Understanding and Applying the CREATE Act in Collaborations

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The Cooperative Research and Technology Enhancement Act of 2004 (CREATE Act)[1] amends the United States patent laws to provide that subject matter developed by another person will be treated as owned by or subject to an obligation of assignment to an inventor for purposes of determining the obviousness of an invention made by that inventor provided that the requirements of the act are satisfied. The act applies to inventions made by or on behalf of parties to a written joint research agreement where the inventions are made within the scope and term of the agreement.

This amendment was motivated by concerns raised by a recent Federal Circuit Court ruling in a case called *OddzOn Products Inc. v. Just Toys Inc.,*[2] which publicized the fact that nonpublic information shared between collaborators during a joint project may be used as prior art to inventions that emerge from the project under certain circumstances. The intent of the amendment was to provide participants in research collaborations with additional protections during the sharing of private information between collaborators, and the main thrust of the act is to exclude some prior art (that possessed by participating collaborators) from obviousness considerations if the invention arose from a joint research agreement.

This chapter provides some practical guidelines for technology transfer professionals seeking to manage the application of the CREATE Act in common types of collaborative activities taking place within universities. Since many common agreements involving third-party rights, licenses, access to university labs, and/or use of university resources will satisfy the terms of the act, and the act can be relied upon unilaterally once the joint

research agreement is in place to obtain patents over incremental improvements, it is important to understand the act and identify strategies for how to manage it.