

CREATE Act: Facilitation of Research Collaboration

The Cooperative Research and Technology Enhancement (CREATE) Act, enacted on December 10, 2004, amended 35 U.S.C. 103(c) to allow multiple owners of patent applications or patents to be treated as a common owner for the purposes of 35 U.S.C. 103(c)'s exclusion of prior art under 102(e), (f) or (g) in an obviousness rejection under 35 U.S.C. 103(a).

The CREATE Act encourages collaborating researchers to share confidential information by removing an obstacle to the patentability of inventions that result from their collaboration. Prior to the CREATE Act, such sharing of confidential information, also referred to as "secret" art among collaborators, combined with published prior art, had the potential of making an invention resulting from such collaboration "obvious." This was especially likely if one party to the collaboration developed an invention or filed a patent application and another party was not named as an inventor in the patent application. A third-party inventor, however, who did not have access to the shared confidential information, would still be able to obtain a patent to the same or similar invention.

To correct this disparity, the CREATE Act was enacted to amend 35 U.S.C. 103(c) to allow joint researchers to avoid the prior art effect of an earlier researcher's invention, where the later work was an obvious improvement over the earlier inventor's work and was conducted under a joint research agreement (JRA). The CREATE Act is effective for all patent applications pending on the enactment date of December 10, 2004, and for all patents, including reissue patents, granted on or after that date.

Confidential prior art includes, under §102(e), prior-filed applications that do not become public until after the filing date of the subsequent patent application at issue; under §102(f), information an inventor derives from someone else concerning a prior, nonpublic discovery made by someone other than the inventor; and, under §102(g), the prior invention by someone else of the same invention now claimed.

Under the CREATE Act, §103(c) has been redesignated §103(c)(1), which provides a safe harbor for commonly owned secret prior art. Section 103(c)(1) states that subject matter developed by another person that qualifies as prior art under subsection 102(e), (f) or (g) will not preclude patentability where the subject matter and the claimed invention were owned by the same person or entity or subject to an obligation of assignment to the same person or entity.

The CREATE Act added paragraphs (2) and (3). Paragraph 2 of §103(c), subsections (A), (B) and (C), provides three requirements in order for research collaborators to be treated as common owners. Subsection (A) states that the claimed invention was made by or on behalf of parties to a



JRA that was in effect on or before the date the claimed invention was made; subsection (B) states that the claimed invention was made as a result of activities undertaken within the scope of the JRA; and subsection (C) states that the patent application for the claimed invention discloses, or is amended to disclose, the names of the parties to the JRA.

Paragraph 3 of §103(c) defines a JRA as “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.”

To overcome an obviousness rejection pursuant to the CREATE Act, an applicant must provide a statement that all of the provisions of the CREATE Act have been fulfilled. The statement must include that the disqualified subject matter and the claimed invention were made by or on the behalf of parties to a JRA; that the JRA was in effect on or before the claimed invention was made; and that the claimed invention was made as a result of activities undertaken within the scope of the JRA.

If the applicant disqualifies the subject matter used in a rejection under §103(a) by invoking the CREATE Act, then during examination the application and the prior art will be treated as if they are commonly owned. Thus, a double patenting rejection based upon the disqualified prior art may apply. A double patenting rejection may be overcome by filing a terminal disclaimer. The requirements for a terminal disclaimer include that the owners of the rejected application must specify the portion of the term of the patent being disclaimed beyond the term of the patent or application disqualified and state the extent of the applicant’s or assignee’s ownership interest in the patent to be granted; waive the right to separately enforce the patents; agree that the patents shall be enforceable only during the period that the patents are not separately enforced; and agree that such a waiver is binding upon the owner, its successors or assigns.

Thus, the terminal disclaimer requires not only that there is a common term between the patent at issue and the patent being disclaimed, but also requires common enforcement of the involved patents.

The following tips and potential pitfalls should be considered when invoking the CREATE Act to overcome an obviousness rejection:

- Applicants should only consider invoking the CREATE Act when all other efforts to overcome a §103(a) rejection have failed.
- One party to an agreement may unilaterally invoke the CREATE Act to overcome an obviousness rejection, and thus obtain a blocking patent.

For example, University A and Company B enter into a nondisclosure agreement (NDA). University A files a patent application based on invention X and discloses the invention to Company B. Company B files a patent application for an obvious improvement of invention X.



The Patent Office rejects Company B's application as being obvious in view of University A's earlier filing. Company B invokes the CREATE Act by asserting that the NDA is a JRA under the CREATE Act and obtains a blocking patent.

Thus, JRAs should be drafted to prohibit the unilateral invocation of the CREATE Act, and they should be executed prior to the start of collaboration. Also, it is important that a JRA is thoroughly detailed and carefully worded regarding the scope of the research collaboration, *e.g.*, to allow for the possibility of an unanticipated breakthrough during the course of collaboration that leads to an invention outside the scope of the JRA.

Agreements other than JRAs, such as MTAs, license agreements, SRAs and CRADAs, should be drafted to clarify whether the agreement is intended by the parties to be covered by the CREATE Act, *e.g.*, specify that the agreement is not intended to be a JRA under the CREATE Act. Conversely, such agreements may also be drafted to preserve the option to invoke the CREATE Act.

FOR MORE INFORMATION

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