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United States Patent and Trademark Office  
Mail Stop Comments-Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Attn: James Engel, Senior Legal Advisor, OPLA

Re: Comments on Proposed “Changes to Require Identification of Attributable Owner,”  
Fed. Reg. Vol. 79, No. 16, Jan 24, 2014 pp. 4105-4121

Dear Mr. Engel

I have been a registered patent attorney for over forty years practicing as in house counsel for Fortune 100 corporations, with a small boutique law firm, with one of the world’s top ten law firms and most recently as a sole practitioner. My clients have ranged from independent inventors to some of the world’s largest business entities. For my entire career I have taken a keen interest in USPTO rule making and have both through professional organizations and as an individual submitted many comments on rules proposals and have, on my own behalf testified at hearings on rules proposals.

The proposed rules regarding “Attributable Owner” impose a burden on patent applicants and patent owners that greatly exceeds any potential benefit to the patent system or the general public. For the most part they call for the collection of information that will be of no practical use to anyone and will probably never be accessed by anyone. To the extent that they attempt to address abusive patent litigation the rules of civil discovery already provide a far superior alternative.

The value of collecting “Attributable Owner” information on unpublished patent applications is extremely dubious. By definition this information will only be available to the USPTO itself so that only three of the proposed justifications have any potential applicability and two of them are very unlikely to be of value at this early stage of prosecution. The rules proposal argues that it will help the Office carry out its task of patent examination by:

1. ensuring that a “power of attorney” is current in each application or proceeding before the Office;
2. avoiding potential conflicts of interest for Office personnel; and
3. determining the scope of prior art under the common ownership exception under 35 U.S.C. 102(b)(2)(C) and uncover instances of double patenting.

In the vast majority of unpublished patent applications no examiner has taken the case up for examination so that Points 2 and 3 are inapplicable.

The “Attributable Owner” information required by the rules proposal goes far beyond anything that is legally or practically useful on the “power of attorney” issue. The legal entity holding legal title of a patent application has the legal power to grant a power of attorney regardless of his legal obligations to anyone else, be it a licensee or those who control the legal entity. The USPTO is ill equipped to explore whether a power of attorney has been granted in derogation of the legal titleholder’s legal obligations to any third parties. And, in fact, it currently has no procedures in place or announced which would allow a sua sponte examination of the propriety of a power of attorney.

Furthermore, the rules proposal makes no reference to any study or evaluation that there are any problems with powers of attorney. So far as what is reflected in the public record, there are no “power of attorney” concerns in the vast majority of pending patent applications. And there is nothing in the public record to indicate that what concerns do exist are not adequately addressed by the rules of professional conduct.

The value of collecting “Attributable Owner” information on published patent applications and unpublished patent applications taken up for examination is also highly dubious. The USPTO has no present or announced procedures to make use of “Attributable Owner” information in ex parte examination.

A real conflict of interest can only exist if the examiner or other decision maker is aware that he has an interest in an entity that has an interest in a patent application before him. If he is unaware of any such connection there is no conflict. Furthermore, there is currently no guidance provided to the Examination Corps as to what degree of interest constitutes a conflict of interest. For instance, would a \$1 stake in an ultimate parent create a conflict of interest?

The proper search of a patent application would necessarily identify potential prior art that could be disqualified under 35 U.S.C. 102(b)(2)(C) so “Attributable Owner” information could only be of use after a search. But the USPTO has no current or announced procedure to disqualify potential prior art under this or any other provision of the law. Current examination procedure wisely relies upon the applicant to raise any such disqualifications. Furthermore, this “justification” only extends to those patent applications with effective filing dates of 16 March 2013 and later.

It is highly unlikely that the general public would make use of “Attributable Owner” information in the files of published patent applications, whether allowed or not, unless the commercial value of the technology encompassed by the claims were readily evident. The vast majority of pending patent applications simply do not have such an established commercial value. Thus the “Attributable Owner” information in the files of the vast majority of published patent applications would be of no use to anyone.

Even in those cases in which a third party wants to explore licensing or acquisition of a published patent application the “Attributable Owner” information is likely to be of little value. What such a third party wants or needs is a contact person who can communicate

his interest and inquiries to the appropriate decision makers. This is unlikely to be found in a list of legal entities who have some interest in the patent application. For the overwhelming bulk of such patent applications the logical starting point is the legal representative associated with the application. There is nothing in the public record to indicate that such an approach has been the least bit problematic.

It is also highly doubtful that the “Attributable Owner” information in the files of the overwhelming bulk of issued patents would be of any use to the USPTO or the general public. The USPTO could only have an interest from a double patenting or disqualification point of view or in the case of post-issuance proceedings. But only a miniscule number of issued patents would be of interest from such points of view. Furthermore the concern regarding post-issuance proceedings could readily be addressed by rules specific to those proceedings along the lines of the real party in interest rules of the PTAB. And the general public would only have interest in the very small number of patents with recognized commercial value.

