

**RESPONSE TO THE PTO REQUEST FOR COMMENTS ON
PROPOSED CHANGES TO RULES REGARDING
REPRESENTATIONS OF OTHERS BEFORE THE PTO**
Submitted by: **The National Association of Patent Practitioners**
Ron Reardon, President
Louis J. Hoffman, Chair, Government Affairs Committee
May 25, 2007

Introduction

The following comments are presented in response to the request for public comments published by the United States Patent & Trademark Office (PTO) in the Federal Register (72 Fed. Reg. 9196) dated February 28, 2006, concerning the PTO's rules regarding representations of others before the PTO.

The National Association of Patent Practitioners (NAPP) is a nonprofit trade association for patent agents and patent attorneys. NAPP has nearly 500 members in 13 countries. The patent practices of the practitioner members are focused primarily on patent prosecution, namely practice before the PTO. As part of NAPP's mission statement, we aim to create a collective nationwide voice to address issues relating to patent prosecution practice. For more information about NAPP, visit www.napp.org.

NAPP speaks for a significant share of patent agents and a fair number of patent attorneys. Approximately 5% of all active U.S. patent agents are members of NAPP. NAPP membership also includes hundreds of patent attorneys, generally those more involved in active prosecution before the PTO.

In preparing this document, comments from members of NAPP, who participate in our daily e-mail discussion group, were solicited and collected. Indeed, this subject has been a popular topic of discussion on the list for many years. We believe that the information provided here is representative of the prevailing wisdom of NAPP members, as reflected in postings on the daily e-mail discussion list.

Although there has been considerable controversy among NAPP members on this topic, we believe that the comments below are one on which NAPP members with opposing views have reached consensus.

NAPP welcomes the opportunity to comment on the PTO's proposed rule changes and hopes that the considered and thoughtful nature of its comments will assist the Office in its work.

Executive Summary

NAPP appreciates the PTO's rule-clarification efforts and does not have any comments on most of the provisions. NAPP provides suggestions in response to the specific request in the rule-making to comment on the role of patent agents (not attorneys) with respect to patent assignments. NAPP thinks that the PTO should create one form assignment document (or a few such documents) and relax the rules to allow agents to recommend the form in a narrow but frequently encountered set of circumstances, which the PTO would clearly define. Providing such a "safe harbor" would allow wider access to proper assignments, at lower cost, without materially increasing the risk to the public from faulty assignments.

NAPP's Specific Comments

Background

The one issue that stands out in the rules package is the issue – much debated on NAPP's mail list - concerning whether the PTO's rule should allow patent agents (non-attorneys) to prepare assignments. The rule package contains the following discussion overview on this subject:

But for limited situations noted below, a registered patent agent is not authorized by his or her registration to practice before the Office to draw up a contract or to select contract forms for a client relating to a patent, such as an assignment or a license, if the state in which the agent resides or practices considers drafting contracts the practice of law. Assignments and licenses are the creation of state, not federal, statutory law. Although 35 U.S.C. 152, 202, 204 and 261 refer to assignment or licensure of patents or patent rights, assignments and licenses are forms of contracts, which are creatures of state, not federal law. Contracts are enforceable under state law. The authority to prepare contracts and provide advice regarding the terms to include in contracts is subject to the state law regarding who is authorized to practice law. In contrast, submission for recordation of assignments and licenses is a ministerial act that does not require legal training. It has been the long-standing position of the Office that a registered patent agent may prepare a patent assignment or license if not prohibited by state law, and an agent may submit the assignment or license for recordation.

The Office solicits comment on whether it should explicitly provide for circumstances in which a patent agent's causing an assignment to be executed might be appropriate incidental to preparing and filing an application. For example, execution of a standard assignment document may be incidental to filing an application where the inventor is an employee of an organization, such as a corporation or partnership, and signed an agreement to assign inventions to the organization. It would be also consistent with the law in some states for a registered patent agent who is a regular (salaried) employee of the organization acting for his or her employer to undertake to prepare assignments only for the employer. If commentators propose that the Office should provide for such situations, they should attempt to articulate standards by which actions strictly incidental to an agent's duties in preparing applications can be distinguished from actions necessitating expert knowledge of state principles for which registered practitioner status does not prepare agents.

The specific rule being proposed as a result of these comments defines what constitutes "practice before the Office" and can be found at proposed rule 11.5(b) and (b)(1) at pages 9206-7 of the Federal Register.

A significant fraction of NAPP members, especially patent agents, would favor allowing agents to prepare (or select) assignments, and make the following arguments:

1. Many, most, or nearly all assignments are simple transfers and do not require a lawyer's review.
2. There are commonly accepted forms available online, in books, or otherwise that can be used safely.
3. Inventors and lay people can prepare their own forms, and an agent can provide better advice than "do it yourself" help.
4. An assignment is incidental to patent filing, especially when filed with an application.
5. Assignment work is less complex than many patent claim or specification issues that agents routinely handle.
6. It makes little sense to advise a client on all aspects but have to refer the client to an attorney for the assignment form.
7. Lawyer advice is quite expensive to the client.

