

## **PRIOR USER RIGHTS IN A FIRST-TO-INVENT PATENT SYSTEM: WHY NOT?**

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### **I. INTRODUCTION**

Global trade opportunities continue to broaden as technological innovation shrinks the distance between nations, companies widen their search for capital, and industrialization expands the demand for resources. Intellectual property law, particularly patent law, increasingly plays a fundamental role in furthering the global economy. Recognizing the critical role of patent law in global trade, the United States has been involved in efforts to harmonize its patent laws with those of other countries. The goals of these harmonization efforts include uniform and valid international patent protection.

The United States most recently advanced its harmonization efforts with the adoption of the General Agreement on Tariffs and Trade (GATT). Although the United States adopted several new provisions as part of its effort to reform its patent laws, it chose to forgo prior user rights. The primary reason for this decision was that these rights are continually associated with a first-to-file patent system, a provision the United States also chose to forgo.

The issue of prior user rights, however, continues to be on the legislative front. Recently, bills have been introduced in both the Senate and the House of Representatives to add a new section 273 to Title 35 \*544 providing for prior user rights. [n1] These bills would provide good faith prior users of a patented invention with a defense to patent infringement. The adoption of prior user rights would put the United States on equal footing with the vast majority of industrialized nations which already recognize such rights, help resolve disputes between patentees and prior users without invalidating the patent, and bring the world one step closer to attaining global patent law harmonization.

This article addresses the rationales for the adoption of prior user rights in the United States' first-to-invent patent system. Part II provides a substantive background of patent law comprising a brief overview of the United States patent system, a definition of prior user rights and, most importantly, an explanation of how the history of United States patent law establishes precedent for prior user rights. Part III shows that patent prior user rights are consistent with a traditional American ethos. Part IV explains when prior user rights arise in a first-to-invent patent system. Finally, Part V examines the main

arguments for and against prior user rights, and concludes that the arguments for prior user rights are much stronger.

## II. THE DEVELOPMENT OF PATENT LAW IN THE UNITED STATES

### A. Overview of the United States Patent System

The United States patent system derives its power from the Constitution, and as such, is firmly rooted in American law. Article I, Section 8 grants Congress the authority "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries[.]" [n2] This provision reflects the statutory protection of inventive property in America's colonial era as well as the influence of America's European origins. [n3] America's most significant contribution to the notion of what should be protected is its emphasis on awarding patents based on true inventorship (i.e., originality), \*545 rather than exercises of royal prerogative as in England [n4] or privileges as in France. [n5] Two basic principles supporting the protection of intellectual property originated in Europe: 1) innovative and creative products confer a benefit to the public; and 2) those originators and creators are entitled to a reward for their efforts. [n6]

The American colonies' adoption of this European ideology is not surprising since it meshed neatly with the existing American ethos. The colonials, like the Europeans, found that they could develop and stimulate domestic industry by providing incentives for creativity such as awarding exclusive grants and enacting legislation consistent with this purpose. [n7] Undoubtedly, this colonial finding was attributable in part to its consistency with the normative claim many Americans endorsed: that individuals ought to be rewarded for virtues such as hard work and foresight. [n8] Hence, by design, patent law concretely codifies the concept of rewarding those who demonstrate such virtues.

### B. What are Prior User Rights?

While United States patent law has evolved over the past two centuries, one central concept remained stable--true inventorship. According to the United States Patent Act of 1952, a person is entitled to a patent unless the invention was made in this country by another who had not abandoned, suppressed, or concealed it. [n9] This Act sets out two important rules. First, priority of invention is based on the first person to invent, distinguishing the United States from virtually every other country which determines priority of invention based on the first to file patent application system. Second, alleged infringers may use their prior \*546 inventorship or that of a third party, as a defense. For example, if B, a patentee, brings a patent infringement suit against A, A can try to invalidate B's patent by proving C invented first.

Being "first," however, does not automatically entitle an inventor to a patent. In certain instances a subsequent independent inventor may receive a patent. In other instances, the first inventor may receive the patent after a subsequent independent inventor has already commercially used, or taken substantial steps to commercially use, the invention before the filing date of the first inventor/patentee. [n10] It is in these situations that the concept of prior user rights is relevant. These rights would provide a limited defense for any party who independently develops or uses the subsequently patented invention, in good faith, before the patentee's filing date, who continues such development or use after the patent issues, and who is sued by the patentee for infringement. In this situation, the party (the prior user) could claim a prior user right and legally continue to exploit the invention in a manner that normally would constitute infringement. [n11]

Prior user rights would not be a reward, certainly not in the sense that a patent is a reward granting its holder exclusive rights to the invention. Rather, they would merely ensure that the pre-filing status quo between the patentee and the prior user is maintained, [n12] and allow, under restricted circumstances, continuation of a domestic commercial enterprise. This allowance recognizes and adheres to a traditional notion of economic justice [n13] that those who exercise diligence and hard work should be able to reap the rewards of their efforts. The conduct most Americans praise in the marketplace is that which is productive. [n14] Prior \*547 user rights would safeguard productivity by allowing prior users to use their inventions and profit from their efforts.

### C. History of Prior User Rights in the United States

Currently, the United States does not explicitly recognize prior user rights. [n15] However, prior user rights implicitly can be found throughout the history of United States patent law, and even explicitly from 1836-1952. With such deep historical currents in a patent system that has been successful for over two centuries, prior user rights should now be officially recognized in United States patent law.

#### 1. History before the Patent Act of 1952

Interestingly, prior user rights have a history dating back to the first Congress. They were proposed in a private patent bill early in 1790, before the passing of the first patent act. Bailey's bill indicated that if Bailey brought an action against an accused infringer, and if it appeared that the inventions were made earlier, by persons other than Bailey, judgment in such action would be for the accused infringer. [n16] The bill was passed by the full House of Representatives but was defeated in the Senate due to the general patent bill, which eventually became the first patent act. [n17] However, Bailey's bill foreshadowed the future of patent law in the United States.

Although the first patent act, the Patent Act of 1790, did not include provisions for prior users, it did provide strict novelty and examination requirements, perhaps as surrogates for making those rights necessary. The Act not only required the inventor to file a written

specification, a drawing, and a model, but also to prove the invention was "sufficiently useful or important." [n18] Moreover, at least two of three high ranking officials had to scrutinize each application for originality, a task not taken lightly as only 49 out of 114 applications were granted patents \*548 in the Patent Act's first two years. [n19] These rigid requirements ingrained the significance of rewarding only the true inventor, and made the possibility of a prior user highly unlikely.

