PATENTQUARTERS™

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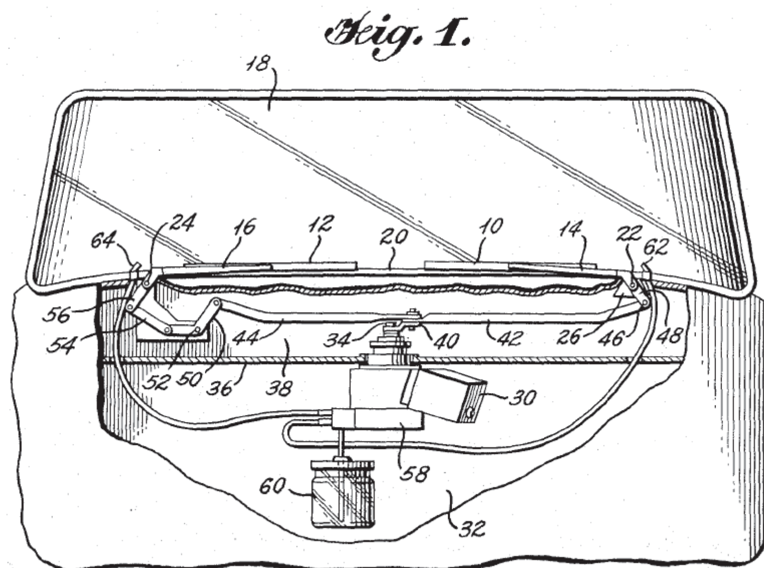
Flash of Genius: Movie Review and Perspective

by Ryan P. O'Connor

It really isn't often that there is a popular film whose main plot involves inventions and patents. In fact, has there ever been one before? In the movie *Flash of Genius*, patents absolutely played a central role. I figured this was an opportunity to write a movie review for the newsletter!

So I ventured out to the local theatre for a 10 PM showing of this movie, starring Greg Kinnear as Dr. Robert Kearns (1927–2005), a "garage inventor." In a true story, Kearns takes on the Ford Motor Company, whom he accuses of stealing his idea for the intermittent windshield wiper. The invention was eventually patented; one of the Kearns patents is summarized here:



To the general public, patents can be obscure legal documents. So I was a bit worried about how the movie would handle the key aspects of patent law. Fortunately, the film casts a pretty good light on patents. Although Kearns really couldn't prove that Ford stole his invention, he was able to demonstrate that his invention was novel and non-obvious, thereby rendering his patent valid. This is a subtle point in the movie. Kearns was not an astute business person and apparently did not require Ford to sign any non-disclosure agreements. Legally, Ford may not have actually breached anything by copying Kearns' invention, however unethical it may have been, while the patent was pending. Kearns had a strong case precisely at the point when he could enforce his patent rights. The patent effectively leveled the legal playing field for this individual against a large company.

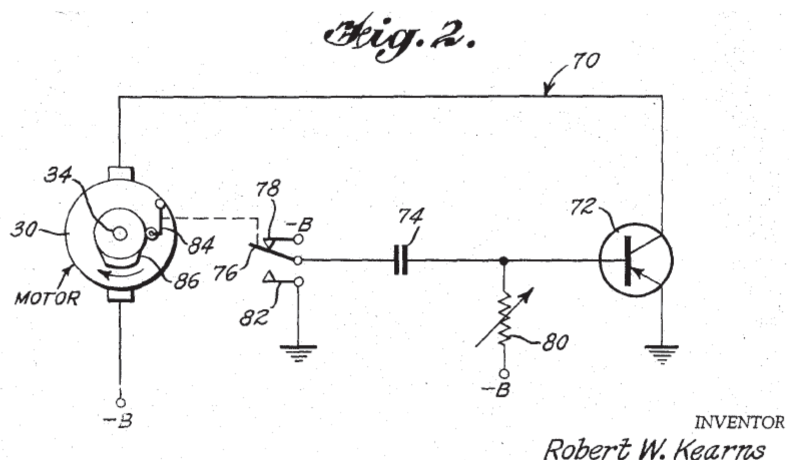
Ford tried to argue at trial that they invented the intermittent windshield wiper that Kearns developed. However, in my view what they were really trying to argue was that they *could have invented* Kearns embodiment, even if they didn't actually invent it—and because of this, the patents must have been invalid due to obviousness. Ford's lawyers contended that the invention

