

Attached are comments of Oliff, PLC, responsive to the January 24, 2014 Request for Comments. They are provided in plain text format for the convenience of the USPTO in considering and addressing them.

Respectfully submitted,

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Dear Mr. Engel,

The following comments are provided by the law firm of Oliff, PLC ("Oliff") in response to the Request for Comments on Changes To Require Identification of Attributable Owner, published on January 24, 2014 at 79 Fed. Reg. 4105. Oliff is an intellectual property law firm that represents thousands of patent applicants, including foreign and domestic individual inventors, universities, and small and large businesses, including several Fortune 100 and Fortune 500 companies.

Oliff understands the difficulty of the task with which the USPTO is faced - that of providing a procedural mechanism to help combat frivolous patent litigation. Oliff appreciates the time and effort taken by the USPTO to draft the proposed rules. Oliff has reviewed, analyzed and discussed these proposed rules, and has weighed the potential benefits imparted by the proposed rules with the burdens that will be imposed upon its clients and other patent applicants and patent holders by the proposed rules. The following comments are derived from both the experience and expertise of Oliff attorneys and staff.

The proposed rules require applicants and owners to provide additional ownership information for patent applications and patents. Among other goals, it is intended that this additional information will help the public to better defend itself against actual and threatened patent infringement litigation. While Oliff believes that the proposed rules may offer some benefit to the public, we have concerns that possible burdensome and negative impacts of the rules will outweigh the potential benefits. In particular, we address below our concerns that the proposed rules will impose an undue burden on all patent applicants and patent holders, will add unnecessary further cost to the patent acquisition and maintenance process, will unnecessarily force the disclosure of confidential business information, and will impose unduly serious penalties for non-compliance, even for unintentional and good faith non-compliance.

i. Burden on Clients

Foremost is the burden imposed on patent applicants and patent owners to comply with the rules. The sheer number of possible entities to be identified as title holders, enforcement entities and ultimate parent entities can be vast, and will create logistical challenges in cases where applications or patents are jointly owned. Large corporations, having numerous shareholders and partners in associated companies that have ownership in an application or

patent may need to be identified. This is particularly true for companies, universities, and even individual inventors that are involved in joint research programs, cost-sharing arrangements, or exclusive and non-exclusive license agreements, where multiple parties may share varying types and degrees of rights under an application or patent. Further, these positions may change at any time, as business objectives change or business structures change, at which point the identification of the attributable owner of a patent application must again be filed with the Patent Office in a timely manner.

Although many applications and patents may remain owned by or assigned to a single entity (individual or company) throughout the life of the application and resultant patent, it is not uncommon for rights in applications and patents to be transferred one or more times over that lifetime. Likewise, it is not uncommon for applications and patents to be licensed from the titleholder to other entities, with such licenses having widely varying terms and conditions. For example, it is often the case that a company will transfer ownership of a patent application to a subsidiary or parent company, that a company will transfer ownership of a patent as a result of a merger with another company or the sale of an individual business unit, that a company or university may transfer ownership of a patent back to an inventor (for example, where the company or university may decide not to further pursue an invention), and the like.

It is also often the case that an application or patent may be pledged as security for various business purposes. A review of the assignment records for applications and patents often reflect numerous title changes in the same patent property, including assignments from inventors to a company or university, change of name, change of address, recordation of liens and security interests, mergers, and the like. While many of these changes in ownership are recorded in the Patent Office assignment records, a number of these changes are recorded long after the effective date of the change, and many more changes go unrecorded (as recordation is not required). Recording all of these changes not only in the Patent Office assignment records, but also under the proposed rules, would thus impose an inordinate burden on patent applicants and patent holders.

Ascertaining ultimate parent entities may also be difficult. For example, the identification of what constitutes "control" for purposes of establishing parent status may depend on local laws. Further, to the extent that foreign law may also be implicated, the proposed rules may require disclosure of information that would otherwise not be subject to disclosure, or may be subject to privacy consideration, under foreign law.

