



WAY BETTER PATENTS
Wayfinder Digital, LLC
2961-A Hunter Mill Road, #602
Oakton, Virginia 22124

April 21, 2014

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

Reference: [Comments on Attributable Ownership](#)

Dear Mr. Engle,

Wayfinder Digital is pleased to provide the following comments on the USPTO proposed rules on reporting of the Attributable Owners of US patents and patent applications. Wayfinder Digital is the publisher of Way Better Patents (waybetterpatents.com), a digital information and data products platform. Way Better Patents was founded to make information about patents easier to find, easier to use, and easier to understand. The firm's principals have deep experience in patent analytics, patent data, and technology transfer, how patented inventions are commercialized and brought to market.

We support USPTO's effort to increase information transparency with respect to the attributable ownership of patents and patent applications. We believe that the patent compact through which inventors and titleholders are granted exclusive use of the patented invention in exchange for disclosure of the invention includes the disclosure of complete and accurate information on who owns a patent or patent application and how to contact the attributable owners. This reporting does not introduce a burden on the patent owner, can be accomplished electronically at a minimal cost. The availability of this information is an essential element of a functioning patent system in today's global innovation economy.

USPTO should use this opportunity to address "broken windows"¹, the information asymmetry in the US patent system. The lack of information transparency is the

¹ Social scientists James Q. Wilson and George L. Kelling in their 1982 article in *The Atlantic* called *Broken Windows* put forth a theory that fixing the little things will help restore or maintain order and prevent chaos. A broken window transmits to criminals the message that a community displays a lack of informal social control and is therefore unable to or unwilling to defend itself against a criminal invasion. A neighborhood where the windows get fixed means someone cares and there is order in the neighborhood. The patentsphere could use some order in the neighborhood.

broken window within the US patent system frustrating innovators, entrepreneurs and business owners. It facilitates aggressive patent monetization behavior, clandestine patent privateering pacts, the inability of firms to defend themselves against frivolous patent lawsuits, and submarine infringement claims that coincide with the announcement of a new product or a new significant round of venture capital for science and technology-based firms. In the age of ubiquitous information disclosure patent information remain inscrutable. Implementation of attributable ownership rules is an opportunity to improve information transparency in the US patent system across the board.

Comments and Recommendations

Following are our specific comments on the rule making notice and recommendations for USPTO's consideration.

Adopt the Legal Entity Identifier

Adopt the Legal Entity Identifier (LEI) as the standard for identifying patent ownership to facilitate both identification of owners and the interrelationships among and between businesses. This will facilitate clarity on the ownership of patents, eliminate ownership reporting gaming, and enable the public to understand the ownership of patents, an increasingly important non-correlated asset of both public and private firms. Using the LEI will also enable USPTO to establish ownership reporting consistent with that of other businesses engaged in complex financial transactions. This will help to facilitate the very "market-making" and value creation many patent monetization organizations claim to be providing.

The Legal Entity Identifier (LEI) is a reference code to uniquely identify a legally distinct entity that engages in a financial transaction. The LEI system is an alphanumeric code and associated set of six reference data items to uniquely identify a legally distinct entity that engages in financial market activities. This global standard is endorsed by the G-20 and is consistent with the specifications put forward by the International Organization for Standardization (ISO 17442:2012) in May 2012: a 20-digit code and associated "business card" information. The LEI has been adopted by data transparency advocates globally.

Require Update of Attributable Ownership When There Is a Material Change at any of the Attributable Owners of Patents

Reporting changes in attributable ownership information should be required within a reasonable time after material events occur at firms that own patents. Material events include but are not limited to a merger or acquisition that results in greater concentration or transfer of patents; filing for bankruptcy which results on changes in ownership structures; or spin-out of businesses that may own patents, and other changes in ownership that would impact how patents are likely to be enforced. This is particularly important in situations where a material change occurs in industry

segments resulting in key patents being consolidated in a single firm which might result in these patents being deemed essential and a need for new FRAND licensing.

