

# Ownership and Assignment

**Current Issues in Patent Practice**

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# Motivation

- Why do we care about patent ownership?
  - In every patent-related litigation or licensing matter, the party asserting the patent must be prepared to demonstrate that it has the necessary underlying rights the patent in question.
  - Consequences of failure to properly demonstrate these underlying rights can be catastrophic.
- Most patent ownership issues are straightforward, but there can be pitfalls in unexpected areas.

# Initial Patent Ownership

## ■ Who owns a patent?

- In general, the inventors must apply for a patent in their names. 35 U.S.C. § 111.
- Absent any other action, a patent is issued to the individual applicant or applicants. 35 U.S.C. § 151.
- If the application has been assigned prior to issuance, the patent is issued to the assignee. 35 U.S.C. § 152.

## ■ Some patent reform drafts permit assignee or prospective assignee to apply for a patent (as is allowed in some countries outside the U.S.)

- Query: Will such a provision be unconstitutional under Article I, Section 8, clause 8:
  - “The Congress shall have the power to promote the progress of Science and useful Arts, but Securing for a limited Time to Authors and **Inventors the exclusive Right to their** respective Writings and **Discoveries.**”

# Patent Conveyance Statute

## ■ 35 U.S.C. § 261

- “Subject to the provisions of this title, patents shall have the attributes of personal property.
- Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the whole or any specified part of the United States.”
- An assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.”

# Patent Conveyance Statute

## ■ Statutory Requirements

- Patents may be conveyed in manner similar to personal property
- Assignments must be in writing
  - BUT a written assignment is not the only way to transfer a patent in its entirety
- Conveyance should be recorded in the US Patent and Trademark Office within 3 months to prevent a later conveyance of the patent superseding the earlier conveyance

# Recording Patent Conveyances in the USPTO

- Regulations of the USPTO for recording patent (and trademark conveyances) is located in 37 C.F.R. Part 3.
- Some key provisions:
  - Unless the assignment is filed concurrently with the application, patents must be identified by number and applications by serial number. 37 C.F.R. § 3.21.
  - Don't mix trademark and patent assignments in one submission. 37 C.F.R. § 3.31(b) (some patent assignments are non-public).
  - Assignments may be recorded by mail using a paper cover sheet or via the USPTO's website.
  - Conveyance documents must be in English or accompanied by an English translation. 37 C.F.R. § 3.26.
  - Recording fee in USPTO is presently \$40 per patent property.

# Recording Patent Conveyances in the USPTO

- The PTO Assignment Branch does not substantively review conveyance documents
  - Recording of a conveyance in the PTO is not a determination by the PTO that the conveyance is valid. 37 C.F.R. § 3.55.
  - Recording of a conditional assignments are recorded by the PTO as absolute assignments. 37 C.F.R. § 3.56.

# Recording Patent Conveyances in the USPTO

- Many different types of patent conveyances may be recorded in the USPTO
  - (A) assignment;
  - (B) security agreement;
  - (C) merger;
  - (D) change of name;
  - (E) license;
  - (F) foreclosure;
  - (G) lien;
  - (H) contract; and
  - (I) joint research agreement
- It is important to record the correct document
  - Example: certain changes in Germany for a GmbH are effective when it is entered on the commercial register
  - May need to check with foreign counsel



# Recording Patent Conveyances in the USPTO

- **Frequent issues in recording assignments**
  - Inventors assign patent applications to their employers
    - Often required by contract signed when employment begins
    - Actual documents effectuating assignment are recorded on a application-by-application basis.
  - Patent assignments resulting from a purchase of a business
    - Actual document effectuating assignment is often an exhibit to the Asset Purchase Agreement (APA). This exhibit is recorded; the APA is not.
    - Because of high fees outside the US, buyers often choose not to record patent transfers in all countries where the purchased patents are in force.
- **Assignments come in many forms**

# Checking Ownership of a Patent in the USPTO

## ■ How can you determine who owns a patent?

- Read the assignee name of the face of the patent? NO.
- BUT: This is the field that is searchable on the US Patent and Trademark Office patent database

(12) **United States Patent**  
**Szabelski**

(10) **Patent No.:** **US 6,959,355 B2**  
(45) **Date of Patent:** **Oct. 25, 2005**

(54) **UNIVERSAL SERIAL BUS HUB WITH SHARED HIGH SPEED HANDLER**

(75) **Inventor:** **Piotr Szabelski, Santa Clara, CA (US)**

(73) **Assignee:** **Standard Microsystems Corporation, Hauppauge, NY (US)**

(\*) **Notice:** Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 261 days.