The patent application examination procedure eventually became too time consuming and Congress enacted the Patent Act of 1793 primarily to remedy this situation. [n20] As a result of this Act, patent examination went from the extreme of rigid examination by senior government officials, to an opposite extreme of no examination at all. [n21] This lack of examination, in effect, again made prior user rights unnecessary because anyone could claim first inventorship and receive a duplicate patent. In response to fraud and duplication permeating the patent system, Congress enacted the Patent Act of 1836, which foreclosed the awarding of patents based on applicants' claims of true inventorship. [n22]

The Patent Act of 1836 marked a major turning point in patent law for another reason. Although the Patent Acts of 1790 and 1793 stated that an invention could not be "known or used," [n23] the Patent Act of 1836 codified the vital judicial interpretation of this language. [n24] Coincidentally, in *Pennock v. Dialogue* [n25] and in *Shaw v. Cooper*, [n26] Justices Story and McLean, respectively, interpreted the language to mean that inventors cannot acquire good title to a patent, if their inventions were "known or used by others before the application." [n27] For the first time, the United States officially recognized a form of prior user \*549 rights whereby patentees could be divested of their patent rights due to another's prior use. The voluntary act or acquiescence in a public sale and use was an abandonment of an inventor's right, and basically a grant of the right to the public. [n28] Thus, if the Secretary of State subsequently granted a patent to the inventor, any member of the public could claim prior user rights as a defense to a patent infringement suit.

By the next significant revision of the patent system, the United States explicitly recognized prior user rights. These rights were set forth in section 7 of the Patent Act of 1839, which provided that anyone who has, or shall have, purchased or made, any newly invented machine, manufacture, or composition of matter before the inventor files a patent application, has the right to use and sell the newly invented machine, manufacture, or composition of matter without liability to the inventor. [n29] Section 7 also indicated that such prior use does not operate to invalidate a patent if the inventor files for an application within two years of the prior use. [n30] Thus, an inventor is given a two year grace period in which to file an application.

The Supreme Court first addressed section 7 of the Patent Act of 1839 in *McClurg v. Kingsland*. [n31] In this case, the patentee developed and patented his invention while employed by defendants. When defendants refused to purchase his right and continued to use the invention, the \*550 patent holder filed suit. [n32] In applying section 7, the Court made two significant interpretations. It spared the patent from invalidation based on a

public use, so long as the inventor filed for an application within the grace period, and permitted the prior user to continue to make or use the invention, even after the filing of the patent application. [n33] The Court also interpreted the prior user right to extend to improvements to the invention. [n34]

The prior user rights defense remained through the next revision of the patent laws, in the Patent Act of 1870. Section 37 provided for a prior user defense when, prior to the inventor's application for a patent, a person sold, used, purchased from the inventor, or constructed, with the inventor's knowledge and consent, any newly invented patentable article. [n35] Prior user rights remained a fixture in United States patent law until 1952.

## 2. History after the Patent Act of 1952

Explicit provisions for prior user rights were repealed in the Patent Act of 1952. [n36] Despite this fact, there have been no reported cases where a first inventor/prior user has been enjoined from practicing his or her invention by a second inventor/patentee, suggesting a tacit recognition of prior user rights. [n37] Given this de facto prior user rights \*551 system, [n38] compounded by the United States' efforts to harmonize its patent laws with those of other countries, there is strong reason for the United States to officially adopt prior user rights now.

Moreover, even after the repeal of the prior user rights provision in 1952, prior user rights continued to be a pertinent topic in United States patent law. These rights were again the subject of legislation in 1967, in a Patent Reform Bill, [n39] and today they continue to be a hotly debated topic by scholars [n40] as well as the subject of patent reform legislation.

The most drastic advancement of prior user rights since the mid-19th century came in 1994 after the passing of GATT. On October 8, 1994, the Senate passed the Patent Prior User Rights Act of 1994 (S. 2272), sponsored by Senator DeConcini. [n41] The Act would have provided relief from patent infringement liability for those who, before the effective filing date of the patent application, commercially use in the United States, or make effective and serious preparation in the United States, any subject matter claimed in the patent. [n42] The Act thus would have provided a defense to allow those who commercially use, but do not patent, an invention, to avoid liability for patent infringement if the invention is independently developed and subsequently patented by another. [n43] The Act would have also exempted from liability "good faith \*552 purchasers" of a product that resulted directly from such use or preparation. [n44]

The prior user rights defense, however, would not be absolute. Several limitations and qualifications would narrow the defense to ensure fairness. The defense would only be available for those prior users who independently develop their inventions with no derivation from the patentee; [n45] the prior user right would be personal; [n46] and the extension of the right would be restricted. [n47]

Unfortunately, the Act never progressed beyond the committee stage in the House of Representatives due to its late introduction. [n48] However, recently prior user rights legislation has been addressed again. On August 4, 1995, Representative Carlos Moorhead (R-Calif) introduced the Prior Domestic Commercial Use Act of 1995 (H.R. 2235) which would create a prior user defense to patent infringement. [n49] The House bill is similar to the Senate bill, but with a few significant modifications. First, a new provision was added requiring that the person asserting the prior use defense must have commercially used or reduced to practice the subject matter on which the defense is based more than one year prior to the effective filing date of the patent. [n50] Second, there is no exemption, as provided in the Senate bill, for "good faith purchasers" who buy \*553 products that are subject to the prior use defense, and then continue to use or sell them. [n51]

The modifications made by H.R. 2235 make the prior use defense even narrower than that indicated in the Senate bill. H.R. 2235 imposes excessively strict standards, as compared to the prior user rights set forth in the Senate bill. Thus, subsequent reference to "prior user rights" in this paper will refer to the rights provided in S. 2272 because it offers the most well-developed and appropriately defined standard.

### III. PRIOR USER RIGHTS ARE CONSISTENT WITH TRADITIONAL AMERICAN ETHOS

#### A. Development of the Work Ethic and Application of Economic Justice

Prior user rights have a long history in the United States because they bolster a fundamental American ethos: the American work ethic. This ethic has religious roots. It began as a theory that the only way one could be sure he was predestined to go to Heaven was to succeed on Earth, thereby demonstrating that he was one of the Chosen. Under this view, it is the will of God that all must work. Work is accordingly methodical, disciplined and rational; it is morally justified and encouraged even though oriented toward profit and mobility. [n52] One of the fathers of modern sociology, Max Weber, advanced this ideology of the work ethic almost a century ago, and surprisingly it is just as sound now as it was then. [n53] However, more recently the work ethic has evolved into the idea that people should work hard, because doing so is virtuous, advances the common good, provides a means for investment in the future, and increases productivity and innovation. [n54]

\*554 America was founded on principles of freedom and opportunity. From these principles grew the belief that law must provide a framework within which many may venture, rather than a favored few, and where each individual can rise according to his or her creative efforts. [n55] The release of this creative energy is necessary for individual growth as well as the good of the American economy as a whole, and should not be barred by rigid laws. It is these beliefs and principles that fostered the most dynamic economy the world has ever known. The work ethic boosts productivity, improves

product quality, increases efficiency, and continues to augment America's global competitiveness and net wealth.