Do Not Exclude Government Entities from Reporting When They Own or Have Interest in a Patent

Government entities are titleholders of US patents. This includes Federal agencies (DOD, NASA, etc.), universities that are part of state government entities, and foreign government sponsored entities that own US patents. Accurate reporting of all attributable ownership is important. Exempting government entities from reporting requirements may put private universities and post-doctoral research institutes at a competitive disadvantage. Accurate ownership information is important as more entities that are part of the state university systems are enforcing their patents and using patent monetization business models to generate a return on their R&D investment.

USPTO should enforce greater transparency and reporting on patents where the US government retains certain rights in the invention (patents that contain government interest statements) under the Bayh-Dole Act. This includes requiring inventors, titleholders (assignees), and the government agencies that fund their work to insure accurate reporting of government interest in US patents. The lack of transparent information on government ownership and government interest in patents added significant complexity in recent bankruptcies of firms owning patents with US government interest and subsequent purchase by foreign entities of the firms that benefitted from US taxpayer funding. Much of this information was not apparent in the patent data or in available USPTO assignment data. This is increasingly important in ensuring that these patents are not transferred to foreign firms in a manner inconsistent with Bayh-Dole requirements. (Refer to the Wanxiang purchase of A123 Systems and the federally funded innovations held by the firm.)

Adopt the US Navy's Patent Information Disclosure Approach

USPTO is seeking comments on how to provide patent owners with a mechanism to make their desire to license their patent known to the public including facilitating enabling patent applicants and owners to voluntarily report licensing offers and related information for the Office to make available to the public.

The United States Navy routinely includes a statement similar to the one that appears below within the body of the patents it retains title to. This text appears in the Government Interest section of the patent when it is viewed in the patent full text database and as the first paragraph at the beginning of the specification on the printed/PDF version of a patent. This statement includes the name of the office responsible for the patented invention, a mailing address, telephone number, email address, and an internal reference number. The benefit of this approach is that the public will immediately know that technology is available for licensing while reading patents.

Example from US Patent 8,648,837:

"This invention is assigned to the United States Government and is available for licensing for commercial purposes. Licensing and technical inquiries may be directed to the Office of Research and Technical Applications, Space and Naval Warfare Systems Center, Pacific, Code 72120, San Diego, Calif., 92152; voice (619) 553-2778; email T2@spawar.navy.mil. Reference Navy Case Number 100270."

The Navy's Bravo Zulu (well done) approach to making its willingness to license its inventions known to the reader of its patents within the published patent documents offers considerable benefits over using the Official Gazette or creating a new special purpose reporting capability. Readers know immediately that the titleholder will entertain discussions on licensing and technology transfer. The Navy uses the space normally reserved for the Government Interest statement as defined in MPEP 310 to add its statement that a patent is available for licensing directly in the body of the patent. This is a free form section of the document that is only present in the patent data if the applicant has provided information. The Office may wish to explore using this same approach and using this prominent strategic location at the top of the specification for a similar licensing availability statement for patent titleholders who wish to make their intentions to license the technology known to the public. This can be implemented quickly without significant investments in new technology.

Enhancing Information on the Competitive Landscape for Innovators

USPTO outlined four goals of the attributable ownership reporting requirements: "(1) Enhance competition and increase incentives to innovate by providing innovators with information that will allow them to better understand the competitive environment in which they operate; (2) enhance technology transfer and reduce the costs of transactions for patent rights since patent ownership information will be more readily and easily accessible; (3) reduce risk of abusive patent litigation by helping the public defend itself against such abusive assertions by providing more information about all the parties that have an interest in patents or patent applications; and (4) level the playing field for innovators." To achieve these goals USPTO we make the following recommendations.

Enhance The Accuracy of Address and Geographic Data

More accurate address reporting will support the Office's desire to insure that information on patents is not misleading. Address reporting under the Attributable Ownership rules should require that the addresses provided are bonafide addresses.² The Bureau of the Census, another agencies that is part of the Commerce Department, the US Postal Service and others have comprehensive address checking software to identify legitimate addresses of businesses in the US. USPTO should implement automated procedures to improve the quality of the address data assigned to patents.

