Protection of the Inventor Outside the Patent System

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The owner of an invention has resort to two alternative sources of law when seeking to preserve for himself the profit from his invention; he can look either to the common law (sometimes codified, with possible modifications, by state statute) or to the federal patent statute. The common law imposes no obligation upon the inventor to disclose his invention to others; he is free to keep his secret entirely to himself. The inventor also has the right, recognized by the common law, to make, use and sell his invention. This right to practice the invention is of limited value, however, unless it can be kept exclusive. Hence, it is exclusivity which the inventor primarily seeks from the law.

The aim of the patent system is to encourage inventors to disclose their inventions to the public so that society may benefit from them. A patent grant necessitates a complete disclosure although no use need be made of the invention by the patentee. In return for such disclosure the government adds to the inventor's common law right to make, use and sell the invention by conferring upon him the right to exclude all others from practicing the invention for a period of seventeen years. For those inventions

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whose exploitation is incompatible with secrecy, the patent system offers the only feasible protection for the inventor.8

Common law protection of the inventor's secret

Exclusivity is afforded by the common law in a much different manner.9 At common law the public is free to make, use and sell anything of which it has knowledge.1 Accordingly, the inventor's right of exclusivity depends solely upon successful exercise of his right to keep the invention a secret, thereby making it impossible for others to duplicate it.11 To this end, the common law will protect him against wrongful acquisition and usage by others of knowledge of his invention;12 the extent of such protection is a

Motor Truck Co., 50 F.2d 568 (9th Cir. 1931); Tower Mfg. Co., Inc. v. Monsanto Chemical Works, 20 F.2d 386 (S.D. N.Y. 1927).


The patent confers no right upon the patentee to practice the invention. Patterson v. Kentucky, 97 U.S. 501 (1878); In re Brosnahan, 18 Fed. 62 (W.D. Mo. 1883).

8 See Lueddecke v. Chevrolet Motor Co., 70 F.2d 345 (8th Cir. 1934).


12 Protection is generally not dependent upon the inventor's using the invention. Ferroline Corp. v. General Aniline & Film Corp., 207 F.2d 912 (7th Cir. 1953), cert. denied, 347 U.S. 953 (1954). But see Victor Chemical Works v. Illif, 299 Ill. 532, 132 N.E. 806 (1921).
matter of state law. The person who acquires knowledge honestly and fairly, however, is free to make, use and sell the invention without any obligation to the inventor. If the invention is capable of being profitably exploited without sacrificing its secret nature, the inventor may be well advised to rely on common law protection rather than on a patent since the former has no time limit; also, the common law may protect inventions which can not meet the statutory standards of patentability.

What is a common law invention?

The invention may be any product, process or machine which has been created by a person and which has not theretofore been part of public knowledge. Although such categorization is similar to that adopted for patentability, the strict requirements of novelty and invention found in patent law are not applied with equal stringency for common law protec-

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13 Becher v. Contoure Laboratories, 279 U.S. 388 (1928) (the cause of action stems from a breach of trust or breach of contract); Franke v. Wiltschek, 209 F.2d 493 (2d Cir. 1953); Ferroline Corp. v. General Aniline & Film Corp., 207 F.2d 912 (7th Cir. 1953), cert. denied, 347 U.S. 953 (1954); Smith v. Dravo Corp., 203 F.2d 369 (7th Cir. 1953), 208 F.2d 388 (7th Cir. 1953); Cummings v. Moore, 202 F.2d 145 (10th Cir. 1953). See, e.g., CAL. CIv. CODE §§ 980-984.

A suit for infringement of a patent cannot be coupled with a suit for breach of a trade secret (unrelated to the patent) so as to get both into a federal court where the trade secret suit would not separately qualify. Newport Industries v. Crosby Naval Stores, 139 F.2d 611 (5th Cir. 1944); accord, Hurn v. Oursler, 289 U.S. 238 (1933).


The honest discoverer is free to advertise the fact. Jacobs v. Beecham, 221 U.S. 263 (1910); Watkins v. Landon, 52 Minn. 389, 54 N.W. 193 (1893), 67 Minn. 136, 69 N.W. 711 (1897).


