



Drafting Joint Research Agreements Under The Create Act Of 2004

- *Portfolio Media, New York (March 2, 2005)*

Author(s): Charles R. Macedo

On December 10, 2004, President Bush signed into law the Cooperative Research and Technology Enhancement (CREATE) Act of 2004.

The purpose of the CREATE Act was to modify U.S. Patent Law, in response to a decision of the U.S. Court of Appeals for the Federal Circuit, to recognize that certain work owned by collaborators of a patent applicant should not be considered prior art for purposes of an obviousness determination.

The purpose of this Article is to set out guidelines on how joint research agreements should be drafted in order to take full advantage of this new Act of Congress.

Prior to the enactment of the CREATE Act, the patent law recognized that certain “secret” prior art “owned by the same person or subject to an obligation of assignment to the same person” (35 U.S.C. 103(c)) could be excluded from being considered prior art for purposes of an obviousness type of analysis.

The Federal Circuit, however, had found that shared confidential information could be invalidating prior art when the inventors of that confidential information were not under an obligation to assign their rights to the patent applicant. See *Oddzon Products v Just Toys*, 122 F.3d 1396, 43 U.S.P.Q.2d 1641 (Fed. Cir. 1997).

Congress viewed this decision as “creat[ing] a situation where an otherwise patentable invention may be rendered nonpatentable on the basis of confidential information routinely exchanged between research partners.” H.R. Rep. 108-425.

The purpose of the CREATE Act is to congressionally overrule *Oddzon* and to provide the same type of “safe harbor” that already existed for inventions which were assigned to a common owner to inventions that were developed under a joint research agreement.

Congress accomplished this task by amending 35 U.S.C. 103(c) to read as follows:

(c)(1) Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the 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.

(2) For purposes of this subsection, subject matter developed by another person and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person 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.

(3) For purposes of paragraph (2), 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.’.

35 U.S.C. 103(c)(1)-(3).

The U.S. Patent and Trademark Office has promulgated proposed rules to implement the amendments to 35 U.S.C. 103(c) which are presently the subject of public commentary. These rules were published at 70 Fed. Reg. 1818, Jan. 11, 2005.

Thus, in order to take advantage of the new safe harbor offered by the CREATE Act, joint research partners need to make sure that they properly prepare their joint research agreements.

Drafting principles to consider:

1. The Joint Research Agreement must be reduced to writing. Under 35 U.S.C. 103(c)(3), the term “joint research agreement” means a “written” contract, grant or cooperative agreement. The Act on its face does not contemplate “oral” agreements as being sufficient.

2. The effective date of the Joint Research Agreement must be before any information is exchanged. Under 35 U.S.C. 103 (c)(2)(A), the safe harbor only applies with respect to “a joint research agreement that was in effect on or before the date the claimed invention was made”. While on its face it appears that backdating the “effective date” of the agreement may be sufficient, the more prudent course is to not exchange information until after the Agreement has been finalized and executed.

3. The Joint Research Agreement should clearly state that it is for purposes of “performance of experimental, developmental or research work in” the intended field of endeavor. This is the



new statutory definition of “joint research agreement” under 35 U.S.C. 103(c)(3).

4. The Joint Research Agreement should clearly state the intended field of endeavor, and if the parties begin to share information in other fields of endeavors, the Joint Research Agreement should be promptly amended to reflect these additional fields. Under 35 U.S.C. 103(c)(2)(B), the safe harbor provisions only apply to work performed within the scope of the agreement. Thus, if the parties share information beyond the delineated scope of the agreement, the plain terms of the Act would make inapplicable.

5. The Joint Research Agreement should require all patent applications filed based on work performed within the scope of the agreement to designate that such work was performed under the scope of the agreement. Under 35 U.S.C. 103(c) (2)(C), the applications must specify or be amended to specify the name of the parties to the joint research agreement in order for the safe harbor to apply.

