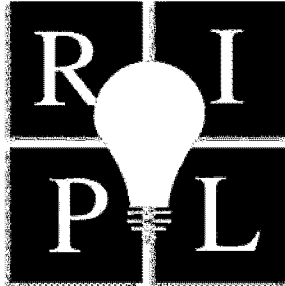


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THE THIRD DOOR IS OFF THE HINGES: A PROSPECTIVE STUDY ON THE EFFECTS OF THE CREATE ACT AGAINST FEDERAL PATENT POLICIES

SHANE M. POPP

ABSTRACT

The CREATE Act has amended § 103 of the Patent Act to expand the definition of common ownership such that a claimed invention is deemed to be commonly owned with other subject matter when the two arise from the same “joint research agreement.” With the CREATE Act, Congress intended to promote research among inventive entities, but instead, Congress has relaxed the conditions for patentability to the point where a contract can circumvent an obviousness inquiry.

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THE THIRD DOOR IS OFF THE HINGES: A PROSPECTIVE STUDY ON THE EFFECTS OF THE CREATE ACT AGAINST FEDERAL PATENT POLICIES

SHANE M. POPP*

INTRODUCTION

On December 10, 2004, President Bush signed a piece of legislation entitled the Cooperative Research and Technology Enhancement Act (the “CREATE Act” or the “Act”).¹ The purpose of the CREATE Act was to “promote cooperative research involving universities, the public sector, and private enterprise.”² The CREATE Act amends 35 U.S.C. § 103(c) by expanding the definition of the statutory phrase “owned by the same person” to include parties subject to a “joint research agreement” if three criteria are met: (1) The “joint research agreement was in effect on or before the date the claimed invention was made”; (2) “the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement”; and (3) “the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.”³ Additionally, within the CREATE Act, the term “joint research agreement” is given a broad definition. Specifically, “‘joint research agreement’ means a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.”⁴

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¹ Cooperative Research and Technology Enhancement (CREATE) Act of 2004, Pub. L. No. 108–453, 118 Stat. 3596.

² *Id.*

³ § 103(c) now reads:

(c)(1) Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person.

(2) For purposes of this subsection, subject matter developed by another person and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person if—

(A) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the date the claimed invention was made;

(B) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

(C) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

(3) For purposes of paragraph (2), the term ‘joint research agreement’ means a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.

35 U.S.C. § 103(c) (2000 & Supp. 2005).

⁴ *Id.* § 103(c)(3).

On the surface it appears that the CREATE Act will foster collaborative research among various types of entities across the board. However, further investigation reveals that the implementation of the CREATE Act may corrupt the legislative purpose behind the Patent Act and ultimately prove to contravene the constitutional policy behind the patent system when patents protected from invalidity by the CREATE Act are enforced against third parties.

The purpose of this article is to analyze the CREATE Act in view of the underlying purpose of the U.S. patent system. This analysis will reveal the Act to be an undue shift in policy favoring contracts over patents.

I. BACKGROUND

In 1984, Congress amended 35 U.S.C. § 103 to include a second paragraph that read:

Subject matter developed by another person which qualifies as prior art only under subsection (f) or (g) of Section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an assignment to the same person.⁵

This amendment, sometimes called the “*Bass* disqualifier,” was enacted to overcome the problems encountered in *In re Bass*⁶ and *In re Clemens*⁷ which held that § 102(g) prior art and possibly § 102(f) prior art, although not known to the public, may be used to sustain a rejection under § 103.⁸ The legislative history of the 1984 amendment shows that the amendment was specifically enacted to address the *Bass* problem as well as “encourage communication among members of research teams.”⁹

Subsequent to the 1984 amendment, § 103 explicitly made clear that any prior art which qualifies under § 102(f) or § 102(g) could not be used in conjunction with § 103 *if and only if* the prior art was, “at the time the invention was made, owned by the same person or subject to an assignment to the same person.” Conversely, if the prior art was not owned by the same person, then it could still be used to negate patentability for obviousness in conjunction with § 103 as explicitly provided in § 103(a).¹⁰

⁵ 35 U.S.C. § 103(c) (2000). Subsection (f) of § 102 states, “A person shall be entitled to a patent . . . unless he himself did not invent the subject matter sought to be patented.” *Id.* § 102(f). Subsection (g) states, “A person shall be entitled to a patent . . . unless before [the applicant’s] invention thereof the invention was made in this country by [another] and not abandoned, suppressed, or concealed.” *Id.* § 102(g).

