

Improving Collaboration between Universities and Private Industry – CREATE ACT OF 2003

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Abraham Lincoln:
The Patent System
“adds the fuel of
interest to the fire of
genius.”



Lincoln is the only
president who
obtained a patent (a
device to lift boats
over shoals)



LACK OF UNIVERSITY TECH TRANSFER PRIOR TO BAYH-DOLE ACT OF 1980

- Pre-1980: lack of success by the federal government in promoting the adoption of new technologies by industry
- In 1980, the federal government held title to approximately 28,000 patents. Fewer than 5% of these were licensed to industry for development of commercial products



WHY?

- No government-wide policy regarding ownership of inventions made by government contractors and grantees under federal funding
- Restrictions imposed on the licensing of new technologies and reluctance on the part of the agencies to permit ownership of inventions to vest in universities and other grantees



BAYH-DOLE ACT OF 1980

- public will benefit if universities and small businesses can elect ownership of inventions made under federal funding and to become directly involved in the commercialization process
- stimulation of the U.S. economy will occur through the licensing of new inventions from universities to businesses that would, in turn, manufacture the resulting products in the U.S.



SUCCESS OF THE BAYH-DOLE ACT

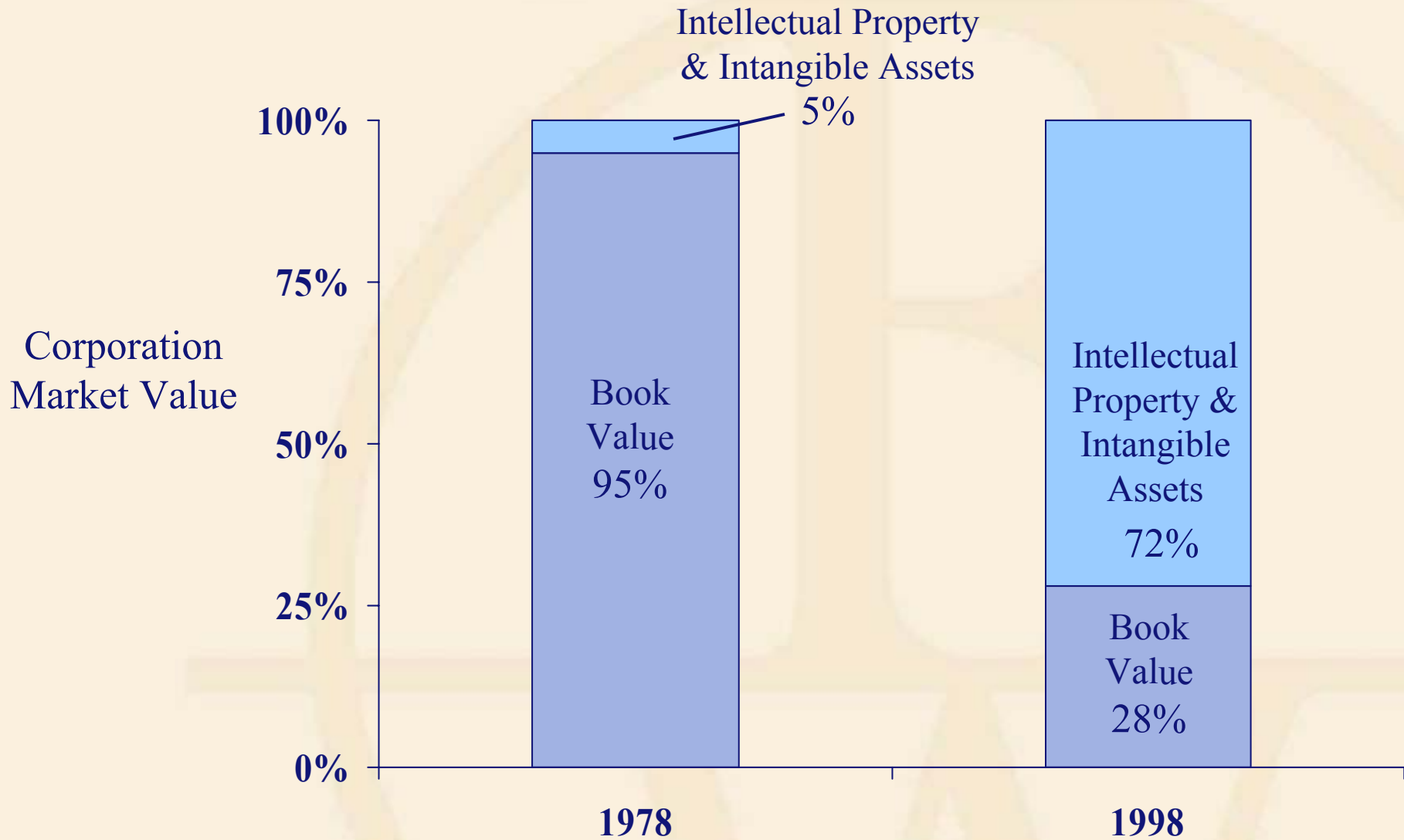
- Large increase in university patenting and licensing efforts under the Act has led to commercialization of many new technological advances
- The Association of University Technology Managers (“AUTM”) reported:
“The commercialization of academic research in 1999 resulted in more than \$40 billion in economic activity that supported more than 270,000 jobs”



