



April 24, 2014

The Honorable Michelle K. Lee  
Deputy Under Secretary of Commerce for Intellectual Property  
and Deputy Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
Mail Stop Comments-Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

*Via email:* AC90.comments@uspto.gov

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

Dear Deputy Under Secretary Lee:

BSA | The Software Alliance is pleased to have the opportunity to submit its views to the United States Patent and Trademark Office (“PTO”) with respect to the request for comments on Changes To Require Identification of Attributable Owner. BSA is a strong supporter of increased transparency in patent ownership.

BSA is the leading advocate for the global software industry.<sup>1</sup> Patents are a critical way our members protect their innovations. This is because BSA believes that Intellectual property rights are the cornerstones of innovation—giving creators confidence that it is worth the risk to invest time and money in developing and commercializing new ideas. For the software industry in particular, robust intellectual property protections are fundamental to ongoing innovation and technology improvements. As a result, BSA members support ongoing efforts to improve the quality of software patents.

## **I. BSA Strongly Supports Greater Transparency of Patent Ownership**

BSA applauds the efforts both at the PTO and in Congress to improve access to patent ownership information. Any market is made more efficient by better information. An effective and efficient patent system - and the market between licensors and licensees - will benefit from a greater disclosure of ownership information.

Transparency regarding ownership interest in a granted patent is also important for good-government purposes. A patent is a grant by the government of a limited monopoly. The traditional trade-off for the grant is disclosure of the invention. In BSA’s view, however it is also appropriate after that grant is made to encourage the owner of the patent to disclose the attributable owners of the patent.

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<sup>1</sup> BSA’s members include: Adobe, Altium, Apple, ANSYS, Autodesk, AVG, Bentley Systems, CA Technologies, CNC/Mastercam, Dell, IBM, Intel, Intuit, McAfee, Microsoft, Minitab, Oracle, PTC, Rockwell Automation, Rosetta Stone, Siemens PLM, Symantec, Tekla, The MathWorks, and Trend Micro.

There is an appropriate role in creating a more transparent patent system for both Congress and the PTO. In December, BSA applauded the bipartisan passage of H.R. 3309, the Innovation Act, by the House of Representatives. BSA specifically supported the provisions in that legislation that require greater disclosure of ownership information at the point of litigation. BSA also announced its support for the similar transparency provisions in S. 1720, the Patent Transparency and Improvements Act, introduced by Senators Leahy, Lee, Whitehouse, and Klobuchar.

The PTO's proposed rules complement the legislative efforts and should be viewed in light of Congress's actions. The proposed rules are, after all, based on a delegation of authority from Congress.

## **II. New Attributable Ownership Rules Should Provide Flexibility**

The new rules that the PTO ultimately adopts should be reasonable and flexible to ensure that the rules are successful in achieving their important public interest and efficiency objectives. If the PTO were to adopt rules that are overly burdensome or not tailored toward their purposes, the outcome may have the unintended effect of limiting innovation and competition. For these reasons, BSA applauds the PTO's public outreach through this request for comments and two successful and productive public hearings.

### **A. The PTO Should Focus the New Rules on Key Objectives.**

In BSA's view, the PTO should focus on three overarching objectives for its new rules: (1) facilitating the licensing of claimed inventions by providing the public with information about who owns an issued patent; (2) reducing the incentive for bad actors to hide ownership information for purposes of engaging in abusive litigation tactics; and (3) ensuring the ownership of a government-granted limited-monopoly is not kept secret.

The final PTO rules should be tailored to these policy goals, which have also been the focus of legislation passed by the Chairman of the House Judiciary Committee and introduced by the Chairman of the Senate Judiciary Committee. The rules should also be sufficiently flexible to avoid the real potential that both independent inventors and large corporations are unduly harmed by inadvertent compliance errors. New ownership rules that follow these guideposts would benefit the patent system and enjoy widespread support.

While the PTO has articulated additional objectives for its proposals, such as ensuring that a power of attorney is current in each pending application, rules focused on these issues may inadvertently become overly burdensome, and make it more difficult to reach consensus on a way to achieve the important, efficiency-enhancing objectives.

### **B. The New Rules Should Not Impose Unnecessary Burdens Before a Patent Issues.**

The rules should therefore focus on disclosing ownership information after a patent has issued. The ultimate parent entities of titleholders is important information once a patent has been granted, but it is not needed before the inventor has received a property right during the prosecution of the patent.