⁶ 474 F.2d 1276 (C.C.P.A. 1973).

⁷ 622 F.2d 1029 (C.C.P.A. 1980).

⁸ *Bass*, 474 F.2d 1291; *Clemens*, 622 F.2d 1040.

⁹ 130 CONG. REC. 28069, 28071 (1984).

¹⁰ 35 U.S.C. § 103(a) (2000). Section 103(a) states:

A patent may not be obtained though the invention is *not identically disclosed or described as set forth in section 102 of this title*, if the differences between the subject matter sought to be patented and the prior art are such that the subject

In *Lamb-Weston, Inc. v. McCain Foods, Ltd.*, the Federal Circuit held a patent for a process of making frozen, partially fried, lattice-shaped french fries invalid as obvious.¹¹ The district court found that two pieces of prior art (Matsler and Jayne) protected by non-disclosure agreements “provided the motivation . . . to combine the known waffle-cut potato chips with the Strong patent process to produce frozen, parfried, and reconstituted waffle fries.”¹² On appeal, the Federal Circuit declined to explicitly rule on the issue of whether § 102(f) prior art could be used in conjunction with § 103. The court explained that because the product of the Matsler and Jayne disclosures was known to the public and the product was different from the process itself, there was no need to address the issue.¹³ The court further noted that it was the process of making the french fries that was the subject of a nondisclosure agreement and not the product itself.¹⁴ Accordingly, the Federal Circuit affirmed the district court opinion.

In a dissent, Judge Newman stated, “§ 102(f) relates to ‘derivation,’ the taking of the invention of another and patenting it as one’s own. It is irrelevant whether or not that invention is also prior art.”¹⁵ The dissent relied on the foregoing reasoning and a prior case in concluding that “§ 102(f) has no relevancy to what is ‘prior art’ under § 103.”¹⁶

Upon review of the district court opinion¹⁷ and the Federal Circuit opinion, it appears that the courts only analyzed whether the § 102(f) prior art was, “at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person,” as required by § 103(c). The Federal Circuit opinion set forth a factual timeline which showed that Matsler disclosed his apparatus to Lamb-Weston in January 1980.¹⁸ However, after negotiations were not fruitful with Lamb-Weston, Matsler decided to license his invention to J.R. Simplot Company.¹⁹ In fact, discussions between Jayne and Lamb-Weston were terminated in March 1980.²⁰ The subject patent that was invalidated as obvious was filed in August 1983 after several years of testing by Lamb-Weston.²¹ Thus, the disclosures

matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Id. (emphasis added).

¹¹ 78 F.3d 540, 545 (Fed. Cir. 1996).

¹² *Id.* at 544.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.* at 549. The policy behind § 102(f) is reinforced by this statement. Additionally, by reading § 103(a), this policy not only includes taking one’s literal invention and patenting it as one’s own, but also patenting an obvious variation of another’s invention. However, in an attempt to foster greater communication between collaborators, the post-1984 Patent Act amendments made clear that it is acceptable to patent obvious variations of others’ inventions if the inventions were “at the time the invention was made, owned by the same person or subject to an assignment to the same person.” 35 U.S.C. § 103(c)(1) (2000).

¹⁶ *Lamb-Weston*, 78 F.3d at 549 (quoting *In re Bass*, 474 F.2d 1276, 1290 (C.C.P.A. 1973)).

¹⁷ *Lamb-Weston, Inc. v. McCain Foods, Inc.*, 818 F. Supp. 1376 (E.D. Wash. 1993).

¹⁸ *Lamb-Weston*, 78 F.3d at 542.

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

of Matsler and Jayne were not commonly owned at the time the invention was made. Accordingly, based on § 103(a), these disclosures could be used in an obviousness determination. As such, the District Court and the majority on the Federal Circuit found the invention obvious considering the prior art.²²

The conclusion reached in *Lamb-Weston* is sound given the purpose of the 1984 amendment to § 103. Essentially, Lamb-Weston took information that was disclosed to it and attempted to patent an obvious variation of those disclosures. However, if one assumes that negotiations had been fruitful with Matsler and Jayne, and the rights to their respective disclosures were subject to assignment, *Lamb-Weston* would most likely have been decided differently because the “common ownership” provision of § 103 would have been satisfied.

