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By Email: AC90.comments@uspto.gov
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Re: Comments on Changes to Require Identification of Attributable Owner, in response to requests for comments at 79 Fed. Reg. 4105 (January 24, 2014) (submission deadline extended to April 24, 2014 at 79 Fed. Reg. 9678 (February 20, 2014))

Dear Sir:

The Boston Patent Law Association (BPLA) thanks the United States Patent and Trademark Office (USPTO) for the opportunity to comment on the proposed rules to implement changes to require identification of attributable ownership. The BPLA is an association of intellectual property professionals, providing educational programs and a forum for the exchange of ideas and information concerning patent, trademark, and copyright laws in the Boston area. These comments were prepared with the assistance of the Patent Office Practice Committee of the BPLA. These comments are submitted by the BPLA solely as its consensus view. They are not necessarily the views of any individual member, any firm, or any client.

We appreciate the USPTO's efforts to further improve the information available to the public regarding patent applications and granted patents, and offer the comments presented below in an attempt to assist the USPTO in these efforts. *See* 79 Fed. Reg. at 4105-06. Our comments are organized by subject.



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I. What Ownership Information Should Be Reported? Section 1.271 Attributable Owner (Real-parties-in-interest for reporting purposes)

Proposed Rule 1.271 defines the entities that will be required to be reported under the procedures set forth in this set of proposed rules. Paragraph (a)(1) would require that assignees be reported. Paragraph (a)(2) would require that entities that would be necessary to join in a lawsuit to have standing to enforce the (resulting) patent be reported (“enforcement entities”). Paragraph (b) would require the ultimate parent entity as defined in 16 C.F.R. § 801.1(a)(3) be reported. Finally, paragraph (c) would require any entity using various instruments to temporarily divest or delay attributable ownership be reported.

The BPLA supports reporting assignees, as required by paragraph (a)(1), but does not support the requirement for reporting the other entities discussed above because such requirements would unnecessarily burden patentees, applicants, and patent practitioners, without appreciably increasing the useful information provided to the public.

Regarding the paragraph (a)(2) requirement to disclose enforcement entities, standing is one of the more complex areas of the law, and one which is also subject to frequent revision. Moreover, patent practitioners, and patent agents in particular, typically lack extensive knowledge of standing law. If enforcement entities must be disclosed, then practitioners will have to request this information from their clients, who may not have such information readily available. Clients, as well as their licensees, may also be reluctant to have such information disclosed publicly. Furthermore, abandonment, for example, is an overly severe penalty for making an incorrect interpretation in this complex area of law. Accordingly, requiring the disclosure of enforcement entities as part of attributable ownership will burden clients, licensees, and practitioners with unnecessary costs and increased uncertainty. Providing the public with access to assignee information for each patent is sufficient to afford a person interested in licensing a patent or addressing a potential infringement issue with a point of contact to begin such a discussion.

As with enforcement entities, the BPLA believes that requiring the reporting of the ultimate parent entity under paragraph (b) unduly burdens patentees, applicants, and practitioners, without corresponding significant benefits to the public. A practitioner may not be aware of a client’s full corporate structure, and ordinarily will not be informed when that structure changes. Similarly, clients may not be aware of the need to notify practitioners when such changes occur. Thus, practitioners must continually request updates from their clients, who in turn will be required to inform them of changes in corporate structure, leading to added costs and complexity. Combined with the enforcement entity requirement of paragraph (a)(2), this burden may extend to investigating and reporting a licensee’s corporate structure, which as discussed above, licensees and other business partners may be unwilling to provide publicly, thus discouraging patenting and licensing.



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The proposed requirement of paragraph (c) is equally onerous because it requires additional research into various instruments and arrangements that typically falls outside the expertise of patent practitioners. As with enforcement entities and ultimate parent entities, clients and licensees may also wish to avoid having to disclose the existence of such arrangements, and the benefits to providing information about all such arrangements to the public is not apparent. Thus, paragraph (c)'s requirements will generate further costs, with a corresponding decrease in investment and patenting activity, without apparent substantial benefit.