² §1.271 (f) 2, 3, 4, and 5

Obfuscated address information not only makes it difficult to locate a company from which a business may seek a license, it also directly impacts the USPTO reporting on domestic and foreign US patenting activity. Consider the following example. Inventor James H. Jannard, a prolific US inventor at Oakley and now at Red.com Inc. is the first named inventor on patents that have geographic information on the published patent documents showing Spieden Island, WA. Spieden Island, which is owned by Mr. Jannard, is part of the San Juan Islands archipelago. This is an uninhabited island with no US zip code and no US Postal Service. The patents show the inventions in Washington State while Oakley, at the time the patents were granted, was headquartered in California. Using bonafide US address information will eliminate this problem.

Enable the Public to Identify Bad Data for Correction

Implement a procedure that enables the public to report and USPTO to correct patent address and geographic content errors without requiring power of attorney from the patent holders. Many errors in geographic data, like those that appear in the figure below, go uncorrected over the life of a patent. The data errors on the examples below would impact both the ability of the public to locate the correct company to explore licensing and will result in inaccurate reporting of where concentrations of innovation are emerging, an increasingly important aspect of site selection and subsequent job creation for global businesses.

Assigned to E I du Pont de Nemours and Company, Wilmington, D.C. (US)

E I duPont de Memours and Company is in Wilmington, DE.

LEGAL NAME OF SOLE OR FIRST INVENTOR (E.g., Given Name (first and middle (if any)) and Family Name or Surname)			
Peter Wirz			
Inventor's Signature <i>Peter Wirz</i>		Date (optional) 12.12.27	
Residence City Luzern	State 6004	Country Switzerland	
Mailing Address Weggisgasse 40,			
City Luzern	State LL	Zip CH-6000	Country Switzerland

Patents D692,547 and D692,551, both granted to Peter Wirz of Luzern or Lucerne, Switzerland. The patent identifies the first name inventor as Wirz; Peter (Lucerne, SZ) SZ is USPTO's country code for Swaziland.

Affirmatively Identify Abandoned Patents

USPTO has the data to report which patent applications and which granted patents have been abandoned. This is an important element of the enforcement of the attributable ownership reporting requirements. This information should be prominently displayed on public patent documents. Reporting which patents are enforceable and which have been abandoned during a patent's valid life is an important piece of competitive information that is largely only available to patent

savvy organizations that can avail themselves of patent counsel but not available to less knowledgeable inventors, entrepreneurs, investors, and innovators or the public at large.

One of the prevalent intellectual property and maintenance fee management techniques among large patentholders is to cull their patent portfolios of patents that are no longer essential to their operations by abandoning the patents. The lack of transparency about abandonments results dramatic overstatement of the portfolio of enforceable patents held by firms, prevents innovators from knowing which technology is available to them to use, and overstates the depth of enforceable patents within particular domains. More information on abandoned patents will help innovators make better intellectual property decisions and accelerate innovation.

Affirmatively Identify Expired Patents

By identifying the patents subject to attributable ownership reporting, USPTO can also affirmatively identify patents that are expired or abandoned and not subject to this reporting requirement. At present the public has no easily accessible way to identify expired and patents that are no longer enforceable. The lack of transparent information on which patents contain technical and scientific inventions that may be used freely hinders the ability of innovators to use the scientific and technical disclosures in expired patents. Many patents contain inventions that were not commercialized during their enforceable lifetimes but are now technically and scientifically feasible. More accessible reporting on which patents contain disclosures of inventions that are free to use will broaden the universe of choices available to innovators. Like reporting on abandoned patents, identification of expired patents that are available for building new products will provide more leverage in licensing discussions and more market oriented licensing.

Thank you for the opportunity to provide these comments. Please feel free to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Arleen Malley Zank", written over a horizontal line.

Arleen Malley Zank
President
Wayfinder Digital, LLC