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**VIA ELECTRONIC MAIL**

**TO:** [AC90.comments@uspto.gov](mailto:AC90.comments@uspto.gov)

April 24, 2014

The Honorable Michelle K. Lee  
Deputy Under Secretary of Commerce for Intellectual Property &  
Deputy Director of the United States Patent and Trademark Office  
600 Dulany Street  
P.O. Box 1450  
Alexandria, VA 22313

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

**RE: Comments of Pfizer Inc. in response to the USPTO Request for Comments on the  
“Changes to Require Identification of Attributable Owner” (Fed. Register Vol. 79, No.  
16, January 24, 2014)**

Dear Deputy Director:

Thank you for providing Pfizer Inc. with the opportunity to submit comments to the United States Patent & Trademark Office (“PTO”) regarding the PTO’s proposed *Changes to Require Identification of Attributable Owner* (Fed. Register Vol. 79, No. 16 – January 24, 2014) (the “Notice”). Pfizer Inc. is the world’s largest research-based pharmaceutical company and employs just over 90,000 colleagues in 120 countries. As the largest R&D pharmaceutical company in the world, Pfizer is committed to improving the health and well-being of people across the globe. We apply innovative science and commit significant resources to develop our medicines to meet patient needs. Pfizer’s patent portfolio includes thousands of granted and pending U.S. patents many that have complex and shared ownership as well as those that are licensed to and from other parties.

While Pfizer is supportive of the PTO’s efforts to ensure the highest-quality patents, Pfizer has serious concerns about the burdens that would be placed on patent applicants and owners to comply -- as well as the feasibility of complying -- with the PTO’s proposed rules. Pfizer believes that the PTO’s goals would be adequately addressed by much less burdensome requirements and that several aspects of the PTO’s current proposed rules would be ineffective in addressing those goals.

Our concern is echoed by many companies with medium to large patent portfolios and we believe that the PTO is significantly underestimating how expensive in financial and human resources it would be to comply with a regime as outlined in the proposed rules of the Notice.

The adoption of these Rules would amount to an historic change in our practices and procedures and introduce heretofore unforeseen transactional costs and risks. At Pfizer, our patent portfolios have been managed by patent attorneys, agents and other professionals; but with these proposed changes we will require not only the addition of significant clerical staff to deal with the demands but also require the services of attorneys and professionals that can determine the identity of the entities that have ownership or enforcement powers per the interpretation of countless agreements, collaborations, licensing arrangements, joint ventures and investment agreements. Further, in a company heavily vested in R&D and one whose products come to market often many years after the patents issue after long development timelines, a large proportion of our patent portfolio may not even correspond to existing products; many patents in our portfolio may never be enforced and many of the pending claims may never be pursued in prosecution. Yet the entirety of the portfolio would be subject to the proposed rules and to the draconian penalty of invalidity for failure of compliance with those rules. Furthermore, in large companies like Pfizer, there tend to be frequent business reorganizations, acquisitions, divestitures, mergers and other activities that implicate the ownership of patents. These Rules would imbue ordinary corporate practice and the flexibility of that practice with the added risks and expense, and unnecessarily so, especially when the information seemingly demanded by the proposed rules would in any case have to be divulged at the point of enforcement of any patent in the portfolio.

Leaving aside the issue of whether the PTO has the statutory authority to promulgate these rules, Pfizer sets forth below a more streamlined proposal for ownership identification followed by more detailed discussion of Pfizer's concerns about the PTO's current proposed rules.

