



PATENT APPLICATION ASSIGNMENT & GUIDELINES

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1. Overview

A company's ability to buy and sell property is essential to its long-term life and vitality. Although it does not take up physical space, too much intellectual property can burden a company, directing limited funds towards obtaining registrations, defending against third-party claims, or creating and marketing a final product. Selling unused or surplus intellectual property can have an immediate positive effect on a company's finances, generating revenue and decreasing costs. When it does come time to grow a business, companies looking to purchase property (including patent applications and other undeveloped inventions) to support their growth must be sure that the seller does, in fact, have title to the desired items. A properly-drafted patent application assignment can help in both circumstances.

A patent application assignment is the transfer of an owner's property rights in a given application for a patent or patents. Such transfers may occur on their own or as parts of larger asset sales or purchases. Patent application assignment agreements both provide records of ownership and transfer and protect the rights of all parties.

If you follow the enclosed sample and guidelines, you will have a written acknowledgment of the rights and responsibilities being transferred as part of your sale. This will provide essential documentation of ownership and liability obligations and you will be well on your way to establishing a clear record of title for all of your patent applications.

2. Dos & Don'ts Checklist

- A patent is a set of exclusive rights in an invention given by the government to its inventor for a limited period of time. Essentially, in exchange for the inventor's agreement to make his or her invention public and allow others to examine and build on that work, the government provides that inventor with a short-term monopoly for his or her creation.
- Even before a patent is issued, an invention or a patent application can have value. The owner has the right to exploit this invention (and any resulting patents), and can assign this freely. A patent application assignment can take many forms. It can be the transfer of an individual's entire interest to another individual. It can also be the transfer of a specific part of that interest (e.g., half interest, quarter interest, etc.) or only for a designated area of the country.
- Licenses are different than assignments. The individual who receives license rights from the patent holder is not gaining ownership – rather, he or she is getting assurance from the patent holder that he or she will not be sued for making, using, or selling the invention. The terms of the license will vary from agreement to agreement, and may address issues of royalties, production, or reversion. If you are looking only to license an invention, you should not use the enclosed document.
- A patent application transfer is typically accomplished through a contract, like the written agreement form that follows. However, after the parties have negotiated and signed their agreement, the transfer must be recorded with the U.S. Patent and Trademark Office (USPTO). The agreement will not be effective if this registration is not made. Moreover, if the transfer is not recorded within three

(3) months from the date of the assignment, there can be no later purchasers. In other words, the patent application is no longer sellable to a third party by the assignee.

- There is a \$40 fee for recording each assignment of a patent or patent application. If you are submitting your transfer papers to the USPTO by mail, you should send them (together with a cover sheet and the fee) to Mail Stop Assignment Recording Services, Director of the United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450. Note that if you submit your assignment by mail, you should not use the original, since the document will not be returned to you. In addition, the copy you submit must be on paper that is “flexible, strong white, non-shiny, and durable.”
- Although you should feel free to adapt the document to suit your arrangement, you must identify the patent application number (which consists of a series code and a serial number, e.g., 07/123,456) in the assignment itself. If the assignment relates to a provisional patent application, or an application that is being filed at the same time as (or after) the assignment, provide the name of each inventor and the title of the invention. This is a requirement of federal law and failure to follow it could invalidate your assignment.
- The advantage of selling your invention or patent application outright (and not simply licensing or attempting to develop and market the invention yourself) is that you are guaranteed payment at the price you and the purchaser have negotiated. On the other hand, that one-time payment is all that you will ever receive for your property. You will no longer have the right to control anyone else’s use of your creation. By using it yourself or offering a temporary license, you retain the potential for future income. However, such income is by no means certain, and your opportunities are paralleled by risk. Before selling all of your rights in a patent application, make sure this is the best (and most lucrative) approach for you and your company.
- Do not enter into an agreement without completing your due diligence. If you are purchasing a patent application, conduct searches with the USPTO and online directories to make sure the seller actually has complete and unique rights in the offered property. Has an application already been filed by another person or company? What are the chances that this is a patentable item? Although your findings will not provide guarantees, you might find critical information about the value of the creation and potential patent. Consider hiring a professional to help in your investigation. Comparing applications often requires a specialized and technical understanding to know how useful and unique each one is.
- If you are selling an invention or application, make sure you own them. Although this may seem obvious, ownership of intellectual property is sometimes not clear-cut. This may be the case if, for example, the invention was created as part of your employment or if it was simply sold or otherwise transferred to somebody else. A thorough search of the USPTO should be conducted before you attempt to sell your property.
- Both parties should review the assignment carefully to ensure that **all relevant deal points** have been included. It is better to be over-inclusive than under-inclusive. Do not assume that certain expectations or terms are agreed to if they are not stated expressly on the document.