The burden is compounded in the case of co-assigned applications, in which the inventors assign their rights to two or more assignees. In many co-assigned applications, only one assignee is responsible for the prosecution of the application, and may only correspond with the joint assignee upon issuance of the patent. This type of assignment creates further logistical hurdles where both assignees' activities need to be reported.

Another logistical challenge involves reporting ownership changes at the time maintenance fees are paid. Once a patent issues, many applicants prefer to pay maintenance fees through a third party company, who is unlikely equipped to navigate the USPTO's ownership

reporting requirements. At a minimum, this would require patent owners to engage two separate parties to pay maintenance fees and to report any ownership changes.

Together, these burdens represent a significant difficulty for inventors and practitioners to practice their art, and may result in a decrease in innovation and commercial enterprise, especially among small businesses and individual inventors.

ii. Cost

The burdens imposed by the proposed rules will likely result in a noticeable increase in costs to applicants and patentees. There will be significant additional administrative costs and burdens associated with the creation and maintenance of systems necessary to ensure that ownership changes are timely reported in all applications and patents. The overall effect of this cost may be reduced innovation, especially on small businesses and individual inventors.

Furthermore, the burdens will present an increased cost to the USPTO. The proposed rules will require at least five new filings in each application that matures to a patent. The USPTO will need to adjust to this increase in work, which will inevitably result in the cost to be passed along to applicants and patent holders. If the USPTO does not bill applicants for the filings, the filings will add cost to the USPTO, raising the overall patent office expenditure at a time when all government agencies are under pressure to reduce costs.

The proposed rules may also have an impact on the cost of litigation. The cost associated with identifying the attributable owner may be repeated during litigation to determine the validity of patents. Furthermore, as errors in identifying the attributable owner may invalidate a patent, there may be an increase in litigation defenses asserting invalidity or inequitable conduct based on these errors.

iii. Loss of Confidentiality

The requirement to file comprehensive assignment information may have additional disadvantages for companies. Companies may be unable to maintain confidentiality of certain business operations if assignment information is recorded, and competitors may gain valuable information on the strategic plans of companies. For example, oftentimes companies transfer intellectual property assets for legitimate tax and business reasons. A transfer of such assets may identify to competitors the state of commercialization of a certain technology, or an area of business that the company believes to be relevant to the patent being licensed.

The proposed rules may require disclosure of various licensing terms and arrangements, which business partners may have previously contracted for not to be revealed. As a result, a new slew of litigation arising from violation of contractual agreements may arise, resulting in further cost and a reluctance to file for patent protection.

iv. Serious Penalties for Non-compliance

The proposed rules impose serious penalties for not complying with the rules. Applicants who fail to comply risk invalidity or abandonment. Patent practitioners who inadvertently miss a deadline, or err in the identification of the attributable owners might be disciplined by the Patent Office, and subsequently face disbarment. As a result, insurance for patent practitioners may increase, which will result in an increased cost for their clients. Moreover, the penalties do not differentiate between good faith and bad faith violations.

Recommendations for the USPTO

Legislation is currently being discussed in Congress to address many of the same concerns. For example, Senate Bill S. 1720 has been introduced, which will require a patentee who has filed a civil action for patent infringement to disclose to the court and to all adverse parties any persons, associations, corporations (including parent corporations), or other entities known by the patentee to have: (1) a financial interest in the subject matter in controversy or in a party to the proceeding, or (2) any other interest that could be substantially affected by the outcome of the proceeding. In addition, at least six other bills have also been introduced to Congress to address abusive patent litigation and related issues. These bills, which specifically target concerns regarding frivolous litigation, and with respect to the specific patent properties being asserted, appear to more reasonably address the overall concern of the proposed rules, by placing the disclosure requirement on the party asserting the patent property, rather than placing a burden on all patent applicants and patent holders.

In view of the comments above and the pending legislation, Oliff recommends that the USPTO seriously consider either abandoning the proposed rule changes, or, after the outcome of the legislation has been determined, making significant amendments to the proposed rules to reduce the potential burden and cost on inventors.

Respectfully submitted,

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