

January 25, 2013

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Via email: (*saurabh.vishnubhakat@uspto.gov*)  
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**RE: Response to “Notice of Roundtable on  
Proposed Requirements for Recordation of  
Real-Party-in-Interest Information Throughout  
Application Pendency and Patent Term”  
77 Federal Register 70385 (November 26, 2012)**

Dear Mr. Vishnubhakat:

The American Intellectual Property Law Association (AIPLA) is pleased to have this opportunity to present its views with respect to the “Notice of Roundtable on Proposed Requirements for Recordation of Real-Party-in-Interest Information Throughout Application Pendency and Patent Term” as published in the Federal Register (77 Fed. Reg. 70385, 11/26/2012) (the “Notice”). The Notice seeks comments on means for collecting and disseminating information about the real-party-in-interest for patent applications and issued patents and proposed methods the U.S. Patent and Trademark Office (Office) can employ to collect more timely and accurate patent assignment information both during prosecution and after issuance of a patent.

AIPLA is a U.S.-based national bar association whose approximately 14,000 members are primarily lawyers in private and corporate practice, government service, and the academic community. AIPLA represents a diverse spectrum of individuals, companies and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as in other fields of law affecting intellectual property.

The Notice cites seven reasons for collecting real-party-in-interest (RPI) information: 1) to ensure that power of attorney information is current in applications under examination, 2) to avoid potential conflicts of interest by Office personnel, 3) to determine the scope of prior art under 35 U.S.C. § 102(b)(2)(C), 4) to allow examiners to better evaluate the credibility of evidence, 5) to facilitate clearance of IP rights, 6) to provide financial markets with more

complete information about assets generated and held by companies, and 7) to allow parties who want to challenge a patent using *inter partes* review (IPR) or post grant review (PGR) to more easily ascertain the owner of the patent.

In order to collect this information during prosecution, the Office proposes requiring applicants to provide RPI information on the Application Data Sheet and to update RPI information within a reasonable time after it has changed. In addition, the Office proposes requiring applicants to confirm or update RPI information prior to the 18-month publication date and upon payment of the issue fee. After prosecution, the Office proposes requiring confirmation or updating of RPI information when the maintenance fees are paid and when the patent is involved in any post-grant proceeding, such as *ex parte* reexamination, supplemental examination, PGR, IPR or the transitional program for covered business method patents (CBM).

The Notice proposes two definitions of RPI, a “broad” definition that would include all entities entitled to enforce the patent and a “limited” definition that would require identification of the “ultimate parent entity,” defined as the entity owning rights to the patent that is not controlled by any other entity.

AIPLA recognizes that RPI information would be beneficial both during and after prosecution, and notes that publication indicating the RPI could aid in identifying conflicts for the prosecutor. However, we do not believe that all of the seven reasons described above require the use of the procedures outlined in the Notice. In addition, we are concerned that the proposed requirements are unduly burdensome and may not provide the intended information. We also disagree with the proposal in the Notice that failure to comply with these procedures would be a violation of the duty of disclosure under 37 C.F.R. § 1.56. AIPLA believes that the objective of making RPI information available to the public in the few applications and patents where it is needed may be achieved using much less burdensome procedures.

**I. The Proposal is a Major Conceptual and Substantive Change with Respect to Assignment Recording Procedures**

The current assignment recording system in the Office is generally a voluntary system used during application prosecution. An applicant is required to notify the Office about an assignment only when the assignee wants to:

1. Intervene and make its own power of attorney, or
2. Indicate the identity of the assignee in the pre-grant publication and/or patent.

Thus, no assignment recordation is needed if neither of those voluntary actions is taken.

Even with respect to 35 U.S.C. § 261, which protects the assignee against a subsequent purchaser, the recordation filing is voluntary and essentially for the benefit of the assignee. It should not be mandatory for all applications and patents, even if it would somehow benefit the public.

## **II. The Office Has Not Provided Adequate Support for the Need of the Proposed Change in the Assignment Recording Procedures**

The Office made a number of assertions that mandatory assignment recording and updating would benefit the public. However, the Notice does not include any supporting data, reports, or statistics to support any of the statements.

Additionally, there are no statistics or analyses about the failure of applicants to provide assignee information which might show there is a problem with the current system that adversely affects the public interest.

