ΓED STATES GOVERNMENT

Memorandum

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

TO : Mr. Latker

DATE: September 25, 1967

FROM : Miss Bogosian MCB

SUBJECT : Publication as Effecting Prior Knowledge

Following is a brief synopsis of the leading cases on the subject.

Ex Parte Theimer (100 USPQ 168, Patent Office Board of Appeals, 1952)

Facts: Theimer filed a patent application on a Valve Control Mechanism on July 15, 1948. In October 1947 an article appeared in "Industrial and Engineering Chemistry," authored by Kieselbach which disclosed work similar to Theimer's. The footnote to the article read that the material had been submitted July 16, 1946. Theimer introduced an affidavit under Rule 131 swearing behind the publication date of the Kieselbach article - but the affidavit proved reduction to practice after July 1946. The Primary Examiner rejected the claims.

Question: Whether the received date indicated in the footnote of the reference article is effective to establish the article as an anticipatory reference predicated upon prior knowledge.

Holding: On appeal the decision was affirmed.

Reasons: The footnote, "Received July 16, 1946," in the Kieselbach article constitutes prima facie evidence of prior knowledge by others of the contents of the article. In the absence of a showing to the contrary, it is reasonable to assume that the Kieselbach article was received by the publisher and that its contents became known by others about the date of reception of the article. Whether or not Kieselbach was a prior inventor is not in issue here.

Ex Parte Speier (100 USPQ 169, Patent Office Board of Appeals, 1952)

Reasons: Article published in October 1945 issue of domestic magazine is available as reference where applicant's invention was completed in September 1945, since printed article bears notation "received June 15, 1945." Submission of a disclosure for publication in this country at date prior to date applicant alleges he completed his invention constitutes prima facie evidence of prior knowledge by others inconsistent with applicant's claim of novelty.

Ex Parte Perley and Godshalk (72 USPQ 396, Patent Office Board of Appeals, 1946).

Reasons: Article was presented before Electrochemical Society in October 1940 but was received by Society January 1939, prior to applicant's July 1940 filing date; article is valid reference, it became known to members of Society at least as early as March 1939; delay in publishing article until October 1940 does not deprive its author of date on which it became known to others.

Ex Parte Lorand (107 USPQ 304, Patent Office Board of Appeals, 1955).

Reasons: Article published in January 1951 issue of scientific periodical bears statement that it was received in July 1950; thus, prima facie case was established of prior knowledge by others (35 U.S.C. 102) of contents of article as of date manuscript was received by publisher.

Ex Parte Ordas (104 USPQ 74, Patent Office Board of Appeals, 1954).

Reasons: Article published in scientific journal includes statements that it was received in specific date; submission of such subject matters to editors of journal on that date is prima facie evidence of prior knowledge as of that date.

The above five decisions represented the position of the Patent Office Board of Appeals prior to the decision in In Re Schlitter and Uffer. This case and the decisions flowing from it represent a departure from earlier thought.

In re Schlitter and Uffer (110 USPQ 304, CCPA, 1956).

Facts: Appellants filed in Switzerland on May 21, 1948 - this filing gave them benefit of the 1948 date for their application in the U.S. The Primary Examiner rejected the claims in the application, citing as a reference an article by Nystrom et al, which disclosed appellants invention, and which appeared in the November 1948 issue of "The Journal of the American Chemical Society." At the end of the published article appeared the notation "Received April 30, 1948," and the Primary Examiner, and the Patent Office Board of Appeals which affirmed the decision held that while the Nystrom article was not a prior publication, notation of the April date constitutes prima facie evidence that the invention claimed by appellants was known by others in this country prior to May.

Question: Whether the Nystrom article, regardless of the date received, constitutes sufficient evidence of prior knowledge or use of the claimed invention by others in this country within the meaning of 35 U.S.C. 102 (a).

Hearing: Decision reversed.

Reasons: It has consistently been held that a printed publication does not constitute a reduction to practice, but is evidence of conception only. Thus the Nystrom article at best could evidence nothing more than conception and disclosure of the invention. Before enactment of the Patent Act of 1952, it was repeatedly held that prior knowledge, in order to defeat a claim for a patent, must be knowledge of a complete and operative device, as distinguished from knowledge of a conception only. (Stitt v. Eastern R. Co., 22 F. 649). Apparently the 1952 Act contemplated no change in the meaning of "Known" as fixed by former judicial interpretation. Since the 1952 Patent Act became effective, the meaning of the word "Known" has been considered by the Court of Appeals of the Ninth Circuit. In Stearns v. Tinker & Rasor, 220 F. 2d 49, the court said: "...An invention is 'known' as that word is used in the statute, when it is reduced to practice."