In *Oddzon Products, Inc. v. Just Toys, Inc.*, the Federal Circuit addressed the question that the *Lamb-Weston* decision left open. In *Oddzon*, the court held that § 102(f) references could be used in conjunction with an obviousness inquiry.²³ In that case, Oddzon, a toy manufacturer, sued several competitors for design patent infringement as well as trade dress infringement and unfair competition.²⁴ One defendant asserted invalidity of the design patent as a defense.²⁵ On a motion for summary judgment the district court decided in favor of the patentee (Oddzon) on the patent invalidity claim.²⁶ The competitor appealed the summary judgment.²⁷ The Federal Circuit affirmed, stating, “[t]he district court ruled that two confidential ball designs (the ‘disclosures’) which ‘inspired’ the inventor of the Oddzon design were prior art for purposes of determining obviousness under § 103.”²⁸ The court went on to state that

[w]hile the statute does not expressly state in so many words that § 102(f) creates a type of prior art for purposes of § 103, nonetheless the conclusion is inescapable; the language that states that § 102(f) subject matter is not prior art under limited circumstances clearly implies that it is prior art otherwise.²⁹

Finally, the court provided the following disposition: “[w]e settle the issue here (subject of course to any later intervention by Congress or review by the Supreme Court), and do so in the manner that best comports with the voice of Congress.”³⁰

The two cases discussed above clearly show that (1) courts viewed the 1984 amendment to § 103 as a manifestation of legislative intent to encourage communication between researchers and (2) subject to specific conditions, certain prior art will fall outside the scope of a § 103 inquiry.

²² See *id.* at 545.

²³ *Oddzon Products, Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1403–04 (Fed. Cir. 1997).

²⁴ *Id.* at 1400.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 1401.

²⁹ *Id.*

³⁰ *Id.* at 1403.

II. ENTER THE CREATE ACT

As previously discussed, the CREATE Act was intended to promote cooperative research between public and private enterprises. But to what extent? Congress has already passed legislation that would “encourage communication among members of research teams.”³¹ With the CREATE Act, Congress appears to be drawing a fine line between the communication of ideas and patentability. Careful analysis shows that the implementation of the CREATE Act will invoke policies that traditionally have taken a backseat to federal patent policy. The amendments of the CREATE Act prevent subject matter that would otherwise qualify as prior art under § 102(e), (f) and (g) from precluding patentability where the prior art was, “at the time the invention was made, owned by the same person or subject to an assignment to the same person.”³²

However, the CREATE act went on to further define the “common ownership provision.” Specifically, subject matter will be deemed to be owned by the same person as the claimed invention if three conditions are met. First, the claimed invention must have been made by parties to a joint research agreement that was *in effect* on or before the date the claimed invention was made.³³ Second, the claimed invention must have been made as a result of the activities within the scope of the joint research agreement.³⁴ Third, the application must be amended to disclose the names of the parties to the joint research agreement.³⁵ Finally, the Act defines the term “joint research agreement” to mean, “a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.”³⁶

This definition is extremely broad. Moreover, careful drafting of contract language could easily keep relevant subject matter and parties within the scope of a “joint research agreement.” This, of course, would deem the subject matter to be commonly owned. Hence, the focal point of the CREATE Act is on the contractual relationship between the parties and not the prior knowledge that the parties possess.

It seems that Congress wants to encourage collaboration between researchers so much that it redefined the concept of common ownership to include virtually any contractual relationship. Although it is fundamentally sound to encourage scientific research via contract, allowing contracts to serve as an avenue to circumvent the Patent Act is contrary to the purpose behind the patent system which should take precedence.

To show an example of the reach of the CREATE Act, suppose that a mid-sized company (company X) in the highly competitive and lucrative field of widget development wishes to embark on a new area of widget technology that it believes will become a commercial blockbuster based on the need in the widget industry and

³¹ See 130 CONG. REC. 28069, 28071 (1984) (discussing the purpose of the 1984 amendments to the prior art provisions of the then current Patent Act).

³² 35 U.S.C. § 103(c)(1) (2000 & Supp. 2005).

³³ *Id.* § 103(c).

