

## The CREATE Act Amends 35 U.S.C. § 103(c) To Promote Collaborative Research

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Under a recent amendment to the patent statute, prior non-public information of one researcher who is now collaborating with another researcher under a joint research agreement will no longer qualify as “prior art” in determining whether inventions arising under the agreement are non-obvious. For example, suppose scientist A and scientist B work for separate entities, such as a university and a company, and each scientist has developed his/her own work during that time. If the entities enter into a “joint research agreement,” A and B may exchange information on their respective work and such information can no longer render obvious any inventions arising out of the agreement, subject to the requirements of the statute. The amendment will significantly affect the manner in which some of our clients pursue new technologies and obtain patent protection for inventions created from cooperative efforts with others.

The Cooperative Research and Technology Enhancement Act of 2004 (the “CREATE Act”) became law on December 10, 2004. By amending 35 U.S.C. § 103(c), the CREATE Act is meant to promote collaborative research efforts that do not constitute a formal joint venture by treating research partners as a single entity. Prior art arising under 35 U.S.C. §§ 102(e), (f) or (g) is no longer available to render obvious a claimed invention arising out of a joint research agreement where the inventor and the other person were parties to the joint research agreement at the time the claimed invention was made. The disqualified prior art includes issued patents, published patent applications and work of the other person (now party to the agreement) that was not publicly available at the time of the invention. This type of prior art will be disqualified from the obviousness determination so long as the agreement existed at the time the claimed invention was made and the other requirements of the statute are met.

The patent statute previously did not extend to situations involving joint researchers where no common assignment or duty to assign existed. The statute previously provided that prior art arising under 35 U.S.C. §§ 102(e), (f) or (g) could not be used to render a later claimed invention obvious where the prior art subject matter and the later claimed invention were, at the time the claimed invention was made, owned by the same person or subject to an obligation of assignment to the same person.

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The CREATE Act extends the statute to provide that subject matter developed by another person arising under 35 U.S.C. §§ 102(e), (f) or (g) will be disqualified from obviousness determinations if three conditions are met:

- (1) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the date the claimed invention was made;
- (2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and
- (3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

See 35 U.S.C. § 103(c)(2). A “joint research agreement” means a written contract grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention. 35 U.S.C. § 103(c)(3).

The amendment applies to any patent, including any reissue patent, granted on or after December 10, 2004. The amendment does not affect any final decision of a court or the US Patent & Trademark Office (“PTO”) rendered before December 10, 2004, and does not affect the right of any party in any action pending before either a court or the PTO on December 10, 2004, to have the party’s rights determined on the basis of the provisions of the patent statute in effect prior to the amendment.

### **U.S. Patent & Trademark Office Implementation of New 35 U.S.C. § 103(c)**

To implement the statutory amendment made by the CREATE Act, the PTO issued an interim rule of practice on January 7, 2005.

Under the interim rule, to overcome an obviousness rejection under 35 U.S.C. § 103(a), the applicant must provide a statement that the prior art and the claimed invention were made by or on the behalf of parties to a joint research agreement within the meaning of 35 U.S.C. § 103(c)(3), and that the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement. The applicant must also (1) amend the patent specification to disclose the names of the parties to the joint research agreement; and (2) amend the specification either to set forth the date the joint research agreement was executed and a concise statement of the field of the claimed invention, or to specify where this information is recorded in the PTO’s assignment records (*i.e.*, by reel and frame number). When preparing joint research agreements, it may be beneficial to include a separate section that sets forth the particular subject matter needed to comply with the rules. The applicant may then submit this separate section to the PTO, without having to disclose the remainder of the agreement.

Double patenting rejections in joint research situations are appropriate under the interim rule, but such rejections may be overcome by terminal disclaimers. See 37 C.F.R. §§ 1.109(b) and 1.321(d). Such terminal disclaimers must include a provision wherein the owner of the rejected application or patent *and* the owner of the disqualified patent or application each:

- (i) waive the right to separately enforce and the right to separately license the rejected application or patent and the disqualified patent or application;
- (ii) agree that the rejected application or patent and the disqualified patent or application shall be enforceable only for and during such period that the rejected patent or application and the disqualified patent or application are not separately enforced and are not separately licensed; and
- (iii) agree that such waiver and agreement shall be binding upon the owner of the rejected application or patent, its successors, or assigns, and the owner of the disqualified patent or application, its successors, or assigns.

The CREATE Act only protects patent claims from obviousness determinations in view of prior art under 35 U.S.C. §§ 102(e), (f) or (g). But if such prior art anticipates the claims and the claims therefore lack novelty in view of that prior art, those claims are not protected from invalidity under the CREATE Act, even where a joint research agreement was in place.⊕