The foregoing authorities are clearly to the effect that reduction to practice is an essential part of the

prior knowledge by others which is necessary to anticipate a claim of a patent application within the meaning of the involved statute. It has also been held in numerous decisions that prior knowledge would not invalidate a claim of the patent unless such knowledge was available to the public. Obviously the mere placing of a manuscript in the hands of a publisher does not necessarily make it available to the public.

For the reasons given the court held that placing the Nystrom article in the hands of the publishers did not constitute either prima facie or conclusive evidence of knowledge or use by others, since the knowledge involved was a conception only and not a reduction to practice.

Ex Parte Kropp (143 USPQ 148, Patent Office Board of Appeals, 1959).

Reasons: Article appearing in publication dated after applicant's filing date cannot be used as evidence of anticipatory prior knowledge even though periodical notes that manuscript for article was received on a specific day which was prior to filing date.

The validity of the courts reasoning in the Schlitter case is seriously questioned in the following case:

In re Borst (145 USPQ 554, CCPA, 1965).

Facts: The invention for which appellant seeks a patent involves means for safely and effectively controlling a relatively large neutron output by varying a small and easily controlled neutron input source. The application was filed April 24, 1957. The Board of Appeals of the Patent Office rejected the claims. The single reference relied upon by the Patent Office in rejecting the appealed claims was an AEC document entitled "A Stable Fission Pile with High Speed Control." The document is in the form of an unpublished memorandum authored by one Samsel, and is dated February 14, 1947. It was classified as a secret document by the Commission until March 9, 1957, when it was declassified. In essence the document discusses the problems present in the control of a nuclear reactor, and the work was prefaced by a statement that it was made to record an idea, and it nowhere indicates that the idea had been tested in an operating reactor. The Patent Office offered the document with the contention that it constitutes evidence of prior knowledge within the meaning of 35 U.S.C. 102 (a).

Hearing: On appeal, the claims disclosed by the Samsel document are refused.

Reasons: Section 155 of the Atomic Energy Act of 1954 provides: "In connection with applications for patents covered by this subchapter, the fact that the invention or discovery was known or used before shall be a bar...even though such prior knowledge or use was under secrecy within the atomic energy program of the United States." Thus with respect to subject matter covered by this provision, prior knowledge or use under section 102 (a) need not be accessible to the public. Therefore Samsel is available as evidence of prior knowledge.

Prior knowledge under 35 U.S.C. 102 (a) need not be of a reduction to practice, either actual or constructive; to the extent that In re Schlitter is inconsistent with this holding, it is overruled. Fact that a disclosure is contained in a patent or application and thus constructively reduced to practice, or that it is found in a printed publication, does not make disclosure any more meaningful to those skilled in the art. The criterion should be whether disclosure is sufficient to enable one skilled in the art to reduce disclosed invention to practice. Thus, where disclosure constituting evidence of prior knowledge contains a full disclosure of the invention covered in the patent application, the disclosure need not be of an invention reduced to practice, either actually or constructively.

It would appear from the dictum in the Schlitter case that what the court most objected to in the earlier Theimer line of cases was the Patent Office Board of Appeals adoption of a per se rule in all such cases. The Board invariably spoke of submission of a manuscript to a publisher prior to application for a patent as prima facie evidence of prior knowledge. It seems the Schlitter court wanted to get away from any per se rule, in favor of examining the criteria for prior knowledge in each separate case. Unfortunately, in looking for a legal theory upon which to base their objective, the court erroneously adopted the reduction to practice argument. Thus to sustain their holding that the manuscript was not evidence of prior knowledge, they stated that under 35 U.S.C. 102 (a), knowledge requires conception and reduction to practice. Since earlier decisions had held that publication constitutes only a conception of the idea, the receipt of a manuscript by the publisher could not constitute prior knowledge because the element of reduction to practice was lacking.

From an examination of the Kropp case decided three years after Schlitter, it seems the pendulum had swung the other way and the Board of Appeals had adopted a per se rule against finding prior knowledge under the circumstances here involved. This was the state of the law when the CCPA handed down its decision in In re Borst.

