

April 24, 2014

The Honorable Michelle K. Lee  
Deputy Under Secretary of Commerce for Intellectual Property  
and Deputy Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
Mail Stop Comments-Patents

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

*RE: Comments of Microsoft Corp. on Proposed Rulemaking on Changes to Require Identification of Attributable Owner, Docket No.: PTO-P-2013-0040, RIN 0651-AC90, 79 Fed. Reg. 4105 (Jan. 24, 2014)*

Microsoft Corporation is pleased to offer the following comments on the United States Patent and Trademark Office's (USPTO) Notice of Proposed Rulemaking on Changes to Require Identification of Attributable Owner.

Microsoft Corporation, one of the top investors in innovation worldwide, spends over \$10.4 Billion annually on Research and Development and has a worldwide portfolio of over 70,000 patents issued and pending. Microsoft views intellectual property as the engine that drives this investment in innovation. We strive to use our patents responsibly and prefer licensing to litigation. Our licensing programs address not only our own needs but the needs of our customers and partners as well. Since late 2003, we have entered into more than 1,100 licensing agreements with customers, partners and competitors. We strive to be a responsible leader in the IP ecosystem and use our many decades of experience to support our active engagement with governments, industry and others in IP policy discussions.

Last year, the White House Task Force on High-Tech Patent Issues announced a number of "Executive Actions" to improve the patent system, including a goal to provide greater transparency in the patent system while curbing abusive patent troll activity. Microsoft has been a vocal supporter of greater transparency in the patent system. On March 28, 2013, Microsoft launched a "Patent Tracker" tool that provides a list of all of the patents Microsoft owns and urged other companies to follow suit, as we firmly believe greater transparency will yield tangible outcomes that enhance American competitiveness, create jobs and foster growth in nearly every sector of the U.S. economy.

We therefore applaud the USPTO for devoting attention to improving transparency by examining changes to "the rules of practice to facilitate the examination or patent applications and to provide greater transparency concerning the ownership of patent applications and patents." 79 Fed. Reg. at 4105. One of the main functions of patents is to provide notice to the public of both the invention and who owns it. Disclosure of the real party in interest for a particular patent reduces the likelihood of opportunistic behavior and gamesmanship and helps to facilitate licensing and the dissemination of technology.

As summarized by the USPTO, the Proposed Rules would "require that the attributable owner, including the ultimate parent entity, be identified during the pendency of a patent application and at specified times during the life of a patent." The Office is proposing "that the attributable owner be identified on filing of an application (or shortly thereafter), when there is a change in the attributable owner during

the pendency of an application, at the time of issue fee and maintenance fee payments, and when a patent is involved in supplemental examination, *ex parte* reexamination, or a trial proceeding before the Patent Trial and Appeal Board (PTAB).”

With respect to the specific rule changes set out in the Proposed Rules, Microsoft supports the submission made by BSA|The Software Alliance. In this filing, we would like to make two over-arching observations about promoting transparency in practice.

First, there is an important difference between the need for and benefits of transparency for pending applications and for issued patents, and rules promoting transparency should focus on the latter. Legitimate competitive and confidentiality concerns often exist during the pendency of patent applications, and rules requiring broad disclosure at that stage could exacerbate those concerns. The USPTO should proceed cautiously when considering any rules requiring disclosure at that stage.

Second, for similar reasons, while promoting transparency is an important goal, the means to achieve that goal should not impose unnecessary costs or harsh penalties on patent owners. The USPTO should carefully calibrate any rules to encourage meaningful disclosure of important information, without creating “traps for the unwary” or imposing disproportionate negative consequences for failure to comply, such as abandonment of a patent application. While some negative outcomes may be needed to prompt useful disclosure, ample “safety valves” for good faith mistakes or reasonable mitigating circumstances should also be included to avoid unjust results.

Again, Microsoft applauds the USPTO for working towards improving transparency for patents and believes that USPTO’s efforts to create an appropriate set of rules around identification of attributable owners will help maintain a strong patent system that continues to drive U.S. competitiveness.