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January 23, 2012

Hon. David J. Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office
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Submitted via: saurabh.vishnubhakat@uspto.gov

Re: IPO Response to the USPTO “Request for Comments on Eliciting More Complete Patent Assignment Information” 76 Fed. Reg. 72372 (November 23, 2011)

Dear Under Secretary Kappos:

Intellectual Property Owners Association (IPO) submits the following comments pursuant to the USPTO’s “Request for Comments on Eliciting More Complete Patent Assignment Information,” 76 Fed. Reg. 72372 (Nov 23, 2011) (the “Federal Register Notice”).

IPO is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights. IPO’s membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or law firms or as IPO individual members.

IPO understands the value of a more complete public database of ownership information for pending patent applications and granted patents, but has concerns about the proposal, primarily relating to (i) the USPTO’s authority to require patent ownership information, (ii) the burden on applicants to comply with any such requirement, and (iii) the impact on applicants of possible consequences for failing to comply with any such requirement.

I. USPTO May Lack Authority To Require Patent Ownership Information

A. 35 USC § 2(a)(2) Does Not Give The USPTO Authority To Require Information From Applicants

The Federal Register Notice indicates that the USPTO is considering requiring applicants to provide patent ownership information in accordance with its mandate under 35 USC § 2(a)(2) to “disseminat[e] to the public information with respect to patents.”

To the best of IPO's knowledge, the USPTO has never relied on this section to require applicants to provide patent ownership information. IPO questions whether the general language of this section authorizes the USPTO to impose specific requirements on applicants. Indeed, IPO believes that it is significant that this section appears separately from the USPTO's responsibility "for the granting and issuing of patents," which is set forth in 35 USC § 2(a)(1).

Moreover, the term "dissemination" invokes the concept of relaying information that already is on hand, not collecting new information. While the public dissemination of ownership information already in the USPTO's possession (and not subject to other confidentiality provisions of the Patent Act) comports with this statute, this statute does not appear to empower the USPTO to require applicants to submit patent ownership information so that the USPTO can publish that information.

B. Congress Already Has Determined That Providing Ownership Information Is Voluntary, And Already Has Provided Consequences For Failing To Record Assignments

IPO believes that Congress has already determined that providing patent ownership information to the USPTO is optional. For example, 35 USC § 152 provides that "[p]atents *may* be granted *to the assignee of the inventor of record* in the Patent and Trademark Office." There is no statutory requirement to provide this information to the USPTO, let alone to make it publicly available.

IPO believes that Congress already has determined the consequences for failing to record a patent assignment, as set forth in the last paragraph of 35 USC § 262. This statute provides that an assignment "shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage." This statute provides incentive to record patent ownership information, and may reflect Congressional intent that no other consequences flow from failing to record an assignment.

C. It Is Not Clear That Current Ownership Information Is Inadequate To Serve The Public Goals Set Forth In The Notice

The Federal Register Notice sets forth reasons why it would be beneficial to have "more complete patent assignment data" available to the public, but it is not clear that currently available information is inadequate. According to a recent report by Patently-O available at <http://www.patentlyo.com/patent/2011/12/assignment-of-us-patents.html>, fewer than 10% of granted patents do not have recorded assignments at the time of grant. This report indicates that the incentive provided by Congress is sufficient to obtain patent ownership information in the vast majority of cases.

WIPO has announced an alternative approach to facilitating patent licensing. As of January 1, 2012, applicants interested in licensing an invention that is the subject of a PCT application can request that the International Bureau make that information available on its PATENTSCOPE website, where it will be included under the “Bibliographic Data” tab for the PCT application. If the USPTO would like to facilitate patent application licensing, it could consider offering a similar voluntary program for U.S. patent applications.

D. The Federal Register Notice Overlooks Legitimate Business Interests In Protecting The Confidential Nature Of Ownership And License Information

The Federal Register Notice does not take into account the legitimate business concerns that applicants may have for protecting the confidential nature of ownership and license information. For example, applicants may not want competitors to know whether an application has been licensed or to whom. Similarly, entities may not want competitors to know that they have transferred or acquired ownership interests in specific patent applications. Without a law requiring applicants to provide this information, the privacy rights of applicants with regard to their personal property should be respected.

