

PRESENTATION:

**INVENTORSHIP AND OWNERSHIP
OF INTELLECTUAL PROPERTY RIGHTS
IN THE UNITED STATES**

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I want to thank Professor Takenaka for giving me this opportunity to talk. I have learned a great deal and I hope to give something back. I would like to speak a little about inventorship and ownership in the Patent and Trademark Office (PTO). I would like to refer to a recent case decided by Judge Rader, and also a case that I was involved in.

As far as the PTO is concerned, we do not really care about inventorship or ownership. The PTO examines the claimed invention rigorously, but does not examine who the inventor is or who the assignor is. We take your word for it. When you order a US patent and look on the top, it says "inventor" and "assignee." That is what you tell us. It is not the business of the PTO to determine who the true inventor is. We have rules to determine inventorship and they have changed in the last 15 years or so. The rules used to be very very rigid; the only person who could apply for the invention was the inventor of that claim. So, if there were multiple inventions and there were two inventors, but both did not contribute to all of those claims, then you could not have filed as joint inventors. In addition, it was very difficult, and inventions were invalidated, when the wrong inventors were named. However, that law has since been changed. Now it is easier, as Professor Adelman has said, to apply for a patent as joint inventors. So both need not have worked on every claim, working on one of the several claims is enough.

Two joint inventors do not have to have contributed the same amount of work. They do not have to work on the invention at the same time. The rules have been changed for applicants to decide how to apply for the patent. In addition, the rules have become simpler to change the inventor, where a correction is required. However, the changes in the invention can be made only if everyone agrees.

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Let us imagine a scenario where two people are working on an invention. The company realizes that a third employee contributed to the invention, and hence wants to change the inventors on the application. The change can be carried out as long as all of the inventors agree. However, as Judge Rader is aware, if the parties do not agree it can get very difficult to know who the inventors actually are. The unnamed inventor, who comes into the picture after the patent has been issued, has a difficult burden to prove that he is indeed one of the inventors. He has to prove by clear and convincing evidence the standard set by our Courts, that he contributed to the claim. He also has to have corroborating evidence. He has to have old documents or notebooks in order to support his claims. So, the unnamed inventor has a difficult time.

Consider *Ethicon v. US Surgical*.¹ Professor Adelman's hypothetical is excellent because he follows many of the facts from this case. Here is what happened. An applicant, a guy named Yoon, applied for a trocar helpful for surgery. That device is used to puncture the skin to insert scopes through it, and it makes surgery much easier and faster. He applied for a patent on it and names himself as an inventor. We issued a patent for it. There were over 50 claims for the invention of the similar sort. He, after the patent was issued, licensed it to a medical company. They in turn sued another company, let us call it company B, and the second company, during discovery, finds out that there was this second person who might have contributed to the claim. The court had not decided, but company B thought that it had, so it went and got a license from the second inventor for \$50,000 or \$100,000. The defendant then had a license from a person who might have contributed to a claim. The other side, however, contested that person's contribution to the claim. Two weeks of the trial was spent on the question of whether the second person was a contributor to the claims. The court ultimately, after a rigorous analysis, decided that he did contribute to the claim. The decision was appealed.

The issue in this case was that, philosophically, you could go either way. Could one person who co-invented one of the 50 claims, have been said to have co-invented all the 50 claims? That sounds like a bonus. Should we then do it claim by claim? Validity is decided claim by claim, infringement claim by claim, so should inventions be decided claim by claim?

¹ *Ethicon, Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 45 U.S.P.Q.2d 1545, 48 (Fed. Cir. 1998).

The decision is good in both the majority and the dissent. The dissent showed that we should do it claim by claim, but there are equitable reasons both ways. Judge Rader relied on several of the statues within the Patent Act and concluded, rightfully, that we start with the presumption that absent a contract to the contrary, two co-inventors co-own all claims. Now why start there? That gives you a base point. As pointed out by Professor Adleman, you are free to contract differently. You can file separate patents or you can file one patent and divide the claims between yourselves, in a contract. However, absent the contract, that is going to be the presumption.

