

JAPAN INTELLECTUAL PROPERTY ASSOCIATION

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The Honorable Michelle K. Lee
Deputy Under Secretary of Commerce for Intellectual Property and
Deputy Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
Alexandria, Virginia

Re: JIPA Comments on the "Changes To Require Identification of Attributable Owner"

Dear Deputy Under Secretary Lee:

We, the Japan Intellectual Property Association, are a private user organization established in Japan in 1938 for the purpose of promoting intellectual property protection, with about 900 major Japanese companies as members. When appropriate opportunities arise, we offer our opinions on the intellectual property systems of other countries and make recommendations for more effective implementation of the systems. (<http://www.jipa.or.jp/english/index.html>)

Having learned that the "Changes To Require Identification of Attributable Owner", published by the United States Patent and Trademark Office (USPTO) in the Federal Register, Vol.79, No.16, on January 24, 2014. We would like to offer our opinions as follows. Your consideration on our opinions would be greatly appreciated.

JIPA again thanks the USPTO for this opportunity to provide these comments and welcomes any questions on them.

Sincerely, yours,

Kazushi TAKEMOTO

President

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JIPA Comments on the “Changes To Require Identification of Attributable Owner”

JIPA has closely and carefully examined the proposed changes, publicized in the Federal Register issued by the United States Patent and Trademark Office (USPTO) as of January 24, 2014, under the title of “Changes To Require Identification of Attributable Owner”. JIPA hereby presents its comments on this proposed changes.

1. Proposed changes to the rules as a whole

JIPA agrees with the basic policy of the proposed changes to the rules - that is, to require the applicant and the patent holder to file a notice identifying current attributable owner information to the Office in order to facilitate greater transparency of patent application and patent ownership. However, JIPA is concerned that the proposed new rules of the United States might impose an excessive burden on applicants and patent holders compared with rules of other countries, and that the failure to comply with this requirement would result in the abandonment of an application, a more severe penalty than that would be imposed in other countries. JIPA requests flexibility in the application of these new rules. In addition, the proposed new rules contain some unclear provisions which JIPA would like to clarify to enable applicants and patent holders to comply with the requirement to report attributable owner information to USPTO.

2. Measures to be taken in the event of failure to comply with the requirement

(1) According to the proposed new rules, the submission of attributable owner information is required at certain timings, such as the time of filing an application, the time of being sent a notice of allowance, and the time of the maintenance fee payment. However, while the proposed rules clearly stipulate a penalty for failure of the applicant and patent holder to report information at the time of filing or patent grant (FR4112 column 2 and FR4112 column 3), there is no clear stipulation on a penalty for such failure at other timings. Accordingly, JIPA requests that the USPTO clarify in the final rules the penalty to be imposed for failure to report attribute owner information on such timings for which the current proposed rules do not clearly stipulate a penalty (e.g. failure at the time of maintenance fee payment).

(2) The proposed new rules provide that information on enforcement entities should be collected as the second type of attributable owner information, and state exclusive licensees as an example of the enforcement entities (FR4110 column 1). If a patent holder who has granted an exclusive license fails to notify the Office of the exclusive licensee as an attributable owner, and the patent holder or the licensee subsequently files an infringement suit, how would the patent holder's failure to report attributable owner information affect the infringement suit? JIPA requests that the final rules clearly provide whether the patent holder or the licensee will be sanctioned for inequitable conduct to the USPTO in such a case.

(3) Furthermore, where there is an enforcement entity other than the exclusive licensee, and where a patent holder's failure to report accurate attributable owner information is revealed when the patent holder or the enforcement entity file an infringement suit, would the patent holder or enforcement entity be subject to a penalty? If so, what kind of penalty will be imposed (or will they be sanctioned for inequitable conduct)? JIPA requests that the final rules clarify these matters.

3. "Attributable owner"

(1) The definition of "attributable owner" in the proposed new rules include entities authorized to enforce patents (enforcement entities) in addition to patent holders and applicants, but the proposed new rules are silent with regard to whether the holders of security interests in patents are included in the definition of "attributable owner." However, since the holders of security interests in a patents are also entitled to sell the patents to third parties by enforcing the security interests, JIPA believes that security interest holders would also be defined as one of attributable owners of patents. JIPA requests that the USPTO state whether this understanding is correct.

(2) According to the proposed new rules, a licensee under a non-exclusive license who is not vested with the right to enforce the patent is not included within the definition of "attributable owner." Therefore, JIPA understands that a patent holder who has granted such a license does not need to notify the USPTO of that licensee as an attributable owner of the patent. JIPA requests that the USPTO state whether this understanding is correct.

(3) The proposed new rules provide that when, "exclusive licensees are...confidential...they would only need to be disclosed where their rights are so substantial that they have enforcement rights in the patent" (FR4109 column 3). JIPA understands that it will suffice for a patent holder to notify the USPTO of a confidential exclusive licensee as an attributable owner of the patent when the exclusive licensee or the patentee enforces the patent. JIPA requests that the USPTO state whether this understanding is correct.

