Abstract: This paper examines the role that patents play in transferring technology. The history of our patent system and the requirements for patentability are reviewed. The option of keeping an invention as a trade secret rather than applying for a patent is presented. The paper also discusses the rationale behind the government's change in its policy which permits exclusive licensing of public-owned patents. The author concludes that patents are not a barrier but a significant help in promoting technology transfer.

Background

The question of the proper role of patents in the transfer of technology keeps surfacing. This question is part of a broader issue: technological capability is a valuable asset, legally classified as intellectual property. Its owner is reluctant to give it away for free. After all, the owner (or owners) may very well have invested considerable time, effort, and money in developing the technology. If they could not recover their investment and make a reasonable profit, what incentive would there be to pursue ideas and concepts which could lead to inventions for the betterment of all mankind?

Any invention born into this world is confronted by a series of circumstances involving conflicting interest.

1. The owner of any "new and useful process, machine, manufacture or composition of matter" (Title 35) possesses an asset which could give the owner a competitive advantage in business and could be quite valuable.

2. The value of such an asset — even if it is nothing more tangible than a chemical formula — has been recognized by the courts (USA v. Greenwald).

3. The owner of the asset (invention) wants to exploit it, but also safeguard it.

4. Society wants the benefits of the asset. Our legal system recognizes and supports this want.

Those of us who are interested in technology transfer appreciate and respect the interest
of both society and the inventor. Not only do we want to gain the maximum benefit of each technological development for society, but we also want to help create a fertile environment for continuing technical advancement.

This issue is not new. Clearly, the framers of the Constitution recognized the dichotomy of the public versus private interests. They reasoned that the public would best be served by protecting the rights of inventors by granting them a limited monopoly.

**Objective**

The objective of this paper is to improve our understanding of our patent policy and its relationship to technology transfer.

This paper will:

1. Explore the background which led to the evolution of our present patent system.

2. Present an overview of patents and trade secrets to help understand the rationale behind their legal ramifications.

3. Examine the relationships between trade secrets, patents and technology transfer.

**Options**

The owner of the invention has four options open to him. These options range from absolute secrecy to complete disclosure.

1. Suppress the invention keep all information about the invention absolutely secret as long as possible. This secrecy applies even to the existence of the invention. The owner will do everything he can to suppress the invention. He will even forego developing it himself rather than take a chance on letting it get into public domain. Although rare, this situation can occur when an invention, which could revolutionize (i.e., upset) an industry, is owned by the leader in that industry.

2. Keep the invention as a trade secret - in this situation the owner will try to reap the benefits of the invention while still trying to keep it secret. While there are definite risks to this approach, trade secrets are most appropriate in some industries or for certain types of inventions. As an example consider the highly competitive paper cup industry. An invention relating to improved automatic machinery involved in the manufacturing process could be very valuable and fairly easy to safeguard. First, the new or improved equipment will be used only inside the owner's plant. Second, infringement on a patent by a competitor would be very difficult to determine and virtually impossible to prove.

3. Apply for a patent - If the owner is issued a patent