

As a patent practitioner, I am troubled by the burdens and delays that would flow from monitoring and reporting necessitated by the proposed rules, and the cost implications for client applicants resulting from time spent on these activities. The stated goals of the proposed rule are as follows: “(1) Ensure that a ‘power of attorney’ is current in each application or proceeding before the Office; (2) avoid potential conflicts of interest for Office personnel; (3) determine the scope of prior art under the common ownership exception under 35 U.S.C. 102(b)(2)(C) and uncover instances of double patenting; (4) verify that the party making a request for a post-issuance proceeding is a proper party for the proceeding; and (5) ensure that the information the Office provides to the public concerning published applications and issued patents is accurate and not misleading.” As further explained below, with respect to these justifications as applied to pending applications and maintenance fees (thus disregarding justification (4)), the proposed rules are in fact redundant or in conflict with existing rules, or would fail to meet the stated objective. I respectfully submit that the proposed rules are therefore unnecessary as applied outside of post-issuance actions before the US Patent and Trademark Office (the “Office”).

As stated in MPEP §402, with regard to 37 C.F.R. §1.34, a power of attorney is not required for registered practitioners acting in a representative capacity for most prosecution matters “for the purpose of facilitating replies on behalf of applicants in patent applications.” This makes a great deal of practical sense, as obtaining and updating a power of attorney is not always a simple process (such as when inventors are unresponsive). A power of attorney is already required to take some actions. Ensuring current power of attorney would be more directly addressed by expanding this list of actions. However, requiring an updated power of attorney for more actions than those currently required could result in unnecessary procedural bars to continued prosecution. Goal (1) is thus in conflict with the sensible approach presently taken to ensuring current power of attorney.

Conflict of interest requires a division of loyalty. Loyalty requires one to know the identity of a party in order to accord that party harsher or more favorable treatment. It is not clear from the notice how knowing the identity of an “ultimate parent entity” or other “attributable owner” would avoid conflict any better than not knowing such identity.

37 C.F.R. §1.56 already imposes “a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section.” Failure to comply with this requirement can lead to patent invalidity, and disciplinary sanction for practitioners.

Justification (3) seems to suggest that the new rules are required to uncover prior art that would be material, and thus already subject to the duty to disclose. Practitioners that act in compliance with the rules would thus have already supplied the documents sought. Unscrupulous practitioners that do not comply with the existing rules would be less likely to comply with the new one. Accordingly, the new rules are not likely to reveal any additional prior art, and are redundant in this regard.

The final stated justification applicable to patents and applications outside of post-issuance proceedings, that concerning accuracy of published applications, is simply not relevant to the proposed rules. There are no provisions in the proposed rules for publishing updated versions of patent publications or their cover pages in response to changes in “attributable owner” supplied by applicants. Without updates to the publications themselves, the public is placed in no better position with regard to the accuracy of ownership information than is afforded by the current Assignment Database. For the recited justification to be relevant, the Office would have to devote its already strained resources to serially updating thousands of patent publications, the vast majority of which will never be subject to the kind of “abuse” such updating is allegedly supposed to prevent. Surely the public would derive greater benefit from allocation of those resources to examining patent applications.

The Office suggests that reporting costs will be “negligible” because “patentees will often be reporting information readily known... at a time they are otherwise interacting with the Office.” Although a reasonable assumption regarding *most* cases, cases in which either or both of these assumptions are inaccurate will not be infrequent and could be costly. Updating records “during prosecution” is not likely to take “minimal time to report,” as compliance will require periodic reminders from patent practitioners to their clients over long periods preceding a first action on the merits. Additional practitioner time must then be spent on preparing reporting documents at a time when they are in fact not “otherwise interacting with the Office.” Monitoring is necessitated by the requirement that discovery of a change in “attributable owner” after the required reporting period be supported by a “showing of reason for the delay, error, or incompleteness.” However, there is no guidance on what would constitute a *sufficient* reason, or level of diligence required to satisfy “good faith compliance.” The burden of tracing changes at any among multiple nodes that may affect the “ultimate parent entity,” broadly defined as it is, will be substantial in some cases. Precisely what degree of monitoring of corporate restructuring

above a functionally independent, but nonetheless “controlled,” small entity will be necessary to later argue “good faith compliance”? Is a failure to communicate a change, either from a “controlling” organization to the patent applicant or from the patent applicant to its patent practitioner, sufficient reason to justify delay? Even if such basic justifications are accepted, petitioning late entry of the information must be accompanied by a fee. Just as the Office thereby implicitly recognizes its own costs associated with processing new submissions, costs will similarly be associated with preparing the “showing of reason.” When multiple applications are involved, preparing, reviewing, and filing documentation across a potentially large portfolio can be substantial in terms of attorney time. Moreover, such reporting detracts from time that could otherwise be spent in prosecuting those applications that are undergoing active examination (either by the same or other applicants served by a given practitioner).

In view of the foregoing, the proposed rules are either redundant with existing rules or would not meet their stated objectives, at least with respect to all proposed reporting periods other than upon request of post-issuance proceedings. Accordingly, the proposed rules are not “necessary for the proper performance of the functions of the agency” (44 USC 3506), and are outweighed by the potentially significant burdens they would place on applicants and their representatives during pre-issuance phases of prosecution. As recognized in the Notice, “maintenance fee payments are often provided as bulk payments in an automated fashion by a third party,” which raises similar burdens associated with investigation and reporting at a time when applicants are not “otherwise interacting with the Office.” The desire for transparency of post-issuance proceedings in the current climate of concern over abuse by so-called “patent trolls” is understandable, but transparency of this process is adequately achieved by imposing the proposed disclosure requirements on parties seeking post-issuance proceedings. Reaching to points earlier in the application process adds little more than additional costs. Moreover, it is not clear how targeting prosecution periods and maintenance fee payments addresses the “abusive litigation and extraction of settlements” recited in the White House Task Force action item noted in the Notice as the impetus for the proposed rule. *Fact Sheet: White House Task Force on High-Tech Patent Issues, Legislative Priorities & Executive Actions*. In fact, by adding a further reporting duty to the application process, the proposed rules add a potential ground for future charges of inequitable conduct, which themselves have demonstrated a capacity for abuse. In order to meet the objectives of the Fact Sheet, while complying with the Paperwork Reduction

Act and not unnecessarily burdening the vast majority of non-troll applicants, I propose limiting any new “attributable owner” disclosure requirements to those parties seeking post-issuance action before the Office.