Although there is certainly merit in the above points, quite a few NAPP members are leery about the notion of allowing agents to prepare (or select) assignments, and they note the following:

1. Assignments are dependent on state contract law, which by the way varies from state to state.
2. In some situations, assignments lead to serious complexities, which can impact title and prevent patent enforcement.
3. Agents are not trained in contract law and will miss even seeing the complex issues in some instances.
4. Aside from preparing the assignment form, good lawyering may require figuring out whether the inventor is obligated to assign the invention in the first place, for example to a corporate employer.
5. Issues of who the agent/attorney is representing frequently arise in connection with assignment work, and agents are likely less sensitive to such issues than lawyers (who have had it drilled into them for attorney ethics purposes).

As noted in the OED's write-up quoted above, some people take a middle ground, and it is certainly possible to allow agents to prepare assignments in certain circumstances and not others.

After discussion, both "camps" in NAPP appear to have reached a consensus on an intermediate position, along the lines of the OED solicitation of comments. Under NAPP's proposal, the rules should be modified to allow agents to select (but not draft or vary) one or more form assignments, in certain, well-defined - and common - situations. NAPP's suggestions take in the form of two comments: the first recommends that the PTO establish, by rule or not, and with legal advice, certain standard form assignments (as PTO once had posted on its website), and the second recommends that the PTO establish specific "safe harbor" situations in which agents can recommend such standard forms to their clients.

Comment #1. The PTO ought to restore one or more form assignment documents previously posted on its website.

Explanation: The PTO formerly had posted on its public website, <http://www.uspto.gov/web/forms/index.html#startforms>, a form called “PTO/SB/15 (2003/08), entitled, “Sample Form for an Assignment of Application,” but according to the site it was “Deleted as of 10/2005.” Although it is not available from that page on a link, it is still available on the PTO website, it is indexed in search engines (e.g., a search in Google for “patent assignment forms” produces this document as the first indented entry), and it still can be downloaded from <http://www.uspto.gov/web/forms/sb0015.pdf>.

The PTO’s form before “deletion” can also be found at the “Wayback Machine,” e.g. at <http://web.archive.org/web/20050130214806/www.uspto.gov/web/forms/sb0015.pdf>.

NAPP believes that the PTO should restore the SB/15 form, after careful legal review and possible revision. Better, it should prepare several (*i.e.*, a few) forms of assignment.

Specifically, one frequent criticism of the former form has been that it transferred only, “the full and exclusive right to the said invention *in the United States* and the entire rights, title and interest in and to any and all Patents which may be granted therefore [sic-therefor] *in the United States.*” [Emphasis added] In most instances, transfer of the application would be accompanied with transfer of *the invention*, including all patent rights *worldwide* derived from or corresponding to the application.

Accordingly, the SB/15 form should be retained, for those circumstances in which assignment of only U.S. rights is desired, and a revised, expanded form should be prepared as an alternative for those circumstances in which transfer of all, *worldwide* rights in the *invention disclosed in the U.S. application* is desired.

Having a few suitable forms online would promote the PTO’s mission to allow for low-cost and efficient patenting and reduce the public’s costs and difficulty in developing enforceable patents.

Comment #2. The PTO should modify the rules to allow patent agents (who are not attorneys) to select PTO standard forms for their clients in certain, defined “safe harbor” situations.

Explanation: As indicated in the Introduction, NAPP has reached an internal consensus that a patent agent ought to be permitted to recommend to the agent’s client a PTO-approved assignment form (and select one of several forms fitting the circumstances) in certain well-defined “safe harbor” situations. It is preferred that the defined situations be ones that are common and in which complications are unanticipated, to minimize risk and maximize benefit to the public. The following scenarios are thought to meet those standards.

A patent agent ought to be able to select the assignment form and recommend it to a client of the agent in the following cases, when connected to a pending U.S. application:

A. Inventor-controlled entities: The inventor (or inventive entity including all named co-inventors) owns all or a significant share of a single corporate or other business entity, and the agent ensures that the business entity and all co-inventors agree that the invention (or the U.S. application, as the case may be) should be assigned from the individuals to the entity.

NOTE: By the term “significant,” we suggest 10%, to allow for entities owned in part by financiers and part by inventors, but excluding situations in which inventors have small quantities of shares, such as through stock option plans, in publicly held companies)

B. Inventor-employees: A single corporation or other business entity employs the inventor (or inventive entity including all named co-inventors), either through employment or independent contracting, and the agent ensures that the business entity and all co-inventors agree that the invention (or the U.S. application, as the case may be) should be assigned from the individuals to the employer.

NOTE: The agent can gain the adequate assurances by reviewing a written employment agreement containing an obligation of assignment from the inventors to the company, and observing the signature of the inventors on the assignment, as well as by speaking to all parties involved.

C. Co-inventors: The agent ensures that all co-inventors agree that the invention (or the U.S. application, as the case may be) should be assigned to a single one of the co-inventors.

D. Combinations: Any combination of A, B, or C above that can be consolidated into a single step could be done by the agent as well.

NOTE: For example, if two co-inventors own a corporation together and hire a third co-inventor as an employee or independent contractor, and the corporation and all three co-inventors agree, the agent could assign the invention directly from the co-inventors to the corporation, under items A and B above combined.

The overall concept is that the rules should be expanded to permit the above even if the agent has not had the form assignment approved, drafted, or recommended by an attorney, or presented to the agent by the agent’s client. (Those situations would be permissible under current law anyway.)

In conclusion, NAPP thanks the PTO for the opportunity to comment and offers to provide whatever assistance possible in connection with this important issue.