



January 20, 2012

*Via electronic mail (saurabh.vishnubhakat@uspto.gov)*

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Re: Eliciting More Complete Patent Assignment Information

Dear Saurabh Vishnubhakat:

I am submitting these comments on behalf of the Intellectual Property & Standards organization within Koninklijke Philips Electronics N.V. (“Philips”) in response to the “Request for Comments on Eliciting More Complete Patent Assignment Information,” 76 Fed. Reg. 72372-72374 (Nov. 23, 2011) (“the Request”), from the United States Patent and Trademark Office (“the Office”).

## **I. General Comments**

Philips generally supports the idea of improving publicly-available information concerning patent ownership and chain-of-title. There is a public benefit when market participants can confidently rely on the Office’s assignment records to be accurate and current. Accurate ownership information is useful to assess the risk from a particular patent or family of patents. For example, when a company asserts patents against Philips, understanding the genealogy of the asserted patents is important in developing responsive strategies.

An accurate understanding of the patent landscape, including the owner of various rights, often informs and drives investment in both research-and-development and product-development efforts. Similarly, improved ownership information also facilitates better investigation and factual diligence for potential owners seeking to acquire patent assets or other companies. Improved assignment records might lead to improved examination of patent applications by, for example, providing examiners additional information that might negate the propriety of a rejection that would, in turn, be obviated by proof of common ownership under the current statutory framework of 35 U.S.C. § 102(f)/103(c) or under 35 U.S.C. § 102(b)(2)(C) & 102(c) as implemented in the Leahy-Smith America Invents Act (“AIA”). In doing so, the Office may reduce at least one round of back-and-forth between the Office and applicants, thereby shortening the overall pendency of such applications. *See* 35



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U.S.C. § 2(b)(2)(C) (“The Office may establish regulations, not inconsistent with law, which shall facilitate and expedite the processing of patent applications...”).

Under the AIA, 35 U.S.C. § 118 was modified (effective September 16, 2012) to permit a “person to whom the inventor has assigned or is under an obligation to assign [to] make an application for a patent,” similar to the procedure in other patent offices throughout the world. Philips expects companies to avail themselves of the amended § 118 in applying for patents, and believes rule changes designed to promote recording ownership documents complements the new statutory language.

In addition to improvements in the reliability of reported assignment information, Philips would also like to see improvements in the searchability and display of the Office’s assignment records and information. We understand that the quality of search results directly depends on the quality of the underlying data which, in turn, relies on patent practitioners to be diligent in entering information about assignors and assignees. Room for improvement in usability exists, however.

Presently, search results are returned as multi-page hits, sorted according to the assignee/assignor’s name. Finding a desired record or evaluating the scope of a particular company’s recorded assignments is difficult when, for example, the company name stored in the Office’s assignment records for an assignee differs by the corporate identifier. A search for “Philips” is likely to return records for “Philips Electronics North America Corporation” many pages removed from records for “Koninklijke Philips Electronics N.V.,” even though the assignments might be related or might pertain to related entities.

The current system lacks any indexing or guidewords that allow searchers to intelligently navigate from one page of the search results to any other. Intelligent searching and display technologies exist that can overcome minor distinctions in the entered data that lead to otherwise-related records appearing on separate pages, and improvements in navigation between assignment records and/or results pages would likely further improve the usability of the assignment records interface. A more robust online search service would likely improve the utility of assignment records and drive further public support and interest to improve the accuracy of the records.

## **II. Responses to Selected Requests for Comment**

The Request sought public input on eight numbered topic areas. 76 Fed. Reg. at 72373. Philips has addressed some of these topic areas, which are paraphrased below, cross-referenced to the numbering in the Request. If a topic area is not addressed by number, it is because Philips has no view one way or another on the proposed topic other than to generally support more accurate and reliable ownership information or because Philips’ comments inferentially address these topics (e.g., RFC 5, 7, and 8).



