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July 27, 2012

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Attn: James Engel, Senior Legal Advisor  
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Office of the Deputy Commissioner for Patent Examination Policy

**Re: Proposed Changes to Implement Micro Entity Status for Paying Patent Fees,  
in Response to Request for Comments at 77 Fed. Reg. 31806 (May 30, 2012)**

Dear Mr. Engel:

The Boston Patent Law Association (BPLA) thanks the United States Patent and Trademark Office (USPTO) for the opportunity to comment on the proposed rule to implement the micro entity provision of the Leahy-Smith America Invents Act (AIA). 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 patent reform by implementing the AIA, and offer the comments presented below in an attempt to assist the USPTO in these efforts. Our comments are organized by section of the proposed rule, as set forth in the Federal Register Notice on Changes to Implement Micro Entity Status for Paying Patent Fees, 77 Fed. Reg. 31806 (May 30, 2012) (Federal Register Notice). We also attach a redline version of the proposed rule to illustrate the BPLA's proposed changes to the rule, which reflect proper use of the terms "applicant" and "inventor," as discussed in a separate section below. *See* Federal Register Notice at 31808-09.

## I. Proposed Rule 37 CFR § 1.29(b) – Effects of Previous Employment

Proposed rule 37 CFR § 1.29(b) acts as an exception to the requirement that a micro entity applicant cannot be named as an inventor on more than four previously filed patent applications by excluding from consideration any previously filed application that has been assigned, or is obligated to be assigned, to a *previous* employer. Thus, if an inventor named on more than four patent applications that were all assigned to a previous employer joins a business that qualifies for micro entity status, micro entity status can be maintained for the first four patent applications on which the inventor is named for the new employer. Likewise, if an inventor terminates employment at her previous employer where she was a named inventor on more than four patent applications and decides to go into business for herself, she can claim micro entity



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status for her first four applications post-employment assuming she meets all of the other requirements for establishing micro entity status.

While 37 CFR § 1.29(b) does appropriately allow an inventor to avoid being negatively impacted by her inventions for *previous* employers when establishing micro entity status, it fails to address a situation in which an inventor creates an invention outside of the scope of her work for her *current* employer. As proposed rule 37 CFR § 1.29(b) is currently written, it appears to preclude an inventor from establishing micro entity status for inventions the inventor derives outside of the scope of her *current* employment if the inventor has already been a named inventor on four patent applications for her *current* employer. This is because the assignment exception only applies to *previous* employers. Allowing an inventor's current employment to affect her ability to establish micro entity status for work completed *outside* of the scope of her *current* employment conflicts with the intended purpose of the micro entity status—"to ensure that the USPTO can tailor its requirements, and its assistance, to the people with very little capital, and just a few inventions, as they are starting out." H.R. Rep. No. 112-98, at 50 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 80.

Accordingly, we think that proposed rule 37 CFR § 1.29(b) should be expanded to include current employment when the invention is outside the scope of the employing entity's ownership rights. Inventions assigned to an inventor's current employer should have no bearing on an inventor's inventions *outside* of the inventor's scope of employment.

## II. Proposed Rule 37 CFR § 1.29(g) – Certification of Entitlement to Micro Entity Status

Although proposed rule 37 CFR § 1.29(g) indicates that "[a] certification of entitlement to micro entity status need only be filed once in an application or patent," it also indicates that "a fee may be paid in the micro entity amount *only if status as a micro entity...is appropriate on the date the fee is being paid.*" (Emphasis added.) Thus, each time a fee is paid under the proposed rule, applicants are required to determine if they still qualify as a micro entity.

Particularly in situations in which the applicant is an entity as opposed to an individual, we anticipate that the applicants' administrative burden to confirm that it still qualifies as a micro entity each time a fee is paid would likely cost more than the amount of money the applicants would save by claiming micro entity status (75% savings) instead of small entity status (50% savings), which does not require status verification every time a fee is paid. An entity prosecuting patent applications having multiple inventors will need to confirm that each inventor for each application does not have a gross income that exceeds three times the median household income for that preceding calendar year. Likewise, an entity that licenses multiple patent applications, *e.g.*, universities, will need to confirm that each licensee does not have a gross income that exceeds three times the median household income for that preceding calendar year. As a result of this administrative burden, we anticipate that applicants who qualify as micro entities will instead opt to pay small entity fees, thereby removing the administrative burden that results from the proposed rule.

We propose that the determination of micro entity status be treated in the same manner as the determination of small entity status. Thus, we propose that proposed rule 37 CFR § 1.29(g) should mimic rule 37 CFR § 1.27(g), which states that "[o]nce status as a small entity has been established in an application or patent, fees as a small entity may thereafter be paid in that application or patent without regard to change in status until the issue fee is due or any maintenance fee is due."

## III. Use of Applicant vs. Inventor Throughout Proposed Rule 37 CFR § 1.29

The USPTO has noted in the proposed rulemaking a possible issue arising from the provisions of 35 U.S.C. § 118 that allow an application to be made by a person to whom the inventor has assigned, or is under an obligation to assign, the invention. *See* 77 Fed. Reg. at 31808. In such a case, the term "applicant" used throughout 35 U.S.C. § 123 and proposed rule 37 CFR § 1.29 may not be synonymous with the term "inventor." The Office has asked for



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comments on instances in proposed rule 37 CFR § 1.29 where the term “inventor” should be used in place of the term “applicant.”

