

Comments on USPTO's notice of proposed rulemaking: Changes to Require Identification of Attributable Owner at 79 FR 4105 (1/24/14)

Submitted by:

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Summary: I think this proposed rule making is bad from several different perspectives and, accordingly, I strongly oppose it. It does not add value to the system, and, to the contrary, it adds significant burdens to patent applicants and patent practitioners that are unjustified. It will be confusing to patent applicants and patent practitioners and compliance will, therefore, be very difficult, time consuming, inconsistent and unreliable. Lastly, there is little if any rational justification for requiring the ownership information during the examination/prosecution phase of patent applications.

A. From the perspective of patent practitioners:

1. It will impose additional administrative compliance burdens as well as investigative and reporting responsibilities on patent practitioners that will make their jobs more difficult. As the proposed rule is very confusing, and difficult to even understand, practitioners will waste time, and resources trying to just figure out exactly what are the facts of their situation, and then, how those facts must be disclosed, and characterized, to the PTO. Compliance will be inefficient, and attempts at complying will result in a waste of valuable practitioner time.

2. Non-compliance, or errors in complying, or in trying to comply might expose practitioners to current or later claims of:

- a) committing a fraud on the PTO, and/or
- b) non-compliance with Rule 56 for submitting misleading information to the PTO, and/or failing to perform a reasonable investigation of the ownership status of the applications that they are prosecuting, and/or
- c) non-compliance with OED's disciplinary rules mandating effective representation of applicant before the PTO.

3. The penalty of abandonment of the application is harsh, and it will be expensive to revive any such abandoned applications, especially since it may not be possible to pass the revival costs onto the applicant.

B. From the perspective of patent applicants:

1. It may force some patent applicant entities to disclose, or hide, business relationships that they do not want to disclose, or feel that there is no need to disclose.

2. It requires the disclosure of business relationships that may require burdensome, and possibly intrusive, investigative efforts.

3. It requires continual monitoring to comply with the requirements that the information be updated and the Office be notified of any changes.

C. From the perspective of the PTO;

1. The reasons given to support the proposed rule making re the examination process are stretched, if not entirely bogus. The proposed rulemaking will not facilitate "patent examination and other parts of the Office's internal processes" (col 2, 4106) as the stated concerns being addressed are just not current examination concerns at all.

2. Thus, the quality or reliability of the examination process will not be improved at all by the adoption of the proposed rule making.

3. In fact, the adoption of the proposed rule making will create administrative obligations on the Office that will be costly and burdensome to implement.

Some specific comments and concerns that I have with the proposed rule making are as follows:

I. Very Confusing terminology:

Many terms used in the FR notice are similar, such that practitioners will be confused as to the distinctions between the terms, as well as the nuances between different terms, and which specific term is applicable to the applicant's situation. Further, there are many new and unfamiliar terms to patent practitioners, and, as such, they will cause confusion, and uncertainty to the patent bar.

All rulemaking efforts by the PTO should be clear and straightforward so practitioners will understand it clearly, and know exactly what is needed in order to comply with the PTO's rule. If there is uncertainty

Comments by Robert J. Spar, 4/23/14

about the meaning of the rulemaking, and exactly how and what is required to comply, you can be sure that there will be inconsistency of compliance efforts, and, therefore, unreliability of the data submitted. Further, practitioners will waste time trying to determine how to comply with the requirements, and practitioners will open themselves up to second guessing about their compliance actions.

Below is a (numbered) listing of the different terms that are found in the notice. The large listing itself is indicative of all the nuanced terminology that will cause (initial and continuing) confusion to practitioners, which is highly undesirable. Needless to say, all practitioners will be expected to understand what each listed term means, what each listed term does not mean, or cover, and how the facts of their specific situations are applicable to the terminology, which is an unrealistic expectation. These terms are, for the most part, unfamiliar to (most) patent practitioners so there will be confusion from the get go. The definitions, moreover, will not improve the situation – so, it is my opinion, that there will be a continuing condition of confusion as to what ownership information is required to be disclosed, and, further, if what is disclosed to the PTO is in compliance with the PTO's requirements.