16 See note 19 infra.

17 It is doubtful if knowledge of what not to do is protected as a secret. Detachable Bit Co. v. Timken Roller Bearing Co., 133 F.2d 632 (6th Cir. 1943). See also Klivitsky, Protection of Unpatentable Ideas, 17 J. PAT. Off. Soc'y 854 (1935).

tion; however, there must be some novelty together with the secrecy, at least to the disclosee.

Property aspects of the unpatented invention

The unpatented invention has frequently been regarded as property. It is assignable and may be licensed; even if not itself patentable, its transfer is adequate consideration to support a contract unless it infringes another’s patent when practiced. It is often regarded as adequate considera-

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The trend toward progressively stricter judicial interpretation of the standard of patentable inventions during recent years, particularly by the Supreme Court, has probably increased the interest of inventors in common law protection. It is therefore pertinent to note that section 103 of the new patent code (66 Stat. 798 (1952), 35 U.S.C. § 103 (1952)) has recently been held as intended to restore the relatively liberal attitude toward invention taken by courts prior to imposition of the more recent stricter standards. Lyon v. Bausch & Lomb Optical Co., 106 U.S.P.Q. 1, ........ F.2d ........ (2d Cir. 1955).


If there is a contract of confidence, want of patentable invention can scarcely be a defense. Shellmar Products Co. v. Allen-Qualsey Co., 36 F.2d 623 (7th Cir. 1929); Ultra-Life Laboratories v. Eames, 240 Mo. App. 851, 221 S.W.2d 224 (1949).


24 Gas Tool Patents Corporation v. Mould, 133 F.2d 815 (7th Cir. 1943); Myers v. Gerhardt, 344 Ill. 620, 176 N.E. 713 (1931); Burton v. Burton Stock-Car Co., 171 Mass. 437, 50 N.E. 1029 (1898).

tion for an issue of corporate stock. It has been held not subject to levy by creditors, however.

The accent on secrecy

Although the invention is often attributed characteristics of personalty, any member of the public is free to appropriate it to his own benefit once knowledge is legitimately acquired. Accordingly, common law protection of the inventor is primarily concerned with the method by which knowledge is actually acquired by one not the inventor. The most cited judicial description of this protection is by Justice Holmes:

The word property as applied to ... trade secrets is an unanalyzed expression of certain secondary consequences of the primary fact that the law makes some rudimentary requirements of good faith ... The property may be denied but the consequences cannot be. Therefore the starting point for the present matter is ... that the defendant stood in confidential relations with the plaintiffs ...

The protection is well described in the Restatement of Torts in its treatment of trade secrets:

One who discloses or uses another's trade secret, without a privilege to do so, is liable to the other if

(a) he discovered the secret by improper means, or
(b) his disclosure or use constitutes a breach of confidence reposed in him by the other in disclosing the secret to him, or
(c) he learned the secret from a third person with notice of the facts that it was a secret and that the third person discovered it by improper means or that the third person's disclosure of it was otherwise a breach of his duty to the other, or
(d) lie learned the secret with notice of the facts that it was a secret and that its disclosure was made to him by mistake.

One who learns another's trade secret from a third person without notice that it is secret and that the third person's disclosure is a breach of his duty to the other, or who learns the secret through a mistake without notice of the secrecy and the mistake,


\[28\] DuPont Powder Co. v. Masland, 244 U.S. 100 (1916); Smith v. Dravo Corp., 203 F.2d 369 (7th Cir. 1953), 208 F.2d 388 (7th Cir. 1953); Tower Mfg. Co., Inc. v. Monsanto Chemical Works, 20 F.2d 386 (S.D.N.Y. 1927); Herold v. Herold China & Pottery Co., 257 Fed. 911 (6th Cir. 1919).

\[28\] DuPont Powder Co. v. Masland, 244 U.S. 100, 102 (1916).

\[30\] \textit{Restatement, Torts §§ 757, 758} (1938).
(a) is not liable to the other for a disclosure or use of the secret prior to the receipt of such notice, and
(b) is liable to the other for a disclosure or use of the secret after the receipt of such notice, unless prior thereto he has in good faith paid value for the secret or has so changed his position that to subject him to liability would be inequitable.

It is the employment of improper means to procure the invention, rather than its duplication per se, against which the common law protects the inventor. Any benefit from a surreptitious acquisition is, of course, precluded.