E. The America Invents Act Does Not Appear To Give The USPTO The Authority To Require Ownership Information In All Cases

Although page 72323 of the Federal Register Notices cites the America Invents Act (AIA) in support of the USPTO’s authority to require ownership information, the AIA does not appear to give the USPTO such broad authority. To the contrary, the cited passage of 35 USC § 118 relates to the very limited circumstance where an application is not filed by the inventor. Under the revised version of 35 USC § 118, the patent “shall be granted to the real party in interest” under those circumstances, which may be the inventor if the application or underlying invention has not been assigned. The AIA does not generally require patents to be granted in the name of the real party in interest, let alone authorize the USPTO to require applicants to provide that information throughout prosecution.

II. The Proposed Requirements Would Place Significant Burdens On Applicants

The Federal Register Notice does not answer a number of questions. For example:

Would the requirement to disclose assignee information be satisfied by identifying any assignee, or would the relevant assignment document need to be recorded?

Would the requirement to identify any change in ownership rights that impacts entitlement to claim small entity status be satisfied by stating that the application has

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lost (or gained) entitlement to claim small entity status, or would more details need to be provided as to the nature of the change?

Would information on any change in ownership rights that impacts entitlement to claim small entity status be required even if the applicant elects not to claim small entity status?

IPO believes that the Federal Register Notice does not take into account the significant burdens it would impose on applicants. The notice appears to assume that the persons responsible for prosecution of an application will have ready access to current ownership and licensing information, but this is not necessarily the case. In large organizations, one department or outside counsel may be responsible for prosecution while another department or even a separate entity may be responsible for negotiating transfers of ownership and/or licenses. Thus, having to verify and update this information throughout prosecution would impose significant burdens on numerous applicants.

The requirement could be particularly burdensome in the context of mergers, sales, acquisitions, etc., where large numbers of patent applications may be subject to transfer. It also could be particularly burdensome in the context of intracompany transfers, particularly for companies that transfer rights due to intracompany reorganizations, for tax strategy purposes, or for other legitimate business purposes.

Such a requirement also would be burdensome and problematic for applications where ownership is in dispute or under negotiation. If ownership information needs to be provided to maintain the pendency of an application but current ownership is not clear, the applicant may have to risk abandonment (by not providing the information) or risk providing incorrect ownership information. In contentious situations, the proposed requirement could create new disputes or claims between parties in negotiation or litigation.

If the USPTO also would require recordation of relevant assignment documents throughout prosecution, the delays associated with obtaining executed documents could be significant and the costs associated with recording the documents (including the USPTO's recordation fees) could be considerable.

The burdens may be even greater with regard to the proposal to require "identification of any new ownership rights that cause the application or issued patent to gain or lose entitlement to small entity status," including information on licenses. USPTO regulations already require applicants to investigate their entitlement to claim small entity status and to verify their continued entitlement to claim small entity status at various time points (e.g., with payment of the issue fee and maintenance fees). Although the USPTO used to require applicants to verify their continued entitlement to claim small entity status throughout prosecution, this practice was abandoned in 2000, partly because of the administrative burdens it imposed on both the USPTO and applicants.

In its September 8, 2000 Federal Register Notice, the USPTO recognized that the costs of investigating entitlement to claim small entity status at only two time points (e.g., filing the application and paying the issue fee) “may outweigh the benefit of claiming small entity status.” 65 Fed. Reg. 54,604, at 54,613 (Sep. 8, 2000), available at <http://www.uspto.gov/web/offices/com/sol/notices/patbusgoals.pdf>.

A return to an ongoing requirement to investigate and update small entity status information coupled with a new requirement to provide more information on any change in status would impose even greater burdens on applicants, and could be counter to the USPTO’s mandate in 35 USC § 2(b)(E) to “safeguard broad access to the United States patent system through the reduced fee structure for small entities.”

III. Any Consequences Would Place Significant Burdens On Applicants

The Federal Register Notice does not indicate the consequences the USPTO might impose if an applicant does not comply with the proposed new ownership information requirements. This makes it difficult for IPO to evaluate the possible impact.

If an applicant would be expected to extend a response period if more time is required to investigate, verify, and provide ownership information, such a consequence would unduly burden applicants both with regard to increased costs (e.g., for extension of time fees) and possible loss of patent term (e.g., from a Patent Term Adjustment deduction for “applicant delay”).

If the USPTO does make a formal proposal with these requirements, it should clarify that there is no duty to disclose current ownership information in the context of inequitable conduct or fraud on the USPTO unless the information impacts a claim to small entity status or is otherwise material to patentability (such as giving rise to a double-patenting situation).

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IPO appreciates the opportunity to comment and looks forward to working with the USPTO to improve the patent examination system.

Sincerely,



Richard Phillips
President