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Sent: Saturday, March 03, 2012 6:33 PM
To: aia_implementation
Subject: Micro-entity (Before Proposed Rules)

Dear AIA Implementation:

The micro-entity provision of the AIA is unclear in its usage of "applicant". In particular, it is unclear whether "applicant" is an individual inventor or an inventive entity (i.e. a group of joint-inventors). Thus, I recommend that the USPTO rulemaking clearly sets forth the definition of "applicant" and offers guidance on the following questions:

1. Does micro-entity status apply in a situation where an inventor assigns or is under an obligation to assign to BOTH an institution of higher learning and a large entity, such as the Department of Veteran's Affairs or NIH, e.g. 1/2 of the inventor's rights is assigned to a university and the other 1/2 is assigned to NIH?
2. Does micro-entity status apply in a situation where one inventor assigns or is under an obligation to assign to an institution of higher learning and a co-inventor assigns or is under an obligation to assign to a large entity?
3. Does micro-entity status apply in a situation where the institution of higher learning assigns a. a non-exclusive license, in whole or in part, to a large entity, or b. an exclusive license to a large entity?

I recommend adopting an interpretation where when one part of the rights to an invention/application is assigned or is under an obligation to assign to an institution of higher learning and the other part is assigned/licensed or under is an obligation to assign/license to a government agency or a small entity, micro-entity status applies.

The reasoning is that a significant amount of inventions from institutions of higher learning for which patent protection is pursued is the result of Government grants/funding. Consequently, with many of these inventions, the Government has certain rights to the invention, e.g. a confirmatory license (of the Government's right to practice the invention). I understand that a primary objective of the AIA was to help promote innovation and that the micro-entity provision is a key component for meeting this objective as institutions of higher learning are sources of the type of inventions which lead to the creation of new companies and jobs.

Unfortunately and too often, universities cannot pursue patent protection for cutting-edge technologies, including life-saving inventions, because the USPTO fees (even the small entity fees) are cost prohibitive. As a result, once the ability to obtain patent

protection for a given invention is lost, companies and investors are not interested in pursuing the further research and development necessary to bring the invention to market because they may not be able to recoup the cost of the R&D without adequate patent protection. Consequently, many inventions are never brought to market and never benefit the public.

Thus, I recommend an interpretation where when one part of the rights to an invention/application is assigned or is under an obligation to assign to an institution of higher learning and the other part is assigned/licensed or is under an obligation to assign/license to a government agency or a small entity, micro-entity status applies. I believe such an interpretation is consistent with the intent and objective of the AIA and the micro-entity status provision (and even the amendment to funding agreements (35 U.S.C. 202(c)).

Thank you for this opportunity to comment on this important provision of the AIA.

Best regards,
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The views expressed herein are mine and are not to be attributed to any other person or entity including Smith, Gambrell & Russell, LLP or any client of the firm.

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