The court in the Borst case overruled the portion of the Schlitter holding concerned with the necessity of reduction to practice. In essence they concurred in outcome of the case but found fault in the court's reasoning. The problem now arises, what is the overall effect of the Board decision. Since no cases have come down since Borst on point, we can only theorize while awaiting a definitive answer from the court.

The court establishes a double criteria that must be met before a disclosure can be the grounds for finding prior knowledge. The first criteria is that the disclosure must be sufficient to define a specific invention, that is it must describe the invention so that one skilled in the art could make or use it. The second criteria is that the disclosure must be available to the public. The court in Borst was bound by the Atomic Energy Act on this point. However, it would seem reasonable to conclude that the court wants to discard the per se approach and adopt an approach that requires an examination of the facts in each case to determine if the disclosure was available to the public.

It appears that we should assume that this reasonable case by case approach will be followed in the future. Further, if it is not possible to make a factual determination in a given case, it would seem proper to assume that the general practice of the publishing trade as to keeping manuscripts confidential has been followed so that the criteria of availability to the public has not been met.

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UNITED STATES GOVERNMENT

Memorandum

Rep

PUBLIC HEALTH SERVICE - BSS

TO : Mr. Norman Latker
Patent Advisor, OD, NCI

DATE: September 23, 1965

FROM : B. H. Bochenek
Patent Adviser, DWSPC

SUBJECT: Magnetic Tape Record of Chemical Compound Information -- Does This Constitute Publication?

In response to your request, I have looked into the subject question which was raised by Barbara R. Murray in her memorandum to you dated August 19, 1965. As we agreed, there are actually two questions involved. Does a magnetic tape record constitute a "printed" publication falling within the language of 35 U.S.C. 102(b)? If a tape record does constitute a "printed" publication, does the chemical compound information on the tape constitute prior art against a filed patent application?

I have reviewed the U.S. Patent Quarterly Indexes and have found no case which directly goes to the question of whether a magnetic tape record is a "printed" publication.

The closest pertinent cases relate to the question of whether microfilm is a "printed" publication. The best known case is In re Tenney, 117 USPQ 348(1958), which holds that microfilm is not a "printed" publication. However, it should be noted that this decision actually appears to be involved more with the question of actual publication, rather than whether the microfilm constitutes a "printed" publication. In the case of In re Tenney part of the holding was that the microfilm on record at the Library of Congress was not a valid reference against a pending application, since it had been improperly indexed and was therefore not actually accessible to the interested segment of the public. In a concurring opinion in this case, Judge Rich while concurring with the conclusion reached, indicated that he would not necessarily concur with the reasons therefor, and went on to state:

> "While I agree with the majority opinion in its ultimate conclusion that the single microfilm shown to be on file in the Library of Congress is not a 'printed publication,' under section 102(b) and with the supporting conclusion, that it is not 'printed,' I think the basis for the latter conclusion requires clarification because I feel that under different circumstances we may in future wish to be free to hold that a 'printed publication' can be made by microfilm techniques. I think it should be clear that we are not holding that microfilms can under no circumstances be deemed to be 'printed.'"

The above remarks by Judge Rich were cited in a later decision by the Patent Office Board of Appeals, Ex parte Garbo 141 USPQ 913(1962). This case held that, in effect, a microfilm copy, correctly catalogued and announced through an appropriate medium as being available to the public, constitutes a "printed" publication within the meaning of 35 U.S.C. 102(b). In Ex parte Garbo the Board went on to say that it felt that in the four years which had passed since the Tenney decision, microfilm techniques had made significant advances such as to readily enable reproduction thereof, thereby rendering microfilm readily accessible to the public, at least to the same extent as a publication which is "printed" in the usual sense.

Thus it appears that if a microfilm copy is accurately catalogued, and its availability announced in an appropriate journal or the like, accompanied by an indication that copies are available upon request, one is forced to the conclusion that such a microfilm constitutes a "printed" publication, as referred to in 35 U.S.C. 102(b).

After having given this matter considerable thought, it is my opinion that, in view of the cited decisions involving microfilm, a recorded tape should be considered a "printed" publication insofar as 35 U.S.C. 102(b) is concerned, provided it is properly catalogued and its availability made known.

