

September 16, 2009

U. S. Department of Commerce  
Secretary Gary Locke  
1401 Constitution Avenue, N.W.  
Washington, DC 20230

Dear Secretary Locke:

We are universities and university-affiliated non-profit, economic-development organizations committed to, as part of our public mission, fostering scientific innovation, and charged with, by congressional mandate, transferring that innovation to the commercial marketplace. Deeply invested in early-stage innovation's unique dynamic, we are writing to share our thoughts and concerns regarding patent-reform legislation currently before the Congress. And while some versions of the legislation have been improved this session, additional improvements are in order to ensure that the end product avoids adverse and disproportionately unintended harmful consequences to university technology-transfer programs that now contribute both to our nation's scientific leadership and to local economic development.

The two most contentious issues in the patent reform debate relate to patent damages and the expansion of administrative challenges to patent validity through a new post-grant review process and modifications to the existing inter partes re-examination process. We believe the current Senate legislation (S. 515) resolves the damages issue wisely by its inclusion of the so-called "gatekeeper" compromise. We urge you to support that approach. Any effort to go back to previous proposals will, in our view, endanger the entire patent reform effort.

The provisions in the bill expanding post-grant review and inter partes re-examination provisions will have a disproportionately adverse impact on university technology-transfer programs and the smaller technology companies they create or license to for the commercial marketplace and for public benefit. The most troubling aspect of these post-grant review and inter partes re-examination provisions is that, as written, they are susceptible to a high level of abusive misuse. Scientific innovation, as distinguished from the incremental innovation practiced by many proponents of patent reform, is often economically disruptive. Indeed, solving problems in new ways lies at the heart of technologies developed at universities, which make them particularly susceptible to the use of delays to derail technologies that appear to threaten competitors from established industries. Such conduct is often deemed by these business sectors as economically and legally required. Moreover, whether or not such tactics are ever used, their mere availability is enough to deter the private investment necessary to develop and commercialize early-stage innovation. Discussion by some of us with colleagues in the VC community lead us to conclude that post-grant review raised uncertainty and thus reduced VC's willingness to invest in early-stage university start-ups where there was little more than a prototype, a patent and a couple of people with an idea.

Technology-transfer programs are thus particularly vulnerable to any expanded pathways to patent ineffectiveness caused by added costs, challenges or other delays. Specifically, the current proposed provisions will allow infringers to subject valid patents to lengthy and repeated challenges at the U.S. Patent and Trademark Office and will authorize an increased capacity to combine inter partes re-examinations with court-ordered stays. At some point, patents delayed are patents denied, and at that point technology-transfer programs lose their ability to execute their public mission.

Additionally, these provisions would create a substantial risk for the Patent and Trademark Office, which, as you know, is already under severe strain. Layering on new procedural obligations at this time seems unwise. Such action is very likely to result in further costs and delays for patent applicants and holders, a situation that will, in particular, harm early-stage innovation more than most others in the intellectual property community. The basic patent examination function will be hamstrung, resulting in even longer patent pendency and lower patent quality. University technology-transfer programs cannot thrive in such an environment. The sound and efficient operation of the Patent and Trademark Office is absolutely critical to the successful execution of our public mission.

These concerns are not hypothetical. Firms like “Patent Assassins” market the *existing* re-examination procedure as a way to “create uncertainty about a problem patent by tying it up in a long re-examination process” (see [www.patentassassins.com](http://www.patentassassins.com)). And foreign intellectual property experts have publicly noted the abusive possibilities of the new proposals. For example, writing for a Chinese IP publication, former Chinese intellectual property judge Yongshun Cheng analyzed the House-passed bill from the last Congress as:

The newly created post-grant review procedure is alleged to provide an economic and fast way to challenge a patent before litigation becomes necessary. However, the proposed post-grant review procedure would also enable infringers to easily subject legitimate patents to consecutive attacks, creating much expense and uncertainty for the patent holder and those investing in the patent holder’s business. (“The Greatest Changes in the U.S. Patent System in the Last 50 Years,” *China Intellectual Property News*, November 7, 2007)

The mere possibility of such abuse will be harmful to university-based innovation, much of which is stimulated and supported by federal and state monetary grants, then developed pursuant to the provisions of Bayh Dole, a process that has provided a proven path to economic development and scientific progress for years, and is uniformly praised by economic development experts and the Congress itself.

We agree on the goal of reducing the amount and cost of patent litigation. We do not believe, however, that the post-grant and expanded inter partes provisions, as drafted, will achieve this goal. We urge you to push for improvements to these provisions which will limit the ability of infringers to undermine the very system the legislation attempts to strengthen, a worthy goal we strongly support.

Thank you for considering our views in this crucial matter and for your expressed interest in improving the entire patent process. We look forward to working with you to ensure that American patent protections remain the strongest in the world.