An integral part of the American work ethic is the notion that the marketplace, when functioning properly, rewards hard work, innovation and creativity. This is the notion of economic justice. [n56] Both broad social recognition and personal satisfaction provide incentives for individual achievement. The economic justice theory reinforces a willingness to work and creates a climate that encourages creativity. [n57]

## B. Prior User Rights Foster Both the Work Ethic and the Economic Justice Theory

Adopting prior user rights would advance both the work ethic and the economic justice theory. Those persons who, before the filing of a patent application by another, "commercially used" or "made effective and serious preparation" of the subject matter claimed in the patent, [n58] would be permitted to reap the benefits of their substantial industrious efforts. "Substantial" is emphasized because the standard for acquiring prior user rights is more stringent than patentability requirements. To qualify for a patent, an inventor merely has to conceive of the subject matter and reduce it to practice, [n59] but a prior user must go beyond mere conception and reduction to practice; she must either have the subject \*555 matter in the market or in the advanced stages of potential marketability. [n60] Preventing prior users from continuing their commercial efforts at this late stage in the marketability game would likely stifle individual motivation and disrupt commercial viability, two outcomes which are detrimental to the work ethic and the economic justice theory.

Conversely, allowing prior users to continue their actual and potential commercial activity advances these theories. Economic justice requires appropriate rewards for substantial effort. [n61] Such effort is implicit in the very nature of prior users, based on their advanced position in the economic race. Thus, rewarding their hard work recognizes their personal achievement and efforts; this social recognition in turn stimulates, rather than inhibits, individual motivation and commercial viability.

Prior user rights allow individuals to continue or to carry out their commercial endeavors. These rights allow prior users to move forward, capitalize on their past investments and, in effect, "to make something of themselves" by realizing their creative potential.

Without prior user rights, prior users are severely harmed. They are prohibited from using the subsequently patented subject matter, just as they are about to enter the economic race. This event immediately halts their economic prosperity and may even reverse it, if they are forced to embark on a new commercial endeavor. With prior user rights, these users are rewarded for the achievements they have earned: profitability, market share, and rate of growth. [n62] They are the heroes of American business, those who have shown initiative and struck out new paths which have paid off. [n63] Their initiative is shown by their being one of the first to commercially use or effectively

prepare to use an invention, and the \*556 mere presence of a suit by a patentee is evidence of the significance of their entrepreneurial efforts.

Of course, we should reward our heroes, but we should also focus on a generalized standard of success, the work ethic, which makes achievement worthwhile and makes all Americans feel that success and, its rewards, are within their reach. Prior user rights ensure that the American dream is still alive, and that individual creativity will be rewarded in the market.

#### IV. THE ROLE OF PRIOR USER RIGHTS ARISE IN A FIRST-TO-INVENT PATENT SYSTEM

##### A. Relevant Patent Statute--35 U.S.C. § 102(g)

Priority of invention is limited in its application. It is restricted to those inventors who do not abandon, suppress, or conceal their inventions. [n64] Consequently, this rule provides the only recourse available to a prior inventor of a subsequently patented invention, the prospect of invalidating the patent.

The rule is based on a policy of encouraging public disclosure of inventions. A patent represents a bargain between the public and an inventor. The public grants an inventor the exclusive right to practice the invention and in exchange the inventor provides an enabling disclosure of the invention. [n65] Therefore, inventors cannot use inventions they fail to disclose to establish priority or patent invalidity, because they deprive the public of its benefit of the bargain. As a result, prior users can be liable for patent infringement and thus estopped from practicing their own invention. This is the primary instance in which prior user rights would arise.

If an inventor of a subsequently patented invention had failed to disclose the invention, the inventor would be able to assert a prior user right. Because it is not always clear that such failure to disclose gives rise to abandonment, suppression, or concealment, this right would provide an alternative to the current all-or-nothing outcome in a patent dispute involving priority. Rather than a prior user winning all because the patent is invalidated, or winning nothing because the patent is upheld, prior user rights would strike a reasonable balance. These rights would enable the prior user to continue to use the invention despite the \*557 presence of another's valid patent, subject to specific limitations on the extent of that use.

Prior user rights would also enable second inventors, who independently and in good faith invent the claimed subject matter prior to the patentee's filing date, to continue the use of their invention. This could occur, for example, where the second inventor is quicker than the first inventor in actually reducing their invention to practice. She then either files a patent application, commercializes, or makes substantial efforts to commercialize the invention. [n66] Meanwhile, the first inventor, who had an earlier date



of conception and was diligent in reducing his invention to practice, receives a patent on the invention. Currently, the second inventor would be out of luck. However, with prior user rights, the second inventor would be able to use the invention despite the presence of the first inventor's valid patent, subject to specific limitations on the extent of that use.

## B. Beneficiaries of Prior User Rights

The minority of beneficiaries of prior user rights would be patent applicants involved in an interference proceeding before the Patent and Trademark Office. [n67] This proceeding involves a priority dispute between two or more inventors, each of whom claims to have been the first inventor of a particular invention. [n68] Since there can only be one first inventor, and therefore only one winner in the current all-or-nothing patent system, everyone else must lose. Prior user rights would permit those adjudged to be subsequent inventors, who meet the statutory requirements of the prior user defense, to continue their commercial endeavors.

Moreover, prior user rights would be a timely benefit for United States inventors in view of recently enacted legislation in accordance with \*558 the requirements of the GATT Treaty. This legislation amended United States patent law to permit evidence of inventive activity in a foreign country to be used in interference proceedings to establish a date of invention. [n69] Approximately half of the interference proceedings involve a foreign party. [n70] A prior user right would provide a level playing field for United States inventors in view of other countries' prior user rights. It also provides compensation to those inventors who tried to disclose their inventions in compliance with patent law policy.

