DID LEARNED HAND GET IT WRONG?: THE QUESTIONABLE PATENT FORFEITURE RULE OF *METALLIZING ENGINEERING*

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As Congress worked toward passing patent reform legislation that will grant patent priority to those who are first to file rather than first to invent, an old chestnut of a case penned by Judge Learned Hand some 65 years ago attracted the attention of lawmakers and commentators. The case of *Metallizing Engineering Co. v. Kenyon Bearing & Auto Parts Co.* dealt with the thorny problem of granting patents to those who have, for some time before patenting, practiced their inventions in secret. The Second Circuit held that one who competitively exploits a secret invention at a time that precedes the filing of a patent application on that invention by a year or longer forfeits the right to the patent. While the rule of *Metallizing*, though never codified, has been widely followed by other courts, the 2011 debates have raised the question of whether the *Metallizing* forfeiture should be retained in a first-to-file world.

In this Article, I approach the problem of the *Metallizing* bar from a different angle, arguing that, even in a first-to-invent world, the rule is unsupportable and undesirable. I demonstrate that Judge Hand's opinion reflects a serious misreading of precedent and is inconsistent with the text of the Patent Act then (and now) in force. In addition, the outcome of *Metallizing* is inequitable on the facts of the case, which I have gleaned from the district court's opinion and analyzed in detail in the Article. In spite of all of these problems, other courts have adopted the *Metallizing* rule in seeming deference to Judge Hand.

More importantly, Judge Hand's stated policy rationales for the rule, encouragement of prompt disclosure of patentable inventions and prevention of a de facto extension of a patent monopoly term, are highly questionable in view of modern understandings of patent law. I argue that the former rationale is weak due to failures in the disclosure function of patents, and that maintaining the *Metallizing* rule for reasons of encouraging disclosure may in fact contribute to undesirable overpatenting and, surprisingly, encourage increased secrecy. As for the rationale of preserving fidelity to the length of the patent term, it is clear that trade secret protection that precedes the patenting of a secret invention does not provide a patent owner with any kind of a legal monopoly.

Hiding behind this second rationale is Judge Hand's desire to punish patentees for delaying applications on patent-ready inventions. While the rule may thus protect the public from so-called submarine patents, the harms of a strict one-year bar against patents on inventions that are neither in public use nor on sale likely outweigh its benefits. Indeed, arguably the most important policy reason for the patent system—to provide an incentive for researchers to engage in inventive activities—is disserved by the *Metallizing* rule, which in many cases might force inventors to make the difficult patent/trade secret choice before they have enough information to decide which form of intellectual property protection is more appropriate. Courts should deal with potentially serious problems caused by deferred patent protection, which incidentally can harm society whether or not the underlying invention is commercially exploited, by returning to the equitable doctrines against unexcused delay of patenting. *Metallizing* unjustifiably turned these doctrines, which took into account the length of the delay, conduct of the patentee, and other factors in deciding whether a patent should be forfeited, into an unforgiving one-year bar. Thus, I call for the overruling or abrogation of the *Metallizing* rule.

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