



April 24, 2014

James Engel
Senior Legal Advisor
Office of Patent Legal Administration
Office of the Deputy Commissioner for Patent Examination Policy
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, Virginia 22314

Re: Changes To Require Identification of Attributable Owner

The U.S. Patent and Trademark Office (“USPTO”) has published a notice of a proposed rulemaking in the Federal Register (79 Fed. Reg. 4105) that it hopes will “facilitate the examination of patent applications and . . . provide greater transparency concerning the ownership of patent applications and patents.” The Innovation Alliance is a group of U.S. based innovators, patent owners, and stakeholders from a diverse range of industries committed to improving patent quality while protecting and promoting innovation. Our members make frequent and great use of the USPTO, and because our innovations are protected by patents, we employ thousands of people in the United States. Accordingly, we are compelled to provide comments on the proposed rulemaking and hope these comments will be given every consideration by the USPTO.

The objective of the proposed rulemaking is to “ensure the highest-quality patents, enhance competition by providing the public with more complete information about the competitive environment in which innovators operate, enhance technology transfer and reduce the costs of transactions for patent rights by making patent ownership information more readily and easily available, reduce abusive patent litigation by helping the public defend itself against frivolous litigation, and level the playing field for innovators.”

The Innovation Alliance has serious concerns that the costs of compliance with the proposed rules far outweigh the suggested benefits deriving from them, some of which we believe are dubious at best. The USPTO should thoroughly review the proposed rules relative to the perceived benefits, and ensure that there is a clear and demonstrable quantitative nexus between the proposed rules and the desired objectives, and that they clearly outweigh the significant quantitative burdens on innovators. In this

regard, we believe the USPTO has grossly underestimated the cost of compliance for innovators. More specifically, the USPTO should revisit the unlikely relationship between ownership information and (1) the quality of patents, (2) enhancement of competition, (3) reduction of transaction costs, and (4) leveling of the playing field for innovators, and provide more data driven justification, if any, for these presumptions. The results of these reevaluations should be further published for additional public comment.

The proposed rules create a significant cost and compliance burden on patent owners and applicants. The proposed rules also presume that no submission of change of attributable ownership by itself is a representation that attributable ownership has not changed. Therefore, noncompliance will amount to a false representation. The USPTO should seriously consider reducing this regulatory burden on innovators by reducing the frequency and scope of required notifications in view of the very large cost of compliance. This consideration should also take into account the fact that there is proposed legislation that, if passed, will require disclosure of some level of attributable ownership as well. If this is the case, the USPTO requirement will be duplicative of the legislation that is specifically addressing abusive patent litigation, with no apparent value add.

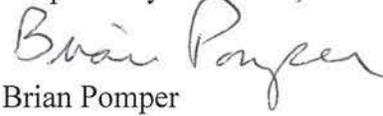
Additionally, the USPTO should avoid the incorporation of definitions in regulations propounded by other non-USPTO agencies. Rather, the USPTO should expressly define terms in 37 CFR that relate to patents, having terms specifically defined to suit the concept of attributable ownership, to avoid indefinite rules, confusion among practitioners, and unnecessary litigation. Furthermore, the Innovation Alliance believes that the attributable ownership definition should be limited to the assignee of a patent, and in the case the assignee is the subsidiary of a parent company, could include the parent company. The requirement to identify the other entities indicated in the proposed rules would fundamentally change the present venture capital environment and creation of high risk start up entities, as well as publicly owned companies.

The penalty for noncompliance is excessive and should be reduced to be commensurate with its impact. The proposed rules provide for abandonment of an application for which attributable ownership was not timely updated, unless the delay was unintentional, in which case the application can be revived. While the objectives of the proposed rule are commendable, forfeiture of a patent right for failure to comply with a requirement that has no relationship whatsoever to the merits of an invention, including its patentability and its contribution to technological advancement, is draconian at best. Alternative punitive fiscal remedies should be considered in lieu of this grossly overreaching penalty.

Finally, the Innovation Alliance understands the desire of the USPTO and the administration to curb abusive patent litigation. However, the USPTO should first and foremost focus on its primary objective of granting high quality patents in a timely fashion. The USPTO should exercise extreme caution in implementing rules, such as the present rule proposed for attributable ownership, that have unintended consequences to patent applicants and divert the USPTO's focus from its primary objective. This is

especially true in view of the heightened legislative and judicial attention to this issue.

Respectfully submitted,

A handwritten signature in cursive script that reads "Brian Pomper". The signature is written in black ink and is positioned above the printed name.

Brian Pomper
Executive Director
Innovation Alliance