However, the primary problem of the courts has been to decide whether a confidence has been created by an express or implied contract when someone is voluntarily given knowledge of the invention by the inventor. Confidential disclosures do not destroy the secrecy requisite for common law protection although an unconditional disclosure to even one person has been regarded to terminate it. It is obvious that the court has no means of knowing whether several independent inventors may be keeping secret the identical invention. If so, there would seem to be no reason why each should not have the protection of secrecy afforded a trade secret.


which, according to the Restatement of Torts, need not be limited to one person's knowledge.\textsuperscript{35}

An inventor frequently finds it impractical to exploit his invention alone; consequently he may disclose details to another in the course of negotiations concerning utilization or production by the other. The courts virtually unanimously regard such a relationship as confidential and prevent the disclosee from expropriating the secret unjustly for his own benefit.\textsuperscript{36} It is always advisable for the inventor to indicate in such disclosures his expectancy of compensation should the disclosee practice the invention.\textsuperscript{37} Also the inventor should be aware that the federal government has been held free to use unpatented inventions submitted to it in confidence, even after the inventor has been requested to do so, unless an express contract for compensation exists.\textsuperscript{38}

Another recurring situation exists where the possessor of a secret invention must engage others to assist him in exploiting it. Such employees are held to be confidential disclosures of information acquired by them in the course of employment.\textsuperscript{39}


Remedies

Equity protects the inventor's secrecy. Accordingly, the person who acquires knowledge improperly or who violates a confidence can be enjoined from practicing the invention or from disclosing it to others. Likewise, equity will require an accounting of the profits earned by the disclosee's practice of the invention. In addition, the disclosee may be required to pay...
damages to the inventor for harm resulting from the disclosee's misuse of his knowledge.\textsuperscript{44}

Third parties acquiring knowledge from the breaching disclosee are similarly liable to the inventor for disclosure or use from the time at which they acquire notice that the invention was secret and wrongfully obtained from the inventor.\textsuperscript{45} However, if the third party has paid value for his information or has materially changed his position in reliance thereon before receiving such notice, he may be allowed to continue practicing the invention without obligation.\textsuperscript{46} The innocently acquiring third party may in turn be able to obtain relief against improper acquisition of the secret from him.\textsuperscript{47}

Any unchallenged public disclosure of the invention obviously destroys the secrecy upon which the inventor's common law protection is based.\textsuperscript{48} Sale or exhibition of a product may be a disclosure of the product itself\textsuperscript{49} but it need not be a disclosure of the process or machine which made the product, at least, if done by someone other than the inventor.\textsuperscript{50} A public

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\textsuperscript{44} Ackermans v. General Motors Corp., 202 F.2d 642 (4th Cir. 1953), cert. denied, 345 U.S. 996 (1953); Schrever v. Casco Products Corp., 190 F.2d 921 (2d Cir. 1951), cert. denied, 342 U.S. 913 (1952); Conmar Products Corp. v. Universal Slide Fastener Co., 172 F.2d 150 (2d Cir. 1949); Sandlin v. Johnson, 141 F.2d 660 (8th Cir. 1944), 152 F.2d 8 (8th Cir. 1945); Saco-Lowell Shops v. Reynolds, 141 F.2d 587 (4th Cir. 1944); Hoeltke v. C. M. Kemp Mfg. Co., 80 F.2d 912 (4th Cir. 1935), cert. denied, 298 U.S. 673 (1935); Michel Cosmetics, Inc. v. Tsirkas, 282 N.Y. 195, 25 N.E.2d 16 (1940); Brown & Root v. Jacques, 98 S.W.2d 257 (Tex. Civ. App. 1936).


\textsuperscript{47} Vulcan Detinning Co. v. American Can Co., 72 N.J. Eq. 387, 67 Atl. 339 (1907), 75 N.J. Eq. 542, 73 Atl. 603 (1909) (subsequent citations omitted).

\textsuperscript{48} Kendall et al. v. Winsor, 62 U.S. (21 How.) 322 (1858); Shaw v. Cooper, 32 U.S. (7 Pet.) 292 (1833); Sandlin v. Johnson, 141 F.2d 660 (8th Cir. 1944), 152 F.2d 8 (8th Cir. 1945).


