

Sirs:

I write regarding the proposed “attributable ownership” rules. While my criticisms of these proposed rules are numerous, many of those criticisms have already been well-expressed by others. See, for example:

<http://www.pharmapatentsblog.com/2014/04/04/the-uspto-does-not-need-the-onerous-proposed-attributable-owner-rules/>

<http://www.pharmapatentsblog.com/2014/04/11/the-complexities-of-the-uspto-proposed-attributable-ownership-rules/>

<http://patentlyo.com/patent/2014/02/requiring-identification-attributable.html#comment-168433>

<http://www.patentdocs.org/2014/02/white-house-seeks-to-promote-transparency-concerning-patent-ownership.html>

On the assumption that most of those writers (and others) will be communicating those criticisms, I for the most part confine my brief comments to a different point.

I am licensed to practice before the USPTO. Unlike most licensed practitioners, however, I am based outside the US, in Israel, and therefore most of my clients are Israeli individuals and companies.¹ For nearly all of my clients, the USA is the single most important market in the world, and obtaining US patent protection is therefore of paramount importance. Consequently, a considerable part of my practice involves counseling my clients about their options with respect to the USA, including developing strategies and tactics to maximize their likelihood of obtaining sufficient US patent protection (which may include helping them devise research programs to support their still-to-be-written patent applications).

I should also note that none of my clients are software companies. All of the parties I represent before the USPTO are bricks-and-mortar enterprises, engaged in the development of physical products and processes for improving agricultural yields, diagnosing and/or treating medical conditions, digital printing, and many other useful activities.

Similarly, other than universities, none of the clients that I represent before the USPTO are large in the sense of having 500 employees; most are also not large in the sense of having deep pockets. Even those clients that do have significant funding (say tens of millions of dollars) are invariably looking for additional business partners who can provide more funding to continue research and to commercialize my clients’ innovations. To the extent that they have resources (financial and human) available to spend on patenting activities, those resources are finite, and my clients prefer to direct those resources to research and actual, substantive patenting activities such as drafting new applications, responding to office actions, or interviewing examiners.²

¹ I note that I am writing of my own volition, and not on behalf of any particular client or group of clients. I am not being reimbursed for writing these comments.

² As a speaker at the 2012 AIPLA Annual Meeting, I heard the Chief Intellectual Property Counsel of 3M say, “I live in a resource-constrained world.” *A fortiori* for my clients, which are much smaller companies than 3M.

Unfortunately, the proposed rules would of necessity force my clients to spend a not insignificant portion of those limited resources on ensuring compliance with the new rules, trying to determine just who constitutes an “attributable owner”. Often, the relationships with investors and other business partners can be complicated; whether not such a party constitutes an “attributable owner” will often not be a straightforward determination.³ Hitherto, I have generally not needed to concern myself too much with the nature of those relationships. Under the proposed rules, however, my clients will have to involve me much more deeply in considering the nature of the relationships with various strategic partners, and whether or not a given party needs to be listed as an “attributable owner”. In one sense that’s good for my business: it presents an additional opportunity to leverage my somewhat unusual situation and to provide a necessary service that is in short supply in Israel. But it’s not what my clients want to pay me (or anyone else) to do, as it doesn’t help them innovate or commercialize their inventions – i.e. it doesn’t help to promote the progress of science, in the words of the Constitution. And frankly, it’s really not what I want to do with my time, even if I can get paid for it.

I do not believe that the problem of forcing companies to allocate scarce resources to PTO-imposed regulatory compliance is unique to Israel-based filers at the USPTO. However, as non-US entities, I suspect that ensuring such compliance will prove to be an even greater burden to parties like my clients than it will for US-based filers. That’s because, with respect to any given matter, there is not a one-to-one correspondence between the relevant law in Israel and the relevant law in the United States.⁴ Thus in considering which parties might need to be reported to the USPTO under the proposed rules, my clients will have to filter their situations through additional lenses. The proposed rules will thus force a relatively higher cost on my clients, and other non-US-patent filers, than it will on US-based filers.

If I thought the proposed rules might achieve a useful purpose, I wouldn’t be writing, despite the costs they are sure to impose on my clients if adopted. But I don’t believe they serve any purpose. The Federal Register Notice gives various reasons for the rules, but those reasons are fig leaves, as explained in some of the links above (and which is ironic for a rulemaking notice that purports to address issues of transparency). What’s clearly going on is that someone has gotten the ear of the Obama administration and made the administration think that there’s something wrong with a system that allows patent ownership to be played like three-card monte. It may or may not be the case that permissive ownership and recordation requirements are problematic. But if the present requirements are a problem, they are not a problem across the board, but only in certain technologies – and not the ones in which my own clients are active. Inasmuch as in the fields in which my clients are active, the proposed rules would do more harm than good, they seem like a

³ For example, if my client signs a memorandum of understanding with a potential buyer of a controlling interest in my client, but numerous conditions must be fulfilled in order for the transaction to be completed, does that make the potential buyer an attributable owner? What if my client agrees to grant a narrowly tailored exclusive license for something that may be covered by the claims of an application as filed, but during prosecution the claims are amended so as not to claim the licensed product or process – need the licensee be disclosed upon filing, and if so, does the listing of attributable ownership later need to be revised as a result of the claim amendments? Contrary to the PTO’s assertions in the Federal Register Notice, these kinds of questions are not answered or quickly, being very fact-dependent, and will involve a non-negligible amount of time and expense to address.

⁴ For example, under CAFC case law and Israel case law, the definitions of “exclusive licensee” and the effect of being an “exclusive licensee” law are not congruent.

ham-fisted way to try to impose a solution to a non-existent problem. You don't use a sledgehammer to pry a crystal from a rock.

Even if something needs to be done about the listing of patent ownership, these rules exceed the USPTO's rulemaking authority. Reforms of this nature are best left to Congress, which is why the power to make such reforms is in Congress' purview and not the PTO's. And it's mind-boggling that a PTO that has been without a Director for over a year, with a titular head whose appointment is of questionable legality, would try to adopt these rules. Does the Office really want someone to challenge the rules on the grounds that (a) Michelle Lee isn't empowered to enact them because her appointment was illegal and (b) even if her appointment were legal, they constitute substantive rulemaking and are therefore ultra vires, as per *Tafas v Dudas*?

Beg off of these rules. Let the innovators innovate, instead of worrying about whether they're going to lose their US patents because they forgot to mention that their Great Aunt Shirley owns a 1% stake in the company.

If the USPTO is serious about making patent ownership more transparent, it could start by making the existing ownership data already in its possession more accessible and searchable. Perhaps Ms. Lee can talk with her former colleagues at Google about how that might be efficiently accomplished. And it could make the conveyance documents themselves available online for free, instead charging \$20 for a paper copy that takes days or weeks to arrive.

A handwritten signature in blue ink, appearing to read 'DF', is centered on the page.

Daniel Feigelson

Rehovot, Israel

April 25, 2014