It is quite obvious that in view of the current state-of-the art, numerous print-outs can be obtained from a single tape, and its is my opinion that such print-outs are analogous to copies either of a microfilm itself or copies of said microfilm made in the form of photographic prints. I feel that this analogy further reinforces my position that a magnetic tape constitutes a "printed" publication to at least the same extent that microfilm does. I have raised this question in a conversation with personnel in the U.S. Patent Office and they have indicated that they would consider a magnetic tape record as being a "printed" publication. It should, of course, be borne in mind that the Patent Office would very likely take such a restrictive view.

Although the precise question has, to my knowledge, not been litigated, I recommend that those involved with the subject program consider the resultant tape records as being "printed" publications once their availability is announced to the interested segment of the public. Those tapes which are to be a confidential file of NCI compounds would not be a publication within the meaning of 35 U.S.C. 102(b), as long as they are maintained in a confidential status and are not made freely available to the interested segment of the public, upon request.

The question of whether the description of the compound on the tape, or for that matter in any medium of publication, constitutes prior art sufficient to anticipate the disclosure in a patent application, must be considered on a case by case basis. In order to constitute an anticipation,

the disclosure must be such as to enable one skilled in that particular art to readily produce the disclosed compound without having to resort to inventive skill and/or extensive experimentation. This doctrine has been established in several cases. One such case is In re Sheppard 144 USPQ 42. Another case, which is cited in In re Sheppard is In re Brown 141 USPQ 245. Each of these cases involves the question of whether the cited prior art, which mentioned a particular compound was anticipatory of the disclosure in the respective cases. In both instances it was held that the prior art disclosure was not sufficiently complete to enable one skilled in the art to produce the compound in question. It appears safe to conclude that the citation of a compound merely in terms of either its name or in terms of an appropriate series of letters would not constitute an anticipation unless there were some evidence that the compound had actually been produced and that it either still exists or can be readily reproduced.

If a compound is cited in such a way that its molecular structure is clear, and it is quite evident to one skilled in the particular art that the compound can be produced by classical reactions, the mere recitation of the compound would constitute prior art within the meaning of either 35 U.S.C. 102 or 103.

For many years the Patent Office took the position that In re Von Bramer 53 USPQ 345 supported their position that the mere printed conception or contemplation of a compound, irrespective of the fact that the compound described in the reference is not in existence, that no process is shown in the reference for preparing the compound or that there is no process known to a person having ordinary skill in the relevant art for preparing the compound, defeats novelty of chemical compounds. In re Brown considered the In re Von Bramer case in some detail and takes pains to restrict In re Von Bramer to cover only those situations where the prior art disclosure of a compound is such as to readily enable one skilled in the art to produce the compound. In re Brown expressly brushes aside the contention that a mere recitation of a non-existent or conjectural compound constitutes anticipatory art. In this connection, it should be noted that if it can be shown that an alleged process is not operative to produce a cited compound, and no other process is known, it cannot be said that the compound exists.

I hope that the above comments will serve as an adequate basis for your response to Miss Murray.

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

TO : Mr. Latker

DATE: August 28, 1967

FROM : Miss Bogosian *NCB*

SUBJECT : What Constitutes Joint Invention?

As investigators in the diverse fields of science delve deeper into the mysteries of nature and life, seemingly disconnected fields like physics and cytology grow together and the inter-relation between the various forces of nature becomes more evident. With this merging of the diversified fields of study comes an inter-dependence between the men working in such fields. Since the technology in each individual area has become so complex, the scientist finds it difficult if not impossible to grasp fully the intricacies of the many fields that interplay with his own. Thus, today the chemist works hand in hand with the civil engineer to solve the problems of water pollution while the electrical engineer combines with the surgeon to produce the artificial heart. Such cooperation can lead to great scientific advances, but for the patent attorney it can provide a very difficult problem--for who has actually invented the products of these cooperative endeavors?

Since the problem is of rather recent significance, the text writers and even the case law offer little in the way of guidance. The attorney must patch together the statutes, the texts, and the cases to gather a feeling for the intent of the law before he can himself form any opinions on the course the law will follow when it tackles the problem directly.