Further, I am not sure that the below listing is even complete as there are probably other terms that are relevant to this ownership issue.

(1) Attributable owner

Including the (2) ultimate parent entity(ies)

(3) Titleholders – def: an entity that has been assigned title to the patent or application (4110)

(4) Enforcement entities necessary to join in a lawsuit in order to have standing to enforce the patent or any patent resulting from the application

The ultimate parent entity (2) is defined in 16 CFR 801.1(a)(3) of either of the first 2 reporting categories. Def: an entity which is not controlled by any other entity (4110). Note: A negative definition is not as clear as a positive definition.

(5) Real party in interest (4106) – 35 USC 118, 315, 317, 325 and 327

(6) Patent applicants

(7) Patent owners

(8) Innovators

(9) Assignee

(10) Partial assignee

Comments by Robert J. Spar, 4/23/14

(11) Person to whom the inventor is under an obligation to assign the invention

(12) Coextensive ownership interests

(13) Complications caused by (14) complicated, or (15) complex, (16) corporate structures and (17) licenses

(18) Exclusive licensees

(19) Non-exclusive licensees

Although some exclusive licenses are sometimes confidential now, they would only need to be disclosed where their rights are so substantial that they have enforcement rights in the patent.

(20) Partnerships (partners)

(21) Hidden beneficial owners

(22) Patent holders

(23) Patent assertion entities

(24) Enforcement entities

(24) Attributable owners

(25) Ownership interests – contingent, vested, future, etc.,

(26) Ownership rights

(27) Temporary divestment of ownership rights

(28) inventor(s)

Other business entities – like LLCs, trusts, PCs.

Needless to say, the very confusing terminology, as well as all the above terms, will just confuse practitioners and their clients. And this will lead to a lot of wasted effort in efforts to try to comply, as well as inconsistent, unreliable compliance. This is highly undesirable from all perspectives.

II. Erroneous or unsupported statements in the FR notice include the following:

Note: I have marked the items with an asterisk that I did not see any proof or substantive support for in the FR notice.

(1) Proposing changes to the rules of practice to facilitate the examination of patent applications (4105).

Reply: The changes will not facilitate the examination of patent applications and no support for this statement is provided. See also my comments below.

*(2) Reduce costs of transactions for patent rights (4105)

Reply: To the contrary, the extra burdens imposed on practitioners, and the applicants will increase the costs to file and prosecute patent applications.

*(3) Level the playing field for innovators (4105)

Reply: I do not see any adequate support for this statement. It is just a bald, unsupported assertion.

(4) Help the Office carry out its task of patent examination (4106)

Reply: Again, the ownership disclosure requirements will not help the Office carry out the patent examination process at all. In fact, it may trigger delays in the process, and the ownership information will not aid the examiner perform the examination process. Rather, it may impose extra burdens on the examiner that would, instead, complicate the examiner's job.

(5) Ensure that a power of attorney is current in each application.
(4106)

The Office has a clear interest in ensuring that current representatives in any proceeding before the Office are authorized by the current owner of the application or patent. (4107)

Reply: This is a solution in search of a problem! There is no current problem in this area so the concern is unfounded, the proposed solution is not needed, and, if implemented, just creates extra work, leading to extra expenses, for no improvement in the process. This is absurd!

As far as I know, the current process for POAs works just fine, even when representation under rule 1.34(b) is relied upon.

In other words, I am not aware of any significant current problems in this area, so the statement that the "Office has a clear interest in ensuring that current representatives in any proceeding before the Office are authorized by the current owner of the application or patent" is specious. The current system works fine, and provides the assurance that is important to the Office. In the few isolated cases where there is a disagreement, conflict or a problem with the POA, the issue is addressed on a case-by-case basis by the PTO. This arrangement is fine, as is.

(6) Avoid potential conflicts of interest for Office personnel (4106)

Reply: As indicated in the FR notice (4107, col 3) Office personnel already are subject to executive branch regulations that govern conflicts of interest in certain cases where employees have threshold financial interest in matters before them. I think the current conflicts provisions

Comments by Robert J. Spar, 4/23/14

are adequate to preclude conflict situations as examiners/officials are precluded from holding significant investments in subject matter areas in which they work. Thus, conflicts are avoided preemptively. Further, the disclosure of an “attributable owner” may actually preclude the conflict of a relevant ownership issue from being recognized by the examiner.

