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Implications Of The Proposed USPTO Attributable Owner Rules

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Pursuant to a [U.S. White House initiative](#) aimed at addressing the “challenges from Patent Assertion Entities (PAEs)” and stemming the economic drain of meritless patent litigation, the USPTO has issued propose rules to require patent applicants and patent owners to disclose patent ownership information during and after patent prosecution and during any Patent Trial and Appeal Board proceedings. Written comments on the proposed rules are due by April 24, 2014 (extended from the original March 25 deadline). While many patent offices require disclosure of the entity entitled to pursue a patent, the proposed USPTO Attributable Owner rules could go much farther, and could be difficult and costly to comply with. 

“Attributable Owner”

Although the USPTO previously discussed requiring disclosure of the “real-party-in-interest,” the proposed rules use the term “attributable owner.” As set forth in the [Federal Register Notice](#), proposed new 37 CFR § 1.271 would define “attributable owner” as follows:

(a) The attributable owner of a patent or application includes each of the following entities:

(1) An entity that, exclusively or jointly, has been assigned title to the patent or application; and

*The Federal Register Notice refers to this category as “**titleholders**”*

(2) An entity necessary to be joined in a lawsuit in order to have standing to enforce the patent or any patent resulting from the application.

*The Federal Register Notice refers to this category as “**enforcement entities**.”* As noted in the Federal Register Notice, this category may include exclusive licensees, “where their rights are so substantial that they have enforcement rights in the patent.”

(b) The attributable owner of a patent or application includes the ultimate parent entity as defined in 16 CFR 801.1(a)(3) of an entity described in paragraph (a) of

this section.

*The Federal Register Notice refers to this category as “**ultimate parent entities**” and invokes the definition and examples set forth in 16 CFR § 801.1(a)(3).*

(c) Any entity that, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement, or any other contract, arrangement, or device with the purpose or effect of temporarily divesting such entity of attributable ownership of a patent or application, or preventing the vesting of such attributable ownership of a patent or application, shall also be deemed for the purpose of this section to be an attributable owner of such patent or application.

*The Federal Register Notice refers to this category as “**hidden beneficial owners.**” Based on commentary in the Federal Register Notice, it appears that this paragraph is intended to encompass “any entity that creates or uses any type of arrangement or device with the purpose or effect of temporarily divesting such entity of attributable ownership or preventing the vesting of such attributable ownership. Indeed, the goal of these complex provisions appears to be to encompass “companies that have complicated corporate structures and licenses,” such as those allegedly “used by certain patent assertion entities (‘PAEs’) to hide their true identities from the public.” *Take that, patent trolls!**

Paragraph (d) defines “entity” as follows:

- (1) Any natural person, corporation, company, partnership, joint venture, association, joint-stock company, trust, estate of a deceased natural person, foundation, fund, or institution, whether incorporated or not, wherever located and of whatever citizenship;
- (2) Any receiver, trustee in bankruptcy or similar official or any liquidating agent for any of the entities described in paragraph (d)(1) of this section, in his or her capacity as such;
- (3) Any joint venture or other corporation which has not been formed but the acquisition of the voting securities or other interest in which, if already formed, would be an attributable owner as described in this section; or
- (4) Any other organization or corporate form not specifically listed in paragraphs (d)(1), (d)(2), or (d)(3) of this section that holds an interest in an application or patent.

Paragraph (e) excludes governments and government agencies from the definition of “attributable owner:”

(e) Notwithstanding the provisions of paragraph (d) of this section, the term “entity” does not include any foreign state, foreign government, or agency thereof (other than a corporation or unincorporated entity engaged in commerce), and also does not include the United States, any of the States thereof, or any political subdivision or agency of either (other than a corporation or unincorporated entity engaged in commerce).

Disclosure Requirements

Paragraph (f) of proposed new 37 CFR § 1.271 sets forth the information that must be disclosed about each attributable owner, depending on the type of entity it is:

- (1) The identification of a public company must include the name of the company, stock symbol, and stock exchange where the company is listed;
- (2) The identification of a non-public company must include the name of the company, place of incorporation, and address of the principal place of business;
- (3) The identification of a partnership must include the name of the partnership and address of the principal place of business;
- (4) The identification of a natural person must include the full legal name, residence, and a correspondence address; and
- (5) The identification of any other type of entity must include its name, if organized under the laws of a state, the name of that state and legal form of organization, and address of the principal place of business.

Paragraph (g) provides that the existence of “a corporate form, partnership, or other association” does not preclude an entity from having to be separately identified as an attributable owner, unless the entity is merely a “shareholder[] of a public company.” Again, the rules are trying to prevent entities from avoiding the disclosure requirement by establishing complex corporate structures.

Timing Requirements

Proposed new 37 CFR §§ 1.273, 1.275, 1.277, 1.381, 1.383, and 1.385, set forth different time periods during which attributable owner information must be provided and updated. As summarized in the Federal Register Notice, these include:

[O]n filing of [a non-provisional, non-PCT] application (or shortly thereafter), [within three months of] when there is a change in the attributable owner during the pendency of an application, at the time of issue fee and maintenance fee payments, and when a patent is involved in supplemental examination, ex parte reexamination, or a trial proceeding before the Patent Trial and Appeal Board (PTAB) [in which case any changes in attributable ownership must be disclosed within 21 days].

The Federal Register Notice indicates that a failure to provide attributable owner information upon filing (or within the time period provided, likely the Missing Parts period) or within three months of a Notice of Allowance will result in abandonment, and that an application so abandoned only can be revived if the omission was unintentional.

Correction of Attributable Owner Information

Proposed new 37 CFR §§ 1.279 and 1.387 provide for “[c]orrection of failure to notify the Office of a change to the attributable owner and errors in notice of attributable owner” in a pending application or granted patent, respectively. Both rules provide that “the failure or error may be excused on petition accompanied by a showing of reason for the delay, error, or incompleteness, and the petition fee set forth in Sec.

1.17(g),” which is a new fee of \$200/\$100/\$50 for a large/small/micro entity.

Public Comments

As noted above and as set forth on the [USPTO Attributable Owner webpage](#), the USPTO has extended the deadline for submitting written comments to April 24, 2014. The easiest way to submit comments is by email addressed to AC90.comments@uspto.gov

Practitioners and stakeholders are encouraged to study the proposed rules, consider the costs of compliance (both in the context of bringing current portfolios up to date and in the context of future transactions that involve the transfer of patent rights) and provide written comments to the USPTO. It could be particularly important for the USPTO to receive comments on how or whether the definitions in the proposed rules would apply to non-U.S. entities.

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