

AAU Association of American Universities
COGR Council on Governmental Relations

February 10, 2005

Box Comments – Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450
Attention: Robert A. Clarke

Re: Comments on Interim Rule to Implement the Cooperative Research and
Technology Enhancement Act of 2004 [Docket No.: 2004-P-034]

Dear Mr. Clarke:

This comment is in reply to the Federal Register notice of January 11, 2005 at Vol. 70, No. 7, page 1818, “Changes to Implement the Cooperative Research and Technology Enhancement Act of 2004,” 37 CFR Parts 1 and 3. The Association of American Universities (AAU) and Council on Government Relations (COGR) would like to thank the U.S. Patent and Trademark Office (the Office) for its diligence in promptly implementing the Cooperative Research and Technology Act of 2004 (Act) through these interim regulations. The university community has great interest in enhancing collaborative research efforts and looks forward to use of the Act’s new safe harbor created by the Congress in overruling *Oddzon Products, Inc. v. Just Toys, Inc., et al.*, 122 F.3d 1396, 43 U.S.P.Q.2d 1641 (Fed. Cir. 1997).

AAU’s and COGR’s first comment is to revise § 1.171(g)(1)(i) to reflect the fact that in some instances, the joint research agreement may become effective for purposes of 35 U.S.C. 103(c)(2)(A) at a date other than the date of execution of the agreement. Accordingly, we recommend that this section be modified to read: (i) The date the joint research was executed, or the date the research was executed and the effective date of the joint research agreement if these dates are different.

AAU’s and COGR’s next set of comments relate to § 1.321(d)(4), page 1824, where the interim regulation provides that the terminal disclaimer intended by the Act must:

- (4) Include a provision that the owner of the rejected application or patent and the owner of the disqualified patent or application each:
 - (i) Waive the right to separately enforce and the right to separately license the rejected application or patent and the disqualified patent or application;
 - (ii) Agree that the rejected application or patent and the disqualified patent or application shall be enforceable only for and during such period that the rejected patent or application and the disqualified patent or application are not separately enforced and are not separately licensed; and

(iii) Agree that such waiver and agreement shall be binding upon the owner of the rejected application or patent, its successors, or assigns, and the owner of the disqualified patent or application, its successors, or assigns.

The legislative history of the Act indicates that Congress intends a patent that claims the benefit of 35 U.S.C. 103(c)(2) to "be enforceable in the same manner, to the same extent, and for the same term as when the patent is issued to a common owner or subject to common assignment." HR 108-425, at 6. When the Office rejects an application for an obviousness-type double patenting in light of a commonly owned senior patent, the owner must limit the term of the junior application to the same term as the senior patent (a "§ 103(c)(1) terminal disclaimer"). 37 C.F.R. §§ 1.130, 1.321(c). In addition, courts generally do not permit the common owner to enforce the junior and senior patents serially against *the same party for the same act of infringement*. The terminal disclaimer the Office proposes in the context of § 103(c)(2) goes far beyond these limitations.

First, the new regulations require that the rejected patent and the disqualified patent must always be asserted together. Neither the Office nor the courts place any such limitation on a § 103(c)(1) terminal disclaimer. Indeed, a number of different fact scenarios make it impractical and unfair to require that both the rejected patent and the disqualified patent always be asserted together. For example, only one of the two patents may have claims covering the infringing product or service. Additionally, one of the owners of the two patents may consider its patent invalid or unenforceable. In this context, it would be improper to require that both patents be asserted. The fact that one patent is not infringed or is invalid should not prevent the owner of the other patent from asserting it.

Second, the proposed regulations prevent serial enforcement of the rejected patent and the disqualified patent against the same party even if different conduct is at issue. This problem is best illustrated with an example. As discussed above, if at time 1 the third party infringes the disqualified patent but not the rejected patent, the owner of the disqualified patent should be able to bring an infringement suit without the rejected patent. If at time 2 the same third party engages in *different* conduct that infringes the rejected patent, there should be no barrier to the owner of the rejected patent bringing suit. In the context of a § 103(c)(1) terminal disclaimer, the law allows the common owner to enforce the patents serially against the same party as long as the suits are directed at *different* conduct. The same rule should apply in the context of a § 103(c)(2) terminal disclaimer.