Regarding the stated objectives of assisting Examiners in identifying potential double patenting rejections, assignee information will inform most such situations. Furthermore, under Rule 56, applicants and practitioners already have a duty to bring any such information relating to potential double patenting rejections to an Examiner's attention. *See* 37 C.F.R. § 1.56. If an Examiner requires further information regarding ownership with respect to double patenting or other prior art-related issues, the Examiner may request this information under existing practice. *See* 37 C.F.R. § 1.78(f). Similarly, if an Examiner believes based on the assignee information provided that there may be a potential conflict of interest in examination or issue with respect to power of attorney, the Examiner may request further information as necessary from the applicant. *See id.*

On the other hand, if an Examiner is entirely unaware that an entity, in which he or she has a financial interest, is an attributable owner under the proposed Rules, then no conflict of interest has arisen that needs to be rectified. Under 5 C.F.R. § 2640.103, an Office employee is "prohibited from participating personally and substantially in an official capacity in any particular matter in which, *to his knowledge*, he or any other person specified in the statute has a financial interest." (Emphasis added.) Identifying other peripheral interests seems more likely, therefore, to create the existence of a conflict where none would have existed in the first place. Identifying additional parties as called for in the proposed Rules would place new burdens on the USPTO to clear any conflicts, and may slow prosecution even further, i.e., more time to review information, clear any conflicts, and if the information changes during prosecution a potential need to transfer. Conflict check using assignee information only seems sufficient and more practical.

Finally, paragraph (e)'s exemption from the definition of "entity" for federal, state, and foreign agencies is potentially problematic. Not only would it undermine the objectives of the proposed rules by exempting from compliance large categories of entities, for example, public state universities, but it would also fail to evenly distribute the burden of disclosure.

Accordingly, BPLA suggests that proposed Rule 1.271 should be limited to the entities described in paragraph (a)(1) and that paragraphs (a)(2), (b), and (c) should be omitted. While BPLA acknowledges that providing assignee information for each patent provides a benefit to the public, it is unclear what significant additional benefit is afforded by the complex and onerous reporting provisions of paragraphs (a)(2), (b), and (c).



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II. When Should Ownership Information Be Reported? Sections 1.273, 1.275, 1.277, 1.381, 1.383, and 1.385

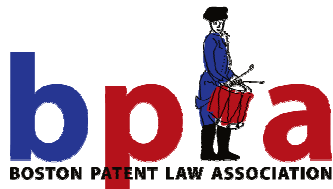
Proposed Rules 1.273, 1.275, 1.277, 1.381, 1.383, and 1.385 define the times at which attributable owners must be reported. During the pendency of an application, proposed Rules 1.273 and 1.277 require disclosing the attributable owner at the time of filing and allowance, respectively, while proposed Rule 1.275 requires disclosing changes in attributable ownership at any other time between these two events. After issuance, proposed Rules 1.381, 1.383, and 1.385 require disclosing attributable ownership information in conjunction with the payment of maintenance fees, proceedings before the Patent Trial and Appeal Board, and supplemental examination and reexamination proceedings, respectively.

The BPLA supports reporting the assignee information at the time of filing and allowance, as required by proposed Rules 1.273 and 1.277, respectively, but does not support the requirement for reporting ownership at other times, because of the increased costs and complexity, as well as the uncertain benefit from such additional reporting.

Filing and allowance are appropriate times to require disclosing attributable ownership information. In the former case, the applicant already has an obligation to provide other details as part of the patent application. Moreover, the Notice of Missing Parts is a natural, pre-existing mechanism to address instances where the applicant omits to supply the assignee information at the time of filing. As for the latter case, a Notice of Allowance is a discrete event that gives the applicant sufficient notice that updated assignee information is required. These proposed requirements would also be in keeping with the existing practice for the timing of recording voluntary assignments. *See, e.g.*, 79 Fed. Reg. at 4115 (noting “[t]he high percentage of patent applicants who currently submit an assignment document for recordation and the relatively low percentage of patent applicants who submit a second assignment document for recordation”).

In contrast, requiring further reporting of attributable ownership at all other times during prosecution under proposed Rule 1.275 would be onerous for applicants and practitioners, because of the added costs and complexity associated with continuous inquiry to clients, or conversely, notification of practitioners. Under the current rules the real party in interest must be identified in an appeal brief or in a contested case under 37 C.F.R. §41.8(a)(1). Moreover, given that an Examiner would have initial assignment information upon filing in order to inform the examination, and that the patent could not be asserted against third parties until after issuance, this additional disclosure requirement during prosecution would be of minimal benefit in accomplishing the objectives of the proposed Rules.

Similarly, further disclosure of attributable ownership at certain times following issuance, as required by proposed Rules 1.381, 1.383, and 1.385, also appears to provide minimal added benefit, not only given existing voluntary recording practice, but also because of the infrequent timing of maintenance fee payments and post-grant proceedings. The BPLA believes that the



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requirement under existing practice to identify real parties in interest in post-grant trial proceedings is already sufficient. *See* 37 C.F.R. § 42.8(a)(2), (a)(3), (b)(1). Likewise, Supplemental Examination also already requires identification of "the owner(s) of the entire right, title, and interest in the patent requested to be examined" and can only be filed by such a party. 37 C.F.R. §§ 1.601(a) and 1.610(b)(9).