## 1. Should the USPTO require disclosure of assignee information?

Topic Nos. 1-4 ask whether the Office should require disclosure of assignee information.<sup>1</sup>

Philips believes the Office should, to the extent feasible, require applicants to disclose information about the owner or assignee of patent applications and patents. This would increase public faith in the Office's assignment records, leading to increased reliance on the accuracy of the records for market participants investigating patents.

As an incentive to prompt disclosure, Philips suggests the Office offer discounts for recording assignments. For example, the Office could (a) waive or (b) discount the \$40 recordation fee under 37 C.F.R. § 1.21(h) to, for example, \$20 for assignments that are submitted for recordation within 30 days of filing an original or national-stage application or within 30 days of execution, as an inducement to record. Moreover, the Office could offer a discount on filing fees under 37 C.F.R. 1.16, issue fees under 37 C.F.R. § 1.18, or maintenance fees under 37 C.F.R. § 1.20 to promote disclosure and recordation. As a consequence of failing to promptly disclose, the Office could charge the full fee, without application of discounts.

Alternatively, if the Office opted to more forcefully mandate applicants to record ownership information, Philips suggests the Office associate the fees for recordation according to the status of prosecution, in a staggered manner. This would be similar to the approach for fees associated with filing Information Disclosure Statements throughout prosecution. For example, the Office could charge a standard recordation fee (or waive the fee altogether) for assignments recorded before the application is published (or, e.g., sixteen months from the priority date, to allow processing time for including the ownership information with publication). The Office could charge a higher fee for assignments recorded after publication but before a Notice of Allowance. For assignments recorded after the Notice of Allowance but prior to issuance, the Office could charge either the pre-Notice of Allowance fee if the recordation was accompanied by a certification that the assignment was recently executed, e.g., within 30 days of recording, or a larger fee if the assignment is recorded without such a certification. Obviously, a staggered regime such as the one suggested above affords the Office flexibility in determining the appropriate fees and time limits as well as additional "penalties" for failure to timely record. A potential disadvantage of the more forceful approach is that applicants and owners may decide to not record assignments, if the fee or "penalty" exceeds the perceived benefit.

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<sup>1</sup> For example, "[i]s there any reason that the mandatory disclosure of any assignee or assignees should not take place at the time of application filing?" (RFC 1). Further, "[w]ould it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee... [at the time of allowance (RFC 2)]; [during prosecution of the application (RFC 3)]; or [after issue of the patent (RFC 4)]?"



**2. If so, what events throughout prosecution should trigger disclosure of assignee information?**

Assuming the Office should require disclosure of assignee information, the next question is “when?” or “what event?” should trigger mandatory disclosure.

**a. At the time of filing (RFC 1)?**

The Request asked “[i]s there any reason that the mandatory disclosure of any assignee...should not take place at the time of application filing?” In general, Philips supports early and accurate reporting of assignments and ownership changes.

Often, the initial assignment from an inventor to an assignee company occurs by operation of the inventor’s employment agreement with the company. Many companies, as a matter of best practices, require inventors to execute a separate assignment document that transfers to the company the patent application or patent, identified by number. Most companies record this separate assignment document, rather than an inventor’s employment agreement, with the Office. Companies may continue this practice under 35 U.S.C. § 118, as amended in the AIA, to support the assignee filing an application in its own name, rather than that of the inventor.

This delay between application filing and execution of the assignment exposes a potential drawback of requiring assignee information at the time of filing. Often, an inventor does not execute the separate assignment document until after the application has been filed, in part due to the time it takes the Office to officially assign the Application No. to the application and/or mail the filing receipt.<sup>2</sup> The Application No. is memorialized in the assignment document. If the identification of the assignee or its ownership of the patent is challenged or if the inventor failed to execute the separate assignment, the information in the Office’s application records would not match the information in the assignment records. An assignee’s principal proof of ownership would be based on an unrecorded employment agreement, which could cause discrepancies in Office processing or to parties investigating patent or application ownership. These discrepancies might cause users to lack confidence in the information, thereby frustrating, rather than promoting, the purpose of early disclosure of ownership information.