Third, the proposed regulations prevent the owners of the rejected patent and the disqualified patent from ever licensing them separately. This creates serious practical problems because a third party may not desire a license to both patents. It also creates potential antitrust issues because the Office is requiring owners of the rejected and disqualified patents to tie them together for licensing purposes. The legislative history makes clear that Congress was only concerned that the owner of the rejected patent "waive *requirements* for multiple licenses." HR 108-425, at 6 (emphasis added). Congress wanted to make sure that the rejected patent owner and the disqualified patent owner offer to license the patents jointly. There is no suggestion that it intended to prevent licensees from choosing to take a license to only one patent.

Fourth, the Office proposes to make the penalty for not observing the serial enforcement and licensing prohibitions intended by Congress the complete unenforceability of both the rejected patent and the disqualified patent. This means that the disqualified patent owner can ensure the unenforceability of the rejected patent by simply not cooperating in licensing and litigation with the owner of the rejected patent, and vice versa. Not only is this impractical and unfair, there is nothing in the legislative history of the CREATE Act suggesting that Congress intended this outcome.

“The CREATE Act provides a simple means of *extending the ‘safe harbor’ provisions of the current law* that treats inventions of a common owner similarly to inventions made by a single person. . . . By enacting this legislation, Congress intends to extend this exemption to ‘joint research agreement’ inventors, who may represent more than one organization, *again subject to the same double patenting principles.*” HR Report, 108-425 at 5-6 (emphasis added). Overly restrictive implementation now would frustrate the purpose of the Act to encourage collaborative research just as overly restrictive practices in the single owner situation would have frustrated the Congressional intent in creating the current single-owner safe harbor in 1984.

The Office can take account of the foregoing considerations by adopting the following revisions to § 1.321(d)(4), page 1824:

- (4) Include a provision that the owner of the rejected application or patent and the owner of the disqualified patent or application each:
 - (i) Waive the right to separately enforce ~~and the right to separately license~~ the rejected application or patent and the disqualified patent or application serially with respect to the same party involving the same conduct;
 - (ii) Waive the right to require separate license agreements for the rejected application or patent and the disqualified application or patent; and
 - (iii) Agree that the rejected application or patent and the disqualified patent or application shall be enforceable against a party only for and during such period that the rejected patent or application and the disqualified patent or application are not serially enforced against the same conduct of that party ~~are not separately enforced~~ and that party is not required to execute separate license agreements for the patents ~~are not separately licensed by that party.~~

This proposed version of the regulation puts the public in exactly the same position that it would be in if the rejected patent and the disqualified patent had a common owner, which is the expressed intent of Congress when it promulgated the Act. The public can never be sued serially for the same infringing act, and the public need not negotiate separate licensing terms for both the rejected and disqualified patent.

AAU’s and COGR’s final comment concerns the requirement at § 1.77(b)(4) that “The names of the parties to a joint research agreement” be included in the patent application. Requiring disclosure of the names of all parties to a multiple-party joint research agreement can be a significant disincentive to utilization of the Act since the parties wishing to take advantage of the Act would have to obtain the permission of one or more parties who do not own either the disqualified patent or the rejected patent. A non-benefiting party may be sensitive to its name

being connected to a research topic because the association may telegraph new product development plans or because of some other reason. This concern would occur only in a cooperative research agreement of three or more parties, but again it represents a possible veto on the use of the Act by a party not wishing its name to be used and possibly with no interest in the patent rights at issue. The Act requires the assent of owners of the patent rights subject to the Act, but beyond the terms arranged by those two benefiting parties there appears no policy reason and some likelihood for frustration of the purposes of the Act to condition utilization of the Act on requiring a use-of-name assent of non-benefiting parties in the patent process.

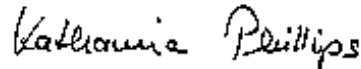
Accordingly, we suggest that § 1.77(b)(4) be amended by adding at the end: “The names of the parties to a joint research agreement, who are owners of the patent rights affected by application of 35 U.S.C. 103(c)(2).”

AAU and COGR once again wish to express our appreciation to the Office for its prompt and thoughtful implementation of the Act.

Cordially,



Nils Hasselmo
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Katharina Phillips
President
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