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**THE PHILADELPHIA INTELLECTUAL PROPERTY  
LAW ASSOCIATION  
  
PHILADELPHIA, PA**

February 16, 2005

Mail Stop Comments - Patents  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

RE: Comments on Changes to Implement the Cooperative Research and  
Technology Enhancement Act of 2004,  
70 Fed. Reg. 1818 (January 11, 2005),  
[Docket No.: 2004-P-034], RIN 0651-AB76

Dear Sirs:

The Board of Governors of the Philadelphia Intellectual Property Law Association ("BG-PIPLA") is providing the following comments on the revisions to the United States Patent and Trademark Office ("PTO") rules of practice in patent cases to implement the Cooperative Research and Technology Enhancement Act of 2004, Pub. L. 108-453, 118 Stat. 3596 (2004) as published at 70 Fed. Reg. 1818 (January 11, 2005) (hereinafter "the Interim Rule").

The Philadelphia Intellectual Property Law Association ("PIPLA") is a voluntary membership nonprofit organization. Active members are lawyers practicing (prosecuting, litigating, etc.) patent, trademark, or copyright law; registered patent attorneys; and registered patent agents, living in or practicing within the geographical area of the Association, comprising the Third Judicial Circuit (i.e., Pennsylvania, Delaware, New Jersey, and the Virgin Islands). A standing committee of PIPLA is the Patent and Trademark Office Coordinating Committee ("PTO-CC").

On February 15, 2005, a majority of the BG-PIPLA approved the following statement of position concerning the Interim Rule. The statement was prepared through the contributions of Gerry J. Elman, chair of the PTO-CC, and members of a PTO-CC task force comprising Wendy A. Choi, Margaret M. Buck, and Gary D. Colby. The positions stated herein represent those adopted by the BG-PIPLA.

**I.**

The Interim Rule includes a mandate evidently not intended by Congress by requiring, *inter alia*, that all parties to a joint research agreement for which the benefits of the CREATE Act are sought must waive the right to *separately enforce and license* the patents. We believe that this may overstep the authority granted to the PTO by Congress and, even if within the bounds of that authority, is not consistent with congressional intent.

**A.** The PTO has statutory authority to grant and issue patents and to establish regulations to govern proceedings in the PTO. 35 U.S.C. § 2. However, neither the CREATE Act nor any other provision of U.S. patent law grants the PTO authority to regulate the contractual relations among patentees and licensees.

In a situation in which a single party may be entitled to multiple patents for patentably indistinct subject matter (e.g., stemming from commonly-owned patent applications naming different inventors), the rule has for some time been that the PTO will not consider the work of collaborating researchers of the owner to be work “by another” for patentability purposes - so long as a terminal disclaimer is filed to cement the commonality of ownership. The obligation of common ownership follows logically from the patentability requirement for commonality of the owner's research effort under 35 U.S.C. § 103(c)(1). The obligation likewise advances the policy that a party wishing to obtain the right to practice patented technology should not be subject to threats of an infringement suit by different owners of patentably indistinct technology.

The CREATE Act creates an additional type of “common ownership” that is sufficient to overcome a double-patenting rejection over a patent that renders the claimed subject matter obvious. This type of common ownership envisions ownership of separate patents by different parties, so long as those parties are related by a joint research agreement that meets certain requirements. The patentability requirement that an invention not be obvious over one made “by another” is therefore satisfied by occurrence of the common ownership set forth in the CREATE Act. Patentability does not require any restriction on licensing, so the PTO's interim limitation on the right of parties to separately license patents that take advantage of the CREATE Act's provisions is not necessary to implement the patent statutes enacted by Congress.

The CREATE Act does not include any provision that authorizes the PTO to regulate licensing of patents. No other provision of U.S. patent law (with the possible exception of 35 U.S.C. §§ 200-212, which are not relevant to implementing the CREATE Act) appears to authorize the PTO to place restrictions on the licensing behavior of patentees. It therefore appears to us that the PTO does not have authority to regulate the ability of owners of separate patents related by a terminal disclaimer under 35 U.S.C. § 103(c)(2) to separately license. BG-PIPLA recommends that the PTO remove from Section 1.321(d)(4) the requirement that the owner of the rejected application or patent and the owner of the disqualified patent or application each waive the right to separately license the properties.

**B.** Even if the PTO had the authority to regulate the licensing behavior of parties that take advantage of the benefits of the CREATE Act, we believe such regulation is unnecessary and not consistent with congressional intent. The legislative history of the CREATE Act shows that Congress intended the requirements under the former law with respect to obviousness-type double patenting of common assignees to apply in the same fashion to the patents made possible by the Create Act:

Congress intends that parties who seek to benefit from this Act to [sic] waive the right to enforce any patent separately from any earlier patent that would otherwise have formed the basis for an obviousness-type double patenting rejection.

Further, Congress intends that parties with an interest in a patent that is granted solely on the basis of the amendments made pursuant to this Act to [sic] waive requirements for multiple licenses. In other words, the requirements under current law for parties to terminally disclaim interests in patents that would otherwise be invalid on “obviousness-type” double patenting grounds are to apply, *mutatis mutandis*, to the patents that may be issued in circumstances made possible by this Act.

See H.R. Rep. No. 108-425, at 6.

In double patenting situations involving common assignees, the assignee has always been permitted to license, even exclusively, to different parties and was only forbidden from outright assigning the patents to two different entities. The public policy behind this judicially created doctrine is premised on preventing harassment by multiple assignees. For over 40 years, there has been no outcry or problem caused by this policy.

