



*INTELLECTUAL PROPERTY LAW
ASSOCIATION OF CHICAGO*

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VIA EMAIL & FIRST CLASS MAIL
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Attn: Saurabh Vishnubhakat
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Re: Comments on Eliciting More Complete Patent Assignment Information

Dear Attorney Advisor Vishnubhakat:

I am the President of the Intellectual Property Law Association of Chicago (IPLAC), one of the largest intellectual property law associations in the United States. Established in 1884, IPLAC is the nation's oldest bar association focused on patent law. The Association's founding members declared their original purpose to include "aiding reforms in the administration of the Patent Office," and "discussing such other matters hereafter to arise as may be of common interest . . ." Today, one such common interest is the maintenance and development of the patent system.

The purpose of this submission is to provide IPLAC's comments on the points raised in the "Request for Comments on Eliciting More Complete Patent Assignment Information," 76 F.R. 72372-74, Nov. 23, 2011 ("the Notice"). These comments were drafted by our U.S. Patents Committee, taking into consideration both the views of those who prosecute patent applications and those who litigate issues related to issued patents, and reviewed and approved by the IPLAC Board of Managers – its governing board. This submission is being filed on or before the deadline of January 23, 2012.

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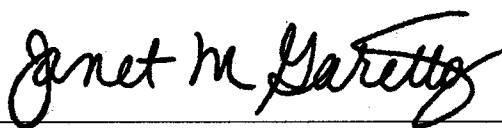
Immediate Past President

The Office is respectfully requested to give consideration to the attached comments prepared by the Intellectual Property Law Association of Chicago.

Sincerely,

Intellectual Property Law Association of Chicago

By:

A handwritten signature in black ink that reads "Janet M. Garetto". The signature is written in a cursive style with a horizontal line underneath it.

Ms. Janet M. Garetto
IPLAC President, 2011-12

Attachment (4 pages)

1. Is there any reason that the mandatory disclosure of any assignee or assignees should not take place at the time of application filing?

Comment: First, use of the word mandatory implies that this is a required action and that there would therefore be consequences for failure to provide assignee information. We are of the opinion that there should not be any consequences for such failure.

In addition, at the time of filing, rather than at the time of completion of filing requirements, there may be questions as to the ownership of an invention or application, for example when there are joint inventors that may be under different obligations or no obligation to assign an invention/application. There may also be instances where there is a future agreement to assign but no assignment (a *Stanford*-like situation), or instances where there are legal questions as to the ownership of an application.

Requiring assignment information prior to filing may also delay the filing of an application. Again, where the ownership may be in question or some administrative matter may not allow for the identification of one or more assignees, such a requirement may delay filing. Given the upcoming adoption of the first to file rule, such a delay in filing could compromise a client's rights.

Alternatively, if the language setting forth the requirement was stated as "*to the best of the applicant's or representative's knowledge at the time of filing*", that may alleviate some of these concerns. Nevertheless, the requirement should still remain discretionary.

2. Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee at the time of allowance, e.g. in response to the Notice of Allowance? Are there limitations on the USPTO's rights and powers to require the reporting of such information?

Comment: It would be in the public interest to obtain from the applicants updated identification of the assignee at the time of allowance. Again, while this may be a best practice, it should not be mandatory, nor should there be any consequences associated with not providing the information. In the present issue fee documents (part B), there is a space for the inclusion of assignee information. The PTO, however, does not check to see whether there is an assignment recorded against the application. As such, the information, which is printed on the face of the patent, is only information as provided by the applicant with the filed issue fee documents

3. Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee during prosecution of the application? Are there limitations on the USPTO's rights and powers to require the reporting of such information? Should the USPTO consider requiring the identification of assignment changes after filing date for inclusion on the patent application publication (PGPub)? At what time should changes be

recorded relative to the assignment, and what are the appropriate consequences of non-compliance?

Comment: At the present time, the real party in interest, i.e. assignee, need only be provided to the USPTO upon the filing of an Appeal Brief before the Board of Appeals. The only consequence for not supplying this information at the time of filing an Appeal Brief is that the Appeal Brief is rejected based upon improper form. Beyond that, it would also be in the interest of the public for the USPTO to obtain from applicants information that was updated during the prosecution of the application. Nevertheless, as with comments 1 and 2, above, while this would be a best practice, it should not be mandatory nor should there be any consequences associated with not updating this information.

Mandatory updates of assignee information would certainly raise a number of related questions. For example: 1) would the assignee update information require a certification or some other statement every time that a substantive or non-substantive paper is filed with the PTO? If so, this could create an extreme burden on applicants, applicant's representatives and/or the PTO; 2) if updated information is provided in a response, would the burden then fall on the PTO Examiner to assure that the update information is forwarded to an appropriate organization within the PTO to update or record any such information; 3) at what points during prosecution would updated information be required, and again; 4) what consequences would there be for failure to provide update information? These questions would all need to be addressed by the USPTO before implementing mandatory updating of assignee information.

4. Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee after issue of the patent? Are there limitations on the USPTO's rights and powers to require the reporting of such information? At what time should such identification be made to the Office relative to a change? Should the USPTO consider requiring the identification of assignment changes during the maintenance period of the patent right, i.e., after grant, but prior to patent expiration? What are the appropriate consequences of non-compliance?

Comment: See 1-3 above. There is less of a need for the PTO to update information once a patent issues, other than to assure that maintenance fees reminders and receipts are sent to the correct party. Requiring a party to update assignment information may also remind a party to re-evaluate their small entity status. In any event, if an erroneous payment of maintenance occurs, i.e. paying at small entity rate when the patent owner is not entitled, it could adversely affect the enforceability of the patent. See *DH Technologies, Inc. v. Synergystex Intern., Inc.*, 154 F.3d 1333 (Fed. Cir. 1998). If a patent owner is permitted to later correct improperly paid maintenance fees, then perhaps a surcharge could be added to the differential in fees to incentivize proper payment.

5. To accomplish adequate and timely recording are changes to Agency regulations necessary? What are the most effective and appropriate means for the USPTO to provide the public with a timely and accurate record of the assignment of patent rights and the assignee?

Comment: The PTO should provide access to electronic copies of the entirety of assignments and other documents recorded against an application or patent, on-line through PAIR or PTAS. This would greatly facilitate title searches, diligence and other searches for documents affecting title. For documents that are filed in paper (as opposed to electronically) the PTO should complete the recordation process in a period of time shorter than that presently encountered. The PTO should establish a target of 8-10 weeks to complete the recordation process once a request to record an Assignment or other document is received by the PTO.

6. Would it help the USPTO's goal of collecting more updated assignment information if 37 CFR 1,27(g)(2) were amended to require identification of any new ownership rights that caused the application or issued patent to lose entitlement to small entity status?

Comment: No. The language change from assignments to ownership interests presumes that documents other than assignments are contemplated by this provision. Although documents such as security interests, liens and other collateral obligations should be recorded (to protect the interest holder) documents such as licenses may affect entitlement to small entity status, and licenses should not be required to be recorded and thus publicly available. If the PTO's concern is to assure that maintenance fees are paid at the correct rate - and we assume that the concern is that loss of entitlement to small entity status must be identified - then a certification to that effect should be required.

Another potential issue then arises with respect to the recordation of collateral obligations other than assignments, for example, employment agreements. Would a third party have the ability to record an ownership interest without the approval or authority of the patent or application owner? This could result in numerous irrelevant and contradictory documents being recorded against a patent or application by third parties. In at least one situation, it is absolutely necessary to allow third parties to record ownership interests in the USPTO. For example, when a purchaser purchases a patent portfolio in a bankruptcy sale the change in ownership needs to be recorded. Since there is no transfer from the patent owner, the purchaser of the patent portfolio needs to record his ownership interests in the USPTO. The USPTO needs to create rules for this situation since the assignor is really the bankruptcy estate and the patent portfolio is transferred to the purchaser by court order from the bankruptcy judge.

7. Given the passage of the America Invents Act, is it proper for the Office to provide for financial incentives for disclosure of assignment information by way of discounts in fee payments? For example, would it be more likely for patentees to update assignment information and record assignment documents on in-force patents if a maintenance-fee

discount were available in return? What are the appropriate consequences for failure to provide accurate information when accepting such a discount?

Comment: While financial incentives may provide motivation for patent owners to provide updated ownership information, it is impractical in many respects. First, many companies and law firms use outside services to pay maintenance fees. If the burden is on the party paying the fee, then the burden will fall on these outside services. In the alternative, these services may not have the ability to provide updated information, in which case, there may then be multiple filings for each maintenance fee (one for payment and one to provide the update information). For those patent owners that use a third party for payments, would the proposed reduced fee be in the form of a refund or rebate, and if so, would the refund or rebate be paid to the service or to the patent owner of record? The mechanics of the proposed monetary incentive fee discount may be too complex to properly permit rebates or refunds.

If errors are made in reporting updated information that is provided through a third party, would that error be imputed to the patent owner and if so, what if any consequences (assuming there are consequences) would apply.

8. In order to provide a more complete record for transactional purposes, what changes do you recommend that USPTO make in its requirements or incentives relating to the disclosure of assignment information during the patent application process and for issued in force patents?

Comment: See 1-7, above. Additionally, there should be some incentives provided for recording assignment information of continuation and divisional applications in situations where the assignment for the parent application covers the continuation and divisional applications. Although the assignments for the parent applications are normally recorded, these assignments which cover continuation and divisional applications are typically not recorded for the continuation and divisional applications. Given the fact that the assignments for the parent applications are not available on-line, assignee searches on the USPTO website are typically incomplete.

Beyond incentives for applicants, the PTO should link the assignment database to the PAIR database so that patent assignment information is automatically updated to include continuation applications and divisional applications that claim priority to the parent application against which an assignment has been recorded.