Software & Information
Industry Association
1090 Vermont Ave NW Sixth Floor
Washington, DC 20005-4095

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Saurabh Vishnubhakat
Expert Advisor
Office of Chief Economist
United States Patent and Trademark Office
Mail Stop: External Affairs
P.O. Box 1450
Alexandria, VA 22313-1450

RE: SIIA Response to USPTO "Notice of Roundtable on Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Application Pendency and Patent Term"

Dear Mr. Vishnubhakat:

The Software & Information Industry Association (SIIA) appreciates the opportunity to respond to the *Notice of Roundtable on Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Application Pendency and Patent Term* published by the U.S. Patent and Trademark Office (USPTO) in the Federal Register on November 26, 2012. SIIA files the following comments on behalf of itself and its members.

As the principal trade association of the software and digital content industry, the more than 700 members of SIIA develop and market software and electronic content for business, education, consumers and the Internet. Our membership consists of some of the largest and oldest technology enterprises in the world, as well as many smaller and newer companies. SIIA member companies are leading providers of, among other things:

- software publishing, graphics, and photo editing tools
- corporate database and data processing software
- financial trading and investing services, news, and commodities
- exchanges
- online legal information and legal research tools
- protection against software viruses and other threats
- education software and online education services
- open source software
- and many other products and services in the digital content industries.

The innovative companies that make up SIIA's membership rely upon patent protection to protect their inventions, but also depend upon the ability to manufacture, develop, and sell their products free from improper assertions of patent rights. We are grateful to the USPTO for recognizing the

Tel: +1.202.289.7442
Fax: +1.202.289.7097
www.siia.net

need to address the very important issue of identification of real-party-in-interest (RPI) and strongly supports the obtaining, recording and making available of accurate[1] and complete RPI information while the patent application is pending at the USPTO and during the life of patents.

The grant of a patent gives the patent holder the right to exclude others from practicing the claimed invention. The granting of that right is part of a larger contract with the public in which the patent owner agrees to comply with certain obligations. One of those obligations is to provide the public with proper notice of the patented invention, and that notice includes notice of who owns and has the right to enforce patent rights associated with the claimed invention.

The obligation to identify patent ownership is an important one. Identification of the true owner of a patent enables the marketplace for innovations to function at optimum efficiency to encourage investment and innovation and "promote the Progress of Science and useful Arts ...." The availability of complete, current and accurate RPI information will also improve the efficiencies of licensing, transparency of the patent system, litigation and patent prosecution.

Unfortunately, the present system does a poor job of ensuring that RPIs accurately identify themselves. Under the present system it is too easy for RPIs to hide behind legal fictions. Partnerships, LLCs, subsidiaries, and other legal entities can hold patent rights while the connection between these entities and their corporate parents is often unknown or obscure to the public. This often makes it very difficult to determine what patents a company owns. This dynamic, in conjunction with there being no requirement that patent transfers be recorded, creates an environment that is ripe for abuse and gamesmanship. It allows companies being able to effectively "hide" their patent portfolio to the detriment of the public interest.

The availability of complete, current and accurate RPI information is necessary for a company to determine such essential issues as:

- whether to make an investment in a particular product;
- who to license from;
- whether to license around a particular product;
- whether and who to collaborate and/or partner with;
- whether the company avoid the market altogether;
- how to manage liability risks

Many of these decision must be made early on in the investment and innovation process. An inability to accurately assess the patent landscape in a certain area could result in product developers deciding to refrain from entering the market completely, contrary to the very purpose of the patent system.

The need for accurate and complete RPI information is not limited to the inventive process. Both the *inter partes* and post-grant review processes have very short time windows and require a large investment. In these cases, the law requires that patent challengers must identify themselves. If

[1] Use of the term "accurate" throughout is meant to include the requirement that the information be current as well.

challengers must identify themselves then it is only fair that patent owners likewise be required to identify themselves.

Furthermore, improved transparency and disclosure of RPI information will also lead to greater efficiencies in litigation. It will reduce discovery costs, such as costs relating to prior art searches and owner identification. It will also help the parties in litigation make informed decisions on settlement. It's difficult for a party to settle if they do not really know who they are dealing with or what they are actually getting in the settlement.

At the USPTO roundtable on the RPI issue held on January 11, 2013, there was overwhelming support for the USPTO's RPI requirement proposal. Several groups did raise concerns, but these concerns dealt primarily with how to implement an RPI requirement rather than whether to implement a requirement. While we acknowledge that there are concerns and do not discount them, we urge that the perfect not be the enemy of the good here. There will no doubt be issues that are not fully addressed to everyone's complete satisfaction and over time any RPI requirement may need to be tweaked, but we are confident that the USPTO, with the advice of interested stakeholders, can work out any legitimate implementation and compliance issues that arise.

With regard to the issue of how to implement an RPI requirement, we support the more limited definition of RPI (definition number 2 in the Federal Register Notice) proposed by the USPTO because it addresses some of the concerns with requiring RPI that have been raised while also requiring enough information on patent ownership for product developers and other innovators to better assess the patent landscape. We also support a requirement that RPI information be kept current by requiring that RPI information be recorded with the Office whenever it changes.

In closing, we would like to thank you for the opportunity to provide these comments. If you have questions regarding these comments or would like any additional information please feel free to contact Keith Kupferschmid, SIIA's General Counsel and Senior Vice President of Intellectual Property, at (202) 789-4442 or keithk@siia.net.

Ken Wasch
President, SIIA