SPECIFIC EXAMPLES

- the Cohen-Boyer patents on the basic techniques of genetic engineering, which brought in around \$195 million for Stanford University and the University of California prior to its expiration in 1997
- the Axel Patents on co-amplification of plasmids in eukaryotic cells, which brought in \$395 million to Columbia University prior to its expiration in 2001
- Amgen's Neupogen®[®], currently generating around \$40 million per year for Memorial Sloan Kettering Hospital

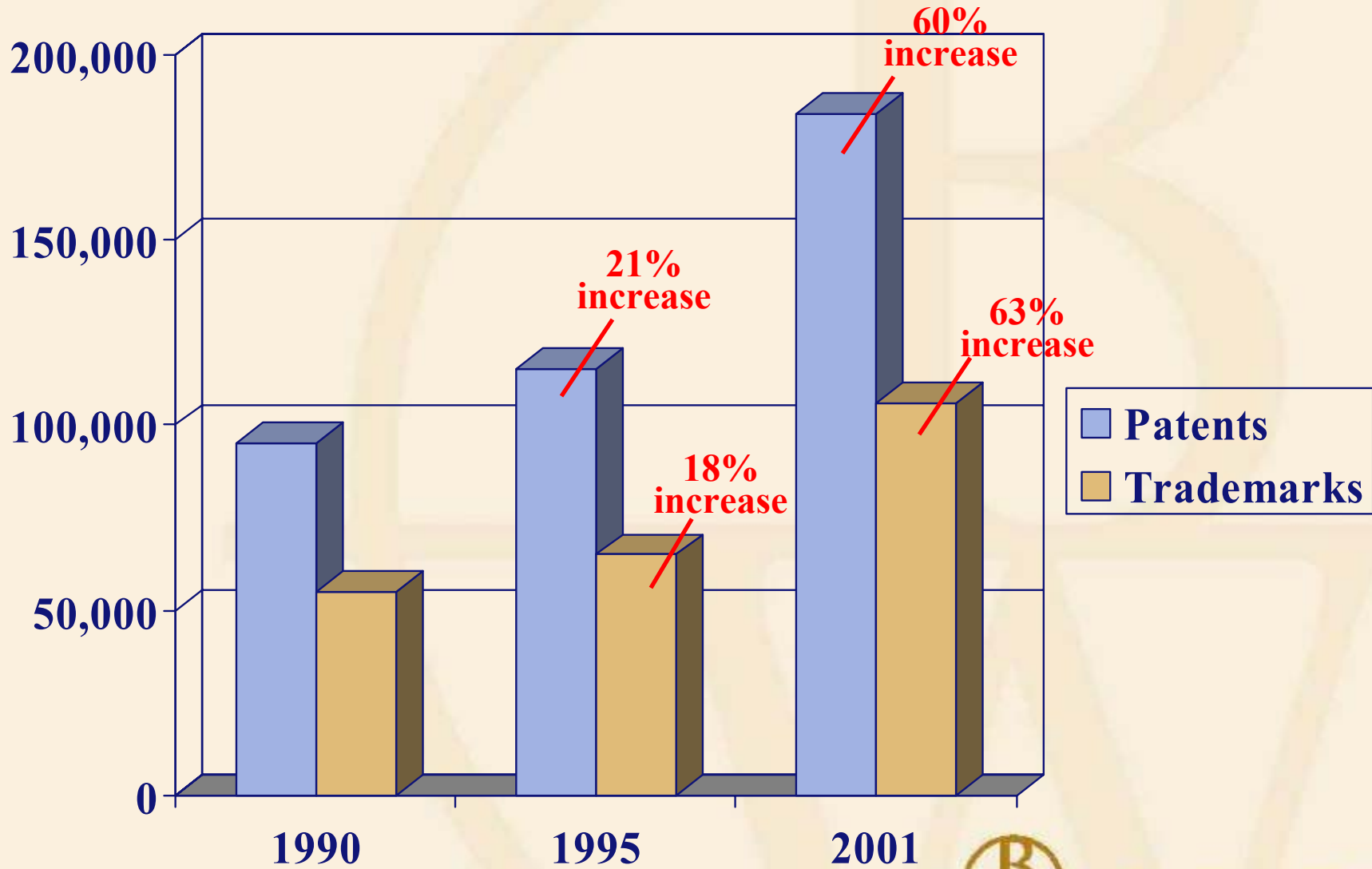




Book Value and Market Value of Sample of 3,500 Corporations



U.S. Patents & Trademarks Granted Per Year



PATENTS

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of” U.S. Patent Law.



INVENTION MUST BE NEW

35 U.S.C. 102

A person shall be entitled to a patent unless

- a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country before the invention thereof by the applicant for patent, or



b) The invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or



- c) He has abandoned the invention, or
- d) The invention was first patented or caused to be patented . . . by the applicant or his legal representatives or assigns prior to the date of application for patent in this country . . . or



e) The invention was described in (1) an application for patent, [that was] published, . . . by another in the U.S. before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the U.S. before the invention by the applicant, or



f) He did not himself invent the subject matter sought to be patented, or



g) (1) another inventor establishes that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or

(2) before such person's invention thereof, the invention was made in the U.S. by another who had not abandoned, suppressed, or concealed it.

In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.



INVENTION MUST BE NON-OBVIOUS

35 U.S.C. 103

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.



MORE LAW NEEDED TO PROMOTE COLLABORATION

- In 1984, the patent statute on obviousness was changed so that “secret” prior art of one inventor would not bar a patent for an invention made by a second inventor working for the same company