Continues

was a combination of old elements. Kearns correctly rebutted that virtually every invention and creative work of art, in fact, employs known elements and configures them in some new way. He presented an effective example to the jury—a Charles Dickens story that utilizes only known English words in a new combination, to create something novel and valuable.

Kearns understood his battle was not just his own. He was fighting for independent inventors across America. Many were counting on him to carry through on his passion to fight for his patents. He was not motivated by money, which became clear when he turned down huge cash settlement offers from Ford litigators before and during trial. Sadly, Kearns' legal battles became so personally taxing that his family life suffered greatly. I don't want to divulge all the details of this movie, but I recommend it highly, especially to all you independent inventors and small start-ups out there!

In actual history, Kearns won one of the best-known patent-infringement cases against a major corporation. Having invented and patented the intermittent windshield-wiper mechanism, which was useful in light rain or mist, he tried to interest the "Big Three" automakers in licensing the technology. They all rejected his proposal yet began to install intermittent wipers in their cars beginning in 1969. Kearns sued Ford in 1978 and Chrysler in 1982 for patent infringement. The Ford case went to trial in 1990 and there were two trials. Ford lost and agreed to settle with Kearns for $10.2 million with an agreement of no further appeals. The Chrysler verdict was decided in 1992. Eventually, the Chrysler decision was challenged and went to the Supreme Court who ruled in 1995 against Chrysler and for Kearns. Chrysler was ordered to pay him $18.7 million.



Another historical note relates to the title of the movie. For a long time in the United States, an inventor needed to be able to demonstrate a "flash of creative genius" to be entitled to patent rights. It became so difficult to establish what such a flash of genius really meant, that in 1952 the patent laws added the fundamental doctrine that to be entitled to a patent, an invention must not have been obvious to a person of ordinary skill in the art at the time the invention was made (35 U.S.C. §103). In an apparent fatal strike to the flash-of-genius standard, the last sentence of 35 U.S.C. §103 is that "Patentability shall not be negatived by the manner in which the invention was made." Inventors do not need to point to a single moment in time.

Yet, much more recently, the U.S. Supreme Court may have resurrected some form of the flash-of-genius test. *KSR Int'l Co. v. Teleflex, Inc.*, 127 S. Ct. 1727 (2007) has been discussed in this newsletter; see both Q1-2007 and Q4-2007 issues of *PatentQuarters*. An invention, according to the Supreme Court, cannot just be the product of "ordinary innovation," i.e. putting together combinations of prior teachings in the art. The Court suggests that there must be something more, something exceptional. Yet almost everything appears obvious and ordinary in hindsight. It is also interesting that the KSR case, like the Kearns case, involves components in automobiles!

As a final note, I read U.S. Patent No. 3,351,836 issued to Kearns, to ascertain whether it appears to be a non-obvious invention. Based on my quick review, the patent describes and enables the scope of the claimed invention. There are many tricks involved, which gives a certain "coolness" factor to the patent. I see nothing that would suggest the invention would have been obvious to a skilled artisan at the time of filing. Furthermore, many secondary considerations point to non-obviousness, including: long-felt need in the art; failure by others (in Detroit) to solve the problem; and copying of the invention commercially. Kearns was right, and he ultimately prevailed. ***PQ***

Retention of Organizational Know-How

Patents represent fairly specific legal property rights. Another form of intellectual assets that are not often discussed is "know-how." Know-how can be defined as confidential and closely-held information in the form of unpatented inventions, formulas, designs, drawings, procedures, and methods, together with accumulated skills and experience. Know-how can also include expert knowledge on the operation, maintenance, and use of a product. The proprietary value of know-how lies embedded in the legal protection afforded to trade secrets.