The majority of beneficiaries of prior user rights would undoubtedly be trade secret users. The very essence of trade secret [n71] law demands that the invention be kept secret. As a result, without prior user rights, many trade secret users are not only precluded from using their inventions as a defense against patent infringement, but from using their inventions at all. [n72]

So why would anyone choose trade secret protection? [n73] Although patents are frequently the protection of choice, [n74] in some instances trade secret protection will best enable inventors or assignees to exploit their invention. This commonly occurs with regard to process inventions \*559 which generally are practiced away from public view. For these inventions, patents may be undesirable because they are difficult to enforce, too expensive, and available to the public after a fixed time. However, by keeping the invention secret, inventors may foreclose not only their opportunity to seek patent protection, but their ability to practice their invention at all. This seems unjust. In choosing trade secret protection, inventors may voluntarily forgo a right to exclusivity, but they should not have to forgo a right to use. Prior user rights would protect trade secret users from preclusive patenting by others. Thus, the benefit of their hard work would be protected.

### C. Problem: What Constitutes Concealment or Suppression Under § 102(g)?

Since prior user rights currently do not exist in the United States patent system, patent invalidity is the only defense that prior users and trade secret users have when their prior use conflicts with an issued patent. The problem they face is in determining whether they have suppressed or concealed their invention, and are therefore unable to defeat subsequent patentability. The third restriction on patentability, abandonment is not an issue because it is well established that an abandoned invention will not defeat the patentability of the rediscovery of "lost art." [n75] Furthermore, the most recent legislation regarding patent prior use deemed abandonment insufficient to claim a prior user right defense. [n76] The uncertainty as to what constitutes concealment or suppression, however, creates tension between patent and trade secret laws. The judiciary has attempted to clarify this uncertainty by distinguishing between "non-informing public uses" and "secret uses." However, this distinction is amorphous.

An infamous case involving a secret use was *Gilman v. Stearn*. [n77] Here an inventor received a patent on a machine that previously had been invented by another, Haas. He kept the machine in his shop, hidden from public view. In holding for the patentee, Judge Learned Hand indicated there had only been a secret prior use of the invention which was insufficient to consider the prior inventor as the first inventor. [n78] This case represents the proposition that an inventor who merely makes \*560 a "secret use" of his discovery should not be regarded legally as the first inventor. [n79]

Other judicial decisions grappling with the concealment issue come to the opposite conclusion, distinguishing the case based on whether the invention itself is available to the public. These cases hold that such prior uses are "non-informing public uses" capable of invalidating a subsequent patent. One such decision was rendered in *Dunlop Holdings Limited v. Ram Golf Corp.* [n80] In this case, the first inventor, Wagner, discovered an ingredient to make golf balls tougher. The invention was subsequently patented by another. Like Haas, Wagner took extreme security measures to protect the secret of his invention, the ingredient that made his golf balls so successful. This time the court held for the prior inventor. The court concluded that selling the balls to the public constituted a public use of the invention which foreclosed a finding of suppression or concealment even though the use did not disclose the discovery, i.e., a "non-informing public use." [n81]

#### \*561 D. Critique of the Distinction Between "Prior Secret Use" and "Non-Informing Public Use"

The resulting distinction between a "non-informing public use" and a "secret use" is trivial for several reasons. First, the factual differences distinguishing them are minimal. In both situations the inventor takes extensive measures to protect the secrecy of the invention. Second, in both situations the public receives a benefit, either directly in a better product or indirectly in a cheaper product. Third, in neither situation does the trade

secret use disclose the invention in the way a patent provides an enabling disclosure of the invention to the public. Finally, the rationale for the distinction is the theory that in the case of a non-informing public use, because the public has access to the invention, the trade secret found in it can be discovered. This argument is tenuous at best. Rarely will the trade secret itself be readily identifiable or discoverable; [n82] some extra effort will be required for its discovery. Practically, only competitors would have the incentive and resources to put forth this effort. Since it is unlikely they will know whether they have access to the trade secret, they will probably engage in extensive investigative efforts to try to discover it. The result is that it is immaterial whether the trade secret is available to the public because in all likelihood the public will never discover it.

As a result of this poorly-crafted standard and the resulting conflicting opinions, a prior inventor cannot know in advance if his trade secret use will defeat the patent right of a subsequent patentee. This uncertainty in the market leads to inefficiency because inventors must hedge their bets as to whether they will be able to continue to use their invention if someone subsequently patents it.

#### E. Prior User Rights Would Remedy Uncertainty

Prior user rights would address continuing uncertainty because in all of these cases, regardless of whether the use is "secret," or a "non-informing public use," first inventors would be able to continue to practice their inventions, thus being rewarded for their investment and hard work.

\*562 The Federal Circuit has already dispensed with this distinction, thus completing the first step in implementing this proposal. [n83] In *W. L. Gore & Associates, Inc. v. Garlock, Inc.*, [n84] the court held that the prior secret use of a process to create a product did not invalidate the patent, despite the fact that the product had been commercially exploited (i.e., non-informing public use). The court reasoned that the law favors those who file a patent application over prior inventors who suppress or conceal inventions, and rejected the previous distinction.

The Federal Circuit's holding without more is insufficient. To truly improve patent law, the United States should also adopt a patent policy in which prior use does not invalidate a patent, but gives rise to prior user rights. [n85] This would, in turn, enhance trade secret protection which is a justifiable result of implementing prior user rights.

The Supreme Court's landmark opinion in *Kewanee Oil Co. v. Bicron Corp.* [n86] gives credence to this assertion. In holding that state trade secret law was not pre-empted by federal patent laws, the Court recognized that trade secret law and patent law have co-existed in this country for over a century. [n87] Each has its particular role to play, and the operation of one does not take away from the need for the other. [n88]

Prior user rights would thus "fit" into our first-to-invent system in those instances where a prior inventor suppresses or conceals an invention which is eventually patented by

another. Because many of these prior inventors will be trade secret users, one wholly legitimate consequence of prior user rights would be the strengthening of trade secret law.

## \*563 V. MAIN ARGUMENTS FOR AND AGAINST PRIOR USER RIGHTS

The debate between opponents and proponents of prior user rights is long-standing. [n89] The following section considers and rebuts the strongest criticisms of prior user rights. [n90]

### A. Prior User Rights Undercut the Objectives of the Patent System and are, thus, too Costly

To support this theory, opponents argue that prior user rights deprive patentees of the benefit of their bargain. Since patentees provide an enabling disclosure of the invention to the public, they are entitled to exclusive rights to the invention. Allowing prior users to continue their infringing use is simply unfair to the patentee.

The argument is well-theorized, but unfounded. The strict requirements of the prior user right make it very difficult to obtain. This ensures that the right is limited to give protection only to the vested interest of those who learned nothing from disclosure of the invention by the patentee. It allows them to continue a wholly legitimate enterprise.

