

April 23, 2014

VIA EMAIL ONLY
AC90.comments@uspto.gov

Mail Stop Comments-Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Attn: James Engel, Senior Legal Advisor, OPLA

Re: WSPLA Comments on Proposed “Changes to Require Identification of Attributable Owner,”
79 F.R. 4105

Dear Mr. Engel,

In response to the request for comments regarding the proposed rulemaking published on January 24, 2014 in the Federal Register (79 FR 4105) applying to 37 CFR Part 1 “Changes To Require Identification of Attributable Owner,” the Washington State Patent Law Association (“WSPLA”) desires to provide the following comments.

A. The Proposed Rules Place an Undue Burden on Applicants, Patentees and Practitioners

The proposed rulemaking severely underestimate the burden the proposed rules would place on applicants, patentees and practitioners. The proposed rules estimate that only six minutes will be needed, on average, to accurately identify all attributable owners in an application or patent, and assume that “a patent attorney or general practice attorney would have the type of professional skills necessary for providing the attributable owner information required by the proposed rules.” These conclusions disregard the potential complexities created by the proposed rules.

Patent ownership is generally a question of state contract law. Therefore, in order to accurately identify any attributable owner, a patent practitioner would likely be required to form an opinion as to the contractual jurisprudence of a given state. However, many patent

practitioners are not well versed in state-level contract law. Moreover, many practitioners serve clients from multiple states. Requiring that a patent practitioner be competent to assess ownership under the various jurisdictions of any potential client is a substantial and undue expansion of a practitioner's current duties. This burden is further increased in regard to international applications, which implicate issues of both comity and foreign jurisprudence. While issues of ownership are certainly important to practitioners under the current rules, standing to contest such issues is limited, and errors are unlikely to render a patent unenforceable. The proposed revisions elevate the issue of ownership to a critical level, and shift the issue away from traditional realms of property rights squarely into the realm of patent law.

Therefore, to adequately satisfy the requirements of the proposed rules, a competent practitioner may be required to hire local counsel in each state or foreign country whose laws govern assignment of a patent or application. The cost and complexity of hiring and interacting with such counsel is not included within the Office's estimated costs. While drastic, the action of hiring local counsel is commensurate with the substantial risk of abandonment caused by inaccurate identification of attributable owners. Patent owners invest large sums of money into procuring and maintaining patents, and it is unreasonable to assume that a mere six minutes of time would be spent ensuring that rights in a patent are not put in jeopardy due to inaccurate interpretation of state-level contract laws. The proposed rules include provisions to allow correction of a good faith effort to identify an attributable owner, on petition to the USPTO. However, the rules provide no guidelines as to how such petitions would be judged. Further, the rules appear to grant substantial discretion to the USPTO in granting such petitions, even where a good faith effort is shown. *See, e.g.*, proposed § 1.279 ("the failure or error *may* be excused," emphasis added). Because of the uncertainty inherent in petition procedures, it is unreasonable to require applicants to rely on petitions to correct good-faith mistakes in identifying attributable owners.

B. Identification of Attributable Owner Should Not Be Required in Unpublished Applications

Given the considerable cost and complexity of the proposed rules, identification of attributable owners should not be required in the absence of substantial justification. With respect to unpublished applications, the justifications provided by the proposed rules are either inapplicable or wholly speculative in nature. For example, the Office purports to require identification of attributable owners in order to avoid conflicts of interest on the parts of Examiners; however, it is unclear how a conflict of interest could exist where an Examiner is unaware of the identity of an attributable owner. Further justifications, such as ensuring the correctness of a power of attorney and determining the scope of prior art, are unsupported by any showing of actual harm under the current rules and could be addressed in less burdensome

manners. While the proposed rules place great emphasis on ensuring that publically available information is accurate, and on the competitive advantages that such information may bring, these justifications do not apply to unpublished applications.

Given the strong response of some patent holders, applicants and practitioners to the proposed rules, it would be preferable to limit application of any final rule to published patent applications. This modification provides a path to applicants to pursue applications without an immediate requirement for identification.

C. A Good Faith Standard for Compliance Should Be Adopted

The proposed rules appear to establish an absolute requirement for accurate disclosure of attributable owners, without identifying which parties bear the burden of such disclosure or under what standard such disclosure should be judged. This absolute requirement creates substantial uncertainty for patent owners and applicants.

As an example, consider the instance where a previously established assignment is later disputed and held unenforceable by a state-level court. Under the proposed rules, it is unclear whether all previous disclosures made based on the assignment would be deemed inaccurate. If such post hoc judgments as to assignment validity render a patent unenforceable, accused patent-infringers would be heavily incentivized to contest the ownership of any asserted patent, further increasing the cost and complexity of litigation. While an owner may petition the Office in such a situation to accept previous submissions, it is unclear how such a petition would be judged, and what the effect of such a submission may be.

It is the opinion of WSPLA that a patent owner should not bear the burden of proving that previous submissions, when later proven inaccurate, were made in good faith. Rather, an accused infringer should bear the burden of showing that a patent owner has not acted in good faith. Illustratively, the proposed rules could be modified to remove an absolute requirement for identification, and instead require that a good faith effort be made to identify attributable owners. Such a rule would comport with other similar standards for invalidity or unenforceability of a patent, such as those for inequitable conduct.

The proposed rules should further establish what parties bear the burden of identifying attributable owners. Under the rules as proposed, a patent may be abandoned for inaccurate disclosure, even where no party substantially involved with prosecution of a patent is aware of such inaccuracies. To correct this, the proposed rules should specify which parties are under a duty to disclose attributable owners. One possible solution may be to place a duty to identify attributable owners on parties already under a duty of disclosure based on 37 C.F.R. § 1.56. To prevent parties from intentionally blinding themselves to an attributable owner, the standard could require that such parties make a reasonable inquiry into the identity of any attributable owners. These modifications would substantially reduce the burden and complexity of

compliance with the rules, while not substantially impacting the benefits to the USPTO and the public.

D. The Period for Updating Information Should be Extended

The proposed rules request comments on whether the time period of three months is sufficient to notify the USPTO as to a change in attributable owners. Changes in attributable ownership may often be the result of other substantial changes to a patent owner (e.g., acquisition by another party, business reorganization, liquidation, etc.), that require significant time commitments. In view of the burden created by these rules, and the potential detriment for non-compliance, this three month period is unduly short. WSPLA therefore believes that, should the proposed rules be implemented, this period should be extended to no less than six months. If the USPTO believes that there is a substantial benefit to prompt disclosure, late fees should be implemented for submissions past a shortened period. This mirrors current practices with regard to other submissions, and reduces the chances that a patent may become abandoned due to an inadvertent lack of disclosure.

E. Conclusion

Due to the issues discussed above, WSPLA opposes adoption of the rules as proposed. The rules place a substantial and undue burden on patentees, applicants and practitioners, and the USPTO has failed to establish that such burden is outweighed by the purported benefits. In the interest of furthering discussion, WSPLA has provided recommendations for modifications to the proposed rules in order to potentially reduce this burden. However, due to the substantial nature of these modifications, WSPLA believes that an additional time period for public review would be appropriate before adaptation of any modified rules.

Best regards,

/Bryan McWhorter/

Bryan McWhorter

Reg. No. 70,780

Committee Chair, Patent Office

Rules and Practices Committee