\textsuperscript{50} Metallizing Engineer Co. v. Kenyon Bearing & A. P. Co., 153 F.2d 516 (2d Cir. 1946), cert. denied, 328 U.S. 840 (1946), overruling, Peerless Roll Leaf Co. v. H. Griffin & Sons Co., 29 F.2d 646 (2d Cir. 1928); Gillman v. Stern, 114 F.2d 28 (2d Cir. 1940), cert. denied, 311 U.S. 718 (1941); Tabor v. Hoffman, 118 N.Y. 30, 23 N.E. 12 (1889).
use of an invention by one person is enough to destroy secrecy. Some inventions by nature are concealed from the public eye while in use—nevertheless, the use may be public if no restriction of secrecy is put upon the user. A patent grant, but not a patent application, is also a public disclosure which terminates the common law protection. Any public disclosure is, of course, irrevocable.

The public is free to practice the invention after a general disclosure although naturally risking infringement action if the disclosure has been by patenting. Such disclosure does not affect a cause of action arising from a previous breach of confidence by the disclosee, even if disclosure has been by a patent and the breach, if continued, would not constitute infringement. The disclosee who has acquired knowledge first in confidence, however, may be precluded not only from benefiting from any subsequent investigations which he might conduct to legitimately uncover the secret but also, on occasion, from benefiting by practice of the invention after general disclosure to him as a member of the public. If licensed by the

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51 Egbert v. Lippman, 104 U.S. 333 (1881); Skoog v. McCray Refrigerator Co., 211 F.2d 254 (7th Cir. 1954). In the Skoog case, common law protection was denied the inventor of a display-type refrigeration cabinet because he had utilized the invention in his store subject to unrestricted public use for two months prior to making a confidential disclosure to the defendant. As an alternative ground, the court held that the defendant had independently invented the same device.

52 Egbert v. Lippman, 104 U.S. 333 (1881).


54 Pennock v. Dialogue, 27 U.S. (2 Pet.) 1 (1829); Smith v. Dravo Corp., 203 F.2d 369 (7th Cir. 1953), 208 F.2d 388 (7th Cir. 1953). See note 70 infra.


56 If the disclosure by patenting is followed by a licensing of the disclosee, the post-patent royalty arrangement may set the measure of recovery for the pre-patent breach of confidence.

57 Franke v. Wiltschek, 209 F.2d 493 (2d Cir. 1953); Shellmar Products Co. v. Allen-Qualsey Co., 36 F.2d 623 (7th Cir. 1930); Stone v. Goss, 65 N.J. Eq. 756, 55 Atl. 756 (1903).

58 Shellmar Products Co. v. Allen-Qualsey Co., 87 F.2d 104 (7th Cir. 1936), cert. denied, 301 U.S. 695 (1937); A. O. Smith Corporation v. Petroleum Iron Works Co., 74 F.2d 934 (6th Cir. 1934); Contra, Northrup v. Reish, 200 F.2d 924 (7th Cir. 1953); Schreyer v. Casco Products Corp., 190 F.2d 921 (2d Cir. 1951), cert. denied, 342 U.S. 913 (1952); Conmar Products Corp. v. Universal Slide Fastener Co., 172 F.2d 150 (2d Cir. 1949); Sandlin v. Johnson, 141 F.2d 660 (8th Cir. 1944), 152 F.2d 8 (8th Cir. 1945); Picard v. United Aircraft Corpora-
inventor before disclosure, he may be required not only to make payment of royalties due before disclosure but also to respect the terms of an existing license after disclosure.  

Effect of the selection of either common law or patent protection

The common law, stressing secrecy, and the patent statutes, stressing disclosure, are mutually inconsistent, at least to a considerable extent. Although a patent application is not destructive of secrecy, the issued patent contains the patentee's full and voluntary public disclosure. Accordingly, common law protection is thereafter unavailable, even though the patent may ultimately prove void.

The effect of secret exploitation upon subsequent patentability by the exploiter, on the other hand, is not so clearly defined. Certain of the technical statutory requirements for patentability concern dispositions made of the invention prior to application. The period of exclusiveness accorded

60 Sandlin v. Johnson, 141 F.2d 660 (8th Cir. 1944), 152 F.2d 5 (8th Cir. 1945); Carver v. Harr, 132 N.J. Eq. 207, 27 A.2d 895 (1942).

If the inventor's disclosure was wrongful as to the licensees, they may have a cross-complaint against him. American Chlorophyll v. Schertz, 176 Va. 362, 11 S.E.2d 625 (1940).