35 U.S.C. 101 defines an invention entitled to a patent as a "new and useful process, machine, manufacture, composition of matter, or any new and useful improvement thereof." Then rule 41 of the Rules of Practice of the U.S. Patent Office states that "a patent must be applied for... by the actual inventor." To complete the statutory picture, 35 U.S.C. 116 states that "when an invention is made by two or more persons jointly, they shall apply for patent jointly." An examination of the above excerpts sheds little if any light on the problem for the statutes fail to clearly define inventorship or to set any criteria as to what conduct is sufficient to constitute a man a joint inventor.

With the statutory language as a background, the problem can be more clearly analyzed. Under conventional thinking, the act of inventing

is comprised of two phases--first, conception; and second, reduction to practice. It is perhaps in this dichotomy that the answer can be found. The courts have emphasized that both phases must be present before a man becomes an inventor and, more important for our purposes, conception alone is not sufficient.

> "The law appears to be well established that a conception evidenced by disclosure, drawings, and even a model, confers no rights upon an inventor unless followed by some other act, such as actual reduction to practice,...a conception of this character is not a complete invention under the patent laws. It may constitute an invention in a popular sense, but it does not make the inventor the 'original and first inventor' under the statutes." Automatic Weighing Machine Co., v. Pneumatic Seale Co., 166 F. 288 at 298.

If taken literally, the above language could indicate that both conception and actual reduction to practice have to be accomplished by one man in order to constitute him the original inventor. However, the cases have not followed this strict interpretation. In essence, the cases state that before there is a patentable invention, there must be conception and reduction to practice, but the two phases need not be accomplished by the same individual. Now we have reached the problem--if the two phases are not accomplished by the same individual, when does one remain a sole inventor or when do the two become joint inventors.

The two extremes of the situation are easily solved. If one man conceives the invention and the manner of reducing it to practice and communicates this to a second man who simply follows mechanical instructions to reduce the invention to practice, the first is deemed the sole inventor.

> "...he (Gibbs) originally communicated to Cannon not only the result which he desired to arrive at,..., but such a conception of the instrumentalities of accomplishment that Cannon was able thereafter to perform the purely mechanical function of embodying the conception of Gibbs into an operative structure....The invention therefore was that of Gibbs...." Gibbs v. T.Z.R. Amusement Corporation, 29 USPQ 518 at 521.

The C.C.P.A. affirmed this position in their recent decision in Applegate and Howell v. Scherer, Frensch, and Stahler (141 USPQ 796), where they held that the technician who does the mechanical job of testing a chemical for a certain use is not the inventor of such chemical for said use.

On the other hand, if one man simply suggests an idea and a second does all the experimenting to find the method to put the idea into practice, the second must be considered the inventor. This is seen in cases like Kuhne Identification Systems, Inc., v. United States (28 USPQ 151). There D went to B, a chemist, with only an idea that he wanted to use a lead compound for finger printing and that the compound should be developed by using a sulfide. B experimented for over three years before finding a suitable compound. The court held that the patent applied for by D was invalid.

The problem persists in the middle ground--the case where something more than a simple idea is suggested by the first or something more than mechanical tests are performed by the second. In this middle ground, the case law remains cloudy as the court has approached the few cases decided on an ad hoc basis and has not attempted to lay down any general guide lines. Perhaps this is the wisest approach for the problem is actually one of degree and the decision will rest on the specific facts in each individual case. For the question in essence is where to draw the line--how much information does each man actually have to divulge in order to make him a joint inventor?

The answer seems to lie in the dichotomy mentioned at the beginning of the discussion. Two phases are necessary to arrive at an invention. In theory it would appear that to be joint inventors each must contribute to at least one phase of the invention, either to its conception or reduction to practice. This is the criteria suggested by the text "Walker on Patents" in Volume I at page 400:

> "Nor is a patent to joint inventors invalidated by the fact that one of them only first perceived the crude form of the elements and the possibility of their adaptation to accomplish the result desired. In fact the conception of the entire device may be due to one, but if the other makes suggestions of practical value which assist in working out the main idea and making it operative, or contributes an independent part of the entire invention which helps to create the whole, he is a joint inventor...."

In other words, there need be no equality between the contributions of each of the inventors--the criteria is that each has contributed to at least one phase of the invention. The problem narrows down even further here for the problems presented by the man reducing the invention to practice are minimal. As we have already seen, if such party performs merely mechanical tasks, he is not an inventor at all. But once this party contributes his own investigative talent to the project

and suggests any additions to, changes in, or solves any problems concerned with the production of the device, process, or whatever, he has individually contributed to one phase of the invention and qualifies as a joint inventor. This phase of the invention presents little problem because through the work of this second man has come the actual invention. Thus, from a practical level it is easy to study his notebooks, work sheets, etc., see the problems he faced and his own contributions in overcoming them to reduce the conception to workable form. This man's efforts have resulted in a tangible product so that his contribution can easily be determined.