**I. More limited ownership identification requirements would satisfy the PTO's goals while avoiding undue burden on patent applicants.**

Pfizer believes that the following ownership identification requirements would be adequate to address the PTO's goals:

- A. At or within 3 months of filing of a non-provisional application, identification of
  - (i) legal title holders (i.e., inventor(s) and/or current assignee(s));
  - (ii) any party to whom an inventor is under an obligation to assign the invention if the application is being filed by such party; and
  - (iii) the ultimate parent(s) of the above parties
  
- B. Updates required during prosecution only if, and within a reasonable time after, there is a change in legal title holder that causes a change in ultimate parent entity and the currently listed legal title holder no longer controls prosecution
  
- C. At payment of issue fee,
  - confirm that PTO assignment database is complete and correct as to current assignee(s) (and is publicly accessible with respect to the application/publication/patent number) or provide current assignee information; and update any changes to ultimate parent

- D. At filing of or in the initial response to *any* supplemental examination, *ex parte* reexam, reissue or *inter partes* PTAB trial proceedings,
- confirm that PTO assignment database is complete and correct as to current assignee(s) (and is publicly accessible with respect to the patent number) or provide current assignee information; and update any changes to ultimate parent
- E. Updates required during supplemental examination, *ex parte* reexam, reissue or *inter partes* PTAB trial proceedings only if, and within a reasonable time after, there is a change in legal title holder that causes a change in ultimate parent entity and the currently listed legal title holder no longer controls such proceedings
- F. Petitions would be available for late filing or correction of mistakes made in good faith (i.e., without intent to deceive); applicants/patentees may voluntarily update during prosecution or PTAB proceedings
- G. Use of the existing PTO assignment database to record the identifying information specified in Section I.A. above.

In accordance with the above and for the reasons stated below Pfizer believes the following concepts should be eliminated from the PTO's proposed rules:

- any requirement to name “enforcement entities” or “hidden beneficial owners”
- any requirement to continuously update ownership during prosecution or other proceedings where no change in ultimate parent entity of legal title holder occurs
- any automatic abandonment for failure to identify an assignee or ultimate parent entity
- any requirement for a new reporting system and/or additional forms

**II. Disclosure of “enforcement entities” and “hidden beneficial owners” is not necessary, effective or feasible and is premature, overly intrusive and burdensome.**

Disclosure of legal title holders and their ultimate parent entities provides sufficient notice to the public of ownership interests in patent properties involved in PTO proceedings. Legal title holders are nearly always necessary parties for standing to assert patents in any litigation (even if an exclusive licensee may, due to contractual terms, control enforcement or be an additional necessary party), and identifying the legal title holders and their ultimate parents in the PTO record will provide sufficient initial contact information for the public and interested competitors during the PTO proceedings stage with respect to inquiries into licensing or potential enforcement of patent applications or patents.

It is neither appropriate for the PTO to require patent applicants/owners to identify exclusive licensees with potential enforcement rights in the “vacuum” of PTO proceedings nor feasible for patent applicants/owners to do so. Pending claims cannot be enforced, and PTO proceedings are not enforcement proceedings. Using an enforcement “standing” standard for identifying potentially interested parties is therefore neither an appropriate nor a relevant inquiry with respect to control of PTO proceedings. For example, even if an exclusive licensee may have an inchoate right to enforce a patent that might issue against a third party's product

or process that might at some point exist, that does not mean that it has any (let alone sole) control of prosecution or PTAB trial proceedings.

Furthermore, patent claims are subject to change, and rights to control enforcement of patent claims that *might* ultimately issue (or even have issued) are also subject to change as well as factors other than the claims themselves. Enforcement rights of exclusive licensees, and whether an exclusive licensee would be a necessary party for enforcement, are subject to many factors, including the scope/type/inventorship of an issued patent claim, whether the licensee's own ultimate product or process is covered by an issued patent claim, field of use limitations, stage of research/commercialization, the alleged infringer's product/process or its field of use and other specific contract provisions, as well as current Supreme Court and Federal Circuit case law on standing requirements.

Similarly, requiring disclosure of "hidden beneficial owners" – i.e., those who have directly or indirectly created or used a contract, arrangement or other device with the "purpose or effect" of temporarily divesting themselves, or preventing vesting in themselves, of ownership – creates a standard that is ambiguous and difficult to apply, is neither necessary nor feasible and would be premature and overly intrusive and burdensome for the reasons stated above for "enforcement entities". In addition, disclosure of simply the name of a party (or parties) deemed to be an "enforcement entity" or "hidden beneficial owner" may be more misleading to the public than no disclosure.

