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BY FIRST-CLASS MAIL AND E-MAIL (AC90.comments@uspto.gov)

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RE: NYIPLA Comments in response to “Changes To Require Identification of Attributable Owner,” 79 Fed. Reg. 4105 (January 24, 2014) and “Extension of Deadline for Requesting To Testify at the Public Hearings on the Proposed Changes To Require Identification of Attributable Owner,” 79 Fed. Reg. 13962 (March 12, 2014)

Introduction

The New York Intellectual Property Law Association is a professional association comprised of over 1500 lawyers interested in IP law who live or work within the jurisdiction of the United States Court of Appeals for the Second Circuit, and members of the judiciary throughout the United States as ex officio Honorary Members. The Association’s mission is to promote the development and administration of intellectual property interests and educate the public and members of the bar on IP issues. Its members work both in private practice and government, and in law firms as well as corporations. The NYIPLA provides these comments on behalf of its members professionally and individually and not on behalf of their employers.

In a notice of proposed rulemaking appearing in the Federal Register of January 24, 2014, the USPTO invited comments on draft rules intended to increase transparency of ownership of US patents and applications. Although several reasons for the rules are given, the proposal seems primarily intended to assist organizations which are defending against unjustified assertions of patent rights.

While defending against unjustified assertions of patent rights is a worthy goal, the proposed rules have many drawbacks which need to be considered. The main drawback is that any benefit in defending against the unjustified assertion of patent rights is substantially outweighed by the significantly increased burdens and harsh penalty of the proposed rules. All US patent applications and issued patents would be burdened from filing to expiration even if never enforced. In addition, the proposed rules will primarily burden patent applicants and patent holders, most of whom will not be the perpetrators of unjustified enforcement, with harsh penalties for failing to disclose confidential business

information that may be prohibited by contract or otherwise. By unduly complicating and increasing the cost of routine patent prosecution and maintenance, these proposed rules have the serious potential to impair, rather than promote, innovation without necessarily helping to defend against unjustified assertion of patents.

Discussion

The proposed rules would require the disclosure of the “attributable owner” at several stages in the process of obtaining and maintaining a patent. The attributable owner includes an entity which has been assigned title, an entity necessary to be joined in a lawsuit, the ultimate parent entity, and an entity which uses an arrangement with the purpose or effect of temporarily divesting attributable ownership of a patent or application. Certain other information is also required, such as the stock symbol and stock exchange if the owner is a public company.

The proposed stages when disclosure would be required include the filing of the application, within three months of a change in the attributable owner, within three months of the notice of allowance, around the time that each of three maintenance fees is paid, and during a PTAB trial proceeding, a supplemental examination or an ex parte reexamination.

In discussing the proposed rules, the USPTO paints a picture of patentees who have all the required information at hand and can very readily provide it to the Office. While it may be true in certain situations that the information will be readily available, in many instances that will not be so. The individuals handling patent prosecution may not be the same individuals who are involved in corporate transactions which could affect attributable ownership. There may be multiple possible sources of such information since there may be various units within an entity where an agreement can be signed impacting patent rights.

A sense of the increased burden and cost can be obtained by considering the number of individuals who might have to be contacted, the number of occasions in a patent’s life when notification is needed, and the number of patents and/or patent applications of a patent owner – each potentially significant, but when multiplied will compound the burden and cost. Moreover, the multiple individuals to be contacted within the same entity may be different from patent to patent and may change several times during the life of the patent/application. A patent attorney may need to identify each of these individuals each time an event requiring notification occurs for each patent/application.

The Office indicates that typically the number of ownership changes in the life of a patent/application is small, but even if that is true there still would apparently be the need under the proposed rules to make multiple checks for each patent/application to ensure there has been no change.

The increased cost and effort seem likely to also further increase the cost and complexity of obtaining US patents and/or to divert resources from other patent-obtaining or innovation-promoting activities. It cannot be assumed in the present economic climate that every time patent costs increase cost-conscious companies are willing to make a commensurate increase in their relevant budgets. Moreover, this effort would be required for the many, many patents/applications which are never enforced or which, if enforced, present no issue of ownership transparency.

The rules would appear to require disclosure of certain licensees, which may put patentees at a competitive disadvantage and may present the patent owner with the intolerable

choice of breaching a confidentiality clause or abandoning the patent application.

The proposed rules raise the question of what standard patentees will be held to in ensuring that the attributable ownership information is correct. Assuming that the standard will be a high one, it would make more sense for the rules to be applicable when the stakes are high, i.e., when the patent/application is being enforced, rather than for all patents/applications. That might more reasonably justify the cost/burden anticipated by a strict reading of the proposed rules.

The proposed rules require ultimate parent information for parties that would need to be joined in the event of a lawsuit to enforce the patent/application. This means that a patent owner could be responsible for ascertaining the ultimate parent information for another party. Clearly this is information which may not be readily at hand and may, in fact, be difficult to obtain.

Interpretation of the proposed rules presents a number of questions. These include:

-- What level of change in the attributable owner triggers the need for notification to the USPTO? Is it a true change in the entity, or would change in any of the required information such as an address in the case of non-public companies trigger the need for notification?

-- If a company misses a required notification and seeks to rectify it, does it need to pay \$200 for each of its patents/applications?

-- How could this efficiently work for maintenance fees which are often paid by a third party provider?

-- Whose good faith counts in a large organization? And what is the standard for excusing good faith failures to comply?

Conclusion

Patent prosecution is already a complex and expensive proposition. The proposed rules will further increase the complexity and cost of obtaining all US patents while attempting to address an issue which affects only a small percentage of patents. The problem should be dealt with in a more targeted approach that would not increase the burdens for all innovators who seek to obtain US patents.

Respectfully submitted,



Charles R. Hoffmann
President, New York Intellectual Property Law Association