

April 24, 2014

Via e-mail: [AC90.comments@uspto.gov](mailto:AC90.comments@uspto.gov)

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

Subject: Changes to Require Identification of Attributable Owner

Attn: James Engel, Senior Legal Advisor, Office of Patent Legal Administration, Office of the Deputy Commissioner for Patent Examination Policy.

The six higher education associations support PTO's goals of increasing incentives for innovation and promoting greater transparency in patent ownership as well as reducing abusive patent litigation. Our member institutions are committed to enhancing innovation and technology transfer. A group of 137 university presidents and chancellors pledged in a letter to the Secretary of Commerce three years ago to undertake specific and expanded efforts to promote innovation, entrepreneurship and the technology transfer function at their institutions (<http://www.aau.edu/WorkArea/DownloadAsset.aspx?id=12084>).

While we support the general goals of the NPRM, we have a number of serious concerns. Our primary concern is the potential impact of the proposed disclosure requirements on the ability of our member institutions to commercialize their inventions and transfer technologies to the private sector for the benefit of the public. While "transparency" may be desirable as a general goal, the practical effects of the NPRM will be to reduce our ability to commercialize new technologies and adversely affect their value. We also have concerns about the costs of compliance with some of the disclosure requirements and whether the additional burdens imposed by the requirements are sufficiently justified or will yield a net benefit. For these reasons we urge PTO to withdraw the NPRM. Our concerns are set forth in more detail below.

- 1) The proposed definition of "attributable owner" in 1.271(a)(2) encompasses entities having the legal right to enforce patents. As the NPRM recognizes, this proposed reporting requirement would require disclosure of exclusive licensees in some cases. At times it is necessary for our member institutions and their affiliated startups to enter into exclusive licenses under confidentiality obligations. Licensees may insist on such commitments for legitimate competitive reasons. As was discussed at the recent PTO public hearings, licensing information may reveal strategic business or R&D plans, and there is a legitimate interest in maintaining those as non-public. A requirement to disclose exclusive licensees in these cases could have a chilling effect on the ability of our member institutions to commercialize their inventions and/or could reduce their value. This is the opposite of what

we understand the PTO seeks to achieve in the NPRM. To the extent that this requirement is retroactive, in that one of the triggering events is payment of patent maintenance fees (or initiation of post-issuance proceedings), it is unworkable and is likely to require institutions to choose between compliance with the new USPTO requirement and breach of existing non-disclosure contractual commitments.

- 2) The 1.271(a)(2) definition is phrased in terms of entities “necessary to be joined in a lawsuit in order to have standing to enforce the patent . . . .” Standing to sue and the determination of necessary parties are not obvious in all cases, and are legal issues for courts (a point reinforced by the NPRM reference to two Federal Circuit decisions). Standing is a fundamental concept for Article III federal courts. To the extent the NPRM suggests that PTO has the authority or capability to make this determination, we do not see the required legal basis for that conclusion.<sup>1</sup> We suggest that PTO consider revising the definition in terms of specifying which specific transferred patent rights would result in the receiving entity falling within this definition. That might permit our institutions to structure future licenses in a way which would avoid confidentiality issues. It is impossible to do this within the legal framework of constitutional or prudential “standing.”
- 3) The requirement (i) to disclose ultimate parent entities set forth in 1.271(b) and 1/271(f), (ii) to identify attributable owners on a continual basis in 1.275, and (iii) to comply with several of the succeeding provisions may have substantial compliance costs. This was discussed at the PTO hearings. Our member institutions will not necessarily be familiar with the corporate structures of licensees. In addition, some corporate transactions may not be public in the time periods specified and might be viewed as confidential or perhaps even as trade secrets. Exclusive licensees might be precluded by the parent entity from informing the patent holder within the specified periods, which could result in inadvertent non-compliance by our members. In addition, transactions involving such entities could occur outside the U.S. with companies that are not bound by U.S. public reporting obligations, with a similar result. Although the proposed rule does provide a mechanism for correction of good faith failures to notify in 1.387, this requires a petition and payment of a petition fee, which would again result in regulatory complexity, with an accompanying increase in burden and expense for our institutions, as well as uncertainty about the outcome. If the error is not excused, the result under the NPRM (1.273) appears to be abandonment, a drastic remedy. We note also that inadvertent failure to identify all attributable owners precisely as required in 1.271(f) could make patent holders vulnerable to additional litigation, which is counter to the goals of the NPRM.
- 4) The exemption from the disclosure requirements for state agencies in 1.271(e) is problematic and raises fairness concerns. Some state universities are viewed as state “agencies” under the laws of their respective states. This raises the prospect of an uneven playing field between those institutions and either other public institutions (which technically may be organized as corporations or otherwise) and private universities and research institutions. Such disparity could lead to unfair outcomes. Licensees may prefer to deal with those institutions not subject to disclosure requirements. Such an outcome

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<sup>1</sup> Standing is an issue that can be raised at any point in the proceedings, including for the first time on appeal, and can be raised sua sponte by a court. In such a circumstance, the NRPM’s procedures potentially could lead to penalties for non-disclosure under the proposed rule even where a party may have acted in good faith in asserting standing. Regardless, the legal standard for standing in patent cases is a fact-bound inquiry, not subject to bright line rules.

would be inconsistent with the stated goals of broadly encouraging innovation and technology transfer by all U.S. research institutions.

5) The NPRM appears premature given that legislation is now pending in the Congress. If enacted, that legislation may affect patent ownership disclosure requirements. It would be more prudent for PTO to wait for the results of the current legislative process before engaging in rulemaking in this area.

We note that the NPRM asks for comments on whether PTO should enable patent applicants and owners voluntarily to report patents available for licensing and related information such as license terms, which would then be made available to the public in an accessible online format. This would provide a clearinghouse for patent holders, such as our member institutions, to make licensing information available to the public to further enhance technology transfer and reduce transaction costs while promoting greater transparency. Although we support the concept of making this information as accessible as possible, we note that many of our member institutions are already required to post such information on a public website maintained by the National Science Foundation (<http://www.research.gov/acasection520>). Publication of such information on the NSF website has not, to our knowledge, yielded much by way of actual results. There are numerous other examples of similar websites (e.g. AUTM Global Technology Portal, iBridge). It is not clear how much value would be added by the proposed PTO clearinghouse. Nonetheless, making this information available through an online PTO database may help achieve the intended results.

Finally, we are concerned that the benefits of the proposed rule do not justify its burdens. We agree that that identification of real parties in interest in patent matters can serve valued public policy purposes. We believe that the claimed benefits of the proposed rule (such as avoiding conflicts of interest for Office personnel or ensuring the accuracy of PTO information) are greatly outweighed by the substantially increased costs and burdens on inventors and inventing institutions. In sum, our view is that the proposed rules will not enhance innovation or technology transfer, and may actually have the opposite effect. Given the potentially adverse consequences, we urge PTO to withdraw the proposed requirements.

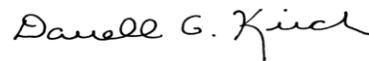
Sincerely,



Hunter R. Rawlings III  
President  
Association of American Universities



Molly Corbett Broad  
President  
American Council on Education



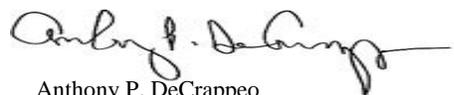
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