If the legal title holders have ceded complete and sole control of prosecution, defense and enforcement of a patent application/patent upon filing or during PTO proceedings to another party such that that party is essentially an assignee, the parties would make that apparent in the record without these proposed rules. For example, if an attorney or agent is solely representing the interests of a party that is not identified as the inventor, assignee or party to whom an inventor is under an obligation to assign the invention, that information will be revealed in the power of attorney ("POA"). And a party who no longer has any interest in a patent application would be incentivized to remove its name from the proceedings. Furthermore, any party who has during the PTO proceeding stage such complete control of prosecution and enforcement rights that its license/arrangement is "tantamount to an assignment" and who does not reveal itself as the controlling party (e.g., through recordation of its agreement or disclosure of such control in a POA) would be hard-pressed to later argue in court that it is the sole legal title holder and therefore has standing to sue alone without joining the legal title holder identified in PTO proceedings.

Beyond being unnecessary, requiring disclosure of licensing arrangements in all prosecution and PTAB proceedings is overly intrusive and burdensome. Licensing arrangements – in large multinational corporations as well as in start-ups and smaller companies – are generally handled by business and legal departments and outside counsels different from those who handle patent prosecution and PTAB proceedings. In addition, internal as well as external licensing arrangements can change rapidly and often during the course of prosecution and other PTO proceedings, as these proceedings tend to coincide with the period of early research and development of new technologies. The burden on patent counsels to monitor and decipher all licensing arrangements for possible disclosure to the PTO would be immense.

Moreover, licensing arrangements are often kept as confidential business information, particularly during this early period of R&D/PTO proceedings (for any *inter partes* PTAB proceedings begun in connection with litigation, the information will already be publicly available in the litigation proceedings). Identification of confidential licensing partners is not necessary to facilitate public searching -- patent applications and issued patents are published and thus the public and innovators can easily search them by subject matter, inventorship, etc. to determine competitive activities in a particular technical area. Major and commercialization-stage exclusive licensing deals are also generally published and thus the public and innovators can search for interests of parties other than the legal title holders in various public databases.

If innovators in certain fields or for certain endeavors believe that early disclosure of licensees' names would enhance competition and increase incentives to innovate, they will make such public disclosures without being forced to do so. In many areas, it is just as likely that early disclosure of a licensee's interest would discourage innovation or lead to an increase in patent blocking practices by competitors and patent assertion entities/trolls – such disclosures can in fact skew, rather than level, the playing field for innovators.

Requiring patent owners to reveal more business information than petitioners in *inter partes* PTAB proceedings or third party requesters in *ex parte* reexaminations is also unfair and unnecessary. Legal title holders are proper parties for these proceedings, so there is no need to require additional information to ensure there is a proper party on the patent owner side. In addition, petitioners/requesters and patent owners are already each required to identify the “real party in interest” in PTAB trial proceedings (see 37 CFR §42.8(b)(1)) – no substantial justification for putting additional burdens of revealing other potentially interested parties solely on the patent owner has been presented.

The other proposed benefits of requiring disclosure of “enforcement entities” or “hidden beneficial owners” do not justify the substantial burden and intrusiveness that would result. Requiring disclosure of “enforcement entities” is as likely to create conflicts for Office personnel where none otherwise exist as it is to help identify existing ones. If a licensed party's interest in a patent is otherwise kept as confidential information and/or is not otherwise personally known to the PTO personnel, then simply owning stock in such a licensed party cannot create a conflict. And disclosure of “enforcement entities” or “hidden beneficial owners” is neither necessary nor appropriate for determining the scope of prior art under the common ownership exception under 35 USC §102(b)(2)(C) or to uncover instances of double patenting – the exception in §102(b)(2)(C) applies only to inventions “owned by the same person”.

