

**From:** Ken Schoppmann  
**Sent:** Friday, October 05, 2012 4:05 PM  
**To:** fitf\_rules  
**Subject:** LES Comments on First Inventor to File regulations

October 5, 2012

Susy Tsang-Foster  
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Commissioner for Patents  
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**Subject: Changes to Implement the First Inventor to File Provisions  
of the Leahy-Smith America Invents Act**

Dear Ms. Tsang-Foster:

On behalf of the members of Licensing Executives Society U.S.A and Canada, Inc. (LES), I am pleased to submit the attached comments in response to the Office's recent notice of proposed rulemaking.

LES looks forward to working together with the Patent Office to implement the legislation to ensure that the products of innovation are put to work.

Please contact me if you have any questions, or if there is any way LES can assist you.

Thank you.

Sincerely,



Tom Filarski  
President  
LES USA and Canada



**Licensing Executives Society**  
(U.S.A. and Canada), Inc.

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October 6, 2012

Susy Tsang-Foster  
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**Licensing Executives Society (USA & Canada), Inc.**

Comments on the  
Changes to Implement the First Inventor To File Provisions of the AIA

US Patent and Trademark Office  
Roundtable  
September 6, 2012

The Licensing Executives Society (USA & Canada), Inc. (LES) is grateful for this opportunity to provide comments on the PTO's proposed changes to its Regulations and Examination Guidelines for implementing the First Inventor to File provisions of the AIA. We applaud the PTO's continuing efforts to engage and elicit input from the user community, and we encourage you to continue these initiatives.

LES is a community of professionals devoted to putting the products of innovation to work. We are a non-profit, non-partisan, professional society of about 4500 members in both the United States and Canada, and we are a founding member of the Licensing Executives Society International (LESI), a global organization of 32 national and regional chapters all devoted to the licensing of intellectual property. Our mission includes the exchange of best practices in the licensing of technology, and in educational programming both for our members and for the public at large. We are as a community less focused on the patent process, per se, and more focused on the role the resulting asset plays in business and the formation of new markets and industries.

In the world of business, risk offers both challenge and opportunity. It is incumbent on our legislators and administrative bodies, however, to minimize risk and uncertainty by implementing clear and predictable laws and regulations. This promotes a level playing field fostering healthy markets with ever improved goods and services, and greater employment opportunities. Laws favoring the ready and reliable acquisition of intellectual property rights are especially important to healthy markets and a vibrant economy.

The AIA's change in US patent law from a first to invent system to a first inventor to file system poses challenges, not the least of which is the implementation of a new system and a new standard for patentability and priority of invention. The new legal standards add uncertainty and increase risk. As a general matter, we encourage the PTO to implement this new legal regime cautiously, and in a manner that best promotes the smooth operation and the growth of business.

We commend the PTO in its careful and thorough preparation of these proposed changes, and we offer only a few comments and suggestions as to the specifics of the proposed new regulations and guidelines:

Joint Research Agreements: The AIA defines a JRA as a *written* contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention. 37 CFR Section 1.9 incorporates that a definition; and Section 1.104 provides that prior art and the subject matter of a claimed invention will be treated as commonly owned if the applicant provides a statement that the prior art and the claimed invention were made under a joint research agreement that was in effect on or before the effective filing date, and the claimed invention was made as a result of activities within the scope of the JRA.

We encourage the PTO to keep business realities in mind. Collaborative agreements are used extensively by specialized organizations with little vertical integration. They have limited resources, and cash flow is king. They are highly innovative, however, and their intellectual property is their most important asset. These organizations are focused on furthering innovation and improved products, and less so on business formalities. As such, they are less inclined toward sophisticated agreements and expensive legal documents. Collaboration is often established between researchers somewhat informally. Even the more sophisticated organizations minimize formalities if they do not further the business purpose at hand. As a result, we have three recommendations: 1) confirm that the need for a *writing* is interpreted expansively, for example, to include one-way written

communications; and 2) provide means to ensure that, in the event any such agreements are to be made of record, that applicants may do so confidentially; and 3) that any information that must be added to the specification in accordance with 37 CFR 1.104 likewise be interpreted liberally to require only minimal disclosure, e.g., as to the parties involved, as the mere existence of such disclosure and such collaboration by itself is often highly valuable and confidential information.

Likewise, Section 1.71(g)(1) is to be amended to state: "The specification may disclose or be amended to disclose the names of the parties to a joint research agreement." *See also* Section 1.104(c)(ii)(A). Because inventorship is necessarily an ongoing determination throughout examination, and because claim amendments or changed interpretation might affect the relevance of such joint research agreements, we trust that PTO will permit liberal amendment of the specification in this regard throughout examination, and without fee. (In contrast to the statement of priority, for example.).

*In re Katz* Declarations: The proposed rules (Section 1.130(b)) contemplate continuation of the practice permitting applicants to submit Declarations confirming that the applicant invented the subject matter of disclosures material to patentability made prior to the "effective filing date." Because the First Inventor to File regime will increase the available body of prior art, and will likely increase reliance on such Declarations, we encourage the PTO to continue to be flexible in the application of these practices, and to continue its practice of permitting the confidential submission of such Declarations and/or supporting documentation.

Derivation: Similarly, Declarations may be submitted to show derivation by another who was responsible for a publication prior to the effective filing date (Section 1.130(d)). As above, such Declarations are likely to include valuable and confidential information not otherwise found in the specification, nor required to be. It is imperative to the protection of such confidential intellectual property, and to promote resort to the patent system, that such information likewise be protected from public disclosure.

On Sale: The PTO states that it will interpret "on sale" as a "disclosure" under the AIA, notwithstanding some ambiguity in the law. LES agrees with that approach. The PTO also seeks comment on whether a "sale" must be "sufficiently" public to preclude the grant of a patent on the claimed invention. In other words, will a private, confidential sale insulate applicant from the prior art effect of an on sale event under AIA Section 102(a)(1)? LES agrees with the PTO's proposed continued adherence to contract law principles to determine whether a commercial offer for sale has occurred. In keeping with those principles, and prevailing precedent, a sale is a sale, regardless of its confidentiality. The on sale bar is a meritorious and meaningful check on the system to prevent would-be patentees from exploiting confidentiality provisions of contract and trade secret law to unfairly extend a patent term by delaying its effective filing date while nonetheless commercially exploiting the invention under the protection of other regimes. This invites misuse, sharp practices, and gaming of the system. Consequently, we urge that a sale be deemed a disclosure regardless of its confidentiality.

Where such events are not truly sales, but are, in effect, joint research agreements or joint development agreements, those exchanges can, and should, be made explicit that the putative sale is, in fact, further development, trial of a prototype, or assessment or evaluation of a product. Existing case law addresses such situations and has developed meaningful and helpful guidelines for assessing whether a transfer of product or technology is a sale or part of a development project when there is no express statement of purpose. That precedent can be used as guidance in interpreting the AIA, and will provide greater consistency and reliability in the law. Accordingly, we encourage an interpretation that is analogous to the current on sale standard.

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Once again, LES appreciates the opportunity to address these important issues, and to provide the PTO with the insights of its members. We look forward to continued work with the PTO to implement the AIA in a manner that fosters innovation and a vibrant inventive American economy.