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.* § 103(c)(3).

the marketplace. Further assume that at the initial phase of research, company X identifies a small start-up company and four universities with similar research. All of the parties enter into a “joint research agreement” as defined by the CREATE Act. Eventually, several patents issue on this technology. Each patent is an obvious variation of the last. Over time, company X begins to enforce the family of widget patents against other companies in the widget industry. Several competitors take licenses. However, some companies decide to defend against the assertions of infringement and assert invalidity as a defense to infringement. In addition, one of the five members of the “joint research agreement” terminates the relationship and company X sues for infringement.

In this hypothetical case, in light of the CREATE Act, is an assertion of invalidity based upon obviousness in view of prior art subject matter developed by a party to a joint research agreement still a viable defense to infringement of a patent that was the fruit of that research agreement?

III. INVALIDITY BASED UPON OBVIOUSNESS AS A DEFENSE TO INFRINGEMENT: LICENSEE ESTOPPEL AND ASSIGNOR-ESTOPPEL

In the landmark case of *Lear v. Adkins*, the Supreme Court held that a licensee was not estopped from attacking the validity of a patent and was entitled to avoid payment of all royalties accruing after the patent issued if the licensee could prove invalidity of the patent.³⁷ In coming to the decision, the Supreme Court stated:

On the one hand, the law of contracts forbids a purchaser to repudiate his promises simply because he later becomes dissatisfied with the bargain he has made. On the other hand, federal law requires that all ideas in general circulation be dedicated to the common good unless they are protected by a valid patent.³⁸

The Court went on to balance the public policy behind contracts and patents:

Adkins’ position would permit inventors to negotiate all important licenses during the lengthy period while their applications were still pending at the Patent Office, thereby disabling entirely all those who have the strongest incentive to show that a patent is worthless. While the equities supporting Adkins’ position are somewhat more appealing than those supporting the typical licensor, we cannot say that there is enough of a difference to justify such a substantial impairment of overriding federal policy.³⁹

Upon finding that federal patent policy should prevail over contract policy, the Court further stated that it was not clear that the previous court had intended that Adkins’s ideas be found to have met the standard of an invention when the previous

³⁷ *Lear, Inc. v. Adkins*, 395 U.S. 653, 674 (1969).

³⁸ *Id.* at 668.

³⁹ *Id.* at 672–73.

court made the statement that Adkins's invention had made a significant contribution to the art.⁴⁰

Although *Lear* is still good law, many exceptions have been carved out of it.⁴¹ For example, courts have distinguished the licensee situation in *Lear* from cases involving assignors who later attempt to assert the invalidity of the patent assigned.⁴² The distinction is based on an equitable estoppel theory known as the assignor-estoppel doctrine which states that an assignor who assigns "a patent or an invention and a patent application for value [is estopped] from later contending that the assigned property was valueless."⁴³ Thus, as the law currently stands, the *Lear* doctrine (subject to the satisfaction of certain procedural mechanics) allows licensees to challenge the validity of a licensed patent, whereas under the doctrine of assignor-estoppel, one who assigns his rights cannot challenge the validity of a patent—albeit that an assignor *can* challenge to force a court to determine the scope of a claim.

Based on the foregoing, the CREATE Act forms an open question regarding whether the defense of patent invalidity in an obviousness setting is still a viable defense for patents subject to a "joint research agreement" when the prior art is developed by a party to the joint research agreement. First, the mechanics of the CREATE Act by definition will provide an admission (if not a strong presumption) that the patent is obvious in light of the prior art. By amending the patent application as set forth in § 103(c)(2)(C), the public will have notice of the parties subject to the "joint research agreement" and notice that an obviousness rejection was made.⁴⁴ Also, the Information Disclosure Statement should contain the § 102(e), (f) or (g) disclosures since they are required as material to patentability.⁴⁵

The question presented in the above paragraph now becomes two questions, and the need for answers to these two questions is a matter of policy. First, under the assignor-estoppel doctrine, are parties subject to a "joint research agreement" giving rise to a patent estopped from asserting patent invalidity based on obviousness? Second, is there *any* party who can, despite the CREATE Act, assert invalidity through obviousness based on subject matter that was developed through the same "joint research agreement" as the claimed invention?