A final, but major concern of Pfizer is that requiring disclosure of licensing or beneficial owner arrangements in all prosecution and PTAB proceedings will lead to unwarranted attacks on legitimate patents based on a patent owner's innocent factual mistakes or delays or reasonable legal conclusions in identifying or not identifying “enforcement entities” or “hidden beneficial owners”, increasing the costs and time of litigation. Pfizer believes that a more appropriate avenue for reducing risk of abusive patent enforcement would be to penalize fraudulent or intentionally misleading failures to identify (or

incomplete/improper identification of) “enforcement entities” (or “hidden beneficial owners” having control of licensing) at the time of offering licenses, sending cease and desist letters or other written infringement allegations, or filing lawsuits.

**III. Continuous updating of ownership information during prosecution and PTAB proceedings, particularly where there is no change in ultimate parent entity, is neither necessary nor feasible and would be unduly burdensome.**

Requiring continuous updating of ownership information throughout PTO proceedings is unnecessary. If changes in ownership information do not result in a change of ultimate parent entity, failing to immediately identify them would not have any significant effect on any of the PTO’s goals. And if ownership/control is changed to a completely unrelated entity, the prior and current owners would each have an incentive to update the POA. However, even upon assignment to an unrelated third party, immediate updates should not be required as the former and new owners often agree on a “transition period” during which the former owner and its counsel continue to participate in filings with the PTO to avoid missing deadlines and assist the new owner in providing technical help and background. Requiring updates within a reasonable time should be sufficient to avoid abuses or attempts to hide information that would cause any real harm to a competitor or the public. Immediate updates also are not necessary to allow prompt determination of the scope of prior art under the common ownership exception under 35 USC §102(b)(2)(C) or to uncover instances of double patenting –where potential or actual prior art rejections are a real issue or concern, patent applicants already have an incentive to provide any needed information as expeditiously as possible.

In addition, automatic abandonment for failure to identify ownership information at the time of filing or failure to update such information at payment of the issue fee is unduly punitive. At the filing stage, inventors are already required to be listed and the initial POA must be signed by the applicant, so punishing the applicant for not providing the same information in another form is inappropriate. And the fact that a patent would be subject to an inequitable conduct claim if a party fails to provide or update other ownership information with intent to deceive and causes real harm to the PTO proceedings or a third party would be a sufficient deterrent to abusive behavior.

As noted above in Section II. with respect to the PTO’s broad “attributable owner” identification requirements, Pfizer has serious concerns that requiring continuous disclosure of any changes in ownership information in all prosecution and PTAB proceedings will lead to unwarranted attacks on legitimate patents based on a patent owner’s innocent factual or legal mistakes or delays in identifying or not identifying the current legal title holder and ultimate parent entity, increasing the costs and time of litigation.

**IV. The PTO significantly underestimates the number and type of affected parties and the level of additional effort and cost needed to comply with its proposed rules.**

The PTO’s statistics as to the current level of recordings of assignee information in the PTO Assignments database are based on a voluntary system and limited to preparation and

disclosure of assignee information, while the PTO's current proposed rules would require disclosure and continual updating of not only assignee information but also the identity of ultimate parent entity and other "attributable owners", and would require this for all patent properties – even those having no current commercial or competitive significance. Such requirements would affect numerous small entities as well as large entities and would significantly increase the cost of patenting.

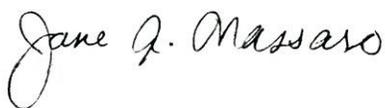
The PTO's proposal to create a new reporting system for ownership information would exacerbate these effects. Pfizer believes that a new reporting system is not needed to allow the PTO to gather, and the public to search, ownership information. Ultimate parent entity information could be collected on the existing PTO Assignments database, and the public could use that database to search for patent owners and their ultimate parent entities. Any information not recorded there or on the face of a published application or patent would be available in the application file on Public PAIR. Using the existing PTO systems would eliminate the PTO's stated need for -- and the cost to the PTO to create and administer -- a separate reporting system and separate reporting requirements. Using the existing systems would also eliminate the additional time, effort and costs that would be required of patent applicants/owners to monitor and prepare additional filings for a separate system.

Pfizer appreciates the PTO's efforts in developing the proposed rules and looks forward to working with the PTO in its mission while minimizing excessive burdens on patent applicants and owners.

Sincerely,



Roy F. Waldron



Jane A. Massaro