- Sign two copies of the assignment, one for you and one for the other party.
- It's a good idea to have your assignment notarized. This will limit later challenges to the validity of a party's signature or of the transfer itself.
- If your agreement is complicated, do not use the enclosed form. Contact an attorney to help you draft an assignment that will meet your specific needs.

3. Patent Application Assignment Instructions

The following provision-by-provision instructions will help you understand the terms of your assignment.

The numbers and letters below (e.g., Section 1, Section 2(a), etc.) correspond to the provisions in the agreement. Please review the entire document before starting your step-by-step process.

- **Introduction of Parties.** Identifies the document as a patent application assignment. Write in the date on which the agreement is signed. Identify the parties and, if applicable, what type of organization(s) they are. Note that each party is given a name (e.g., "Assignor") that will be used throughout the agreement. The Assignor is the party that is giving ("assigning") its ownership interest and the Assignee is the party receiving it.
- **Recitals.** The "whereas" clauses, referred to as recitals, define the world of the assignment and offer key background information about the parties. In this agreement, the recitals include a simple statement of the intent to transfer rights in the patent.

Remember that the Assignor can transfer all or part of its interest in the Inventions and the Patent Applications. If the entire property is being transferred, use the word "all." If only part of the Inventions and Patent Applications are being transferred, specify the amount being assigned.
- **Section 1: Assignment of Patents.** This constitutes the assignment and acceptance of the assignment of the Inventions and Patent Applications. Note that the property being assigned is not described in the agreement itself. The Assignment references "Schedule 1," and explains that the full description is located on that schedule. Be as complete and clear as possible in your description of the Inventions and Patent Applications being transferred.
- **Section 2: Consideration.** In most agreements, each party is expected to do something. This obligation may be to perform a service, transfer ownership of property, or pay money. In this case, the Assignee is giving money (sometimes called "consideration") to receive the Assignor's property. Enter the amount to be paid, and indicate how long the Assignee has to make that payment after the agreement is signed.
- **Section 3: Authorization to Director.** The Assignor's authorization to issue any Patents in the Assignee's name. In other words, this tells the head of the USPTO that the transfer is valid and that ownership is changing hands by virtue of the Assignment.

The bracketed last sentence is only applicable if the assignment is being recorded before a patent application number has been issued by the USPTO. It allows this application number to be written in

after the assignment is recorded. If the Patent Applications have already been filed, and there have been application numbers issued, delete this bracketed sentence.

- **Section 4: Assignor's Representations and Warranties.** The Assignor's promises about the property being sold. More specifically, the Assignor is swearing that:

4(a): it is the sole owner of the Inventions and Patent Applications. If there are other owners who are not transferring their interests, use the bracketed phrase. This means that the only part being transferred is the Assignor's part.

4(b): it has not sold or transferred the Inventions and Patent Applications to any third party.

4(c): has the authority to enter the agreement.

4(d): does not believe that the Inventions and Patent Applications have been taken from any third party without authorization (e.g., a knowing copy of another company's invention).

4(e): does not know of any permissions that have to be obtained in order for the assignment to be completed. In other words, once the agreement is signed, the assignment will be effective without anyone else's input.

4(f): the Inventions weren't created while the creator was employed by a third party. In many cases, if an individual was employed by a company and came up with a product, the company will own that product. This section offers assurance to the Assignee that there are no companies that will make that claim about the Inventions and Patent Applications being sold.

If you and the other Party want to include additional representations and warranties, you can do so here.

- **Section 5: Assignee's Representations and Warranties.** The Assignee's promises about the transaction. More specifically, the Assignee is swearing that it:

5(a): has the authority to enter the agreement.

5(b) has enough funds to pay for the assignment.

If you and the other Party want to include additional representations and warranties, you can do so here.

- **Section 6: No Early Assignment.** Prevents the Assignee from re-transferring the inventions or applications, or using any of them as collateral for loans, until it has made complete payment of the money due under the agreement.

- **Section 7: Documentation.** The Assignor's promise to help with any paperwork needed to complete an assignment (e.g., filing information about the assignment with the USPTO and transferring document titles). The bracketed phrases make the additional promise that the Assignor will help with transfer paperwork for filings outside of the country. If this is not relevant to your agreement, delete the bracketed phrases.

- **Section 8: No Further Use of Inventions.** Indicates that after the effective date of the agreement, the Assignor will stop using all of the inventions being transferred and will not challenge the Assignee's use of those inventions.

