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An Intellectual Property Law Update

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Who is an Inventor?

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Every patent names the individual or individuals who are credited with creating the invention claimed in the patent. Having incorrect names listed potentially risks both ownership and validity of the patent. With today's collaborative environments and complex inventions, knowing which names to include continues to be a challenge that inventors, intellectual property owners, and patent practitioners must address with every application.

The Court of Appeals for the Federal Circuit provided new guidance for determining who is properly credited as a joint inventor in a precedential decision published May 1, 2023. In reversing a district court decision out of the District of Delaware, the Federal Circuit rejected a push for an individual to be added to the patent where their contribution was found to be insignificant in quality, despite being the subject of a joint development agreement with the patent holder. The individual could show contribution of only one claim element, a well-known form of cooking, which was claimed in the alternative and mentioned only once in the application. If the individual were instead determined to be an inventor, the patent would have been jointly owned by the parties. *HIP, Inc. v. Hormel Foods Corp.*, Case No. 22-1696 (C.A.F.C. May 2, 2023).

Background

An "inventor" is a natural person who conceives of the invention defined by the claims of the patent. Conception has been defined in different ways in the history of U.S. patent case law. For example, conception is "the complete performance of the mental part of the inventive act" and "the formation in the mind of the inventor of a definite and permanent idea of the complete and operative invention as it is thereafter to be applied in practice." *Townsend v. Smith*, 36 F.2d 292, 295, 4 USPQ 269, 271 (CCPA 1930). Conception has also been defined as the "formation in the mind of the inventor, of a definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice." *Hybritech Inc. v. Monoclonal Antibodies Inc.*, 802 F. 2d 1367, 1376, 231 USPQ 81, 87 (Fed. Cir. 1986). Conception is achieved "when the invention is made sufficiently clear to enable one skill in the art to reduce it to practice without the exercise of

extensive experimentation or the exercise of inventive skill." *Hiatt v. Ziegler*, 179 USPQ 757, 763 (Bd. Pat. Inter. 1973). There can be multiple joint inventors where each individually contributes their conception of at least one aspect, feature, or limitation of the invention as claimed. 35 U.S.C. § 116(a). Unintentional errors in the named inventors can typically be corrected while the application is pending at the patent office, provided that the error is made without deceptive intent. 35 U.S.C. § 116(c), 37 C.F.R. § 1.48.

These definitions center the inventive act in the mind of the inventor as a natural person. This means that an inventor cannot be a corporation or other business entity or organization. An inventor also cannot be the supervisor, manager, or executive merely because of their relationship to the individual who contributes the conception. One who works at the direction of another to merely reduce to practice the conception of another, for example by fabricating a prototype, is also not qualified as an inventor. Last year, the Federal Circuit addressed this standard by excluding artificial intelligence (AI) from being listed as an inventor *per se*. *Thaler v. Vidal*, 43 F.4th 1207 (Fed. Cir. 2022). Indeed, the output of an AI system is currently driven by one or more human researchers that provide input of training data sets, models, or algorithms implemented by or into the AI system to obtain a desired output or result. The guidance from the Patent Office regarding how inventorship is handled in those instances involving generative AI processing focuses on the human contributors as the inventors.

Ownership flows from inventorship. Ownership of an invention, including the right to pursue patent protection for the invention and the patent application or issued patent itself, initially vests and remains in the named inventors of the patent unless and until the inventor transfers their interest to another party, such as with intellectual property assignment provisions of an employment agreement. Joint inventors that are employees of a single company will typically assign their rights to the company, which becomes the exclusive owner of the patent. However, in the case of joint inventors from different companies without an agreement, the companies would be joint owners of the patent -- each company would hold an undivided interest in the patent and be able to exercise rights afforded by the patent without permission of the other. While ownership stems from inventorship, transfer of ownership rights between parties does not effect a change in which individuals should be named as inventors.

HIP, Inc., v. Hormel Foods Corp.

