

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Changes To Require Identification of Attributable Owner

Docket No. PTO-P-2013-0040

COMMENTS OF THE COALITION FOR PATENT FAIRNESS

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INTEREST OF COMMENTERS

The Coalition for Patent Fairness is a diverse group of high-tech companies dedicated to enhancing U.S. innovation, job creation, and competitiveness in the global market by modernizing and strengthening our nation's patent system.

The Coalition for Patent Fairness is ideally situated to comment on this proposal. Coalition member companies include Adobe, Blackberry, Cisco, Dell, EarthLink, Google, Intuit, Micron, Oracle, Rackspace, Samsung, SAP, and Verizon. Each year, Coalition members collectively invest billions of dollars on research and development, frequently driving the development of technological products and societal freedoms through their creativity and innovation. As a group, Coalition members own tens of thousands of patents that they rely upon to protect their substantial investments in research and development. At the same time, those members also face an unprecedented barrage of patent assertions and litigation. Given the substantial experience of its members on both sides of patent enforcement and litigation, the Coalition for Patent Fairness can offer a balanced perspective on the PTO's proposal.

INTRODUCTION AND EXECUTIVE SUMMARY

These comments address the Notice of Proposed Rulemaking ("Notice")¹ issued by the PTO regarding attributable ownership of United States patent applications and patents. The Coalition supports the PTO's efforts to bring increased transparency to the patent system. While these Proposed Rules represent a tremendous effort by the PTO to improve transparency during the pendency of a patent application, at filing of maintenance fees, and during proceedings before the PTO, the rules do not provide for improved transparency at other times, including during patent licensing efforts or enforcement campaigns, when such transparency is most needed. In addition, the Proposed Rules do not provide a clear penalty for failure to materially comply with the reporting requirement for issued patents. With respect to patent applications, the penalty for noncompliance likely will punish only the unwary, while the unscrupulous remain unscathed.

The Coalition respectfully suggests modifications that further improve upon the PTO's Proposed Rules. For example, it may be necessary for the attributable owner of a pending patent application to defer public disclosure until issuance for confidential business reasons unrelated to the enforcement of patents.

¹ PTO Notice of Proposed Rulemaking, Changes To Require Identification of Attributable Owner, 79 Fed. Reg. 4105 (Jan. 24, 2014) ("Proposed Rules").

STATEMENT

I. Enhanced Transparency Would Improve The Patent System

The Coalition for Patent Fairness supports efforts by the PTO and Congress to increase transparency of patent ownership. The Coalition provided supportive input on the PTO's initial Notice of Roundtable ("Roundtable Notice")² regarding recordation of the real party in interest.³ The Coalition also has supported other PTO proposals that enhance clarity and transparency.⁴

Increased transparency is needed to support innovation currently stifled in the present system due to problems with hidden ownership. In the patent system, as in any property-rights regime, a clear understanding of each party's rights is necessary for the success of the participants and ultimately the regime itself.⁵ In contrast, obscuring information regarding patent ownership delays prosecution of patents and hurts the public in litigation, licensing, and rights-clearing. Because a patent is a potentially powerful government grant that provides the patent holder with the right to exclude others from making, selling, or using a claimed invention, the public deserves notice of ownership. Simply put, allowing "hidden ownership" undermines the notice function of patents and thereby retards the very progress the patent system was designed to promote.

These problems are exacerbated when entities actively conceal patent ownership information. Specifically, many "patent assertion entities" ("PAEs") actively conceal ownership information and use hidden ownership as an inappropriate advantage in patent proceedings and litigation.⁶ Given the dramatic rise in PAE activity in the past decade,⁷ hidden ownership threatens to further lower the overall efficiency of the patent system for the foreseeable future.

² PTO Notice of Roundtable, Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Pendency of Patent Term, 77 Fed. Reg. 70387 (Nov. 26, 2012).