- The change in the statute was needed to legislatively overrule *In re Bass*, 474 F.2d 1276, 1290, 177 U.S.P.Q. 178, 189 (C.C.P.A. 1973)



IN RE BASS

- Bass and Horvat made a first invention
- Bass, Horvat and Jenkins then made a second invention
- Because the inventive entity in the two inventions were not the same and the evidence established that the first invention was made before the second invention, the court affirmed the Board's use of the first invention as § § 102(g)/103 prior art even though all three inventors worked for the same company and together in the same laboratory



1984 CHANGE TO 35 U.S.C. 103

New paragraph added:

Subject matter developed by another person, which qualifies as prior art only under subsection (f) or (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 invention was made, owned by the same person or subject to an obligation of assignment to the same person



1995 CHANGE TO 35 U.S.C. 103

The first paragraph of § 103 was designated subparagraph (a); a subparagraph (b) relating to biotechnological processes was added; and, the paragraph added in 1984 was designated subparagraph (c)



35 U.S.C. 103(B)

(b)

(1) Notwithstanding subsection (a), and upon timely election by the applicant for patent to proceed under this subsection, a biotechnological process using or resulting in a composition of matter that is novel under section 102 and nonobvious under subsection (a) of this section shall be considered nonobvious if-

(A) claims to the process and the composition of matter are contained in either the same application for patent or in separate applications having the same effective filing date; and

(B) the composition of matter, and the process at the time it was invented, were owned by the same person or subject to an obligation of assignment to the same person.



1999 CHANGE TO 35 U.S.C.

103

§ 103(c) was amended to add § 102(e) to § 103(c):

(c) 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 invention was made, owned by the same person or subject to an obligation of assignment to the same person.