4. Requirement to report attributable owner information while an application is pending

(1) The proposed new rules provide that the applicant should notify the USPTO within three months (non-extendable) of any change to the attributable owner while an application is pending. However, the date of the change to the attributable owner (the starting date of this three month period) could vary depending on the case (e.g. where the attributable owner has changed as a result of a transfer of a patent right as part of a business transfer, or where a joint applicant waives his/her share of a patent). JIPA requests that the USPTO clarify the starting date of the three month period while specifying cases in which a change to the attributable owner could occur. For example, if Company A enters into an agreement with Company B to transfer part of its business, patent rights and patent applications related to the business subject to transfer may also be transferred from Company A to Company B, provided that the business transfer agreement so stipulates. In such a situation, patent rights and patent applications to be transferred are often selected after the

parties enter into a business transfer agreement. It is unclear from the proposed rules whether the attributable owners of these patents are deemed to have changed as of the date of execution of the business transfer agreement or of the patent transfer agreement. Also, where Company X waives its share in a patent application filed jointly with Company Y, the starting date of the three-month period during which a change to the attributable owner should be reported is unclear from the proposed rules. Therefore, JIPA requests that the USPTO clarify the date of the change to the attributable owner (the starting date of the three-month period) in the final rules.

(2) In the Federal Register, the USPTO states as follows: "The Office is asking for comments on whether there are other times during prosecution (e.g., with each reply to an Office action) where updating or verification of attributable owner information should be required)." For the purpose of collecting attributable owner information in a timely manner, JIPA considers within "three months of the change to the attributable owner," as provided in the proposed new rules, to be more appropriate than other times, such as when replying to an Office action. Meanwhile, if the USPTO is considering other times in addition to the three month period, it would impose an excessive burden on applicants and patent holder. So the JIPA would disagree with additional times.

5. Requirement to report attributable owner information at the time of patent registration

The proposed new rules provide that where there is a change to the attributable owner while an application is pending, the applicant should notify the USPTO of the new attributable owner within three months from the date of the change (R1.275). The proposed new rules also provide that the applicant should notify the USPTO of the new attributable owner within three months (non-extendable) from the date of the notice of allowance (R1.277).

The proposed rules do not clearly state whether the applicant is deemed to have complied with the requirement to report attributable owner information in the following case: there is a change in the attributable owner during a pendency of the application, but the applicant fails to notify the USPTO of the new attributable owner within three months from the date of the change. Since the patent is to be registered thereafter, the applicant notifies the USPTO, pursuant to R1.277, of the new attributable owner based on the change while the application was pending. JIPA believes that in this example case, although the applicant did not comply with the requirement to report attributable owner information at an appropriate time, the USPTO would be unable to discover the applicant's failure to comply with the requirement while the application was pending and would therefore be unable to determine whether the applicant has violated R1.275. Accordingly, JIPA requests that the USPTO clarify the rules and the interpretation thereof as to whether the applicant would be deemed to have complied with the requirement to report attributable owner information in this case.

6. Requirement to report attributable owner information after patent registration

(1) According to the proposed new rules, the patent holder is required to notify the USPTO of the attributable owner of the registered patent at the time of the maintenance fee payment (R1.381). However, based on these rules, even if the attributable owner changes after the patent registration, information on said change (the new attributable owner) would not be reported to the USPTO in a timely manner. In other words, the new attributable owner after the change would not be identified until the time of the next maintenance fee payment. JIPA is concerned about this point, and therefore requests that the proposed rules be revised, in light of the purpose thereof, to require that where a change occurs in the attributable owner after the registration of a patent, the patent holder shall report attributable owner information to the USPTO within a predetermined period from the date of the change, as in the case of a change while an application is pending. JIPA requests that the USPTO additionally provide when, for example, at least one enforcement entity has been changed after the patent is registered, the patent holder shall notify the USPTO of the enforcement entity as the new attributable owner within three months from the date of the change.

(2) If the USPTO adopts the rule suggested in (1) above requiring a patent holder to notify the USPTO of the new attributable owner within three months from the date of the change thereto, JIPA requests that the USPTO withdraw the proposed rule requiring submission of attributable owner information at the time of the maintenance fee payment. JIPA makes this request in response to the USPTO's request in FR4113 column 1, which reads, "The Office welcomes comments on how to collect attributable owner information at the time of each maintenance fee, particularly in light of this practice of maintenance fee submission in bulk by third parties."

(3) However, if the requirement to report attributable owner information at the time of the maintenance fee payment is to be withdrawn as suggested in (2) above, holders of patents that are registered when the final rules come into effect will not be required to report attributable owner information to the USPTO unless there is any change to the attributable owner thereafter. In this respect, JIPA requests that the USPTO establish a new rule applicable to patents that are registered when the final rules come into effect requiring holders of such patents to report attributable owner information to the USPTO at any of the following times:

- (i) at the time of the first maintenance fee payment after the final rules come into effect, or
- (ii) at the time of the expiration of a predetermined period (e.g. one year) from the time that the final rules come into effect,
- (iii) whichever comes earlier.

7. Licensing offers and licensing-related information

In FR4109 column 2, the proposed new rules provide as follows: "The Office is also seeking public comment on enabling applicants and owners to voluntarily report licensing offers and related information for the Office to make available to the public."

JIPA understands that the term "voluntarily" means that applicants and patent holders have the option to report licensing-related information to the Office and that this reporting is not mandatory. Accordingly, in that meaning, JIPA prefers the voluntarily reporting system to the mandatory reporting system. And, if the USPTO considers the reporting of licensing-related information to be mandatory, JIPA disagrees with said rule.

(EOD)