

## **Trade Secrets Plus (or the Real Purpose Behind the AIA?)**

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Since the adoption of the America Invents Act in 2011, a debate has surfaced about the significance of the changes to Section 102 of the Patent Act. Although the language of that section was changed in noticeable ways, some argue that the changes did not narrow the definition of prior art. Others contend that, while some changes to Section 102 broadened the definition of prior art, other changes narrowed the definition by more explicitly requiring prior art to be “available to the public.” Additionally, based upon changes to the structure and wording of Section 102, some argue that the judicially created forfeiture doctrine (which precludes inventors from receiving a patent if their invention was in secret commercial use for more than a year) was abrogated and that as a result it is possible for inventions that are used secretly to be patented years after such use begins (call it the Coca-Cola hypothesis).

Unfortunately, due to the nature of the litigation process and the fact that the changes to section 102 only went into effect in March of 2013, it may be years before we know which side’s interpretation of Section 102 will prevail. This paper, while necessarily explaining the debate, examines possible reasons for the purported change in the law. If as some argue, the forfeiture doctrine has been abrogated and “public availability” is now the touchstone of prior art (even with respect to inventor initiated activities) who stands to gain and why? Could it be that there is a broader purpose for the change? Specifically, was the change made to increase the value of trade secret protection or to facilitate some other goal?

Based upon various statements by those who assert that the changes to Section 102 narrowed the definition of prior art, one reason for the change was to harmonize the US

definition of prior art with an international standard. According to a 2010 White Paper prepared by the Intellectual Property Law Section of the American Bar Association (the ABA/IPL), the purpose of the change was to:

Enact the consensus “best practices” for implementing a first-inventor-to-file system. These “best practices” – developed in the patent harmonization context – include eliminating certain “loss of right” conditions for patentability that will be rendered unnecessary.

It further states that:

[These changes] should clarify through unmistakable statutory language and clear legislative history that all publicly accessible knowledge of an invention, whether express or inherent, would remain prior art and would continue to include use, sale, offers for sale or other disclosures resulting in public accessibility.

What is missing from the foregoing is any explanation for why the term “known or used by others” was deleted from Section 102, a discussion of the forfeiture doctrine, or a description of the “best practices.” Later in the same document, however, statements are made that the ABA/IPL “supports. . . an objectively based definition of prior art and that the forfeiture doctrine should not apply “unless the invention had become reasonably and effectively accessible to persons of ordinary skill in the art more than one year before the inventor sought a patent for the invention.”

On the surface, it seems like the companies that stand to gain the most from the Coca-Cola hypothesis are those that have secret methods and processes that cannot be easily discovered or reversed engineered from the products and services that they sell. In other words,

companies that own information that might be protected as trade secrets. But choosing to protect certain inventions through trade secret law rather than patent law is not without risk. For one, under the AIA, another company might independently develop the same invention and thereafter be the first-to-file for a patent. This would effectively limit the first inventor to prior user rights. Second, trade secret protection is weaker than patent protection because, unlike patent protection, it does not prevent reverse engineering and independent development. Additionally, trade secret law is not as developed in other countries as it is in the US.

Interestingly, at the same time that the AIA was being debated and enacted, efforts were underway to beef up trade secret protection internationally. Could the two efforts be related? Was a hidden purpose of the AIA to enable more companies to make the trade secret choice, knowing that the ability to protect trade secrets abroad were likely to be improved? Also, is there a relationship with efforts in the EU and Japan to adopt a grace period similar to the US grace period?

After first detailing the increased rhetoric surrounding trade secret protection coming from the White House, the USTR, and industry, this paper will examine the trade secret provisions of the proposed Trans-Pacific Partnership Agreement and how the America Invents Act alters the choice between trade secret and patent protection. Based upon a piecing together of a number of legislative, diplomatic, and enforcement efforts, my preliminary thesis is that the real purpose of the AIA was to increase the value of trade secret protection for certain industries. The paper will conclude with a discussion of the policy implications of increased trade secret protection internationally and argue that such efforts are likely to move more U.S. manufacturing offshore.