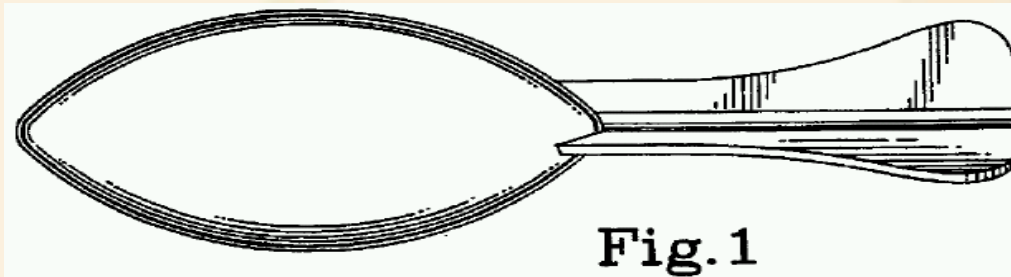
CREATE ACT OF 2003

- Cooperative Research and Technology Enhancement (“CREATE”) Act
- CREATE Act is designed to promote collaboration of co-workers from *different* organizations
- The Act is designed to legislatively overrule *OddzOn Prods., Inc. v. Just Toys, Inc.*, 122 F.3d 1396, 1401, 43 U.S.P.Q.2d 1641, 1644 (Fed. Cir. 1997).



ODDZON PRODS., INC. v. JUST TOYS, INC.

- At issue: OddzOn Products' Vortex tossing football, complete with a tail and fins



- Two confidential designs from outside the company had been disclosed to the inventor

Federal Circuit in *Oddzon*:

“We therefore hold that subject matter derived from another not only is itself unpatentable to the party who derived it under § 102(f), but, when combined with other prior art, may make a resulting obvious invention unpatentable to that party under a combination of §§ 102(f) and 103.”



2004 CHANGE TO 35 U.S.C.

103

- Old 103(c) becomes 103(c)(1)
- 35 U.S.C. 103(c)(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—



2004 CHANGE TO 35 U.S.C.

103

- (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.



2004 CHANGE TO 35 U.S.C. 103

35 U.S.C. 103(c)(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.

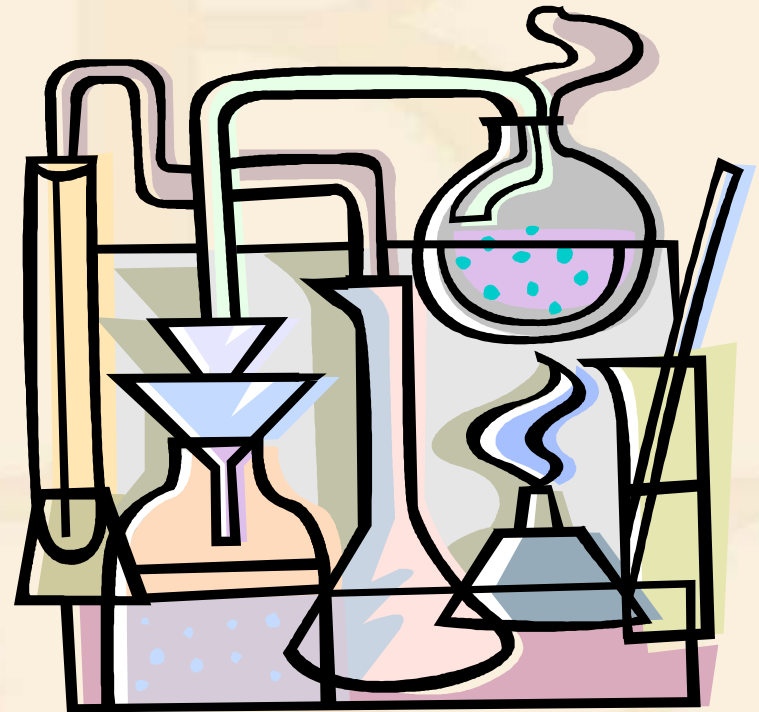


CHECKLIST

1. Draft expansive Joint Research Agreements so that inventive “activities [are] within the scope of the joint research agreement” and the “field of the claimed invention” is within the scope of those Agreements.
2. Include in the patent application an express statement disclosing the names of the parties to the joint research agreement.



3. Make sure there is a written contract by the parties to perform the research.



4. Review and amend current Joint Research Agreements if warranted.