The Notice suggests that there are a number of categories of members of the public who would benefit from the proposed new reporting requirement. During the Roundtable discussion, it was apparent that one segment of the public, those subject to patent lawsuits from non-practicing entities (NPEs), stood to benefit the most from being able to access RPI information.

It would be helpful in the evaluation of the proposed procedures to have, for each of the seven reasons described above, an estimate of the number of applications and patents where the RPI procedures would provide useful information above and beyond that which is already available or which may be obtained by less burdensome means. AIPLA estimates that this number would represent only a small percentage of the number of currently pending applications and active patents.

## **III. The Seven Reasons Advanced By The Office Do Not All Require The Procedures Proposed In The Notice**

Each of the seven reasons for providing, updating and confirming RPI information is addressed below.

### **1) to ensure that power of attorney information is current in applications under examination**

This reason appears to be inconsistent with 37 C.F.R. § 1.34(a) which allows a party who is “authorized to represent the particular party in whose behalf he or she acts” even though the party is not of record in the application and, thus, not covered by any power of attorney filed in the application. This procedure is typically used to meet critical dates when responsibility for an application is transferred from one attorney to another or when an attorney of record is not available to make the response

### **2) to avoid potential conflicts of interest by Office personnel**

Most applicants who are not individual inventors obtain assignments from the inventors and record them in the USPTO to obtain the benefits of 35 U.S.C. § 261. Thus, for the great majority of applications and ex-parte reexaminations, Office personnel have the information they need to determine if a conflict may exist. In the few applications where

an examiner suspects that there may be a conflict, for example based on the subject matter of the application, he or she may request RPI information under 37 C.F.R. § 1.105, at least because such information would be relevant to examination for determining the scope of prior art under 35 U.S.C. § 102(b)(2)(C) for first to file applications or 35 U.S.C. § 103(c) for first to invent applications.

Post grant procedures such as PGR and IPR already require the patent owner to provide RPI information pursuant to 37 C.F.R. § 42.8. This information is provided with the patent owner's response and, thus, would allow recusal by an APJ before any final decision is issued.

**3) to determine the scope of prior art under 35 U.S.C. § 102(b)(2)(C), and  
4) to allow examiners to better evaluate the credibility of evidence**

As described above, to ensure that the recorded assignments do provide the correct RPI information, the examiner may request it under 37 C.F.R. § 1.105 during prosecution or reexamination.

**5) to facilitate clearance of IP rights,  
6) to provide financial markets with more complete information about assets generated and held by companies, and  
7) to allow parties who want to challenge a patent using *inter partes* review (IPR) or post grant review (PGR) to more easily ascertain the owner of the patent.**

These three reasons are related because they concern determining RPI information by third parties, after the patent issues or, for PGR, when it is in the final stages of examination. Many participants at the Roundtable indicated that this is the most important need for RPI information, in particular, to determine if a patent or allowed application is owned by an NPE. These patents and pending applications are readily identifiable and represent only a relatively small number of patents, compared to all of the patents processed by the Office.

For issued patents, the procedures described in the Notice require disclosure of the RPI only when the maintenance fees are paid. These fees are paid 4, 8 and 12 years after the issue date of the patent. In the Round Table discussion, it was pointed out that NPEs typically obtain the rights near the end of their terms and, thus, after any duty to disclose the RPI according to the procedures.

As described below in section VI, much less burdensome and more effective procedures may be used to obtain this information.

**IV. The Proposed New Recording Requirements May Provide A Substantial Imposition in Costs and Time on Applicants**

The proposed system of continuously monitoring, filing, and updating RPI information at numerous points during prosecution, and post grant, would create a tremendous burden of cost and time for all applicants. We estimate the cost of services for investigating the RPI of a pending application or issued patent and filing a confirmation that the information is correct, would be at least \$100 and may be several times that amount. The suggested changes require a practitioner to carry out an RPI inquiry at least three times during patent prosecution of every patent application, resulting in an additional cost of between \$300 and \$1,000 per application. Companies that undergo name changes or reorganization during this time would need to file additional updates and confirmations. This may be especially difficult for foreign applicants, where each communication must be to a foreign counsel, who in turn must make yet another inquiry to the geographically distant client, often with translation costs and time delays. The practitioner would also need to explain to foreign counsel the requirements of the broad or limited definitions of RPI which may cause confusion and error in the reported results.