Our analysis of 35 U.S.C. § 123 and proposed rule 37 CFR § 1.29 indicates that there are several instances in which the term “applicant” is inappropriate in the proposed rule if the applicant is in fact an organization to whom an inventor has assigned the application, or is obligated to do so. For example, the certification in 37 CFR § 1.29(a)(2) that the applicant has not been named as an inventor on more than four previously filed patent applications is an impossible certification to make in the case where the applicant is an organization filing under 35 U.S.C. § 118 because an organization cannot be named as an inventor. The certification also does not make sense in the case where the applicant is a non-inventor individual to whom the application has been assigned. If such an individual could make the certifications in 37 CFR § 1.29(a) as the applicant, it would create a loophole in the micro entity rule (*e.g.*, an inventor of five or more applications could assign to an individual who has filed three or fewer applications in order to file under 35 U.S.C. § 118 and claim micro entity status). Rather, this certification is undoubtedly intended to be made by individual inventors named in a given application. *See* H.R. Rep. No. 112-98, at 50 (2011), *reprinted in* 2011 U.S.C.C.A.N. 67, 80 (indicating “micro entity” status is intended for “truly independent inventors”).

Similarly, 37 CFR § 1.29(b) references an applicant’s previous employment and, as a result, appears to be inapplicable in the case where an applicant is an organization. In such a case, it seems more appropriate to state that an individual inventor is not considered to be named if he or she is under an obligation to assign an ownership right in the application as the result of his or her previous employment. The same is also true of 37 CFR § 1.29(d), as an applicant that is an organization does not have an employer and thus cannot make the certification found in 37 CFR § 1.29(d)(2)(i).

In each of these cases the proposed rule can read correctly if the applicant is in fact one or more inventors and not an organization or individual filing on the behalf of the inventors. As a result, we propose adding alternative language into the proposed rule rather than replacing the term “applicant” with “inventor.” A redlined version of the proposed rule is attached hereto showing our proposed language. To summarize, we believe that these issues can be addressed by referring to the applicant “or each inventor where the applicant is filing under 35 U.S.C. § 118,” rather than referring to the applicant alone.

The BPLA appreciates the opportunity to comment on the USPTO’s proposed Changes to Implement Micro Entity Status for Paying Patent Fees. We recognize that the language of the proposed rule significantly mirrors the language of the enacted statute, 35 U.S.C. § 123, and as a result, the ability to promulgate our suggested changes to the rule may be limited. Nevertheless, we submit our comments for consideration on these issues and thank you for your consideration of the same.

Sincerely,

Boston Patent Law Association

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## PROPOSED CHANGES TO 37 CFR § 1.29

### § 1.29 Micro entity status.

(a) To establish micro entity status under this paragraph, the applicant must certify that the applicant, or each inventor where the applicant is filing under 35 U.S.C. § 118:

(1) Qualifies as a small entity as defined in § 1.27;

(2) Has not been named as an inventor on more than four previously filed patent applications, other than applications filed in another country, provisional applications under 35 U.S.C. 111(b), or international applications for which the basic national fee under 35 U.S.C. 41(a) was not paid;

(3) Did not, in the calendar year preceding the calendar year in which the applicable fee is being paid, have a gross income, as defined in section 61(a) of the Internal Revenue Code of 1986 (26 U.S.C. 61(a)), exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census; and

(4) Has not assigned, granted, or conveyed, and is not under an obligation by contract or law to assign, grant, or convey, a license or other ownership interest in the application concerned to an entity that, in the calendar year preceding the calendar year in which the applicable fee is being paid, had a gross income, as defined in section 61(a) of the Internal Revenue Code of 1986, exceeding three times the median household income for that preceding calendar year, as most recently reported by the Bureau of the Census.

(b) An applicant, or inventor where the applicant is filing under 35 U.S.C. § 118, is not considered to be named on a previously filed application for purposes of paragraph (a)(2) of this section if the applicant or inventor has assigned, or is under an obligation by contract or law to assign, all ownership rights in the application as the result of the applicant's or inventor's previous employment.

(c) If an applicant's, inventor's, or entity's gross income in the preceding calendar year is not in United States dollars, the average currency exchange rate, as reported by the Internal Revenue Service, during that calendar year shall be used to determine whether the applicant's, inventor's, or entity's gross income exceeds the threshold specified in paragraph (a)(3) or (a)(4) of this section.

(d) To establish micro entity status under this paragraph, the applicant, or each inventor where the applicant is filing under 35 U.S.C. § 118, must certify that:

(1) The applicant or inventor qualifies as a small entity as defined in § 1.27; and

(2)(i) The applicant's or inventor's employer, from which the applicant or inventor obtains the majority of the applicant's or inventor's income, is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or (ii) The applicant or inventor has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education.