³ See USPTO Dkt. No. PTO-P-2012-0047, Comments of the Coalition for Patent Fairness and the Internet Association, Jan. 25, 2013 (responding to PTO Notice of Roundtable, Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Pendency of Patent Term, 77 Fed. Reg. 70387 (Nov. 26, 2012)).

⁴ See, e.g., USPTO Dkt. No. PTO-P-2011-0046, Comments of the Coalition for Patent Fairness, Apr. 15, 2013 (responding to PTO Request for Comments on Preparation of Patent Applications, 78 Fed. Reg. 2960 (Jan. 15, 2013)).

⁵ See, e.g., Ronald H. Coase, *The Problem of Social Cost*, 3 J.L. & Econ. 1, 19 (1960) ("[A]ll that matters (questions of equity apart) is that the rights of the various parties should be well-defined and the results of legal actions easy to forecast.").

⁶ See Robin Feldman & Tom Ewing, *The Giants Among Us*, 2012 Stan. Tech. L. Rev. 1, 4-6 (2012), available at <http://stlr.stanford.edu/pdf/feldman-giants-among-us.pdf>.

⁷ See James Bessen & Michael Meurer, *The Direct Costs from NPE Disputes* 19 (Boston Univ. Sch. of Law Working Paper No. 12-34, June 28, 2012), available at http://www.bu.edu/law/faculty/scholarship/workingpapers/documents/BessenJ_MeurerM062512rev062812.pdf.

While the Proposed Rules would have some beneficial effects, the current proposal—due to the time gaps in reporting and lack of concrete penalties for failure to comply—does not provide sufficient transparency to notify the public of the identity of hidden patent owners and thereby curb abuses that result from lack of transparency. In the following pages, the Coalition respectfully suggests improvements that it believes would enhance the working of the regime.

II. As To Issued Patents, The Proposed Rules Will Not Supply The Desired Transparency To Curb Abusive Behavior

One laudable goal of the Proposed Rules is to provide transparency for the ownership of enforceable patent rights.⁸ But the proposed definition of “attributable owners” and the limited disclosure requirements for issued patents do not adequately address the methods used to conceal patent ownership. The Coalition respectfully suggests two rule changes for achieving the desired enhancement to transparency. First, the PTO should define attributable owner to include all entities that stand to benefit substantially from the enforcement of any issued patent. This definition would more effectively circumvent the machinations of PAEs and other entities that hide ownership while driving enforcement. Second, the PTO should require patentees to report attributable owners whenever the patent is involved in enforcement activity, and not just when the patentee appears before the PTO. Requiring the disclosure for issued patents only when maintenance fees are paid and during PTO proceedings, as the Proposed Rules do, allows entities to hide ownership throughout enforcement attempts, which are the primary concern for issued patents. In addition, the PTO should identify a proposed penalty that applies to a failure to comply with disclosure requirements for issued patents.

A. The Definition Of Attributable Owner Should Include All Entities That Would Benefit Substantially From Enforcement

The Proposed Rules limit the required disclosure of “attributable owners” to (1) titleholders, (2) “enforcement entities,” (3) “ultimate parent entities,” and (4) “hidden beneficial owners,” *i.e.*, any party under (1)-(3) that attempts to temporarily hide its status.⁹ But the proposed definition of “attributable owners” does not cover the full range of approaches taken by PAEs today, and will be less effective going forward given the ability of PAEs to shape their future conduct to thwart the rules.

In modern practice, the parties responsible for driving enforcement activities may go well beyond the entities encompassed by this definition of “attributable owners.” In particular, contractual and corporate relationships may be such that the entity financing the lawsuit, and other entities that stand to benefit substantially from the lawsuit, may not fall into the proposed definition of attributable owner. In the first instance, an entity may easily avoid being the

⁸ See Notice at 4105, col.3.