Even for domestic companies, these inquiries may be complex. For example, the broad definition of RPI requires identification of all parties having enforcement rights. A patent that is the subject of multiple licensing agreements may include several exclusive licenses that are limited geographically or by field of use. Furthermore, these licenses may be subject to confidentiality restrictions, for example, as a part of the settlement of a lawsuit.

Even if these ethical issues are ignored, and a requirement to publicly disclose confidential information is imposed, the RPI determination for a patent of this type would require extensive analysis of multiple agreements to determine the rights conveyed. Under the limited definition of RPI, where the focus is on control, the RPI determination would require investigation of corporate structure and ownership, including intra- or inter-corporate agreements relating to each patent or application to determine which company or person ultimately has control over the patent rights.

Start-up companies may also be subject to extra expense under the proposed procedures. These companies are typically funded by an ever-changing web of family and friends, angel investors and venture capitalists. Every time a new funding source is identified, the funding agreement would need to be analyzed to determine if the RPI has changed, triggering a need to update the RPI information with the Office. The RPI reporting requirements would put an additional strain on these companies, needlessly diverting money away from research and product development.

Many small inventors and start-up companies are represented by patent agents. As described above, meeting the broad or limited definitions of RPI may require analysis of agreements which would be equivalent to a legal opinion. Patent agents who provide these opinions may unwittingly subject themselves to disciplinary proceedings in their states for the unauthorized practice of law.

Updating or confirming RPI information for issued patents is also burdensome. Many patent owners employ service providers to pay maintenance fees. Because of this, they do not docket the due dates for the fees. In addition, they may not consider a change in their corporate name as affecting their patent rights. The proposed procedures would create additional burdens for these companies

**V. Enforcing These Procedures Under 37 C.F.R. § 1.56 Is Ineffective**

The Notice does not provide any explicit enforcement mechanism but does state that “[a]n Applicant would have a duty to update the RPI information within a reasonable time period of any change. *See* 37 C.F.R. § 1.56.” It is unlikely that the failure to disclose RPI information would satisfy the “but for” test announced in *Therasense, Inc. v. Becton-Dickinson & Co.*, 649 F.3d 1276 (Fed. Cir. 2011) (*en banc*). Thus, it is doubtful that the patent would be found to be unenforceable based on the failure to disclose the RPI. This reference in the Notice, therefore, must refer to the possibility of bringing a disciplinary proceeding against a patent practitioner. AIPLA does not believe that the threat of such a disciplinary proceeding is an effective means to ensure disclosure of information that is likely known best by corporate officers and a company’s general counsel. If the Office determines that it needs to collect RPI information, we urge it to target the enforcement mechanism to those in possession of the information.

**VI. Alternate Proposal For Obtaining RPI Information**

There are problems with the proposed procedures both in the information that is requested and in the timing of those requests. During the round table discussions, it was pointed out that different definitions of RPI may be relevant for different patent procedures. For example, the broad definition of RPI, which focuses on identifying those who have rights to enforce a patent, may be of little relevance to an examiner analyzing commonly owned prior art under 35 U.S.C. § 102(b)(2)(C) and would result in little additional burden as, for most applications, the ultimate parent entity is the assignee. Similarly, knowing the ultimate parent entity may not be relevant to a potential patent infringement defendant who may be sued by an exclusive licensee of that parent. In addition, the timing of the required disclosures for issued patents when the maintenance fees are paid leaves large gaps when the patent can be reassigned or licensed without public knowledge of the change.

AIPLA advocates a more focused approach where the proper RPI information may be obtained only when and where it is needed. One possibility may be to require disclosure of the ultimate parent entity when an application is filed. This would satisfy the examiner’s needs under 35 U.S.C. § 102(b)(2)(C). In addition, to the extent that the Office is authorized to request broad RPI information, this may be done when the Notice of Allowance is mailed. Furthermore, the Office could initiate a procedure by which a member of the public could anonymously request broad RPI information at any time during prosecution of a patent application or after its issuance. The Office could then require the patent owner to submit the information and publish it in the electronic file wrapper.

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Thank you for allowing AIPLA the opportunity to provide comments on this initiative. AIPLA would be pleased to engage in further dialog on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey I.D. Lewis". The signature is written in a cursive, flowing style.

Jeffrey I.D. Lewis

President

American Intellectual Property Law Association