Furthermore, the practical benefits of prior user rights far exceed the costs. In addition to strengthening trade secret protection, they would eliminate some of the disparate treatment between domestic and foreign businesses. Prior user rights can be found in almost every industrialized foreign country. [n91] As a consequence, United States holders of foreign patents are unable to estop prior users from continuing to use the invention in that country, whereas foreign holders of United States patents can estop prior users from continued use in the United States. [n92] Compounded by the fact that almost 50% of patent applications filed in the United States are from residents of foreign countries, [n93] the lack of prior user rights in the United States provides foreign businesses with a distinct competitive commercial advantage over those of the United States.

Prior user rights would also allay some significant concerns in the software industry. The trend towards patenting software is causing some \*564 companies to patent software techniques that are "old" or "well known," thereby precluding prior users from using techniques on which they have come to rely. [n94] Prior user rights would, at least in some situations, enable those prior users who meet the strict requirements to continue their use without being liable for patent infringement.

Finally, with the growing economic importance of new and improved technological advances, many companies are being forced to publish, patent, or perish. In other words,

they can either publish or patent every little invention or slight improvement, or be precluded from using it and, thus, perish in the marketplace. The publishing option can be highly undesirable since it exposes to the public, competitors included, the secret to a company's success. The patenting option is not only unfeasible, but also impractical, as the expense of obtaining a patent is high. Due to these costs, most companies are forced to limit patent protection to only their high priority inventions.

Again, prior user rights offer a viable solution to the publish, patent or perish problem. Companies could continue their system of patenting only high- priority inventions without fear of preclusive patenting on their less significant inventions. Opponents argue that by increasing trade secret protection, inventors will be more inclined to choose trade secret protection over patent protection, thus diminishing the significance of patent law. A result of this inclination could be that inventors will be discouraged from disclosing their inventions, a result running contrary to the policy of patent law, which seeks to encourage prompt disclosure.

This argument implies a conflict between trade secret and patent laws that does not exist. The Supreme Court clearly stated in *Kewanee Oil* that patent and trade secret law can co-exist. [n95] More important, the Court reasoned that since patent law offers much greater protection than trade secret law, the possibility is very remote that an inventor who believes his invention meets the standards of patentability will sit back, rely on trade secret law and, after one year of use, forfeit any right to patent protection. [n96] As a result, prior users will rely on trade secret protection only in those limited situations where it offers the best or only protection.

\*565 B. Prior User Rights Arise so Infrequently that there is no need for them

Opponents offer several statistics to support this contention. First, they argue that over 99% of the patent applications filed in the United States raise no dispute as to the identity of the first inventor. [n97] Second, opponents argue that even in those countries that have prior user rights, the right is only occasionally invoked. [n98]

This argument lacks merit. Just because something arises infrequently does not mean it is unnecessary. "There is no comfort for someone who has just been struck by lightning to reflect on how infrequently such a thing happens." [n99]

Moreover, there is a primary reason why this statistical information may be irrelevant or at least misleading. [n100] The latest amendment to 35 U.S.C. § 104, which now allows foreign inventors to establish a date of invention by reference to activity in a NAFTA or WTO member country, significantly opens the door for potential first inventor disputes. [n101] Prior user rights would, at least in some circumstances, enable the losers to continue the use of their United States business operations. Additionally, in those situations where foreign inventors prevail in the first-inventor dispute, prior user rights put United States businesses on equal footing with their foreign competitors who would be able to continue such use in their countries.

\*566 While this debate continues, it seems the weight of the evidence leads to one conclusion, that the United States should officially adopt prior user rights.

## VI. CONCLUSION

Within the last few years, patent law has been used as a tool to bring the world closer together. Its unifying use is exemplified by its incorporation into the GATT and NAFTA treaties. By officially adopting patent prior user rights, the United States would be taking one step in this global unification by harmonizing one of its patent laws to conform with that of virtually every other country.

The adoption of prior user rights has domestic advantages as well. Implicitly, they are currently being used, and by codifying these rights the United States would be able to eliminate the untenable distinction that presently exists in trade secret law. Furthermore, adopting these rights would put domestic businesses on equal footing with their foreign competitors which currently have an economic advantage because of such rights in foreign patent laws. Finally, prior user rights foster and further the American work ethic. They encourage the release of creative energy and safeguard the United States' position as a leader in this competitive global economy. Accordingly, the United States should adopt prior user rights into its existing patent system.

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[n1]. S. 2272, 103d Cong., 2d Sess. (1994) and H.R. 2235, 104th Cong., 1st Sess. (1995), respectively. For further discussion on these bills, see Part II(C)(2) *infra*.

[n2]. U.S. Const. art. I, § 8, cl. 8.

[n3]. Several works have expressed the viewpoint that patent law originated in Venice, Italy, then spread to France and England, and subsequently to the United States. See Frank K. Prager, A History of Intellectual Property from 1545 to 1787, 26 J. PAT. OFF. SOC'Y 711 (1944); M. Frumkin, The Origin of Patents, 27 J. PAT. OFF. SOC'Y 143 (1945); Frank K. Prager, Historic Background and Foundation of American Patent Law, 5 Am. J. Leg. Hist. 309, 309-314 (1961).

[n4]. Under this English system, patents were issued under the prerogative of the sovereign as a mark of grace and favor. BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 35, 103 (1967).

[n5]. Privileges were specially created rights that were granted and revoked by the state, depending on what was deemed to be useful. Novelty and inventiveness were examined incidentally, if at all. The main requirement was utility. Frank K. Prager, A History of Intellectual Property from 1545 to 1787, 26 J. PAT. OFF. SOC'Y 711, 714-715, 722 (1944).

[n6]. BUGBEE, *supra* note 4, at 9.

[n7]. H. & C. HOWSON, ABRIEF INQUIRY INTO THE PRINCIPLES, EFFECT, AND PRESENT STATE OF THE AMERICAN PATENT SYSTEM 7-8 (Philadelphia, PA: Law Booksellers, Publishers, and Importers 1872).

[n8]. PETER D. MCCLELLAND, THE AMERICAN SEARCH FOR ECONOMIC JUSTICE 25 (1990) [hereinafter THE AMERICAN SEARCH].

[n9]. 35 U.S.C. § 102(g) (1994).

[n10]. "Commercially used" is the language used in recent prior user rights legislation. See *infra* note 43.

[n11]. Keith Kupferschmid, Prior User Rights: The Inventor's Lottery Ticket, 21 AIPLA Q.J. 213, 216 (1993). Also, note prior users need not be inventors to qualify as prior users; they need only meet the statutory requirements for prior user rights. *Id.*

[n12]. *Id.* at 229.