⁹ See Notice at 4110, cols.1-2.

titleholder by assigning title to a shell entity. Requiring identification of the ultimate parent entity does not fully address this concern. The definition of ultimate parent entity includes those that (1) have majority control of a corporation or, when unincorporated, (2) receive a majority of the profits from enforcement.¹⁰ This would not capture significant drivers of litigation that—through corporate structure or contractual obligations—may split the control between three or more entities with roughly equal shares. Such organizations will likely proliferate once the rules become effective because PAEs will respond by arranging their affairs contractually or through corporate ownership structures that evade classification as an attributable owner under Proposed Rule 1.271.

The definition of “enforcement entity”—an entity “necessary to be joined in a lawsuit in order to have standing to enforce the patent”—likewise can be easily avoided by any hidden owner. In order to encompass a broader range of PAEs and other hidden owners whose structures and relationships avoid the definition of attributable owner set forth in the Proposed Rules, the Coalition suggests modifying the definition of “enforcement entities” (Proposed Rule 1.271(a)(2)) to include “any entity that is entitled to receive 10% or more of any proceeds from the enforcement of the patent or application.”¹¹ These entities might not otherwise meet the PTO’s proposed definition of attributable owner. Yet, the public should be made aware of their identities because these entities often drive enforcement activities.

An addition like this would also help the PTO “avoid potential conflicts of interest for Office personnel” during examination and later proceedings.¹² Such conflicts typically are created by the chance of significant monetary gain or loss related to agency action. They are not limited to situations in which the gain or loss is through an entity with “control” of the application or patent.

B. The Reporting Requirement Should Be Triggered By Enforcement Activities

The PTO’s Proposed Rules, as applied to issued patents, require disclosure only at (1) the payment of maintenance fees¹³ and (2) the return of the patent to the agency for proceedings, e.g., Inter Partes Review¹⁴ and reexamination.¹⁵ But the payment of maintenance fees is only

¹⁰ See Notice at 4111, col.2.

¹¹ Attorney’s fees, including contingency fees, would not be counted as proceeds under the Coalition’s proposed definition.

¹² See Notice at 4107, col.3.

¹³ See Notice at 4120 (Proposed Rule 1.381).

¹⁴ *Id.* (Proposed Rule 1.383).

¹⁵ *Id.* (Proposed Rule 1.385).

required every four years.¹⁶ And maintenance fees cease after the twelfth year, allowing an even greater gap at the end of a patent's potential 20-year term.¹⁷ That gap is exacerbated by the availability of patent damages up to six years after term expiration.¹⁸ These multi-year gaps between the required disclosure points—and the gulf between the final maintenance fee and the end of a patent's enforceable life—will prevent the sought-after transparency for the majority of issued patents.

Furthermore, this limited periodic disclosure will incentivize hidden owners to delay the consummation of acquisition or contractual arrangements until shortly before enforcement activities are pursued. In turn, enforcement activities will more likely be commenced shortly after maintenance fees are paid. Thus, hidden owners may complete the entire cycle of acquisition, enforcement, and divestment during the window between maintenance fee payments or after the final maintenance fee is paid, all while avoiding any disclosure requirements.

The Proposed Rules should avoid this result by requiring patentees to report the attributable owner whenever the patent is asserted, whether in litigation or in pre-litigation enforcement attempts, such as a written demand for a license. Transparency of ownership is needed at the time of assertion because a defendant must be able to evaluate how to respond based on accurate ownership information. In particular, the more knowledge an accused infringer has regarding those controlling asserted patents, the more readily the accused infringer can buy “patent peace” through settlement—without fear of later suit from another entity controlled by the same people. The public, likewise, would benefit from being informed of who is asserting the rights in a patent. This will enhance the overall function of the patent system without providing any substantial burden on the patentees who already must prepare a complaint or demand letter with the participation of the attributable owners.