61 See text at notes 53 supra. Nor will equity protect the "best method" of practicing the invention if this has been retained in secrecy instead of disclosed in the patent application. Dow Chemical Co. v. American Bromine Co., 210 Mich. 262, 177 N.W. 996 (1920); cf. Union Carbide and Carbon Corp. v. Stuart Laboratories, 194 F.2d 823 (3rd Cir. 1952), cert. denied, 343 U.S. 967 (1952).


"A person shall be entitled to a patent unless—"

"(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or"

"(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or"

"(c) he has abandoned the invention, or"

"(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or"

"(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or"

"(f) he did not himself invent the subject matter sought to be patented, or"

"(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other."
by a patent is for seventeen years; consequently, it is to be expected that
the courts will view with disfavor any attempt to prolong this period. In
deed, the courts have often stated that the inventor's election to exploit the
invention under secrecy will constitute a bar to his subsequent acquisition
of a patent. The bar has been defined as resulting from "laches," "abandon-
ment of the invention" or "forfeiture." At least one year's secret use,
however, should not be a bar inasmuch as one year's public use is not.

A collateral question concerns patenting of an invention by a second
independent inventor when the first inventor has elected to use secrecy in
obtaining exclusivity during exploitation. Several early cases, in accord
with 35 U.S.C. § 102a, have indicated that secret knowledge or use of an
invention in this country by a prior but contemporaneous inventor who still
retains knowledge might preclude a patent on the invention by a subsequent
independent inventor. However, subsection 35 U.S.C. § 102g now
expressly provides that "suppression or concealment" of the invention by a
first inventor will not be grounds for denying a patent to the second in-
ventor and modern cases have advocated the same conclusion. Under this

63 Woodbridge v. United States, 263 U.S. 50 (1923); Kendall et al. v. Winsor, 62 U.S.
(21 How.) 322 (1858); Pennock v. Dialogue, 27 U.S. (2 Pet.) 1 (1829); Huszar v. Cincinnati
Chemical Works, 172 F.2d 6 (6th Cir. 1949); Metallizing Engineer Co. v. Kenyon Bearing
& A. P. Co., 153 F.2d 516 (2d Cir. 1946), cert. denied, 328 U.S. 840 (1946); Allinson Mfg.
Co. v. Ideal Filter Co., 21 F.2d 22 (8th Cir. 1927); Victor Talking Mach. Co. v. Starr Piano
Co., 281 Fed. 60 (2d Cir. 1922), cert. denied, 260 U.S. 726 (1922); Macbeth-Evans Glass Co. v.
General Electric Co., 246 Fed. 695 (6th Cir. 1917), cert. denied, 246 U.S. 659 (1918) [see Note,
Mach. Corp., 65 F.2d 904 (6th Cir. 1933); Miller v. Hayman, 46 F.2d 188 (C.C.P.A. 1931);
Vanore v. Improma, 25 F.2d 918 (D.C. Cir. 1928); Douillet v. Muther, 277 Fed. 600 (D.C. Cir.

Experimental use in perfecting the invention is not regarded as commercial exploitation.
Agawam Company v. Jordan, 74 U.S. (7 Wall.) 583 (1868); Kendall et al. v. Winsor, 62 U.S.
(21 How.) 322 (1858).

The stigma of pre-patent secrecy is aggravated where application is ultimately made in
fear of disclosure or competition by another. Kendall et al. v. Winsor, 62 U.S. (21 How.) 322
(1858); Stresau v. Ipsen, 77 F.2d 937 (C.C.P.A. 1935); E. W. Bliss Co. v. Southern Can Co.,
251 Fed. 903 (D. Md. 1918), aff'd, 265 Fed. 1018 (4th Cir. 1920).

64 66 Sttr. 797 (1952), 35 U.S.C. § 102b (1952); Metallizing Engineer Co. v. Kenyon
Bearing & A. P. Co., 153 F.2d 516 (2d Cir. 1946), cert. denied, 328 U.S. 840 (1946).