There are famous examples of trade secrets, such as the formula (composition) of Coca-Cola, which are essentially retained by lock-and-key and very limited employee access. It should be noted that trade secrets do not typically last over a century, which has been realized by The Coca-Cola Company, and in fact usually do not even last a decade.

We are here talking specifically about know-how: intellectual "property" or "assets" that cannot so easily be written up in tangible form. At successful technology companies, IP portfolios usually include patents, trade secrets, plus a huge amount of such know-how. This know-how is indeed a web of information and inventions. More importantly, organizational know-how creates a *sustainable capability to innovate*. If you want to know where an organization's IP position is headed, then you want to understand its know-how.

Unlike key trade secrets, organizational know-how should emphatically *not* be locked up in a vault! Rather, know-how needs to be very accessible to everyone. Employees (and consultants) should be able to use it and build upon it to create even better IP. When new employees are hired, the transfer of relevant know-how to them is critical to the enterprise. When key employees leave, significant know-how can literally walk out the door, never to return unless the know-how has been effectively deployed throughout the organization. There are examples in small companies where the loss of a single engineer essentially destroys the technical capabilities of the entire company. Don't let this happen to your organization! ***PQ***

Google Project 10^{100}

Last quarter, we discussed the possible invalidity of Google's pioneering PageRank patent, given the uncertainty in the USPTO and the courts regarding patentable subject matter. Not wanting to appear anti-Google, we highlight here an interesting invention-promotion project initiated recently by Google.

In September 2008, Google announced its Project 10^{100}, a call for ideas to change the world by helping as many people as possible. "These ideas can be big or small, technology-driven or brilliantly simple—but they need to have impact," Google said in a news release. "We know there are countless brilliant ideas that need funding and support to come to fruition." Categories include:

- **Community**: How can we help connect people, build communities and protect unique cultures?
- **Opportunity**: How can we help people better provide for themselves and their families?
- **Energy**: How can we help move the world toward safe, clean, inexpensive energy?
- **Environment**: How can we help promote a cleaner and more sustainable global ecosystem?
- **Health**: How can we help individuals lead longer, healthier lives?
- **Education**: How can we help more people get more access to better education?
- **Shelter**: How can we help ensure that everyone has a safe place to live?

More information can be found at www.project10tothe100.com. You can still help by voting for your favorite idea. Funding, from a pool of $10 million, will be awarded in May 2009. ***PQ***

Patent Office in Denver?

The current backlog of patent applications at the U.S. Patent Office exceeds one million applications. It is an enormous problem which the Patent Office is trying to address through rule changes, quality initiatives, and hiring more patent examiners. At the Patent Office today, nearly all employees are based at its five-building headquarters complex in Alexandria, Virginia, near Washington D.C.

Denver, Colorado is being considered for a regional satellite Patent Office. Denver's quality of life, abundance of engineers (who can be hired as Patent Examiners), and relatively low cost of living have been cited as advantages. Colorado ranks among the top 10 states in patents awarded per capita. The possibility of Denver becoming a satellite Patent Office was discussed again in August 2008, at a debate by presidential-candidate representatives of Barack Obama and John McCain.

Of course, O'Connor & Company (whose offices are near Denver) would welcome a Denver-area satellite USPTO location. It would be easier to conduct in-person Examiner Interviews for clients in patent prosecution, perform on-site art searches when necessary, and conduct other official business within the Patent Office.

We also feel that regional U.S. Patent Offices located in several major cities would greatly assist in recruitment of more Patent Examiners. In the long term, the backlog of patent applications could be reduced and patent quality enhanced with more locations. ***PQ***

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