C. The Rules Should Provide A Penalty For Failure To Disclose For Issued Patents

The Proposed Rules do not specify a penalty for material failure to provide ownership information of an issued patent at the time of paying maintenance fees.¹⁹ This will make it difficult for the agency to create and enforce a penalty when the issue inevitably arises. The

¹⁶ 35 U.S.C. § 41(b). Technically, two such payments may be separated by as much as five years due to the PTO's regulations allowing a six-month grace period before and after the maintenance fee due date. *See* 37 C.F.R. §§ 1.362(d), (e).

¹⁷ While a 20-year term under 35 U.S.C. § 154(a)(2) may be idealized, the PTO's successful prioritized examination program, a.k.a. “track one,” has shown an average time to disposition from prioritization of 6.5 months; thus, 19-year terms are readily available. *See* USPTO's Prioritized Examination Program http://www.uspto.gov/patents/init_events/Track_One.jsp; *see also id.* (noting over 6000 prioritized applications in fiscal 2013).

¹⁸ *See* 35 U.S.C. § 286.

¹⁹ The penalty for failure to comply in an application is addressed in Section IV below.

Coalition believes that the PTO should clarify what penalty it contemplates for noncompliance with respect to issued patents.

If the Office intends to rely on the Courts to punish a bad faith failure to comply under the inequitable conduct doctrine, the agency should clarify this intention by specifying that the purposeful failure to comply is a violation of PTO Rule 56.²⁰ But reliance on the inequitable conduct doctrine is not particularly compelling. The inequitable conduct doctrine, when applied, invariably leads to unenforceability of the patent at issue. Because the remedy has such power—it is the “atomic bomb”²¹ of patent law—applying the doctrine to the failure to properly report attributable ownership at the time of fee payment will drive satellite litigation unrelated to the underlying merits of the invention. Reliance on the doctrine also would allow the excuse without penalty of any compliance failure that cannot be shown to have been done “with the specific intent to deceive the PTO.”²²

If, on the other hand, the PTO believes that a failure to identify properly the current attributable owners at the time of maintenance fees would trigger the provisions of 35 U.S.C. § 41(c), which provide the public with limited rights to practice an invention after the failure to pay maintenance fees, the Director should make that clear.

The Coalition does not take a position on the appropriateness of these or other remedies. It simply notes that imposing a legal requirement on the public without any apparent repercussion for failure is not optimal, can lead to unforeseen consequences, and should be remedied in the final rules.

III. The PTO’s Final Rules Should Minimize Disruption Of Business Relationships That Are Unrelated To The Enforcement Of Patent Rights And Not Necessary To Achieve The Goals Of The Proposed Rules

The Coalition recognizes that there are sometimes legitimate business reasons for not publicly disclosing the attributable owner of pending applications.²³ These reasons include protecting an entity’s overall business strategy when that strategy could be ascertained from the entity’s filing or purchase of patent applications. For example, changes in ownership “can indicate the technology areas that a firm is pursuing or abandoning.”²⁴ Where patents are acquired strictly for their enforcement value, however, no legitimate business reason exists for delaying public disclosure of enforcement entities.

²⁰ 37 C.F.R. § 1.56.

²¹ *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1288 (Fed. Cir. 2011).

²² *Id.* at 1290.

²³ *See, e.g.*, Fed. Trade Comm’n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* 131 n.336 (2011).

²⁴ *Id.*

In addition, the public has a reduced need for attributable-ownership information in pending applications because applications are not enforceable against the public until issued as patents. However, patent applications are licensable and transferable as assets, and are often included in patent portfolios that PAEs seek to enforce or market for licensing purposes. Additionally, such patent applications may eventually issue and be enforced against current enforcement targets. Therefore, the need for attributable-ownership information is never reduced to zero. Enforcement targets would be well served, in settlement and otherwise, by knowing the full scope of the PAE's holdings. In addition, the Patent Act provides for inchoate "provisional rights" stemming from published applications in limited circumstances.²⁵

To balance these competing interests, the PTO should maintain the confidentiality of attributable-ownership information in patent applications when requested for legitimate business reasons where those reasons are unrelated to patent enforcement. In such circumstances, the Office may extend the time for public disclosure until issuance where the patent applicant demonstrates that the extension is necessary to prevent the disclosure of confidential business information that is unrelated to the enforcement of patents.