Thus, we have arrived at the final and by far the most difficult phase, that of conception. We know that the first party has to contribute more than the simple idea--the question is how much more? The cases have taken the position that one man need not contribute the entire concept, but a significant contribution to a portion of the entire plan is sufficient. In Moler and Adams v. Purdy (131 USPQ 276 at p. 279) the court states:

> "In order to constitute two persons joint inventors, it is not necessary that the inventive concept come to both at the same time. Some of the features may be contributed by one and other features by the other and where...the separate contributions result in a patentable combination the invention is joint."

In theory the problem is easily solved--the contribution to the conception phase must be vital and material so that without it there could be no invention. But applied to a concrete situation this easy answer does not work. Since our concern is not with the theoretical but with the practical, perhaps the solution can be found in the practical requirements of the patent application itself. To be valid, the application cannot give merely a general description of the invention; it must contain at least one specific embodiment. Should not the criteria for inventorship be the same. In order to qualify as a joint inventor each party must have contributed at least one of the specific embodiments cited in the application. This is perhaps a legalistic approach but it has its merits in consistency--for it equates the requirements for patentability with the requirements for inventorship. It seems clear that if one man has contributed in idea that is incorporated into the invention and so appears as one of its specific embodiments, there is little question that his contribution is vital and material and thus he is a joint inventor.

For the majority of cases, the above test will adequately determine who is or is not a joint inventor. The man with only the simple concept and no idea of how to make it work will be excluded while the man with concept and a rough idea of how to reduce it to practice will be an inventor.

However, cases will arise that need deeper thought than the relatively simple test above. More specifically, in cases of inter-dependence between men in different technical fields, one man may suggest the type of product he needs and the final uses for that product without actually supplying the second man with any details on how to arrive at the desired result. By using the specific embodiment test, the first man would not be considered an inventor when the second produced the invention. However, it is possible that in the simple expression of desired result by the first, the second technician has had his field of investigation narrowed in such a way that he is aware of the methods open to him. In other words, the first man has not chosen the path to be followed by the second, but has eliminated a great many of the possibilities. It would seem that in certain cases, this focusing of the problem as done by the first technician in stating the ultimate use for the product is a vital and material contribution and even though no evidence of this contribution appears in the patent application, the contribution is sufficient to render its author a joint inventor.

After consideration of the problem, we have arrived at the position so far taken by the courts; that is, each case must be considered on its own facts for no general criteria will solve every problem. As technology becomes more complex, each invention will reflect the combined efforts of many men. The problems faced by each investigator will vary, thus each will contribute in a different way. As the significance of each contribution depends upon the exact problem the technician faced, the answer to the question of sole or joint invention can only be found in the relation of the contribution to the specific requirements of the case.

.ED STATES GOVERNMENT

Memorandum

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

TO : Mr. Latker

DATE: August 28, 1967

FROM : Miss Bogosian MCB

SUBJECT : Hobbs v. United States (Court of Appeals, Fifth Circuit - 4/7/67)

Facts: Kellex Corporation was a Government contractor employed to direct the construction of the Oak Ridge complex. Kellex subcontracted the work concerned with the valve systems for the complex to Crane Company. Kellex hired Hobbs on a part time basis to solve several complex engineering problems. Hobbs refused to assign or license any of his anticipated patent rights to either Kellex or the Government. At a conference with some Crane employees, Hobbs conceived two new types of valves. Crane quickly manufactured the valves and they were used extensively by the Government at Oak Ridge and other projects. Hobbs applied for and received patents on both valves in 1950 and 1952. In 1956 Hobbs filed with the AEC an application for just compensation under the Atomic Energy Act of 1946.

Holdings: The Patent Compensation Board of the AEC dismissed Hobbs' application. On application to review, the Court of Appeals reverses the Board's decision and remands the case for further consideration.