Answering these questions requires the balancing of fundamental policies of patent law and contract law. Based on the fundamental purpose of federal patent

⁴⁰ See *id.* at 676.

⁴¹ See Nellie A. Fisher, *The Licensee's Choice: Mechanics of Successfully Challenging a Patent Under License*, 6 TEX. INTELL. PROP. L.J. 1, 31–32 (1997).

⁴² See generally John W. Schlicher, *Lear v. Adkins Allegory*, 68 J. PAT. & TRADEMARK OFF. SOC'Y 427 (1986); Tipton D. Jennings IV & Carrol L. Bryan II, *The Ever Expansive Scope of Lear v. Adkins: Does It Have Limits?* 59 J. PAT. & TRADEMARK OFF. SOC'Y 679 (1977).

⁴³ Q.G. Prods., Inc. v. Shorty, Inc., 992 F.2d 1211, 1212 (Fed. Cir. 1993). The court went on to say that "[i]n *Diamond Scientific*, this court applied the estoppel doctrine in the face of credible invalidity evidence: 'The fact is that [the assignor] assigned the rights to his invention, irrespective of the particular language in the claims describing the inventions when the patents were ultimately granted.'" *Id.* at 1214 (citation omitted). Thus, this court's analysis is not limited to the claims of the '377 application. This court also noted that the "assignor could present evidence of prior art to narrow the scope of the claims." *Id.*

⁴⁴ Presumably, if no § 103 rejection was made during prosecution, the specification would not have to be amended. See 35 U.S.C. § 103(c)(2)(C) (2000).

⁴⁵ See 37 C.F.R. § 1.97 (2005).

policy it is proffered that the equities should favor patent principles over those of contract law.⁴⁶

IV. FEDERAL PATENT POLICIES

A. Historical Principles

The four best-known positions on which advocates of patent protection for inventors have rested their case may be characterized as the “natural law” thesis, the “reward-by-monopoly” thesis, the “monopoly-profit-incentive” thesis, and the “exchange-for-secrets” thesis.⁴⁷

Two major theses have resurged over the last several decades. The first is the reward-by-monopoly thesis, “which assumes that justice requires that a man receive reward for his services in proportion to their usefulness to society, and that, where needed, society must intervene to secure him such a reward.”⁴⁸ The reward, as the name suggests, is a monopoly in the form of a patent that will grant the inventor the right to exclude others from making, selling and using the invention for the life of the patent. Once the patent expires, the invention is dedicated to the public.

The second, the monopoly-profit-incentive thesis,

assumes that industrial progress is desirable, that inventions and their industrial exploitation are necessary for such progress, but that inventions and their exploitation will not be obtained in sufficient measure if inventors and capitalists can hope only for such profits as the competitive exploitation of all technical knowledge will permit.⁴⁹

The premise of this thesis is that the venture, if successful, must be worth the risk. “The simplest, cheapest, and most effective way for society to hold these incentives is to grant temporary monopolies in the form of exclusive patent rights in inventions.”⁵⁰

These principles have been recognized even since the time of the Classical Greek empire.

⁴⁶ For the purposes of this article, we will assume that the public policy governing contract law favors the Utilitarian Economic Theory, which teaches that the principles of contract law should be designed to maximize the potential gains from transactions by facilitating the process of voluntary trade. Contract law should be utilitarian and based on free market principles. *See generally* ANTHONY T. KRONMAN & RICHARD A. POSNER, *THE ECONOMICS OF CONTRACT LAW* (1979). This “view has become increasingly influential in recent years and is championed by a number of academics and jurists associated with the ‘law and economics movement.’” BERENDT ET AL., *CONTRACT LAW AND PRACTICE* 7–8 (1998).

⁴⁷ Fritz Machlup, *An Economic Review of the Patent System: Hearing Before the Senate Subcomm. on Patents, Trademarks, and Copyrights of the Comm. on the Judiciary*, 85th Cong. 2d Sess., 21, 44–45, 50–54, 79–80 (1958).

⁴⁸ *Id.* at 21.

⁴⁹ *Id.*

⁵⁰ *Id.*

The Sybarites having given loose to their luxury, made a law that . . . if any confectioner or cook invented any peculiar and excellent dish, no other artist was allowed to make this for a year; but he alone who invented it was entitled to all the profits to be derived from the manufacture of it for that time; in order that others might be induced to labour at excelling in such pursuits⁵¹

Two thousand years later, these principles were still alive.