[n13]. Economic justice is defined in The American Search for Economic Justice as distribution of public honors, wealth, or other rewards to society. However, the use of the term economic justice in this paper has to do with the premises of the economic justice model which comport with the founding principles of the patent system. These jointly applicable premises are that "1) participation in the economic race is an admirable endeavor, both for the individual self-fulfillment it encourages and for the social benefits that result; 2) the economic race (by and large) is a fair race; and 3) prizes tend to be

awarded (sic) for hard work; thrift; and foresight (although luck may also play a role)." THE AMERICAN SEARCH, supra note 8, at 25. The author applies these premises to a macroeconomic concept, but they are equally applicable to a microeconomic concept.

[n14]. FRANCIS X. SUTTON, ET AL., THE AMERICAN BUSINESS CREED 21 (1956).

[n15]. This is primarily because prior user rights are routinely associated with a first-to-file patent system, a system the United States has chosen not to adopt.

[n16]. Act to vest in Francis Bailey an exclusive privilege, House of Representatives, 1st Cong., 2d Sess. (1790), microformed on 1st Cong. 1789-1791 House Bills (Library of Congress 1966) [hereinafter Bailey's bill].

[n17]. 1 ANNALS of CONG. 995 (Washington: Gales & Seaton 1834).

[n18]. Act to promote the progress of useful arts (Patent Act of 1790), ch. 7, § 1, 1 Stat. 109, 110.

[n19]. Arthur H. Seidel, The Constitution and a Standard of Patentability, 48 J. PAT. OFF. SOC'Y 5, 27 (1966).

[n20]. Id.

[n21]. P. J. Federico, Operation of the Patent Act of 1790, 72 J. PAT. & TRADEMARK OFF. SOC'Y 373, 385 (1990). Patent applications no longer were scrutinized by a Patent Board, rather merely registered under the Secretary of State.

[n22]. BUGBEE, supra note 4, at 150-51.

[n23]. Patent Act of 1790, supra note 18, at 110; An Act to promote the progress of useful arts; and to repeal the act heretobefore made for that purpose (Patent Act of 1793), ch. 11, § 1, 1 Stat. 318, 319.



[n24]. An Act to promote the progress of useful arts, and to repeal all acts and parts of acts heretofore made for that purpose (Patent Act of 1836), ch. 357, § 6, 5 Stat. 117, 119.

[n25]. 27 U.S. 1 (1829).

[n26]. 32 U.S. 292 (1833).

[n27]. Justice Story states that the words "not known or used before the application" to have any rational interpretation, must mean, not known or used by others before the application. *Pennock*, 27 U.S. at 18. Justice McLean states that the knowledge or use spoken of in the statute could have only referred to the public, and cannot be applied to the inventor himself. *Shaw*, 32 U.S. at 319.

[n28]. *Pennock*, 27 U.S. at 13.

[n29]. An act in addition to "An act to promote the progress of the useful arts" (Patent Act of 1839), ch. 88, § 7, 5 Stat. 353, 354. Section 7 stated in relevant part that "every person ... who has, or shall have, purchased or constructed any newly invented machine, manufacture, or composition of matter, prior to the application by the inventor ... for a patent, shall be held to possess the right to use, and vend to others to be used, the specific machine, manufacture, or composition of matter so made or purchased, without liability therefor to the inventor, or any other person interested in such invention; and no patent shall be held to be invalid by reason of such purchase, sale, or use prior to the application for a patent as aforesaid, except on proof of abandonment of such invention to the public; or that such purchase, sale, or prior use has been for more than two years prior to such application for a patent."

[n30]. *Id.* It is clear from the language of the Act that this section was intended to provide a prior user with an infringement defense. This section is quite expansive, however, since it grants the prior user almost the same scope of rights as those of the patentee. Just as the patentee has the exclusive right to make, use and sell the invention so the prior user has the right to use and sell the invention, without any restrictions. This is a major difference from the most recent legislation regarding prior user rights (S. 2272 and H.R. 2235 see *supra* note 1) which would grant a prior user right subject to severe limitations. Note the Patent Act of 1839 seems to exclude the prior user's right to continue to make the invention, perhaps to preserve what remains of the patentee's exclusive right.

[n31]. 42 U.S. 202 (1843).

[n32]. *Id.* at 202.

[n33]. *Id.* at 209. The Court held defendant's use of the invention for four months prior to the patentee's application was public. Thus, under *Pennock v. Dialogue*, the patent is void.

[n34]. *Id.* at 210.

[n35]. An Act to revise, consolidate, and amend the statutes relating to Patents and Copyrights (Patent Act of 1870), chap. 230, § 37, 16 Stat. 198. Section 37 provided: "[e]very person who purchases of the inventor, or discoverer, or with his knowledge and consent constructs any newly invented or discovered machine, or other patentable article, prior to the application by the inventor or discoverer for a patent, or who sells or uses one so constructed, shall have the right to use, and vend to others to be used, the specific thing so made or purchased, without liability therefor."

[n36]. Section 37 of the Patent Act of 1870 later became Section 4899 of the Revised Statutes in 1878. Revised Patent Act, chap. 1 § 4899, 18 Stat. 945, 948. Section 4899 became Section 48 of Title 35 of the United States Code in 1926, and was repealed in 1952 because it was "redundant and unnecessary." H.R. REP. No. 1923, 82d Cong., 2d Sess., Table 3, at 72 (1952).

[n37]. From 1952 until 1979 there were no reported cases. Karl Jorda, *The Rights of the First Inventor-Trade Secret User as Against Those of the Second Inventor-Patentee (Part II)*, 61 J. PAT. & TRADEMARK OFF. SOC'Y 593, 600 (1979). Since 1979 there still have been no reported cases. This is not to say that there are no conflicts between a first inventor/prior user and a second inventor/patentee. They may arise because the second inventor/patentee may be afraid to put his patent on the block knowing he was not the first inventor, the first inventor/prior user may feel he has a lost cause and take a royalty-bearing license, or the first inventor/prior user may rather pay a small fee to the patentee so that patent coverage continues and other competition is shut out. Jorda, *supra* at 601-02. However, it is impossible to know exactly why so few cases exist.

[n38]. *Id.*

[n39]. S. 1042, 90th Cong., 1st Sess. § 274 (1967) (third party rights amendment to S. 1042 on May 3, 1967). This Bill was unsuccessful.