65 See Ellis, Subsequent Inventor's Patent Rights With Regard to an Invention Previously

66 See note 62 supra.

67 Coffin v. Ogden, 85 U.S. (18 Wall.) 120 (1873); Gayler et al. v. Wilder, 51 U.S.
(10 How.) 477 (1850).

68 Milburn Co. v. Davis etc. Co., 270 U.S. 390 (1926); Gillman v. Stern, 114 F.2d 28
(2d Cir. 1940); E. W. Bliss Co. v. Southern Can Co., 251 Fed. 903 (D. Md. 1918), aff'd, 265
Fed. 1018 (4th Cir. 1920); Acme Flexible Clasp Co. v. Cary Mfg. Co., 96 Fed. 344 (S.D.N.Y.
1899), aff'd, 101 Fed. 269 (2d Cir. 1900), 108 Fed. 873 (2d Cir. 1901), dismissed, 187 U.S. 427

The logical judicial attitude that secret knowledge by a prior inventor should not act as a
view the inventor who relies upon secrecy could later find himself infringing a patent on his own invention in the hands of another. No case yet appears to have reached such a consequence.\(^6\)

**Patenting of the invention by a person other than the inventor**

A particularly difficult problem arises when the confidential disclosee has proceeded to obtain a patent for himself upon the invention of another. By the patent issue the invention theoretically has been completely disclosed and secrecy irrevocably destroyed.\(^7\) Accordingly, general use by the public would seemingly be subject, at most, to the patentee's right of exclusion.\(^7\) However, under the patent statutes the patent is unquestionably void by virtue of having been granted to a person not the true inventor; therefore it conveys no rights as against the public.\(^7\) What remedy exists for the inventor in such a situation?

In *Kennedy v. Hazelton*\(^7\) the Supreme Court stated that equity will not compel the assignment of a void patent, since the only purpose that could be served thereby would be an unjustified imposition upon the public rights. Nor could an accounting for profits received under the patent be maintained since there is neither legal nor equitable ownership of a void patent.\(^7\)

In *Becher v. Contoure Laboratories*\(^7\) the confidential disclosee had patented the invention as his own. The inventor had then obtained a decree...
from a state court declaring the disclosee a trustee ex maleficio of the invention and the patent, ordering him to assign the patent to the inventor, and forbidding him to practice the invention. The disclosee then proceeded to bring a patent infringement suit against the inventor in a federal court. The Supreme Court, noting that the jurisdiction of federal courts is exclusive in cases arising under the patent laws, held that the inventor's suit in the state court arose not under patent law but under a non-federal cause of action for breach of contract or wrongful disregard of confidential relations. Although the patent was obviously void, the Court nevertheless held that the decreed assignment at least served to estop the disclosee from bringing an infringement suit against the inventor. The effect of the Becher decision upon the Kennedy doctrine has been a subject of hopeless dispute.

The lower federal courts have adhered to the view that it would be error to order assignment of a void patent obtained by the disclosee or to order an accounting for profits received under such patent by the disclosee although other relief outside of patent law may be awarded. This relief may be damages resulting from the public disclosure, an accounting for profits from practice of the invention by the disclosee and an injunction precluding such practice in the future, at least by the disclosee; such relief is that commonly given for a breach of confidence. However, a suit to void or cancel such a patent can be brought solely by the United States. The inventor may challenge the patent only by applying and qualifying for a patent himself, whereby the effect of the disclosee's patent could be viti-

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79 Friedman v. Washburn Co., 155 F.2d 959 (7th Cir. 1946); Hoelke v. C. M. Kemp Mfg. Co., 80 F.2d 912 (4th Cir. 1935), cert. denied, 298 U.S. 673 (1935); Murjahn v. Hall, 119 Fed. 186 (S.D.N.Y. 1902). A distinction must be recognized between an accounting for profits from the disclosee's practice of the invention and an accounting for profits received by the disclosee under the patent, i.e., from licensing others.
ated after interference proceedings in the Patent Office, or by defending an infringement action.

Some state courts have adhered to the approach of the state court in the *Becher* case and have decreed that the disclosee is a trustee ex maleficio of the patent and must account for profits obtained thereunder; others adopt the approach of the federal courts.

Thus the remedies for an inventor whose invention has been patented by another in breach of confidence are of limited scope. The patent itself is void and useless whether or not assigned to him; in some state courts the inventor can obtain an accounting of any profits received under the patent by the disclosee. Although further practice by the disclosee may be enjoined, no ability to exclude the public has been suggested and the inventor is apparently restricted to recourse against the disclosee for damages resulting from the loss of secrecy.