Galileo Galelei in Venice as the inventor of a machine for raising water and irrigating land with small expense and great convenience, petitioning the Doge of Venice for a grant what was called a “privilege,” giving him and his heirs, and those he might license, the sole right to make and use his machine, saying in his petition: “it not being fit that this invention, which is my own, discovered by me with great labor and great expense, be made the common property of everyone.”⁵²

Inventors wanted a reward for the fruits of their labor. In addition, the members of society recognized that innovation was essential for the steady growth of society itself. Lawmakers responded by implementing a patent system, which has developed into our current statutory scheme.

B. Current Statutory Policy

In 1952, Congress enacted the current version of the Patent Act. The Patent Act of 1952 was the first to introduce § 103. In the seminal case of *Graham v. John Deere Company of Kansas City*, the Supreme Court held that the 1952 Act “was intended to codify judicial precedents embracing the principle [announced by Supreme Court in 1851].”⁵³ In coming to this holding, the Court discussed the meaning of the newly enacted non-obviousness provision:

Section 103, for the first time in our statute, provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decision of the courts. An invention which has been made, and which is new in the sense that the same thing has not been made before, may still not be patentable if the difference between the new thing and what was known before is not considered sufficiently great to warrant a patent.⁵⁴

⁵¹ Giles S. Rich, The “Exclusive Right” Since Aristotle, Address At the Foundation for a Creative America Bicentennial Celebration—United States Patent and Copyright Laws (May 9, 1990).

⁵² *Id.*

⁵³ 383 U.S. 1, 1 (1966).

⁵⁴ *Id.* at 14.

The court then investigated the congressional purpose behind § 103 and concluded that § 103 was intended to codify the existing patent law precedent regarding obviousness as a prerequisite to patentability.⁵⁵

In 1979, another case presented policy questions with respect to the purpose behind the Patent Act. In *Application of Bergy*,⁵⁶ Judge Rich used an analogy of unlocking doors to obtain a patent:

Achieving the ultimate goal of a patent under those statutory provisions involves, to use an analogy, having the separate keys to open in succession the three doors of section 101, 102, and 103, the *last two guarding the public interest* by assuring that patents are not granted which would take from the public that which it already enjoys (matters already within its knowledge whether in actual use or not) or potentially enjoys by reason of obviousness from knowledge which it already has.⁵⁷

While discussing the third door of patentability (§ 103), the Court quoted a House report stating that “[i]f this difference is such that the subject matter as a whole would have been obvious at the time [the invention was made] to a person [ordinarily] skilled in the art, then the subject matter cannot be patented.”⁵⁸

As can be seen from the long history of common-law obviousness as well as the statutory provision of § 103 first enacted in 1952, the obviousness inquiry is vital to the progress of the useful arts, and circumvention of this inquiry—via contracts which the CREATE Act would permit—would undermine the long-standing policies of the patent laws.

V. CONCLUSION

The CREATE Act has amended § 103 to expand the definition of common ownership with regard to certain types of prior art. The focus of congressional intent was to promote research among inventive entities. In reality, Congress has relaxed the conditions for patentability to the point where an obviousness inquiry can be circumvented via contract. This is the epicenter for a substantive shift in federal policy favoring contracts over patents.

As patents that are subject to the CREATE Act are enforced against the public, the foundations of several legal doctrines will be tested. The doctrine of licensee-estoppel as articulated by the Supreme Court in *Lear* may be carved down even further or abolished altogether. Invalidity of a patent based on obviousness as a defense to a claim of infringement may become obsolete.

When a controversy arises, we should be reminded that the grant of a patent is a reward to the inventor for something new and useful and not the result of relationships carefully crafted via contract. In time, hopefully the Courts will require

⁵⁵ *Id.* at 17.

⁵⁶ In the Matter of the Application of Malcom E. Bergy, *et al.*, 596 F.2d 952 (C.C.P.A. 1979).

⁵⁷ *Id.* at 960 (emphasis added).

⁵⁸ *Id.* at 962 (quoting H.R. REP. NO. 82-1923, 2d Sess., at 4 (1952)).

that inventors not only pass through three doors but also unlock those doors before a patent is granted.