The Coalition does not support a generic "good cause" standard in this context, as such a standard is not sufficiently tailored to serve the competing needs of disclosure and confidentiality.²⁶ Rather, the reasons for the acquisition of the applications must be unrelated to enforcement of any resulting patents. For example, when an entity confidentially acquires an entire operating company for the purpose of entering a new market, this might justify extending the time for public disclosure. The acquired company may own patent applications related to the new field of operation for the acquiring company, but if the enforcement of those patents is not the driving reason for the acquisition, then public disclosure might harm the acquiring entity's legitimate business interest while not serving any pressing public need for ownership information.

In contrast, where an entity acquires patent applications for the primary purpose of enforcing resulting patents, delaying disclosure cannot be justified. In an extreme case, an entity may acquire patent applications for the purpose of prosecuting them to issue, and then enforcing the issued patents. Such an acquisition would not justify hidden ownership. Similarly, acquiring a company whose primary asset is a family of patent applications, or for the purpose of enforcing the patents that result from the applications the acquired company holds, would not justify the grant of an extension.

²⁵ See 35 U.S.C. § 154(d).

²⁶ Compare USPTO Dkt. No. PTO-P-2013-0040, Comments of NVCE re Proposed Changes to Rules of Practice in Patent Cases 2, Mar. 24, 2014 (suggesting a good cause standard for relief from the disclosure requirements of the Proposed Rules).

Importantly, the Coalition's proposed amendment to the rule would not compromise the PTO's own needs, as the Office would still collect and retain this information for purposes of examination. Indeed, the PTO already proposes to keep attributable-ownership information confidential for unpublished applications.²⁷ Here, the Office would maintain the secrecy of the ownership of some published applications. Naturally, any enforcement activity taken with respect to the pending applications would void the reason for granting the petition, and the PTO should then publish the attributable-ownership information.²⁸

This proposal preserves the greatest public benefits: (1) more efficient examination within the PTO and (2) public knowledge of ownership information after issuance of a patent, when the claims are set and enforcement rights accrue. And it prevents the inadvertent dissemination of confidential business information unrelated to the enforcement of the patents that issue from that examination.

IV. For Pending Applications, Abandonment Should Not Be The Sole Penalty For Noncompliance

As regards pending applications, the Proposed Rules appear to contemplate draconian penalties that will be rarely applied to applicants that file a responsive but materially deficient notice. In such cases, it appears that the agency has left it to the Courts to enforce the proposed requirements, but without providing guidance as to what penalty, if any, may actually accrue. While that may be appropriate in some regimes, the Coalition suggests an approach to penalties that will incentivize compliance and allow an accused infringer to meaningfully enforce.

A. Pending Applications May Be Abandoned For Noncompliance But Abandonment Alone Is Unlikely To Deter Hidden Ownership

The penalty contemplated by Proposed Rules 1.273 and 1.277 is "abandonment" of the application when the applicant fails to file a "notice identifying the current attributable owner."²⁹ Noncompliance could be due either to a failure to file any notice, or to a failure to identify all correct attributable owners. Failure to comply due to the former will be readily detected by the PTO during prosecution of the patent, but failure to comply due to the latter may easily go undetected, and will likely only become apparent after the patent has issued. Because only the PTO can enforce this penalty, it is unlikely that a material failure to comply will result in any penalty.

²⁷ See Notice at 4107, col.1.

²⁸ Such activity would include, for example, providing "notice of the published patent application" to any third parties under 35 U.S.C. § 154(d)(1)(B).

²⁹ See Notice at 4120, cols.1-2.