Accordingly, the BPLA suggests that the proposed reporting times should be narrowed to the time of filing (proposed Rule 1.273) and upon a notice of allowance (proposed Rule 1.277) and that Rules 1.275, 1.381, 1.383, and 1.385 should be omitted from the final implementation of the proposal. Such an amendment would limit the burden created by requiring additional reporting times.

III. Enforcement and Correction. Sections 1.273, 1.275, and 1.277

The BPLA believes that abandonment is too severe of a penalty for failing to properly report ownership information. In particular, the BPLA disagrees with any interpretation of the rules under which a party that in good faith attempts to name all attributable owners, but makes a mistake that is not discovered until later, e.g., during infringement litigation, will nevertheless face abandonment of the application or patent under proposed Rule 1.273. Clarification of this point in the rules would be beneficial.

The proposed abandonment penalty may also have negative consequences for the judicial system, despite a central objective of the proposed Rules being the abatement of litigation abuses. A comparison with inequitable conduct is instructive. Because a finding of inequitable conduct leads to the unenforceability of the patent in question, alleged infringers often raise this defense, burdening the courts with the task of evaluating such claims. Moreover, patentees are often pressured into settling even when facing meritless inequitable conduct claims rather than risk unenforceability. The BPLA believes that the proposed abandonment penalty will similarly tax judicial resources by requiring courts to evaluate additional infringement defenses, while unfairly disadvantaging patentees in litigation for what is at most a minor technical issue.

Proposed Rules 1.279 and 1.387 provide a method for correcting a failure to notify the office of a change to the attributable owner, at the pending application stage and after grant, respectively.

Each of these proposed Rules notes that "the failure or error may be excused . . . by a showing of reason for the delay, error, or incompleteness, and the petition fee set forth in 1.17(g)." 79 Fed. Reg. at 4120. The BPLA believes that delay, error, or incompleteness should be excused upon a statement that such delay, error, or incompleteness was unintentional. Otherwise, patentees, applicants, and practitioners will have the added costs and complexity of compiling evidence that could be used to make the showing required by proposed Rules 1.279 and 1.387. Moreover, there will be increased uncertainty as to what kind of evidence the USPTO will consider sufficient to excuse a good faith failure to provide attributable ownership information.



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The BPLA also believes that, once corrected, the patent or application should be treated as if the ownership information was originally correctly provided.

As discussed above, BPLA agrees that identification of assignee information should be required (1) at the time of filing, e.g., as part of the Application Data Sheet or requirement pursuant to the Notice to File Missing Parts, which must be completed in order to proceed with prosecution; and (2) with the issue fee payment, which must be submitted in order for the patent to issue. Failure to report assignee information should thus be addressed by the USPTO at these time periods. Inadvertently incomplete or incorrect reporting of assignee information should be correctable with a statement that it was made unintentionally, as noted above. Intentionally false or misleading misrepresentations would adversely affect the enforceability of the patent, as provided for under existing law regarding inequitable conduct.

IV. Additional Observations (Economic Costs of Compliance and Legislative Alternatives)

The USPTO has estimated that the cost of compliance will average \$100 per application. *See* 79 Fed. Reg. at 4116. The BPLA believes that this estimate is too low. The 2013 Report of the Economic Survey published by the American Intellectual Property Law Association (AIPLA) indicates that in 2012, the median fee for legal services associated with paying a routine maintenance fee for a U.S. patent was \$250. *See* Am. Intellectual Property Law Ass'n, 2013 Report of the Economic Survey 27 (2013).

The BPLA believes it is reasonable to estimate that the average cost of compliance with these rules over the lifetime of an application and patent will at least exceed the \$250 costs associated with each payment of a maintenance fee. When multiplied by the 437,000 annual applications received by the USPTO, *see* 79 Fed. Reg. at 4115, even a low estimate of the economic effects associated with this rulemaking will annually exceed \$100 million. The BPLA therefore suggests that the USPTO reconsider the costs of implementing these proposed rules, given the potential negative impact on investment, research and development activities, and the economy as a whole.

As for the White House executive actions calling for new measures to address patent litigation abuses, which the USPTO has identified as a primary driver for the proposed Rules, the BPLA notes that Congress is also considering reforms to address many of these same issues. *See* H.R. 3309, 113th Cong. (2013). The BPLA suggests that the USPTO consider whether Congress is the more appropriate body to implement such tailored remedies without potential concerns about statutory authority.



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V. Conclusion

The BPLA appreciates the opportunity to comment on the USPTO's proposed Changes to Require Identification of Attributable Owner. Thank you in advance for your consideration of our comments.

Sincerely,

Boston Patent Law Association

By: *Nicole A. Palmer*

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