(7) Determine the scope of prior art under the common ownership exception under 35 USC 102(b)(2)(c) – and uncover instances of double patenting (4106).

Reply: See my comments re this item under item 12 below.

(8) Ensure that the info the Office provides to the public concerning published applications and issued patents is accurate and not misleading (4106)

Reply: The new requirements to disclose the “ultimate parent entity” may actually provide the public with the name of an entity that they do not recognize or value. It may be that the identity of the immediate assignee is more relevant than the identity of the “ultimate parent entity”.

(9) Making attributable owner information publicly available is allegedly to be expected to:

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 (4108)

Enhance technology transfer and reduce the cost of transactions for patent rights since patent ownership info will be more readily accessible, (4108)

Reduce the risk of abusive patent litigation, (4109) and

Level the playing field for innovators (4109)

Reply: These alleged benefits are, at best, all speculative as no reliable support for them has been provided. The alleged benefits are mere puffing.

(10) Having such accurate and up-to-date attributable owner information will, allegedly, help the Office determine whether current representatives in any proceeding before the Office are authorized by the current applicant or owner. (4108)

Reply: Bottom line: This is not a current problem at all. The Office today assumes that a practitioner has the authorization to represent the applicant, either via a POA, or via Rule 1.34. This process works very well. Problems rarely arise and, if they do, they are handled by special

procedures, with violations being reported to OED. The current system is adequate as is, and the proposed requirement for attributable owner information will only complicate efforts to comply without any resulting in an improvement in reliability or efficiency.

Questions I have re this statement are:

a) Who is going to do the checking on the information that is submitted? This is not indicated and I certainly hope that it is not another burden imposed on the examiner. Even if the checking function is done by PTO support staff, I can see where it will just trigger administrative problems and back and forth communications to resolve issues that do not need to be resolved in order to conduct the prosecution/examination of patent applications.

Again, as noted above, there is not a current significant problem with POAs.

b) How does the Office now determine the issue of authorized representation?

This is not explained in the FR notice and it is, in my opinion, something that is relevant and should be fully explained. Further, the Office should point out how, and why, the proposed disclosure requirements would improve a process that works very well today. The notice does not indicate that there are any problems with the current system – so why is the Office proposing to change it?

(11) The proposal is part of the Office's ongoing efforts to modernize patent examination and to improve patent quality! (4108).

Reply: To the contrary, I would think that the current proposal is a step backward as it just adds confusion and complexity to the process without improving it at all. See also the discussion immediately below in item 12.

(12) The notice points out that, under AIA 35 USC 102(b)(2)(c), and under the pre-AIA 103(c)(1), an earlier filed application or patent (that names different inventors) may not be prior art – as it may be excluded if owned by the same person or subject to an obligation of assignment to the same person. (4108). This is commonly referred to as the “common ownership” exception.

The FR notice states that the reporting requirement may help in these “common ownership” determinations, especially under the AIA.

Reply: I do not see how this statement is correct at all.

It was, and is, my understanding, however, that a “clear and conspicuous statement by the applicant (or the applicant's

Comments by Robert J. Spar, 4/23/14

representative of record)” is all that is required to assert the “common ownership” exception so as to knock out the reference. See MPEP 706.02(l)(2). This “common ownership” statement (to knock out certain commonly owned prior art) would be applicable under the AIA as well as under the pre-AIA statutory provisions. See the Examination Guidelines Implementing the First Inventor To File Provisions of the Leahy-Smith America Invents Act, 78 FR 11059, at 11080, middle column. This seems like a practical and clear protocol for Applicant to trigger the entitlement to the exception.

