

From: paul [REDACTED]  
Sent: Monday, August 15, 2011 10:07 PM  
To: ai a\_i mplementati on  
Subject: comments on pending legi slati on

Paul Arssov  
[REDACTED]

Aug 15 2011, San Di ego CA

Dear Madam or Sir,

My name is Paul Arssov and I am the President of ARS  
Technologi es Inc.

I like to present my point of view - which includes the one as patent  
creator, and the one as a patent user.

As an inventor with granted patent and pending patent applications, I am  
familiar with the ways of - drafting and filing of a patent application,  
dealing with patent examiners, doing an appeal, and getting a patent  
granted.

As a business founder, owner and manager, I am familiar with the ways of  
creating of a product, manufacturing, marketing and selling of a product.

I did read on the pending legislation related to the patent system - I  
view it as a good step forward to modernizing of the patent system.

However the legislation misses and does not address the interests of one  
large and important group - the consumers who purchase and use products  
based on patents.

A little background -

A patent for an idea or a design is granted to the patent owner, for a  
period of around 20 years, in exchange for describing the idea, and  
registering it with the US patent office.

The patent process states that once granted a patent, the patent owner  
may use the patent to -

- make a product based on this patent, and exclude other  
compani es/manufacturers/organi zati ons/i ndi vi dual s from offeri ng products  
based on this patent

- and/or, license the patent on a fair, reasonable and  
non-di scrimi natory way to other  
compani es/manufacturers/organi zati ons/i ndi vi dual s

A patent may be viewed as a authorized monopoly for the patent owner -  
for a long period of time.

In an ideal world the patent owner will make a product and sell it at a  
reasonable cost to consumers, or license it at a fair value which allows  
making and selling it at a reasonable cost to consumers.

In reality the trust placed to the patent owner by giving them an  
authorized monopoly, without much guidelines, rules, oversight may be  
abused.

Some examples -

1. A patent owner in a small company took a legal action against  
Research in motion / RIM, maker of Blackberry devices. RIM was found  
liable of infringement and the patent owner was granted an award of  
several hundred million dollars.  
This liability will influence the cost of devices and services of RIM,  
and will come out of the consumer's pocket.

2. A large developer and manufacturer of wireless technology - Qualcomm, managed to get approval for a wireless standard - CDMA. As an owner of important intellectual property - patents, for the standard, the company was able to dictate terms and conditions for licensing of its patents. After complaints by companies and organizations licensing the Qualcomm's technology there were investigations launched in the European Union, Korea, China and other countries.

3. Rambus is a company holding patents which relate to development and manufacturing of memory chips - used in a wide range of computer systems and devices. A commission of the European Union decided to actually set a fair and reasonable licensing fee which a licensing company has to pay to Rambus.

4. Intellectual Ventures is a company which aggregates intellectual property (IP) - collects patents and groups them into specific areas. Having a large legal department, the Intellectual Ventures has the capabilities to impose its own tax in the form of licensing fees, for any product which is affected by the Intellectual Ventures' IP, without actually developing, manufacturing, marketing, selling any physical product.

The Senate bill S. 23 includes in the text - page 18, line 22:

(m) SMALL BUSINESS STUDY.- ...

On page 19, line 17:

(B) AREAS OF STUDY.-The study ...

there is a list of tasks assigned to federal agencies related with the current legislation on patenting.

The House bill HR 1249 EH includes in the text - page 20, line 24:

(B) AREAS OF STUDY.- ...

I propose inserting a text into bill S. 23 and HR 1249 EH which :

- is assigned to consumer related agencies, including the Federal Trade Commission,
- and, requires creating a set of rules, and guidelines for fair and reasonable licensing of patents, and non-discriminating and non-monopolistic code of conduct for patent holders

The consumers are a missing or overlooked side in the current patent reform legislation.

Taking them into consideration, creating rules, guidelines, code of conduct for patent owners can potentially:

- reduce the quantity while increasing the quality of patents filed,
- reduce litigation,
- reduce monopolistic, anti-competitive behavior

Sincerely,

Paul Arssov

President , ARS Technologies Inc. , [www.arstech.com](http://www.arstech.com)