Included within the PTO's proposal, however, are requirements that will impose a burden on applicants before a patent has issued. These proposals do not advance the key objectives of the rules and could inadvertently reduce innovation, disclosure

of inventions through the patent process, and delay release of products into the marketplace.

Any additional pre-issuance requirements on an applicant will make it harder for the applicant to justify a patent application, rather than keeping the invention as a trade secret. If such requirements benefited the system, then there may be an adequate justification anyway. That is not, however, the case with the ownership disclosure requirements. As discussed above, the system potentially benefits from enhanced disclosure post-issuance. Once the patent issues, there is a potential market for the invention and licensors may benefit from knowing who owns the rights to the claimed invention. In addition, it is after a patent issues when bad actors can hide ownership information and engage in trolling activities.

C. The Penalty for Noncompliance Should Be Proportional to the Public Interest in Disclosure.

Finally, the PTO includes within its proposal a remedy for failure to comply that significantly outweighs the benefits during the application process. The proposal would treat an application as abandoned, which is a severe penalty that is disproportionate to the PTO's objectives. It is instructive to consider the remedies proposed by both the Chairmen of the House and Senate Judiciary Committee in their legislation related to transparency in patent ownership. Both Chairman Goodlatte's Innovation Act, and Chairman Leahy's Patent Transparency and Improvements Act, limit the remedies beyond a reasonable royalty that are available to a patent owner if the infringement occurs during a period of noncompliance.

While not dispositive of the PTO's authority in this area, BSA suggests that the PTO consider penalties that are consistent with the Chairmen's legislative proposals, both because the proposals include a reasonable remedy relative to the intended benefits and because it will make the rules more likely to endure and achieve their objectives.

### III. BSA's Proposal

In BSA's view, any new rules should accomplish important efficiency and public interest benefits without creating any significant harm or undue burden for inventors and patent holders. The rules should reduce the transaction costs for licensing patented inventions and make it harder for those who hide their identities for the purpose of misusing patent litigation. To accomplish these objectives, the rules should focus on disclosure after a patent issues.

It is important to consider that for the patent application process to be efficient, inventors and their assignees rely on outside counsel or other agents to prosecute the application. The inventor's agent will not always have sufficient, timely information about transfers of ownership to record timely the information with the PTO. And from the perspective of a company that invests heavily in research and development, and therefore has numerous patent applications, it would be inefficient to have the agent involved in all transactions based on applications for patents that are not yet patent rights.

From the perspective of the agent, he or she may have several hundred applications pending at any time, and it is not practical to keep on top of all transfers. The PTO and the entire patent system benefits from transparency, but not at the expense of making the application process inefficient.

If the PTO nonetheless determines that the disclosure of ownership information during the prosecution of a patent application is necessary to facilitate examinations, BSA

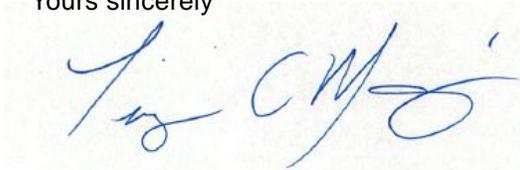
recommends that the PTO craft rules to protect business-sensitive information. Companies often have legitimate commercial reasons to keep their ownership interest in a patent application secret. Once the patent issues and the property right becomes real, BSA agrees that the ownership information should be transparent and available to the public. Prior to issuance, applicants should be permitted to request confidentiality, even if the rules the PTO adopts require the information to be presented to the PTO for the purpose of facilitating the examination.

BSA also recommends that transfer of ownership recordings have flexibility included in the final rules. Flexibility will avoid the potential that the disclosure requirement turn into a "gotcha" problem, taking away intellectual property rights based on inadvertent errors. BSA therefore recommends that the rules explicitly provide patent owners with an opportunity to cure any mistake or failure to update the records. An opportunity to cure mistakes will ensure the proper balance is struck between the interest in transparency and the legitimate property interest of patent owners.

Finally, BSA recommends that the rules PTO adopts include an objective oversight mechanism to make sure the rules are having the intended positive transparency results without being overly burdensome. The mechanism should provide for a review of the rules and how they are affecting the marketplace within five years of implementation.

BSA's recommendations will ensure that the key objectives of increased transparency are realized. If the PTO adopts rules consistent with these recommendations, it will make the market for licensing patented inventions more efficient; increase the difficulty for bad actors to hide their identity; and provide the public with clarity.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Tim Molino", written over a light-colored rectangular background.

Timothy A. Molino  
Director, Policy