According to the CREATE Act, two parties may now be separate owners of patentably indistinct patents. The policy of preventing harassment of a party wishing to practice technology within the scope of each of the separately owned patents can be achieved by simply requiring that any party who takes advantage of the CREATE Act’s provisions by filing a terminal disclaimer over a non-commonly owned patent must record the terminal disclaimer (or some other paper that lists both properties related by the terminal disclaimer) in the assignment records of the PTO. All parties wishing to license one of the properties would thereby be notified of the other.

By contrast, restrictions on separate licensing of patents related by a terminal disclaimer under 35 U.S.C. § 103(c)(2) could inhibit licensing of separate aspects of a jointly developed technology (e.g., methods of making a compound and methods of using a compound). These added restrictions, cloaked in the language of terminal disclaimer, are in reality limits on contract law. Such restrictions seem to us to be perversely contrary to congressional intention - to promote the progress of science and useful arts by facilitating joint research and development - in that they tend to restrict implementation of technologies jointly developed.

We believe that restrictions on licensing of patents related by a terminal disclaimer under 35 U.S.C. § 103(c)(2) are beyond the PTO’s statutory authority to enact and unwise even if not beyond that authority.

## II.

The new double patenting rule creates a double patenting ground for rejection where there are patents of different owners, if there is even a secret agreement amongst owners that can be construed as covering research under the definition of the CREATE Act. The double patenting rule applies even if neither party seeks to invoke the benefits of the CREATE Act and even if neither party makes the existence of the agreement known to the PTO.

Patent applicants, their representatives, and other individuals substantively involved in prosecution of a patent application all have an obligation to disclose to the PTO information that may be material to patentability. Failure to comply with that obligation can, under certain circumstances, render an issued patent unenforceable. We believe that the PTO has inadvertently expanded the universe of information that may be subject to this obligation in ways that will not be appreciated by these individuals and which may consequently lead to a great deal of unwarranted litigation regarding the enforceability of patents issued so long as this portion of the Interim Rule remains in effect.

Section 1.109(b) of the Interim Rule creates a class of potential prior art - namely, patents of a party to a joint research agreement with a patent applicant (or an owner of a patent under reexamination) that claim technology that is “*made as a result of activities undertaken within the scope of the joint research agreement.*” This class of prior art is not defined in 35 U.S.C. § 102, and to the extent it is a non-statutory creation of the PTO, it is not prior art. Furthermore, the metes and bounds of the class of information defined in Section 1.109(b) of the Act are difficult, if not impossible, to define. We are concerned that one making a good-faith effort to comply with the duty of disclosure would not be able to tell what information is, and is not, within the class of information defined in the section.

We submit that the onerous double patenting regime and the expanded duty of disclosure are unintended results of the CREATE Act. We urge you to correct these results that serve as a disincentive to innovation by removing Section 1.109 of the Interim Rule and continuing to implement the judicially created obviousness-type double patenting requirement from the case law, which has been done to date.

### III.

Section 1.71(g) of the Interim Rule requires that the specification be amended to disclose the names of parties to a joint research agreement for which the benefits of the CREATE Act are sought.

The Interim Rule further requires that the date of the agreement and a statement of the field of the claimed invention also be either disclosed in the specification or disclosed in a recorded document referenced in the specification. This information appears to us to be unnecessary. All patent applicants, practitioners, and other involved parties owe a duty of candor and good faith to the PTO. Invocation of 35 U.S.C. § 103(c)(2) implements this duty as fully as any other representation made to the PTO. In view of the impracticality of PTO verification of this information, the duty that the information provided be accurate, and the consequences of failure to comply with that duty (i.e., potential unenforceability), the requirement for this information seems unnecessary and therefore unduly burdensome on applicants.

The PTO may wish to consider requiring recordation of a notice that a terminal disclaimer has been filed that takes advantage of 35 U.S.C. § 103(c)(2), the notice referencing both the application/patent in which the disclaimer is filed and the application(s)/patent(s) referred to in the disclaimer. The advantage of such a notice is that a member of the public will learn of the

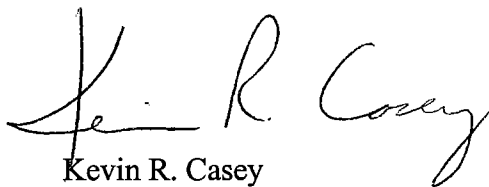
existence of the terminal disclaimer (and of rights or limitations pertaining to it) by performing a search of either the disclaiming patent/application or the disclaimed patent/application. Under the requirements imposed by the Interim Rule, there appears to be no record associated with a patent which indicates that the patent is referenced in a terminal disclaimer filed in connection with another patent/application pursuant to 35 U.S.C. § 103(c)(2). Requiring such recordation could promote the policy of helping parties understand that technology may be subject to patent rights held by different owners and helping such parties to avoid harassment by such owners.

IV.

In conclusion, the BG-PIPLA respectfully recommends amendment of the Interim Rule to reflect the comments in this letter. We believe that if the Interim Rule were so amended, it would more nearly comply with the intent of Congress in enacting the CREATE Act.

Respectfully submitted,

For the Board of Governors,  
Philadelphia Intellectual Property Law Association

A handwritten signature in cursive script, appearing to read "Kevin R. Casey".

Kevin R. Casey  
Secretary

KRC:lk