6. The Joint Research Agreement should specify that the parties will give up a right to separately enforce any patents obtained based on work developed under the Joint Research Agreement. In order to take advantage of the safe harbor and avoid a double patenting obviousness type rejection, the applicant of the second claimed patent application will have to give up its right to separately enforce that patent from the first claimed patent. An appropriate contractual provision to make sure that both parties will cooperate in the joint enforcement of patents which issue as a result of the collaboration is important to allow the patents obtained to remain meaningful and useful.

7. Non-confidential versions or summaries of the Joint Research Agreement should be prepared which can be filed at the U.S. Patent and Trademark Office. To the extent possible, since filing of the agreement or an appropriate summary thereof with the U.S. Patent and Trademark Office is one way contemplated to comply with the notice requirements of the CREATE Act, a non-confidential version or approved summary of the agreement should be drafted. See proposed 37 C.F.R. 1.71(g). This can be done by creating an attachment to a larger agreement, which identifies the information which is to be filed with the U.S. Patent and Trademark Office, which contains only non-confidential portions that neither party would be disturbed if it were publicly disclosed.

8. Existing Joint Research Agreements should be reviewed to determine if they require amendment. Work performed under existing agreements, and even work disclosed in previously filed applications are entitled to take advantage of this safe harbor provision as long as the application is pending on or after December 10, 2004. However, the Act does not apply to “any final decision of a court or the United States Patent and Trademark Office rendered before the date of the enactment of this Act, and shall not affect the right of any party in any action pending before the United States Patent and Trademark Office or a court on the date of the enactment of this Act to have that party’s rights determined on the basis of the provisions of title 35, United States Code, in effect on the day before the date of the enactment of this Act.” The CREATE Act, Sec. 3.



9. Catch-all clauses should be included in Joint Research Agreements to identify the Agreement intends to fall within the Safe Harbor. With respect to future Joint Research Agreements, if the parties want to confirm that the agreement is intended to fall within the Safe Harbor, the Agreement can include a clause such as the following: “This agreement is a joint research agreement made pursuant to 35 U.S.C. 103(c)”.

10. Logs of Applications and Patents for subject matter developed pursuant to the Joint Research Agreements should be maintained. The joint research agreement can provide for the parties to maintain logs of all patent applications and patents which relate to subject matter that is developed under the Agreement as a record keeping procedure. However, before this task is specified to be undertaking, the parties should insure that such a log is actually going to be maintained and is up-to-date.

With respect to existing patent applications or issued patents which disclose invention which were created under a Joint Research Agreement, and where additional related patent applications are already pending or anticipated to be filed, patent prosecutors should consider including statements in the application identifying the fact that the subject matter of the patent application was developed as a result of a joint research agreement dated on a specified date between the specified parties. To the extent necessary, using certificates of correction to provide such information should be considered for already issued patents.

When drafting patent applications covering jointly developed work, the prosecuting attorney should also make sure that the description of the field of invention is consistent with the scope of the joint research agreement under which it was developed to ensure that the safe harbor provisions will apply.

Only time will tell whether the CREATE Act achieves its intended purpose of fostering joint research projects, or proves to be so cumbersome that it will become irrelevant. For the time being, however, both patent prosecutors and corporate counsel drafting, negotiating, and implementing joint research agreements should be mindful of the safe harbor created under the CREATE Act, and the new regulations which will ultimately be issued by the U.S. Patent and Trademark Office.

[Charles R. Macedo](#) is Senior Counsel at Amster, Rothstein & Ebenstein, LLP. His practice specializes on intellectual property issues including drafting and negotiating intellectual property agreements, including joint research agreements, prosecuting patents before the U.S. Patent and Trademark Office, and other patent offices throughout the world, registering trademarks and service marks with U.S. Patent and Trademark Office, and other trademark offices throughout the world and litigating patent, trademark and other intellectual property disputes. He may be reached at cmacedo@arelaw.com.

Amster, Rothstein & Ebenstein, LLP is a well-established mid-sized firm engaged exclusively in the practice of intellectual property law, including patents, trademarks, copyrights, unfair competition and related matters with over five decades of experience.

All Content Copyright 2007, Portfolio Media, Inc.