It may be interesting to note that the German patent law specifically provides for the protection of the inventor whose invention has been illegally appropriated by another and made the subject of the hostile patent application or patent. The damaged inventor may either demand the assignment of the patent or the right to the patent or may file an opposition to the patent application of the appropriator or may demand cancellation of the patent.

Preservation of the inventor's secrecy during litigation

In cases where an inventor seeks judicial aid for the protection of his unpatented invention, it is obvious that any need for knowledge of the invention by the litigants and the court for facilitating the trial is incompatible with the inventor's interest in secrecy. There is no justification for requiring the secret to be divulged where the information is not necessary

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85 The instant situation should not be confused with that where the defendant has acquired a valid patent which equity regards another as entitled to. Shellmar Products Co. v. Allen-Qualley Co., 36 F.2d 623 (7th Cir. 1929).
or relevant. However, if it becomes apparent, either before or during the trial, that disclosure of the invention is essential to further proceedings, the disclosure can be compelled.

The court's discretion must be relied upon to limit the degree of disclosure to the minimum commensurate with a fair trial of the case; i.e., in cases involving secret preparations, a qualitative disclosure of ingredients may suffice without insistence upon a quantitative disclosure.

When disclosure of the invention is unavoidable, it should be accomplished in a manner designed to safeguard the secret to the greatest extent feasible. If disclosure is to be by extra-trial discovery and interrogation, it may be made by conducting a private examination before a court officer and the litigants instead of requiring disclosure by a bill of particulars. Preservation of the secret during trial may be furthered by receiving testimony at the trial in camera, restricting presentation of such evidence on appeal to members of the courts only and eliminating any description thereof in published opinions.

88 For a compilation and discussion of cases concerning extra-trial disclosure, see Annot., 17 A.L.R.2d 383 (1951).
90 DuPont Powder Co. v. Masland, 244 U.S. 100, 103 (1917).
96 Segal Lock & Hardware Co. v. Federal Trade Com'n, 143 F.2d 935 (2d Cir. 1944), cert. denied, 323 U.S. 791 (1945); John T. Lloyd Laboratories, Inc. v. Lloyd Bros. Pharm., 131 F.2d 703 (6th Cir. 1942); A. O. Smith Corporation v. Petroleum Iron Works Co., 73 F.2d 531 (6th
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The general approach to the problem of secrecy as herein described is adhered to in the Federal Rules of Civil Procedure.96

Rights of the employer in the employee’s invention

The inventor who is an employee may have to contend with an employer’s assertion of rights to his invention. The relationship of employer and employee per se does not prescribe any rights of the former in inventions of the latter.97 Depending upon the circumstances surrounding the act of invention, the employer’s interest may consist of complete ownership, limited rights concerning practice of the invention (shop rights), or no rights whatsoever.98

Contracts of employment may expressly provide that all rights of an employee in his inventions, including the inchoate right to patents,99 shall become the property of the employer.100 Implied agreements of similar


97 U.S. v. Dubilier Condenser Corp., 289 U.S. 178, 187 (1932) (“The respective rights and obligations of employer and employee, touching an invention conceived by the latter, spring from the contract of employment.”); Solomons v. United States, 137 U.S. 342 (1890); Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215 (3rd Cir. 1949); Wireless Specialty Apparatus Co. v. Mica Condenser Co., 239 Mass. 158, 131 N.E. 307 (1921); Clarke v. Beck, 13 N.J. Super. 73, 50 A.2d 252, 253 (1951) (“The mere fact that an invention was conceived and developed while the inventor was employed by another does not give to the employer any right in or title to the invention.”). See Snelling, The Rights of an Inventor-Employee, 22 J. Pat. Off. Soc’y 410 (1940).


The court may require the employee to apply for the patent in the absence of good reason why he should not. Guth v. Minnesota Mining & Mfg. Co., 72 F.2d 385 (7th Cir. 1934), cert. denied, 294 U.S. 711 (1935).