(21) **Appl. No.:** **10/374,852**

(22) **Filed:** **Feb. 24, 2003**

6,435,904	B1	8/2002	Herbst et al.	
6,480,927	B1	* 11/2002	Bauman .....	710/317
6,505,267	B2	1/2003	Luke et al.	
6,671,765	B1	* 12/2003	Karlsson et al. ....	710/310
6,678,760	B2	* 1/2004	Brief .....	710/52
6,816,929	B2	* 11/2004	Ueda .....	710/56
2002/0154625	A1	* 10/2002	Ma .....	370/351
2004/0153597	A1	* 8/2004	Kanai et al. ....	710/305
2004/0225808	A1	* 11/2004	Govindaraman .....	710/305

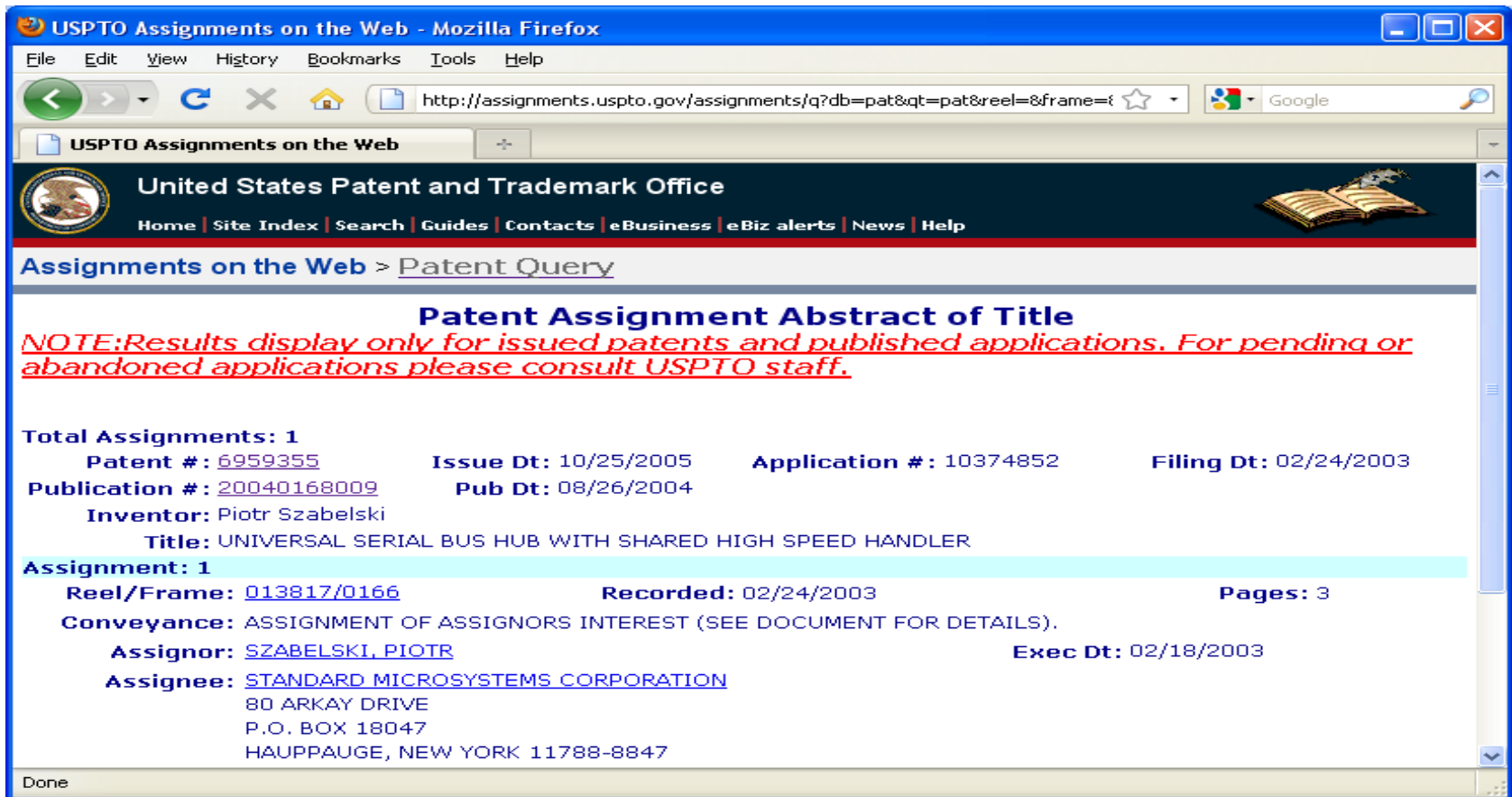
### OTHER PUBLICATIONS

Cypress Semiconductor Corporation, "TetraHub™ High-speed USB Hub Controller," Publication No. CY7C6540, Dec. 5, 2002, 25 pages.