- **Section 9: Indemnification.** A description of each Party's future obligations, if the invention or any application is found to infringe on a third party's rights. There are two options provided, and you should choose the one that best fits with your situation. In the first, the Assignor takes all responsibility for infringement, promising to pay all expenses and costs relating to the claim. In the second, the Assignor makes its responsibilities conditional, greatly limiting its obligations if a claim is brought. Select only one of these options, and delete the other.
- **Section 10: Successors and Assigns.** States that the Parties' rights and obligations will be passed on to successor organizations (if any), or organizations to which rights and obligations have been permissibly assigned.
- **Section 11: No Implied Waiver.** Explains that even if one Party allows the other to ignore or break an obligation under the agreement, it does not mean that Party waives any future rights to require the other to fulfill those (or any other) obligations.
- **Section 12: Notice.** Lists the addresses to which all official or legal correspondence should be delivered. Write in a mailing address for both the Assignor and the Assignee.
- **Section 13: Governing Law.** Allows the Parties to choose the state laws that will be used to interpret the document. Note that this is not a venue provision. The included language will not impact where a potential claim can be brought. Write the applicable state law in the blank provided.
- **Section 14: Counterparts / Electronic Signatures.** The title of this provision sounds complicated, but it is simple to explain: it says that even if the Parties sign the agreement in different locations, or use electronic devices to transmit signatures (e.g., fax machines or computers), all of the separate pieces will be considered part of the same agreement. In a modern world where signing parties are often not in the same city - much less the same room - this provision ensures that business can be transacted efficiently, without sacrificing the validity of the agreement as a whole.
- **Section 15: Severability.** Protects the terms of the agreement as a whole, even if one part is later invalidated. For example, if a state law is passed prohibiting choice-of-law clauses, it will not undo the entire agreement. Instead, only the section dealing with choice of law would be invalidated, leaving the remainder of the assignment enforceable.
- **Section 16: Entire Agreement.** The Parties' agreement that the document they're signing is "the agreement" about the issues involved. Unfortunately, the inclusion of this provision will not prevent a Party from arguing that other enforceable promises exist, but it will provide you some protection from these claims.
- **Section 17: Headings.** Notes that the headings at the beginning of each section are meant to organize the document, and should not be considered operational parts of the note.
- **Schedule 1: List of Patents.** In order for the assignment of a patent application to be effective, the inventions and applications being transferred must be clearly identified. Be thorough in your description and attach any applications or drawings that you may have. If you do include drawings, reference the inclusion of those items in the schedule (e.g., "* See attached drawing").

If the assignment relates to a patent application, identify the application number (consisting of a series code and a serial number, e.g., 07/123,456). If the assignment relates to a provisional patent application, or an application that is being filed at the same time as (or after) the assignment, you must also provide the name of each inventor and the title of the invention.

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Form Sample

PATENT APPLICATION ASSIGNMENT

This Patent Application Assignment (the "Assignment") is made and effective as of _____, 20____ ("Effective Date") by and between _____, [an individual] [corporation] [etc.] (the "Assignor") and _____, a _____ [corporation][limited liability company] [etc.] (the "Assignee"). The Assignor and the Assignee may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the Assignor has invented certain new and useful inventions (the "Inventions") and has applied for patents on the Inventions, which applications are listed on Schedule 1 attached hereto and made a part hereof (collectively, the "Patent Applications"); and

WHEREAS, it is the Assignor's intention to assign and transfer to the Assignee [all] [_____] of its right, title, and interest in the Inventions and to the Patent Applications; and

WHEREAS, the Assignee desires to acquire [all] [_____] of the Assignor's right, title, and interest in the Inventions and to the Patent Applications, any and all letters patent or similar legal protections, foreign or domestic, to the Inventions and to the Patent Applications; and

WHEREAS, each Party is duly authorized to execute this Assignment.

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance/Execution Date(s):

Execution Date(s) _____

- Assignment Merger
 Security Agreement Change of Name
 Joint Research Agreement
 Government Interest Assignment
 Executive Order 9424, Confirmatory License
 Other _____

4. Application or patent number(s):

This document is being filed together with a new application.

A. Patent Application No.(s) _____

B. Patent No.(s) _____

Additional numbers attached? Yes No

5. Name and address to whom correspondence concerning document should be mailed:

Name: _____

Internal Address: _____

Street Address: _____

City: _____

State: _____ Zip: _____

Phone Number: _____

Fax Number: _____

Email Address: _____

9. Signature:

Signature _____

Date _____

Name of Person Signing _____

Total number of pages including cover sheet, attachments, and documents: _____

Guidelines for Completing Patents Cover Sheets (PTO-1595)

Cover Sheet information must be submitted with each document to be recorded. If the document to be recorded concerns both patents and trademarks separate patent and trademark cover sheets, including any attached pages for continuing information, must accompany the document. All pages of the cover sheet should be numbered consecutively, for example, if both a patent and trademark cover sheet is used, and information is continued on one additional page for both patents and trademarks, the pages of the cover sheet would be numbered from 1 to 4.