The FR notice implies that the current process (of a rejection followed by applicant submitting a proof of ownership statement) is “inefficient in a manner contrary to the principals of compact prosecution as explained in MPEP 706”. (4108) The FR notice then states: “Accordingly, tr

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In your document, select the words to include in the table of contents, and then on the Home tab, under Styles, click a heading style. Repeat for each heading that you want to include, and then insert the table of contents in your document. To manually create a table of contents, on the Document Elements tab, under Table of Contents, point to a style and then click the down arrow button. Click one of the styles under Manual Table of Contents, and then type the entries manually. asking attributable owner information for patent applications and issued patents is directly relevant to questions of whether a claimed invention is patentable over the prior art during prosecution.” (4108)

The problem with this last statement is that it is not explained how the Office would be able to use the attributable owner information to eliminate the examiner’s initial “rejection” step. There is an inference that the ownership information is “relevant” – but I just do not see how any prior submitted ownership information could be reliably made available to the examiner so that the examiner could rely on it, and just, on his/her own, discard prior art per the exception in AIA 35 USC 102(b)(2)(c) before ever making a rejection on such prior art in an Office action Further, how this possible information would be accessed, or provided to, an examiner, and how this might save an examiner time, is not explained at all. I just see all kinds of complications associated with trying to implement the idea of ownership information being provided to the examiner prior to, or during, the examination process,

Comments by Robert J. Spar, 4/23/14

for the limited number of situations where it might be applicable, that I just do not see this proposal as making sense.

III. Requirements of notification are burdensome and should only be required at certain limited times:

a) On filing of an application – or shortly thereafter.

Comment: For publication purposes, it is agreed that the ownership information should be present.

b) When there is a change in the attributable owner during the pendency of an application – ie., w/I 3 months of any change of a new attributable owner.

Comment: this is an unnecessary requirement. Ownership information does not have to be updated during the examination process.

IOt is agreed that the timing for making/updating ownership information in the below items c, d, and e is acceptable.

c) At the time of issue fee payments

d) At the time of maintenance fee payments

e) When a patent is involved in supplemental examination, ex parte examination or a trial proceeding before the PTAB

On 4106: The notice proposes to adopt the requirement to disclose “ultimate parent entity” designation – to minimize the need for additional investigation and analysis of ownership structures. (4106, right column)

Reply: The proposal presumes that one (currently) knows what the definition is (which is just not the case), and it clearly infers that investigation and analysis of ownership structures will be required (which means a lot of extra work for applicants)! Burdens should not be imposed unless there are benefits that offset and justify the imposition of the burdens.

Further, the proposed definition is very confusing:

“Attributable owner” include any entity that creates or uses any type of arrangement or device with the purpose or effect of temporarily divesting such entity of attributable ownership or preventing the vesting of such attributable ownership (4106, right col).

Reply: What does this mean???? This is a very difficult to understand definition, and I just find it to be very confusing.

This is bad, and unacceptable. A positive definition that is clear, definite and readily understood is imperative. – and the provided definition is certainly not clear, definite and readily understood.

IV. Alleged Trigger for the proposed rule making: White House executive actions

Making ‘Real Party in Interest’ the new Default

Requires PTO rulemaking to require patent applicants and patent owners to regularly update ownership information when he is involved in a proceeding before the Office, including designation of the “ultimate parent entity(ies)” of those owners. (4106, col 1).

Reply: Perhaps relevant ownership information is important for appeal and supplementary proceedings in the PTO and in litigation – and imposing disclosure requirements for those situations might be justified.

During prosecution, however, requiring such detailed ownership information is not needed or justified.

V. The FR Notice indicates that the PTO will send out Notices if there is a failure to supply the req’d ownership information. It also indicates that the PTO will excuse good faith failures to notify the Office of the attributable owner or to provide correct or complete attributable owner info

Reply: What sort of proof of “good faith” will be req’d?????? Thus, clarification of what will be needed to assert “good faith” is needed.

VI. Already pending applications would be hit with this new requirement when the issue fee is due.

Reply: This will be a totally unforeseen and unexpected requirement for many patent practitioners! As a new requirement, it will trigger a compliance requirement that could be a problem for practitioners.

It would also be req’d when the next MFEE payment is paid. Again, this would be a new unforeseen requirement.

As many such issue fee and maintenance fee payments are made at the last minute – I can see where problems for practitioners would arise.