Nonetheless, Philips supports the practice of identifying the assignee on an Application Data Sheet submitted with the initial filing, regardless of whether the formal assignment document has been executed. Perhaps the Application Data Sheet can be updated to indicate, in addition to the assignee, whether the application is presently subject to a written assignment document or, instead, an obligation to assign of the type set forth in, e.g., an employment or consulting-type agreement. The Application Data Sheet for a particular application can be supplemented if circumstances of ownership change (i.e., if the obligation to assign is fulfilled via an

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<sup>2</sup> While the confirmation screen appearing when applications initially filed using the Electronic Filing System (“EFS”) identifies the Application No. assigned to the filing, it is believed that the practice of many attorneys is to await receipt of the official Office filing receipt before preparing assignment documentation.



executed assignment document). If the Office opts for a “forceful” approach and implements a “staggered” fee approach as discussed above, the Office could send a “Need to Record Assignment” notification, after filing or prior to publication, affording the applicant an opportunity to avail itself of the less-expensive pre-publication recordation fee, as discussed above.

**b. At the time of allowance (RFC 2)?**

While Philips’ preference is for recordation of ownership information at the earliest possible time and prior to the application’s publication, Philips supports the idea of the Office promoting and/or requiring disclosure of assignees at the time of allowance.<sup>3</sup> Because the issued patent represents an assignee’s enforceable right, accurate ownership information appearing on the patent document promotes easier searchability for owners using full-text patent searches. In this way, interested parties can search for ownership information in the patent text directly, in addition to using the Office’s assignment database.

**c. During prosecution (RFC 3); prior to publication?**

Philips generally supports the idea of the Office promoting and/or requiring disclosure of updates to ownership information during prosecution of patents, preferably prior to publication. As with disclosure of the owner immediately prior to or at the time of issuance, disclosure of the patent publication owner at the time of publication improves and promotes full-text searchability by owner prior to issuance, at which point a future patentee may have provisional rights under 35 U.S.C. § 122.

**d. After issuance? At the time of maintenance fee payments (RFC 4)?**

Philips generally supports the idea of the Office promoting and/or requiring disclosure at the time of maintenance fee payments. However, the benefits for full-text searchability when assignee information accompanies issued patents or published applications does not result from updated disclosure at the time of maintenance fee payment. Perhaps the Office could add a field to Public PAIR (the “Patent Application Information Retrieval” system) for “current owner,” like that used in on the trademark side of the Office via the Trademark Electronic Search System (“TESS”). This new field could be associated with either the maintenance fee records, assignment records, or both, as an accuracy check.

Nonetheless, the timing of periodic maintenance fee payments provides useful checkpoints at which patent owners can assess whether the Office’s assignment records are up-to-date and, if out-of-date, provide updated ownership information in exchange for discounts on maintenance fees. The Office might consider some type of ownership certification by the applicant or its representative at the time maintenance

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<sup>3</sup> One way to require applicants to submit recordation information might be to require proof of ownership from the applicant before the application publishes or issues in the name of the non-inventor applicant by, for example, requiring the applicant to submit the Reel/Frame Nos. of the assignment and a copy of the filed document. Presently, applicants can optionally identify the assignee in the Application Data Sheet or Form PTOL-85 submitted with the issue fee. The Office relies on applicants and practitioners duty of candor in submitting these papers, rather than requiring ownership proof.



fees are paid. The certification can be independent of the payment of the maintenance fees, which may be paid by a third-party bulk filer, as set out in the Request.

**e. When small entity status changes (RFC 6)**

Philips generally supports the Office requiring an explanation for changes to small entity status under 37 C.F.R. § 1.27 in the form of updated patent ownership information; though, the Office does not currently require proof of small entity status.

**III. Conclusion**

Philips generally supports the Office's effort to improve the completeness and reliability of ownership and assignment records using discounts as an incentive.

Sincerely,

Michael E. Marion  
Vice President, Head of IP&S – U.S.