It is respectfully submitted that the USPTO can adequately address its concerns about the identity of the person responsible for an application or patent by simply providing that it will recognize the owner of record as established by the USPTO assignment records as the responsible person (or in the case of unassigned applications or patents the original applicant). The onus would then be on any entity taking a legal interest in a patent property to have its interest properly recorded or by bound by the actions or omissions of the owner of record. This would be in accord with many recording statutes for real property and, indeed, the approach of 35 USC 261. It is eminently logical that if one can sell a patent property out from under the “true” owner as a result of the “true owner’s” failure to record, one can have the legal power to take other actions that effect the patent property.

The “Attributable Owner” information in the files of the quite miniscule number of patents that are asserted in legal proceeding will be clearly inferior to and completely redundant of information readily available by civil discovery. The burden imposed on patent holders by the proposed rules can not be justified by the assumption that the targets of infringement allegations will retain incompetent counsel.

With regard to abusive patent assertion, the USPTO has already done an outstanding job with its “Patent Litigation Online Toolkit”. The information and guidance presented on the associated web pages are much more useful to the target of abusive patent assertion than the “Attributable Owner” information required by the proposed rules.

In this regard, it is respectfully submitted that meaningful use of the “Attributable Owner” information will, in most cases, require the advice of legal counsel. Thus the proposed rules will not in any practical sense shield such targets from the cost of obtaining such counsel. Competent legal counsel will certainly be able to advise on next steps such as filing a Declaratory Judgment suit or having resort to the state law procedures such as the recently passed Vermont statute on patent assertion letters. For

such counsel the “Attributable Owner” information will be nothing more than a guide as to what discovery to take.

Furthermore, two of the reputed benefits to the general public of the “Attributable Owner” information are goals beyond the competence of the USPTO and involve it in forcing a violation of the privacy rights and existing contractual rights of economic participants in the patent system. The USPTO has argued that the rules proposal will:

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; and
2. level the playing field for innovators.

However, the USPTO has no expertise in the economics and incentives in technology transfer and has made no reference to any studies which establish that entrepreneurs engaged in bringing new technologies to market are in need of greater information on the control of published patent applications and granted patents.

But more importantly, the USPTO is ill equipped to manage the delicate policy balance between the benefits and negative impact of forcing the disclosure of sensitive commercial information. As so cogently pointed out in the 15 April comments of Novartis, which I strongly endorse, supplying the “Attributable Owner” information required by the proposed rules will necessarily involve compromising sensitive commercial information of parties who have in good faith made contractual arrangement regarding patent rights which they expected would remain confidential. In this regard, there is a very important distinction between being forced to put sensitive commercial information on the public record and being forced to disclose it as a part of civil discovery. In the latter case it can be made available under a protective order where access to it is supervised by a judge or magistrate. In such a case judicial officials with many years of appropriate experience are able to carefully balance the need for disclosure against the need for confidentiality in individual cases.

Other governmental agencies with the appropriate competence are actively engaged in addressing these goals. The Federal Trade Commission (FTC) and the attorney generals and legislatures of a number of states are actively addressing abusive patent enforcement letters. Furthermore, the FTC and the Antitrust Department of the Department of Justice have a long history of addressing the impact of patent rights on the competitive environment of the United States. They are much better equipped to address whether US competition policy requires the general public disclosure of sensitive commercial information.

In addition to the policy concerns with the rules proposal, there are serious concerns with the precise provisions of the proposed rules:

1. 1.271(d)(3) with its reference to entity which does not yet exist is all but incomprehensible. The phrase “Any joint venture or other corporation” is highly ambiguous as to whether only joint ventures which are structured as corporations are covered as to whether only corporations which are “joint ventures” are covered. Furthermore, the test is whether an acquisition of securities or other

- interest would be an attributable owner, making the acquisition, i.e. the activity, not the acquirer an attributable owner. But most importantly how can an unexecuted plan which may never be executed be a reportable entity?
2. 1.271 (e) exempts domestic and foreign governmental entities including agencies from the definition of “entity” without any justification. From the use of “entity” in 1.271(a)(1) this means that no governmental entity, foreign or domestic, needs to report its ownership in any patent or patent application. There is no evident reason why all the goals set out as justifying this rules proposal would not apply to an application or patent held by a governmental agency. Certainly government held patent applications are subject to power of attorney concern, double patenting and the disqualification of prior art due to common ownership. And third parties would certainly want to understand who owned patents of interest even if the holder was a government entity.
  3. 1.275 is quite ambiguous as to the penalty, if any, for failing to meet the three month deadline for failing to record a change in the Attributable Owner information. If the result is an abandonment of the applicable, the result is very antithetical to the thrust of the AIA to make the validity of patents as transparent as possible by eliminating “secret prior art”. It is quite likely that any such failure would only come to light as a result of discovery during litigation.
  4. 1.381 and 1.387 are quite ambiguous as to whether they purport to affect the validity or enforceability of a patent for which no report or an inaccurate report of attributable owner is made. If the USPTO lacks the statutory authority to denigrate from the enforceability or validity of a patent for such a reason, it should not imply that it has such authority. This will result in needless burdensome issues being litigated and create needless ambiguity in the value of patents with such a record until the ambiguity is resolved by litigation. Is the USPTO taking the position that it has the authority to refuse to accept or retrospectively reject the payment of a maintenance fee which was not preceded by a correct attributable owner report? If so, shouldn't there be a procedure to so inform the patent owner, similar to the notice of abandonment in pending applications?

Yours truly,

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