Hormel owns U.S. Patent No. 9,980,498, titled Hybrid Bacon Cooking System, and claiming a priority date in August 2010. The '498 Patent is directed toward a method of making pre-cooked meat using a two-step process to improve a microwave cooking process for pre-cooked bacon. In 2007, Hormel entered into a joint development agreement with Unitherm Food Systems, Inc. (now HIP, Inc.) to develop an oven that would be used in a two-step cooking process. In the course of the joint development, David Howard of Unitherm alleged that he contributed a concept of using an infrared preheating step in the cooking process, a concept which ultimately appeared in claim 5 of the issued '498 Patent. The application leading to the '498 Patent was filed naming two inventors with two additional inventors added during the course of prosecution. None of inventors as filed or added were Mr. Howard. HIP sued Hormel alleging that Mr. Howard was either the sole inventor or a joint inventor of the '498 Patent, and thus entitled to an ownership interest in the patent. After a

bench trial, the District Court for the District of Delaware determined that Mr. Howard was a joint inventor based solely on his alleged contribution of the infrared heating in claim 5.

Federal Circuit Appeal and The *Pannu* Test

On appeal, the Federal Circuit reviews questions of inventorship without deference to the district court and any underlying fact determination for clear error, recognizing that the issuance of a patent creates a presumption that the named inventors are the true and only inventors. An alleged joint inventor must prove a claim of joint inventorship by clear and convincing evidence, and "the burden of providing that an individual should have been added as an inventor to an issued patent is a 'heavy one.'" *HIP*, *citing Pannu v. Iolab Corp.*, 155 F.3d 1344, 1349 (Fed. Cir. 1998) (internal citation omitted). In *Pannu*, the Federal Circuit articulated a three-part test to qualify as a joint inventor by: (1) contributing in some significant manner to the conception of the invention; (2) the contribution to the claimed invention is not insignificant in quality when measured against the dimension of the full invention; and (3) did more than merely explain to the real inventors well-known concepts and/or the current state of the art. *Pannu*, 155 F.3d at 1351.

Not reaching the first and third factors, the Federal Circuit determined that the contribution of the infrared heating was insignificant in quality to the claimed invention. In the patent specification, infrared heating is mentioned only once as an alternative method to heating with a microwave oven. And, where it appears in a single occurrence in one claim, claim 5, infrared heating is recited as one alternative of a Markush group that also included a microwave oven and hot air. On the other hand, the pervasive disclosure of microwave ovens throughout the written description and the figures demonstrates the centrality of the microwave oven, and the corresponding insignificance of the infrared oven, to the claimed invention. Failing the second factor of the *Pannu* test, the Federal Circuit rejected Mr. Howard's inclusion as a joint inventor and declined to address whether the contribution of infrared heating was merely a well-known concept known from the state of the art where it appeared in one prior art published patent application (as in the third *Pannu* factor), or whether the conception of infrared heating was a significant contribution to the conception of the invention (as in the first *Pannu* factor).

Practical Guidance

The touchstone of inventorship is the contribution to the conception of the invention as claimed, which requires an inventor contribute in a significant manner to the conception of the invention, in a way that is not insignificant in quality when measured against the dimension of the full invention, and is not merely a well-known concept existing in the state of the art. A potential consequence of incorrectly identifying inventors could be that another party is a joint owner able to freely exercise rights of a patent. When evaluating invention disclosures, documenting specific contributions mapped to individual contributors creates traceability for assessing potential ownership conflicts in joint development or collaborative environments. A second evaluation of inventive contributions can ensure correct inventorship once a notice of allowance is received from the U.S. Patent Office if any claim amendments, whether adding or removing claim elements, have been made during a pendency of an application. Also, drafting joint development or other collaborative or

sponsored research and engineering agreements with provisions defining ownership and prescribing dispute resolution procedures can help manage and avoid future disputes.

Patent owners who want to discuss how this change impacts their patent strategy can contact any member of **Bodman's Patent Practice Group**. Bodman cannot respond to your questions or receive information from you without first clearing potential conflicts with other clients. Thank you for your patience and understanding.

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