The Federal Circuit has held that an accused infringer cannot enforce abandonment by raising “improper revival” as a defense to infringement.³⁰ And the Office has taken the position that an “improper revival” cannot be challenged in an APA suit.³¹ Given these limitations on defenses based on improper revival, it is unlikely the Courts or the PTO would accept the premise that the PTO’s failure to detect a material deficiency in the notice of attributable ownership—and consequent failure to abandon—could be relied on as a defense by an accused infringer. Admittedly, this may not be the case when the failure was made with the specific intent to deceive the PTO (and thus possibly give rise to a charge of inequitable conduct),³² but reliance on the inequitable conduct doctrine is no more compelling with respect to applications than with respect to issued patents, as discussed above. It is even less compelling here because the PTO has an additional remedy available, as discussed in Section IV.B below.

Furthermore, the PTO is unlikely to learn of the failure to identify the proper attributable owner during the application’s pendency. Instead, the Office will likely abandon applications only where the patent applicant—through oversight—fails to file any such notice. In other words, clerical error will result in abandonment while actual material failure will likely escape notice.

The Coalition recognizes the need for adequate safeguards from abandonment caused by clerical errors. The Proposed Rules appear to have safeguards that prevent inadvertent abandonment upon filing and allow abandoned applications to be revived and corrected through the mechanism of Proposed Rule 1.279.³³ In particular, the Proposed Rules are generous at the time of filing, providing up to eight months for the applicant to identify the attributable owner measured from the filing date of the application.³⁴

In the case of purposeful material failure, however, the PTO is unlikely to ever learn of the failure to comply during prosecution so long as any attributable owner is identified by the applicant. Even assuming the PTO does learn of the failure during prosecution, correction requires only a “good faith” reason to revive the abandoned application.³⁵ But a lack of “good faith” is notoriously difficult for an agency to find in *ex parte* proceedings and notoriously expensive for parties to prove in litigation.

³⁰ See *Aristocrat Technologies v. Int’l Game Tech.*, 543 F.3d 657, 663-64 (Fed. Cir. 2008).

³¹ See Director’s Brief, *Exela Pharma Sciences v. Rea*, No. 2013-1206, filed Sept. 27, 2013 (Fed. Cir. case pending).

³² See *Therasense*, 649 F.3d at 1288.

³³ See Notice at 4120, col.2. Technically, one must first “revive” the abandoned application as “unintentionally abandoned” under 37 C.F.R. 1.137. See Notice at 4112, cols.2-3. But then the revived (now pending) application must still be “corrected” under Proposed Rule 1.279. *Id.*; see also *id.* at 4112-4113.

³⁴ See *id.* at 4112, col.2.

³⁵ See Notice at 4120 (Proposed Rule 1.279).

As a result, an additional mechanism is needed for the material failure to comply with the Proposed Rules with respect to patent applications.

B. The Coalition Recommends That Pending Applications Should Lose Patent Term Adjustment For Noncompliance

The primary purpose of disclosure to the agency is to assist the agency in a myriad of ways during examination.³⁶ Applicants who fail to provide this information delay patent prosecution. For example, the failure to identify attributable ownership may lead the agency to issue a rejection reliant on prior art that is ineligible under 35 U.S.C. § 102(b)(2)(C).³⁷ The applicant may then provide the necessary ownership information to remove the cited art as a reference, but the entire round of prosecution could be avoided if the PTO had the attributable-ownership information on file.

The PTO Director has the power to define by regulation “the circumstances that constitute a failure of an applicant to engage in reasonable efforts” to conclude examination.³⁸ The Director may penalize applicants that engage in such delays in “prosecution of the application” by reducing patent term adjustment (“PTA”) by the length of the delay.³⁹

Thus, the Coalition suggests reducing any PTA by the period of noncompliance with the Proposed Rules’ disclosure requirements. The reduction in PTA would be in addition to the PTO’s current proposal to abandon such applications wherein abandoned applications may (for a fee) be revived and corrected under the procedures discussed above when the abandonment was unintentional and the error was made in good faith.⁴⁰

Reduction in PTA is a concrete penalty that may be enforced by the PTO during prosecution or by an accused infringer in litigation after the patent issues. Specifically, Section 282(c) allows accused infringers to assert the invalidity of an extension under Section 154(b) because of a material failure by an applicant or the Director.⁴¹ By applying PTA reduction to pending applications, the PTO can provide teeth to the disclosure requirement, which will be enforced by interested parties who can demonstrate the patentee’s failure during suit.