(e) Small entity status must be asserted in compliance with § 1.27 in an application for micro entity status to be established in such application. Micro entity status is established in an application in which small entity status is asserted in compliance with § 1.27 by filing a micro entity certification in writing of compliance with the requirements of either paragraph (a) or paragraph (d) of this section and is signed in compliance with § 1.33(b). Status as a micro entity must be specifically established in each related, continuing and reissue application in which status is appropriate and desired. Status as a micro entity in one application or patent does not affect the status of any other application or patent, regardless of the relationship of the applications or patents. The refiling of an application under § 1.53 as a continuation, divisional, or continuation-in-part application (including a continued prosecution application under § 1.53(d)), or the filing of a reissue application, requires a new certification of entitlement to micro entity status for the continuing or reissue application.

(f) A fee may be paid in the micro entity amount only if it is submitted with, or subsequent to, the submission of a certification of entitlement to micro entity status.



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(g) A certification of entitlement to micro entity status need only be filed once in an application or patent. Micro entity status, once established, remains in effect until changed pursuant to paragraph (i) of this section, but a fee may be paid in the micro entity amount only if status as a micro entity as defined in paragraph (a) or (d) of this section is appropriate on the date the fee is being paid. Where an assignment of rights or an obligation to assign rights to other parties who are micro entities occurs subsequent to the filing of a certification of entitlement to micro entity status, a second certification of entitlement to micro entity status is not required.

(h) Prior to submitting a certification of entitlement to micro entity status in an application, including a related, continuing, or reissue application, a determination of such entitlement should be made pursuant to the requirements of paragraph (a) or (d) of this section. It should be determined that all parties holding rights in the invention qualify for micro entity status. The Office will generally not question certification of entitlement to micro entity status that is made in accordance with the requirements of this section.

(i) Notification of a loss of entitlement to micro entity status must be filed in the application or patent prior to paying, or at the time of paying, any fee after the date on which status as a micro entity as defined in paragraph (a) or (d) of this section is no longer appropriate. The notification that micro entity status is no longer appropriate must be signed by a party identified in § 1.33(b). Payment of a fee in other than the micro entity amount is not sufficient notification that micro entity status is no longer appropriate. Once a notification of a loss of entitlement to micro entity status is filed in the application or patent, a written assertion of small entity status under § 1.27(c)(1) is required to obtain small entity status, and a new certification of entitlement to micro entity status is required to again obtain micro entity status.

(j) Any attempt to fraudulently establish status as a micro entity, or pay fees as a micro entity, shall be considered as a fraud practiced or attempted on the Office. Improperly, and with intent to deceive, establishing status as a micro entity, or paying fees as a micro entity, shall be considered as a fraud practiced or attempted on the Office.

(k) If status as a micro entity is established in good faith in an application or patent, and fees as a micro entity are paid in good faith in the application or patent, and it is later discovered that such micro entity status either was established in error, or that the Office was not notified of a loss of entitlement to micro entity status as required by paragraph (i) of this section through error, the error will be excused upon compliance with the separate submission and itemization requirements of paragraph (k)(1) of this section and the deficiency payment requirement of paragraph (k)(2) of this section.

(1) Any paper submitted under this paragraph must be limited to the deficiency payment (all fees paid in error) required for a single application or patent. Where more than one application or patent is involved, separate submissions of deficiency payments are required for each application or patent (see § 1.4(b)). The paper must contain an itemization of the total deficiency payment for the single application or patent and include the following information:

(i) Each particular type of fee that was erroneously paid as a micro entity, (e.g., basic statutory filing fee, two-month extension of time fee) along with the current fee amount for a small or non-small entity, as applicable;

(ii) The micro entity fee actually paid, and the date on which it was paid;

(iii) The deficiency owed amount (for each fee erroneously paid); and

(iv) The total deficiency payment owed, which is the sum or total of the individual deficiency owed amounts as set forth in paragraph (k)(2) of this section.

(2) The deficiency owed, resulting from the previous erroneous payment of micro entity fees, must be paid. The deficiency owed for each previous fee erroneously paid as a micro entity is the difference between the current fee amount for a small entity or non-small entity, as applicable, on the date the deficiency is paid in full and the amount of the previous erroneous micro entity fee payment. The total deficiency payment owed is the sum of the individual deficiency owed amounts for each fee amount previously and erroneously paid as a micro entity.

(3) If the requirements of paragraphs (k)(1) and (k)(2) of this section are not complied with, such failure will either be treated at the option of the Office as an authorization for the Office to process the deficiency payment and charge the processing fee set forth in § 1.17(i), or result in a requirement for compliance within a one-month time period that is not extendable under § 1.136(a) to avoid the return of the fee deficiency payment.



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(4) Any deficiency payment (based on a previous erroneous payment of a micro entity fee) submitted under this paragraph will be treated as a notification of a loss of entitlement to micro entity status under paragraph (i) of this section, but payment of a deficiency based upon the difference between the current fee amount for a small entity and the amount of the previous erroneous micro entity fee payment will not be treated as an assertion of small entity status under § 1.27(c). Once a deficiency payment is submitted under this paragraph, a written assertion of small entity status under § 1.27(c)(1) is required to obtain small entity status.