100 Dalzell v. Dueber Manufacturing Co., 149 U.S. 315 (1892); Hebhard v. American Zinc, Lead & Smelting Co., 161 F.2d 330 (8th Cir. 1947); Paley v. DuPont Rayon Co., 71 F.2d 856 (7th Cir. 1934); New Jersey Zinc Co. v. Singmaster, 71 F.2d 277 (2d Cir. 1934), cert. denied, 293 U.S. 591 (1934); Conway v. White, 292 Fed. 837 (2d Cir. 1923), 300 Fed. 866 (D. Conn. 1924), rev’d on other grounds, 9 F.2d 863 (2d Cir. 1925); Mississippi Glass Co. v. Franzon, 143 Fed. 501 (3rd Cir. 1906); Thibodeau v. Hildreth, 124 Fed. 892 (1st Cir. 1903).

nature may be found from the nature of the employment,\textsuperscript{101} especially where a primary part of the employee's duty has been research development and invention.\textsuperscript{102} The validity of such contracts is conceded and enforcement will be by specific performance\textsuperscript{103} although the exact interpretation and scope of particular contracts may first require judicial determination.\textsuperscript{104} The employee can be compelled to disclose his secret discov-

\footnotesize{\textsuperscript{101}Standard Parts Co. v. Peck, 264 U.S. 52 (1923); Marshall v. Colgate-Palmolive-Peet Co., 175 F.2d 215 (3rd Cir. 1949); Dinwiddie v. St. Louis & O’Fallon Coal Co., 64 F.2d 303 (4th Cir. 1933); Magnetic Mfg. Co. v. Dings Magnetic Separator Co., 16 F.2d 739 (7th Cir. 1926), \textit{cert. denied}, 274 U.S. 740 (1927); State v. Neal, 152 Fla. 582, 12 So.2d 590 (1943), \textit{cert. denied}, 320 U.S. 783 (1943), 154 Fla. 326, 17 So.2d 703 (1944); Pomeroy Ink Co. v. Pomeroy, 77 N.J. Eq. 293, 78 Atl. 698 (1910). See Schlaffman, \textit{Employer’s Rights in the Patentable Inventions of His Employees}, 1 St. Louis U.L.J. 1 (1949); Note, 22 Notre Dame Law. 429 (1949).}


An employer's indifference to a proffered invention may lead to a forfeiture of his rights therein. In the absence of an express or implied agreement, the courts will not give the employer sole rights to the employee's invention; the circumstances of the employment are often deemed insufficient to justify such a deprivation of all the employee's rights to the invention. In such cases the extent of the "shop right" accorded an employer is determined by state law and depends upon the relationship between the employment and the invention. Shop rights may arise where the employee made the invention during his hours of employment, where he used the employer's materials, where he received assistance from co-employees or where he acquiesced in the practice of the invention by the employer. These limited rights normally include the royalty-free, non-exclusive and non-assignable use of the invention; in appropriate cases the privilege may also be given.
of making and selling the invention. No precise correlation exists be-
tween the circumstances of the employment and the scope of the rights to
be granted an employer; in general, the employer's rights can be expected
to be made coextensive with the needs of his business.

It is also possible that the employer may acquire no rights whatsoever
in his employee's invention. This would be the expected result, for instance,
where the employee has created the invention on his own time at his own ex-
 pense and has continuously asserted his personal rights to the invention.

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113 Hapgood v. Hewitt, 119 U.S. 226 (1886); Consolidated Vultee A. Corp. v. Maurice A. Garbell, Inc., 204 F.2d 946 (9th Cir. 1953), cert. denied, 346 U.S. 873 (1953); Flannery Bolt Co. v. Flannery, 86 F.2d 43 (3rd Cir. 1936), 108 F.2d 531 (3rd Cir. 1939), cert. denied, 309 U.S. 671 (1940); Withington-Cooley Manuf'g Co. v. Kinney, 68 Fed. 500 (6th Cir. 1895); Valley Iron Works Mfg. Co. v. Goodrick, 103 Wisc. 436, 78 N.W. 1096 (1899); Fuller & Johnson Manuf'g Co. v. Bartlett, 68 Wisc. 73, 31 N.W. 747 (1887).


115 U.S. v. Dubilier Condenser Corp., 289 U.S. 178, 189 (1932) ("[T]he employer is in equity entitled to use [the invention] and to duplicate it as often as he may find occasion to employ similar appliances in his business."); Grip Nut Co. v. Sharp, 150 F.2d 192 (7th Cir. 1945), cert. denied, 326 U.S. 742 (1945); Wiegand v. Dover Mfg. Co., 292 Fed. 258 (N.D. Ohio 1923).