



UNIVERSITY OF
MARYLAND
SCHOOL OF LAW

**PATENT LAW
UPDATE**

***Univ. of Colo.
Found., Inc.
v.
Am. Cyanamid
Co.***

No. 02-1587
Federal Circuit
Sept. 3, 2003

***"[F]ederal
patent law
does not
preclude an
unjust
enrichment
award under
[state law]."***

On September 3, 2003, the Federal Circuit affirmed the district court's judgment holding Cyanamid liable for fraudulent nondisclosure and unjust enrichment, and awarding exemplary damages of \$1 million. The case involved U.S. Patent No. 4,431,634, which related to prenatal multivitamin supplements containing iron. Regarding unjust enrichment, the Federal Circuit stated:

The district court determined that the work, studies and ideas ultimately patented by Cyanamid were discovered by the Doctors, "[e]ntirely independent of Cyanamid." The district court also found that Cyanamid had no co-inventorship interest in the reformulations and had no right to patent the reformulations by copying the Doctors' confidential manuscripts. [T]he district court applied principles of unjust enrichment to determine the parties' rights with respect to each other and declined to assess the parties' rights to exclude as against the rest of the world pursuant to federal patent principles. . . .

The Supreme Court has summarized its preemption approach as follows: "States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law." . . . The right involved here and compensated for under a theory of unjust enrichment, however, is not "patent-like" at all. "[T]he unjust enrichment claim springs not from an attempt to enforce intellectual property rights, but instead from Cyanamid's alleged wrongful use of the Doctors' research results." [A] claim for unjust enrichment is "not simply an attempt to enforce property rights;" rather, under Colorado law, . . . the Doctors' claim of unjust enrichment is a legal claim to remedy the breach of a contract implied in law for disclosure of their confidential manuscript in exchange for a promise not to disseminate the idea without the Doctors' consent. The fact that Cyanamid improperly secured the '634 patent and used this patent to obtain incremental profits only pertains to restitution for the unjust enrichment claim.

[T]he Supreme Court [has articulated] three purposes of the patent system: (1) to foster and reward invention, (2) to stimulate further innovation, and (3) to ensure free use of ideas in the public domain. Because the contract involved did not conflict with any of these goals, its enforcement was not preempted by federal patent law. . . . The unjust enrichment claim does not prevent the public from using these ideas. Instead, it simply affects Cyanamid's use of confidential information it improperly copied to secure the '634 patent. Lastly, the claim of unjust enrichment does not withdraw ideas from the public domain as the reformulations were not in the public domain before Cyanamid filed the '634 patent application by copying the Doctors' confidential manuscript.

Allowing the doctors to recover damages for improper use of their confidential manuscript, which was also submitted to a journal for publication, provides another incentive separate and apart from the patent laws. As the Supreme Court has said, "certainly the patent policy of encouraging invention is not disturbed by the existence of another form of incentive to invention." There is no patent law preemption in the instant case.