Now you would think that is where the case would end. There are two co-inventors, both sides have licenses and so the case ends. But what company A did, shortly after they lost in the district court, was to file for the reissue application. The Patent Office has made provisions for making corrections in a patent after it has been issued; this is a reissue of a patent. Reissue is a second look at a patent that has been issued so you can correct it. Inventor A came in and said that he made a mistake when he applied for the first patent. He did not intend to claim for all of the 55 patents; he overclaimed. He intended to claim only 53 patents. He wanted a second patent with the remaining two claims naming both inventor A and B as co-inventors. During the litigation, naming the two inventors as coinventors for the claims did not seem valuable to either party. What he wanted to do was carve up the patent, split the patent into two. Guess what, he did not tell inventor B or the company. When they found out, they opposed it.

The Commissioner ultimately decided that he could not do what inventor A asked. He relied on a Federal Circuit decision that specifically dealt with the carving up issue. A footnote in the dissent alluded to it. The tenor of the decision was that we could have done it claim by claim or patent by patent. We have decided to do it patent by patent. If a reissue is filed to carve up the patent, it circumvents the whole issue. That is not the right thing to do.

Secondly, you will not be surprised to hear, we require all inventors to file together, be it a filing for a patent or the reissue. Generally, we do not let people file on behalf of other people. There is an exception if someone does not want to file an application. Here inventor A suggested that he wanted to file for the reissue, but the second inventor did not, and so the PTO should not stop him from applying for the same. We will generally let an inventor file such an application if we believe that such a filing will not adversely affect the rights of that other un-cooperating inventor. Here his rights would definitely have been adversely affected. He would have lost a claim in 53 of the 55 claims if we let inventor A have the reissue.

Thirdly, there was policy. You cannot lead a case on a policy. As Judge Rader will tell you, as soon as you utter the words policy you can be sure to lose the case, since policy has no basis in law. Policy reasons are useful to buttress a decision. Just imagine, if we had gone the other way, for every patent out there having multiple claims and multiple inventors, if one of the inventors came in and carved out the valuable claims, that would certainly affect the other claims. That would lead to uncertainty and randomness in the PTO, and we felt that was not in the best interest of anyone.

Needless to say, we did not allow inventor A to carve up the claims. He then appealed to the District Court, and we filed summary judgments for the same. These two companies were in a lot of litigation and they ultimately decided not to pay their lawyers and decided to cross-license instead. I think the decision is a strong decision and subsequently we will follow it.

The final three points I would like to make are that, in researching and preparing for this case I was involved in, I noticed that when it comes to inventorship and ownership, these cases can get very ugly. They remind me almost of trade secret cases. It is like a divorce. Two people are working on the same thing early on, then someone doesn't get the credit, the relationship kind of deteriorates, and down the road they fight over it. "I did it, she did it, they did it"—it really gets that ugly. This really gets personal, and creates a lot of costs.

How do we prevent this? Contract before anybody starts inventing. If I were a dean at a university, I would, while giving the ID card to a student, get a contract signed.

My last point: I would have all the inventors jointly assign the claims to others. If I were a company, I do not know if I would take assignments from the inventors; the others could undermine you. A Company's policy should be to take assignments from all the inventors. Name all of the inventors properly when you come to the Patent Office. Thank You.

Audience Member: What if there is no contract? All advocate vigorously. What factors will then decide the ultimate rights to the invention, or the use of the invention under some license?

Mr. Whealan: There are about five cases in the universities as to who actually invented. We want the students to first get the case before the faculty jury. However, when the conflict is between the faculty and outside people, things getting nastier and nastier.

If it were the university and a student, we would look at it and say that the student wasn't hired to invent and at the most shop right would apply. A

university licenses its technology to third parties. How would a shop right have any value?

Audience Member: Many of my clients are inventors, but are not clear on, or do not know what "know-how" is. What are you doing about defining know-how?

Mr. Whealan: The scientist's functional value, if it comes out of university ...Know-how was first talked about only in 1975. Only in the last few years has know-how been discussed. International rules should be used as guidance in deciding who the inventors are for a particular claim. According to international law, the owner files the patent application. Hence, there will not be much confusion where the assignment is by the owner. In a joint venture the drafting of the patent application is critical as to whom the patents can be awarded to.

It should also be noted that if the university has certain rights, then the individual who wants to get access to those rights can do so by several ways, one is copyright, another is reverse engineering. Why isn't it infringement when they reverse engineer or copyright? If they reverse engineer the non-copyrightable, but then while implementing it use the copyright, then that is infringement.