Item 1. Name of Conveying Party(ies).

Enter the full name of the party(ies) conveying the interest. If there is insufficient space, enter a check mark in the "Yes" box to indicate that additional information is attached. The name of the additional conveying party(ies) should be placed on an attached page clearly identified as a continuation of the information Item 1. Enter a check mark in the "No" box, if no information is contained on an attached page. If the document to be recorded is a joint research agreement, enter the name(s) of the party(ies) other than the owner of the patent or patent application as the conveying party(ies).

Item 2. Name and Address of Receiving Party(ies).

Enter the name and full address of the first party receiving the interest. If there is more than one party receiving the interest, enter a check mark in the "Yes" box to indicate that additional information is attached. Enter a check mark in the "No" box, if no information is contained on an attached page. If the document to be recorded is a joint research agreement, enter the name(s) of the patent or patent application owner(s) as the receiving party.

Item 3. Nature of Conveyance/Execution Date(s).

Enter the execution date(s) of the document. It is preferable to use the name of the month, or an abbreviation of that name, in order that confusion over dates is minimized. Place a check mark in the appropriate box describing the nature of the conveying document. If the "Other" box is checked, specify the nature of the conveyance.

Item 4. Application Number(s) or Patent Number(s).

Indicate the application number(s), and/or patent number(s) against which the document is to be recorded. National application numbers must include both the series code and a six-digit number (e.g., 07/123,456), and international application numbers must be complete (e.g., PCT/US91/12345).

Enter a check mark in the appropriate box: "Yes" or "No" if additional numbers appear on attached pages. Be sure to identify numbers included on attached pages as the continuation of Item 4. Also enter a check mark if this Assignment is being filed with a new application.

Item 5. Name and Address of Party to whom correspondence concerning the document should be mailed. Enter the name and full address of the party to whom correspondence is to be mailed.

Item 6. Total Applications and Patents involved.

Enter the total number of applications and patents identified for recordation. Be sure to include all applications and patents identified on the cover sheet and on additional pages.

Block 7. Total Fee Enclosed.

Enter the total fee enclosed or authorized to be charged. A fee is required for each application and patent against which the document is recorded.

Item 8. Payment Information.

Enter the deposit account number and authorized user name to authorize charges.

Item 9. Signature.

Enter the name of the person submitting the document. The submitter must sign and date the cover sheet. Enter the total number of pages including the cover sheet, attachments, and document.

This collection of information is required by 35 USC 261 and 262 and 15 USC 1057 and 1060. The information is used by the public to submit (and by the USPTO to process) patent and trademark assignment requests. After the USPTO records the information, the records for patent and trademarks, assignments, and other associated documents can be inspected by the public. To view documents recorded under secrecy orders or documents recorded due to the interest of the federal government, a written authorization must be submitted. This collection is estimated to take 30 minutes to complete, including gathering, preparing, and submitting the form to the USPTO. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden, should be sent to the Manager of the Assignment Division, USPTO, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Mail Stop Assignment Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450.

Privacy Act Statement for Patent Assignment Recordation Form Cover Sheet

The Privacy Act of 1974 (P.L. 93-579) requires that you be given certain information in connection with the above request for information. This collection of information is authorized by 35 U.S.C. 1, 2, 261 and E.O. 9424. This information will primarily be used by the USPTO for the recordation of assignments related to patents and patent applications. Submission of this information is voluntary but is required in order for the USPTO to record the requested assignment. If you do not provide the information required on the cover sheet, the assignment will not be recorded, and all documents will be returned to you.

After the information is recorded, the records and associated documents can be inspected by the public and are not confidential, except for documents that are sealed under secrecy orders or related to unpublished patent applications. Assignment records relating to unpublished patent applications are maintained in confidence in accordance with 35 U.S.C. 122. Records open to the public are searched by users for the purpose of determining ownership for other property rights with respect to patents and trademarks.

Routine uses of the information you provide may also include disclosure to appropriate Federal, state, local, or foreign agencies in support of their enforcement duties and statutory or regulatory missions, including investigating potential violations of law or contract and awarding contracts or other benefits; to a court, magistrate, or administrative tribunal in the course of presenting evidence; to members of Congress responding to requests for assistance from their constituents; to the Office of Management and Budget in connection with the review of private relief legislation; to the Department of Justice in connection with a Freedom of Information Act request; to a contractor in the performance of their duties; to the Office of Personnel Management for personnel studies; and to the General Services Administration (GSA) as part of their records management responsibilities under the authority of 44 U.S.C. 2904 and 2906. Such disclosure to GSA shall not be used to make determinations about individuals.