain confidentiality presents a compelling argument, as Judge Rader suggests.

Following this fuller understanding of

public use provided by the Federal Circuit, a few thoughts can be passed along. First, keeping a thing or process that furthers research as a trade secret in and of itself should not jeopardize a later-filed patent directed at such an invention, with one caveat: if a second inventor independently invents the same thing later than the first inventor, and files a patent application on it first, the first inventor will lose the chance to get a patent for having concealed the invention.

Second, using the invention as a trade secret to develop a product should not jeopardize the later-filed patent either, that is, not until the product is offered for sale. Once a year has passed since the product was first offered for sale, no patent to the product, its method of making, or a tool used in that method will be free of a Section 102 (b) public use challenge.

And third, before a phone call is made to a prospective partner, customer, or licensee, to see if there is interest it would be prudent to call a patent lawyer. GEN

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[1] 35 USC §112.

[2] *Invitrogen v. Biocrest Mfg*., L.P., No. 04-1273,-1274 (Fed. Cir. 2005).

[3] *Eggbert v. Lipmann*, 104 U.S. 333 (1881).

[4] *TP Laboratories, Inc. v. Professional Publishers*, Inc., 724 F.2d 965 (Fed. Cir. 1984).

[5] *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55 (1998).

[6] *Moleculon Research Corp.* v. CBS, Inc., 793 F.2d 1261 (Fed. Cir. 1986).

[7] Invitrogen at 7. (IS THIS CORRECT AND/OR COMPLETE)