

Good News For Patenting Joint Research Developments: The USPTO Implements The CREATE Act Of 2004

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It is now easier to patent developments from joint research, thanks to recent legislation passed by Congress and interim rules from the Patent and Trademark Office (USPTO). The legislation and rules address the problem of so-called "secret prior art" of the joint researchers.

To illustrate the problem, assume University A and Company B are engaged in a joint research program. Further suppose a scientist from A learns of an unpublished development from B (secret prior art) and makes an improvement on it. Under prior law, the secret B development would be prior art against a University A inventor, and the University would have to show that the improvement was a nonobvious advance over the B development.¹ The University would have to do this despite the fact that another researcher at Company B would not have to make a similar showing and despite the fact that the B development was not published. Needless to say, such law discourages joint research.

Congress addressed this problem by enacting the Cooperative Research and Technology Enhancement Act of 2004 (having the obviously intended acronym of CREATE), which was signed into law on December 10, 2004. The interim USPTO rules to implement CREATE were published on January 11, 2005.²

CREATE does not say that one joint researcher can patent the unpublished developments of another joint researcher. One inventor cannot patent exactly what she derives from another.³ CREATE does say that a properly set up joint research program can permit an inventor from one joint researcher to patent improvements on unpublished developments of the other joint researcher without regard to whether or not the improvements are obvious. Please note that this does not promote wholesale pilfering of inventions. The invention must be within the scope of the joint research agreement, and the agreement typically will allocate ownership of any resulting patents.

The requirements for using CREATE are straightforward. 1) The claimed invention must be made on behalf of the parties to a written joint research agreement that went into effect on or before the date the claimed invention was made;⁴ 2) the claimed invention must be made as a result of activities undertaken within the scope of the joint research agreement;⁵ and 3) the application for patent for the claimed invention must disclose or be amended to disclose the names of the parties to the joint research agreement.⁶

CREATE applies to any patent granted on or after December 10, 2004. It does not affect matters pending in the courts before December 10, nor any final decision rendered by the USPTO prior to December 10.

The initial implementation of CREATE is by way of interim amendments to the patent rules of 37 C.F.R. The major changes in the examination process are set forth in 37 C.F.R. § 1.104(c)(4), which provides in pertinent part

(4) Subject matter which is developed by another person which qualifies as prior art only under 35 U.S.C. 102(e), (f) or (g) may be used as prior art under 35 U.S.C. 103 against a claimed invention unless the entire rights to the subject matter and the claimed invention were commonly owned by the same person or organization or subject to an obligation of assignment to the same person or organization at the time the claimed invention was made.

(i) Subject matter developed by another person and a claimed invention shall be deemed to have been commonly owned by the same person or organization, or subject to an obligation of assignment to the same person or organization in any application and in any patent granted on or after December 10, 2004, if:

(A) 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;

(B) The claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

(C) The application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

(ii) For purposes of paragraph (c)(4)(i) of this section, the term "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.

In essence, once a patent examiner has established a prima facie case of obviousness, an applicant claiming the benefit of CREATE has the burden of showing he is entitled to the benefit. Specifically, the applicant must provide a statement to the effect that the prior art and the claimed invention were made by or on behalf of parties to a joint research agreement. It must state that the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement, and that the agreement went into effect on or before the date on which the claimed invention was made. The statement must be signed by either the applicant or the assignee of the claimed invention.

The applicant must also amend the specification to disclose the names of the parties to the joint agreement and to provide the date of the agreement and the field of the claimed invention. The result of a successful presentation is the disqualification of the secret prior art as evidence of obviousness under 35 U.S.C. § 103. If, however, the claimed invention does not distinguish from the secret prior art, then the prior art would be available under 35 U.S.C. § 102(e), (f) or (g) to show anticipation.

37 C.F.R. § 1.71 is amended to add section 1.71(g), which identifies the amendments needed to claim the benefit of CREATE. Processing fees are specified for filing pertinent amendments outside specified time periods, much as is the case for filing information disclosure statements.

The CREATE treatment of joint research inventions presents issues of double patenting. These are addressed in amended 37 C.F.R. § 1.109:

(a) A double patenting rejection will be made in an application or patent under reexamination if the application or patent under reexamination claims an invention that is not patentably distinct from an invention claimed in a commonly owned patent. This double patenting rejection will be made regardless of whether the application or patent under reexamination and the commonly owned patent have the same or a different inventive entity. A judicially created double patenting rejection may be obviated by filing a terminal disclaimer in accordance with § 1.321(c).

(b) A double patenting rejection will be made in an application or patent under reexamination if the application or patent under reexamination claims an invention that is not patentably distinct from an invention claimed in a non-commonly owned patent by or on behalf of parties to a joint research agreement in which the inventions claimed in the application or patent under reexamination and in the other patent were made as a result of activities undertaken within the scope of the joint research agreement. This double patenting rejection will be made regardless of whether the application or patent under reexamination and the non-commonly

owned patent have the same or a different inventive entity. This double patenting rejection may be obviated by filing a terminal disclaimer in accordance with § 1.321(d).

The obviation of double patenting rejections for joint research inventions is analogous to the obviation of double patenting rejections for commonly owned inventions, namely through the use of terminal disclaimers.

The form of terminal disclaimers for joint research inventions necessarily is different from disclaimers for commonly owned inventions. The essential differences are set forth in 37 C.F.R. § 1.321(d)(4), requiring that the disclaimers

(4) Include a provision that 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 implementation of CREATE will undoubtedly be refined going forward. It may, for example, be of concern that the date of the agreement not be made public. That date reveals the earliest date the invention could have been made. There has been a traditional concern that dates of invention should not be prematurely revealed to competitors and potential adversaries. Another area that may require further elucidation is the date when an invention is made. As practitioners know, the usual rule is that an invention is made when it is conceived and reduced to practice. There are, however, many disputes about when an invention is reduced to practice. Here an incorrect determination is potentially a basis for a charge of inequitable conduct. Hopefully, further guidance will be provided. In any event, these changes are welcomed by many. For joint researchers the changes will encourage communication and level the patent playing field. The changes, as the Act suggests, should stimulate joint researchers to create.

1. Odzzon Products, Inc. v Just Toys, Inc., et al., 122 F.3d 1396, 43 U.S.P.Q.2d 1641 (Fed. Cir. 1997).
2. Federal Register, Vol. 70, No. 7, Jan. 11, 2005, Rules and Regulations, pp. 1818-1824.
3. 35 U.S.C. § 102(f).
4. 35 U.S.C. § 103(c)(3) and 35 U.S.C.G 103(c)(2)(A).
5. 35 U.S.C. § 103(c)(2)(B).
6. 35 U.S.C. § 103(c)(2)(C).