Compaq et al.; *Universal Serial Bus Specification*, Revision

# Checking Ownership of a Patent in the USPTO

- How can you determine who owns a patent?
  - Check the Patent Assignment website? NO.
  - This is taken from the cover sheet, not the underlying conveyance document



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USPTO Assignments on the Web

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Assignments on the Web > Patent Query

**Patent Assignment Abstract of Title**

*NOTE: Results display only for issued patents and published applications. For pending or abandoned applications please consult USPTO staff.*

**Total Assignments: 1**

Patent #: <a href="#">6959355</a>	Issue Dt: 10/25/2005	Application #: 10374852	Filing Dt: 02/24/2003
Publication #: <a href="#">20040168009</a>	Pub Dt: 08/26/2004		

Inventor: Piotr Szabelski

Title: UNIVERSAL SERIAL BUS HUB WITH SHARED HIGH SPEED HANDLER

**Assignment: 1**

Reel/Frame: <a href="#">013817/0166</a>	Recorded: 02/24/2003	Pages: 3
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Conveyance: ASSIGNMENT OF ASSIGNORS INTEREST (SEE DOCUMENT FOR DETAILS).

Assignor: [SZABELSKI, PIOTR](#) Exec Dt: 02/18/2003

Assignee: [STANDARD MICROSYSTEMS CORPORATION](#)  
80 ARKAY DRIVE  
P.O. BOX 18047  
HAUPPAUGE, NEW YORK 11788-8847

Done

# Checking Ownership of a Patent in the USPTO

- How can you determine who owns a patent?
  - The actual records in the USPTO must be examined to determine ownership.
  - Note that when dealing with a private service for obtaining public records from the USPTO, make sure to specify with the private service that assignment documents are needed.
  - When checking ownership, also check whether maintenance fees (payable 4, 8 and 12 years after issue) have been paid.

# Akira Akazawa v. Link New Technologies

- Ownership of the '716 patent at issue
  - Yasumasa is the sole inventor on the '716 patent and owned the '716 patent at the time of his death on March 25, 2001.
  - Yasumasa did not have an executed will when he died.
  - Under Japanese law Hitomi, Yuki and Fumi, his wife and daughters respectively, were Yasumasa's only heirs.
  - Yuki and Fumi assigned their interest in the '716 patent to Hitomi in an "Inheritance Agreement."
  - Hitomi then executed an assignment transferring all rights in the '716 patent to Akira.
  - Akira sued Link New Technologies under the '716 patent
- Link moved for summary judgment based on or Akira's lack of standing

# Akira Akazawa v. Link New Technologies

## ■ C.D. Cal. Court decision

- Japanese law may determine who the '716 patent could be transferred to upon Yasumasa's death, but the 35 U.S.C. § 261 determines the manner by which the assignment must be made.
- When Yasumasa died, title to the '716 patent was held by his estate until properly assigned in writing by the legal representative of the estate.
- It was Akira's burden to prove that a writing transferring the '716 patent from Yasumasa's estate to his heirs exists or that some other chain of title gives Akira ownership of the '716 patent.
- Akira had not met his burden so the court granted Link's motion for summary judgment.

# Akira Akazawa v. Link New Technologies

## ■ The Federal Circuit vacated and remanded

- The Federal Circuit determined that Japanese intestacy law governs, not federal law, and that the district court needed to make a determination of this law to decide the motion:
  - “If the district court concludes that the ‘716 patent was transferred to Hitomi, Yuki, and Fumi upon Yasumasa’s death, then the subsequent transfers between Yuki, Fumi, Hitomi, and Akira conveyed ownership of the ‘716 patent to Akira.
  - If, however, the district court concludes that under Japanese law the ‘716 patent was transferred to the estate of Yasumasa which then fell under the control of an administrator or executor, a written assignment in accordance with § 261 may then be necessary to convey the patent from the estate to Yasumasa’s heirs.”

- **SAP alleged that Sky did not own the patents at issue**
  - Part of the chain of title involved a transfer from Ozro to XACP through a July 14, 2003 foreclosure proceedings where XACP foreclosed on its security interest in the patent collateral.
  - The E.D. Tex. court held that XACP complied with the Massachusetts UCC foreclosure requirements by placing the patent collateral up for sale at a public auction and notifying Ozro of the sale.
  - When XACP assigned the patents-in-suit to Sky on July 22, 2003, Sky became vested with all rights, title, and interest in the patents.
  - Thus, the chain-of-title had not been broken from Ozro to Sky, and Sky was declared the proper title-holder of the patents-in-suit, giving Sky standing to bring the patent infringement suit.



- On interlocutory appeal, the Federal Circuit affirmed
  - Following the holding of *Akazawa*, a transfer of patent ownership is permissible by operation of law without a writing—in this case the Massachusetts UCC
  - Section 261 does not preempt the application of state law to effectuate patent transfer without a writing
  - Policy justifications
    - 1. If foreclosure on security interests secured by patent collateral could not transfer ownership to the secured creditor, a large number of patent titles presently subject to security interests could be invalidated.
    - 2. Restriction of transfer of patents to assignments diminishes value of patents because patents would be unable to be used as security.
    - 3. Impractical to require secured parties to seek written assignments following foreclosures from businesses that may have ceased to exist.