[n40]. Lisa Brownlee, Trade Secret Use of Patentable Inventions, Prior User Rights and Patent Law Harmonization: An Analysis and Proposal, 72 J. PAT. & TRADEMARK OFF. SOC'Y 523, 525 n.8 (1990) (citing eight articles which address this debate).

[n41]. House Fails to Vote on Patent Prior User Rights Act, 6 J. PROPRIETARY RTS. 27 (December 1994) [hereinafter House Fails to Vote].

[n42]. S. 2272, § 2(b)(1).

[n43]. The Act defines the term "commercially used" broadly to mean the invention has been used in the production of commercial products. However, the invention itself need not be publicly disclosed or publicly available. *Id.* at § 2(a)(1). This definition enables both a "secret use" and a "non-informing public use" to claim a prior user rights defense (see section IV *infra* for a significant discussion of these terms).

[n44]. *Id.* at § 2(b)(2).

[n45]. This provision is crucial, as without it a prior user could create a prior user right just by obtaining and exploiting a patentee's pre-filing disclosures, and then use this right to avoid infringement liability once the patent issues.

[n46]. There is a restriction on the ability to transfer, assign or license the right. "As an Advisory Commission stated, '[t]his is essential to preserve the personal nature of the prior user right, and to prevent [it] from being extended to resemble a compulsory license-like authority to avoid liability for patent infringement that can be transferred or licensed to others.'" Prior User Rights: Hearings Before the Subcomm. on Intellectual Property and Judicial Administration of the House Comm. on the Judiciary, 103d Cong., 2d Sess. 17 (September 13, 1994) [hereinafter Hearings] (testimony of Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, quoting from the Advisory Commission). Ideally this right would be assignable to the patentee, to make patentees whole and enable them to attain exclusivity. *Id.* (testimony of Prof. Robert Merges, former Professor of Law, Boston University School of Law).

[n47]. The prior user is entitled to make improvements, vary quantities or volumes, so long as the use does not infringe any additional claims. This provision gives the prior user some leeway in using the invention. The prior user is not restricted to a particular geographic area or volume, utilized before infringement. S. 2272, *supra* note 1, at § 2(b)(2)(d).

[n48]. House Fails to Vote, *supra* note 41.

[n49]. H.R. 2235, *supra* note 1. This bill has been referred to the Judiciary Committee.

[n50]. *Id.* at § 2(c)(6) (emphasis added).

[n51]. Bill Would Provide Infringement Defense to Prior Users of Patented Inventions, 50 PAT. TRADEMARK & COPYRIGHT J. (BNA), 361, 366 (1995).

[n52]. MAX WEBER, THE PROTESTANT WORK ETHIC AND THE SPIRIT OF CAPITALISM 78 (Talcott Parsons trans., Charles Scribners Sons 1958) (1904-05).

[n53]. Americans remain confident that the system works. Everett Carll Ladd, The American Dream; An Ideology Regnant, 5 THE PUBLIC PERSPECTIVE 15 (September 1994). Large majorities say success is determined by one's own efforts and thus, affirm the belief that we really can get ahead through hard work. *Id.* See also Seymour M. Lipset, The Work Ethic Then and Now, 98 THE PUBLIC INTEREST 61, 68 (1990) ("opinion surveys report that the overwhelming majority of Americans believe that either they or their children (or both) can rise, that hard work and study are rewarded.").

[n54]. *Id.* at 62 and 68. The religious component has all but disappeared.

[n55]. Willard Hurst, The Release of Energy, in AMERICAN LAW AND THE CONSTITUTIONAL ORDER, HISTORICAL PERSPECTIVES 109, 118 (Lawrence M. Friedman, et al. eds., 1988).

[n56]. THE AMERICAN SEARCH, *supra* note 8, at 25.

[n57]. *Id.* at 37.

[n58]. S. 2272, *supra* note 1, at § 2(a)(1).

[n59]. Reduction to practice can be "actual" or "constructive." Actual reduction to practice means physically constructing the invention. *Brown- Bridge Mills, Inc. v. Eastern Fine Paper*, 700 F.2d 759, 761-62, 217 U.S.P.Q. (BNA) 651, 654 (1st Cir. 1983). Constructive reduction to practice means filing a patent application. There is no requirement that an invention be commercialized to be reduced to practice. *Friction Div. Prods., Inc. v. E. I. du Pont De Nemours & Co.*, 658 F. Supp. 998, 1012, 3 U.S.P.Q.2d (BNA) 1775, 1785 (D. Del. 1987).

[n60]. In S. 2272, "commercially used" means "used in the production of commercial products" and "effective and serious preparation" means a person has actually reduced to practice the subject matter for which prior user rights are claimed and made a substantial portion of the total investment necessary for the subject matter to be commercially used. S. 2272, supra note 1, at § § 2(a)(1) and 2(a)(2) (emphasis added). H.R. 2235 provides even stricter requirements to satisfy "effective and serious preparation" if the subject matter cannot be commercialized without a significant investment of time, money, and effort. Before the filing date of the patent, a person must have completed a significant portion of the total investment necessary to commercialize the subject matter and made a commercial transaction with the preparation to use the subject matter. After the filing date the person must have diligently completed the remainder of the activities and investments necessary to commercially use the subject matter and promptly began its commercial use. H.R. 2235, supra note 1, at § 2(c)(2).

[n61]. *THE AMERICAN SEARCH*, supra note 8, at 25.

[n62]. *THE AMERICAN BUSINESS CREED*, supra note 14, at 328.

[n63]. *Id.* at 329.

[n64]. 35 U.S.C. § 102(g) (1994).

[n65]. 35 U.S.C. § 112 (1994).

[n66]. This example presumes that the second inventor's activities are insufficient to invalidate the patent.

[n67]. These patent applicants would only be a minority because less than 0.1% of patent applications currently filed in the United States raise a dispute as to the identity of the first inventor. U.S. Patent and Trademark Office, Dep't of Commerce, COMM'R OF

PATENTS AND TRADEMARKS ANN. REP. FISCAL YEAR 1993, 1, 4 (1994) [hereinafter PTO ANNUAL REPORT]. However, these statistics were provided before the amendment to 35 U.S.C. § 104 permitting evidence of inventive activity in a foreign country to be used in establishing priority. See House Bill (H.R. 5110) to Implement IP Provisions of GATT, 48 PAT. TRADEMARK & COPYRIGHT J. (BNA) 574, 582 (1994). Thus, this amendment may result in an increase in priority disputes.

[n68]. ROBERT P. MERGES, PATENT LAW AND POLICY: CASES AND MATERIALS 33 (1992).