Reasons: The Atomic Energy Act of 1946 provided that no patent granted after the passage of the Act would confer any right with respect to any invention used in the reduction of fissionable materials. Just compensation would be paid for any revoked patent rights. The Board found that the Government had obtained shop rights in the invention and thus Hobbs had no right to receive compensation. The Court of Appeals finds this holding incorrect on the following grounds:

1) The rights terminated by the Atomic Energy Act derive value not only from the royalties from the Government, but also from private industry. Thus even if the Government obtained a shop right Hobbs was still entitled to compensation for the private rights revoked. In dictum the Court found that in fact the Government had not obtained shop rights because there was no direct employer-employee relationship between Hobbs and the Government.

2) The Atomic Energy Act lists facts to be considered in computing the just compensation. One such consideration is whether or not the invention flowed from Government sponsored research. The

Board found this fact to exist and thus denied compensation. The interpretation of the statute is incorrect - the existence of the facts stated in the statute may limit compensation but was not intended to destroy the right to compensation. Again in dictum the Court mentioned that perhaps this invention did not flow from "research," which requires extensive experimentation, but actually only resulted from Government sponsored work, so that this section of the statute should not then be considered.

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

J. put in my regs.

TO : Mr. Latker

DATE: September 13, 1967

FROM : Miss Bogosian MCB

SUBJECT : Change in Form Does Not Lend Patentability to Composition

I. Purity:

In re Merz (38 USPQ 143):

F. Inventor develops process to produce purified ultramarine. The purified product has the same utility and differs only in color. The inventor seeks a patent in both the process and the purified product.

H. The process may be patentable but the product is not.

R. Inventor is not entitled to a patent on an article which after being produced has a greater degree of purity than product of former methods. If process produces article of such purity that it differs not merely in degree but in kind, it may be patentable; if it differs in kind, it may have new utility in which invention may rest.

Farbenfabriken of Elberfeld Co. v. Kuehmsted, (171 F. 887), "Aspirin Case"

The validity of the claim of the Hoffman patent, No. 644,077, was involved here. The claim called for acetyl salicylie acid as a new article of manufacture. Hoffman, the inventor, discovered a new method of purifying this acid and when purified it became a very valuable material used extensively for medicinal purposes for which it was in no sense suitable prior to purification. The Hoffman claim was held valid.

II. Crystallinity:

In re Weijlard (69 USPQ 86)

F. The applicants filed a patent application on the crystalline form of calcium pantothenate. The product had already been disclosed

by publication in its amorphous, hygroscopic form.

H. Claims rejected.

R. There is nothing whatever patentable in the concept of a chemical compound in crystalline form over the same compound in its amorphous form. It is not seen that the inherent differences between the two forms render claims to the crystalline form allowable over a clear disclosure of the compound in its previously known amorphous form.

III. Change in property or form: In re Johnson, True, Engel (74 USPQ 161)

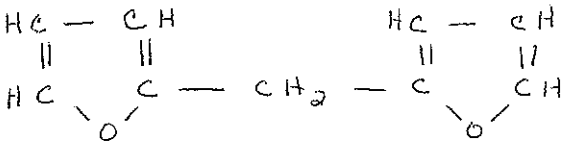
F. Applicant files patent on a pre-cooked cereal, pablum, prepared by steaming the cereal grain under pressure. The grain is then dried to produce flakes - such flakes produce a ready to eat cereal when liquid is added. An earlier patent had disclosed the process of completely opening or disintegrating grain, such as wheat, by a steaming process. Applicant claims the product and the resulting product when liquid is added.

H. Claims rejected.

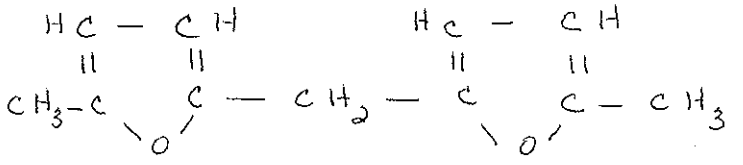
R. The prior patent fully disclosed the process and the type of resulting product. Statement in product claim that flakes are convertible by addition of fluid is only statement of how product will react when water is added to it; it states alleged capability of product rather than description of product and cannot impart patentability to claim.

Ex parte Fauque (121 USPQ 425)

F. Prior art disclosed the following compound:



Applicants file patent on following compound:



H. Claims rejected.

R. Claimed compound is homoloque of reference compound although there is substitution of two methyl groups in each of two different rings.