Because correct attributable-owner information assists the Office in examination, failing to provide the information causes delay. The result of delay is a reduced patent term adjustment.

³⁶ See Notice at 4107-08.

³⁷ See *id.* at 4108, cols.1-2.

³⁸ See 35 U.S.C. § 154(b)(2)(C)(iii).

³⁹ See 35 U.S.C. § 154(b)(2)(C)(i).

⁴⁰ See 37 C.F.R. 1.137; Notice at 4112, cols.2-3 (Proposed Rule 1.279 (including petition fee under § 1.17(g))); see also *supra* n.33.

⁴¹ See 35 U.S.C. § 282(c).

This holds true whether the material failure is found by the agency, which may then reduce the PTA on the face of the patent, or is later proved in Court, where an accused infringer may raise it as a defense.

V. A Voluntary Licensing Database Is Unlikely To Promote Transparency Goals And Unlikely To Enhance Licensing Efficiency

The PTO has also requested comment on “whether the Office should also, or alternatively, permit patent applicants and owners to voluntarily provide information about licensing,” which would be made available in a searchable online database.⁴²

The Coalition has some concerns with respect to the creation and maintenance of a voluntary licensing database. Such a database is unlikely to “enhance the transparency and efficiency of the marketplace,” as the PTO suggests.⁴³ The proposed voluntary database will not reduce the transparency failure caused by the purposeful secrecy relied on by some PAEs and other hidden owners to mask the extent of their individual operations: these entities will simply opt out. As for other potential participants, any benefits to potential patent licensees in locating the owners of patents that they are interested in developing are already addressed by the provisions requiring disclosure of attributable ownership in the patent files.

Furthermore, the participation by technology companies as prospective licensors/licensees also is likely to be minimal because most licensing activity is focused on building strategic relationships between innovative companies and other companies or innovators. Such licensing is driven by the desire to partner with other innovators with demonstrated technology and related patents not by patents standing alone. While finding strategic partners can be difficult, that difficulty lies in ensuring a good fit between the companies, universities, and individuals involved, not in identifying the owners of particular patents of interest.

In sum, transparency will not be enhanced because hidden owners will not participate. Efficiency in the marketplace is unlikely to be enhanced because patent licensing is typically part of an overall company-to-company and company-to-innovator coordination. Thus, in light of the “financial and resource constraints” the PTO acknowledges elsewhere in the Notice,⁴⁴ the Coalition recommends against establishing any such database at this time.

Finally, the Coalition recognizes that the World Intellectual Property Organization (“WIPO”) has recently launched two similar initiatives.⁴⁵ Putting aside the question whether a

⁴² See Notice at 4109, col.2.

⁴³ See Notice at 4109, col.2.

⁴⁴ See Notice at 4106, col.3.

⁴⁵ See Notice at 4109, col.3.

need exists for a PTO-only database, the Coalition suggests that the success of the WIPO marketplaces should be first established before PTO resources are expended.

CONCLUSION

The Coalition for Patent Fairness again applauds the PTO for its efforts to bring increased transparency of ownership to the patent system. While supportive, the Coalition recognizes that the Proposed Rules are not a cure-all for the issues caused by hidden ownership. The Coalition believes that continued work by stakeholders, the PTO, other government organizations, and Congress is necessary to promote transparency with respect to the holders of patent rights. The PTO's Proposed Rulemaking provides a positive step toward addressing these issues throughout the patent system.