[n69]. House Bill (H.R. 5110) to Implement IP Provisions of GATT, *supra* note 67, at 582.

[n70]. PTO ANNUAL REPORT, *supra* note 67.

[n71]. Trade secret means "information, including a formula, pattern, compilation, program, device, method, technique, or process, that (i) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are readily reasonable under the circumstances to maintain its secrecy." UNIFORM TRADE SECRETS ACT § 1(4) (1985).

[n72]. Not all trade secret users are precluded from using their inventions as a defense against patent infringement. Typically, those trade secret users whose prior use constitutes a "non-informing public use" are not precluded. This concept is explained fully in part IV(C) of this article.

[n73]. This question assumes that one would be able to choose the type of protection for an invention, either patent or trade secret, because the invention constitutes patentable subject matter under 35 U.S.C. § 101 and meets the conditions for patentability under 35 U.S.C. § 102.

[n74]. The Supreme Court best explains why patent law offers superior protection in *Kewanee Oil Co. v. Bicron*, 416 U.S. 470, 181 U.S.P.Q. (BNA) 673 (1974). The Court explained, "while trade secret law does not forbid the discovery of the trade secret by fair and honest means, e.g., independent creation or reverse engineering, patent law operates 'against the world,' forbidding any use of the invention for whatever purpose for a significant length of time. The holder of a trade secret also takes a substantial risk that the

secret will be passed on to his competitors, by theft or by breach of a confidential relationship, in a manner not easily susceptible of discovery or proof. Where patent law acts as a barrier, trade secret law functions relatively as a sieve." *Id.* at 490, 181 U.S.P.Q. (BNA) at 681 (citations omitted).

[n75]. *Gayler v. Wilder*, 51 U.S. 477, 497 (1850).

[n76]. S. 2272, *supra* note 1, at § 2(e)(2)(B).

[n77]. 114 F.2d 28, 46 U.S.P.Q. (BNA) 430 (2d Cir. 1940).

[n78]. *Id.* at 37, 46 U.S.P.Q. (BNA) at 433-34.

[n79]. See also *Palmer v. Dudzik*, 481 F.2d 1377, 178 U.S.P.Q. (BNA) 608 (C.C.P.A. 1973) (suggesting that a public use which does not disclose the inventive concept may amount to concealment within § 102(g)).

[n80]. 524 F.2d 33, 188 U.S.P.Q. (BNA) 481 (7th Cir. 1975), cert. denied, 424 U.S. 958, 189 U.S.P.Q. (BNA) 256 (1976).

[n81]. The court gave three reasons for this holding. First, the public still receives the benefit of the invention. By impacting the market, the invention has not been suppressed in an economic sense. Second, when a secret invention is in the public domain, it is fair to presume it will be uncovered by potential competitors long before the time when a patent would have expired. Third, the inventor "is free to contribute his idea to the public, either voluntarily by an express disclosure, or involuntarily by a non-informing public use. In either case, although he may forfeit his entitlement to monopoly protection, it would be unjust to hold that such an election should impair his right to continue diligent efforts to market the product of his own invention." *Id.* at 36, 188 U.S.P.Q. (BNA) at 484-85. Other courts have come to the same conclusion. See *E. I. du Pont De Nemours & Co. v. Phillips Petroleum Co.*, 849 F.2d 1430, 1436 at n.5, 7 U.S.P.Q.2d (BNA) 1129, 1138 at n.5 (Fed. Cir. 1988), cert. denied, 488 U.S. 986 (1988) ("because work is 'secret' does not necessarily mean that it has been 'abandoned, suppressed or concealed.' The latter determination depends on the overall facts of each case."); and *Del Mar Engineering Laboratories v. United States*, 524 F.2d 1178, 1185, 186 U.S.P.Q. (BNA) 42, 47 (Ct. Cl. 1975) (classified U.S. defense technology invalidated claims of a later filed patent because the benefits of the technology were not withheld from the public).

[n82]. If the trade secret were readily identifiable or discoverable, it would not last long.

[n83]. This is not to suggest that the Federal Circuit is in favor of prior user rights, but rather to interpret the court's action as a first step in the development of the author's proposal for adopting prior user rights.

[n84]. 721 F.2d 1540, 220 U.S.P.Q. (BNA) 303 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984).

[n85]. Prior user rights would also strengthen the position of the patentee because in a conflict with a prior user, the patentee would have an alternative to having their patent completely knocked out by the prior user.

[n86]. 416 U.S. 470, 181 U.S.P.Q. (BNA) 673 (1974).

[n87]. *Id.* at 493, 181 U.S.P.Q. (BNA) at 682.

[n88]. *Id.*

[n89]. See *supra* note 40.

[n90]. For a more extensive debate between opponents and proponents of prior user rights see Kupferschmid, *supra* note 11.

[n91]. *Id.* at 221.

[n92]. Hearings, *supra* note 46 (testimony of Bruce Lehman, Assistant Secretary of Commerce and Commissioner of Patents and Trademarks).

[n93]. PTO ANNUAL REPORT, *supra* note 67, at 3.

[n94]. Hearings, *supra* note 46. The rationale for the granting of the patents that cover such techniques in part, being that the techniques were not documented in patents or printed publications, i.e. trade secret use. *Id.*



[n95]. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 493, 181 U.S.P.Q. (BNA) 673, 682 (1974).

[n96]. *Id.* at 490, 181 U.S.P.Q. (BNA) at 681.

[n97]. Vito Debari, Comment, International Harmonization of Patent Law: A Proposed Solution to the United States' First-To-File Debate, 16 *FORDHAM INT'L L. J.* 687, 706 (1993).

[n98]. Lise Osterborg, Towards a Harmonized Prior Use Right Within a Common Market Patent System, 12 *INT'L REV. INDUS. PROP. & COPYRIGHT* 447, 457-465 (1981) (pointing out the infrequency with which prior user rights arise in England, The Netherlands, and Italy). Osterborg further points out that in a study that questioned German and Danish patent attorneys, all the patent attorneys replied that, on average, they are consulted less than ten times per year regarding prior user rights. *Id.* at 461.

[n99]. Prior User Rights: Hearings Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 103d Cong., 2d Sess. (August 9, 1994) (statement of Gary L. Griswold, Member Board of Directors, American Intellectual Property Law Association).

[n100]. There are several other reasons why the statistics cited may be skewed: America is a litigious society, other countries publish their applications after 18 months so prior users may be more aware of ensuing patents, and differences in discovery procedures may deter other countries from using the prior user right defense.

[n101]. House Bill (HR 5110) to Implement IP Provisions of GATT, *supra* note 67, at 582.