Sincerely,

Elizabeth J. (Lisa) Kuutila  
President & CEO  
STC.UNM  
University of New Mexico  
801 University Blvd. S.E., Suite 101  
Albuquerque, NM 87106  
Email: [kuutila@stc.unm.edu](mailto:kuutila@stc.unm.edu)  
Phone: 505-272-7905  
Fax: 505-272-7300  
Website: [www.stc.unm.edu](http://www.stc.unm.edu)

Dale Zetocha  
Director  
NDSU Technology Transfer  
North Dakota State University  
1735 NDSU Research Park Dr.  
Fargo, ND 58102  
Email: [dale.zetocha@ndsu.edu](mailto:dale.zetocha@ndsu.edu)  
Phone: 701-231-8931  
Fax: 701-231-6661  
Website: [www.ndsu.edu/techtransfer/](http://www.ndsu.edu/techtransfer/)

John Fraser  
Assistant Vice President for Research & Economic Development  
Executive Director, IP Development & Commercialization  
Office of Research  
The Florida State University  
109 Westcott Building  
Tallahassee, FL 32306-1330  
Email: [jfraser@research.fsu.edu](mailto:jfraser@research.fsu.edu)  
Phone: 850-644-8637  
Fax: 850-645-0108  
Website: [www.techtransfer.fsu.edu](http://www.techtransfer.fsu.edu)  
Past President, AUTM  
(Signing for himself, not FSU)

Bill Schweri  
Director of Federal Relations  
Office of Federal Relations  
University of Kentucky  
243 Bowman Hall  
Lexington, KY 40506-0059  
Email: [bschweri@email.uky.edu](mailto:bschweri@email.uky.edu)  
Phone: 859-257-9081  
Website: [www.research.uky.edu/fedrelations](http://www.research.uky.edu/fedrelations)

Gene Merrell  
Associate Vice President for Research & Chief Technology Transfer Officer  
Office of Technology Transfer  
University Research Office  
University of Idaho  
Morrill Hall 414  
P. O. Box 443003  
Moscow, ID 83844-3003  
Email: [gmerrell@uidaho.edu](mailto:gmerrell@uidaho.edu)  
Phone: 208-885-4550  
Fax: 208-885-4551  
Website: <http://www.uro.uidaho.edu/ott>

Walter G. Chambliss, Ph.D.  
Director of Technology Management  
Professor of Pharmaceutics  
1006 Thad Cochran Research Center  
University of Mississippi  
University, MS 38677  
Email: [wchambli@olemiss.edu](mailto:wchambli@olemiss.edu)  
Phone: 662-915-7134  
Fax: 662-915-1006  
Website: <http://www.research.olemiss.edu/cms/technology>

Dr. William M. Pierce, Jr.  
Acting Executive Vice President for Research  
Office of Executive Vice President for Research  
Jouett Hall  
University of Louisville  
Louisville, KY 40292  
Email: [William.pierce@louisville.edu](mailto:William.pierce@louisville.edu)  
Phone: 502-852-8372  
Fax: 502-852-8375  
Website: <http://louisville.edu/research/>

Dr. Lee T. Todd Jr.  
President  
Office of the President  
University of Kentucky  
101 Main Building  
Lexington, KY 40506-0032  
Email: [pres@email.uky.edu](mailto:pres@email.uky.edu)  
Phone: 859-257-1701  
Fax: 859-257-1760  
Website: <http://www.uky.edu/President/>

Kannan Grant  
Director, Office of Technology Commercialization  
Executive Director, ICE-Lab  
UAHuntsville, The University of Alabama in Huntsville  
301 Sparkman Drive  
Huntsville, AL 35899  
Email: [kannan.grant@uah.edu](mailto:kannan.grant@uah.edu)  
Phone: 256-824-6621  
Website: <http://www.otc.uah.edu/>

Davona K. Douglass  
Director  
Research Products Center, Technology Transfer  
University of Wyoming  
1000 E. University Ave.  
Laramie, WY 82071  
Email: [dkdoug@uwyo.edu](mailto:dkdoug@uwyo.edu)  
Phone: 307-766-2509  
Fax: 307-766-2530  
Website: <http://uwadmnweb.uwyo.edu/RPC/>

Rebecca W. Mahurin, Ph.D.  
Director  
Technology Transfer Office  
Montana State University  
304 Montana Hall  
P. O. Box 172460  
Bozeman, MT 59717-2460  
Email: [Rmahurin@montana.edu](mailto:Rmahurin@montana.edu)  
Phone: 406-994-7868  
Fax: 406-994-4152  
Website: <http://tto.montana.edu/technologies>

cc:

Susan Crawford  
John Love  
Talis Dzenitis  
David Kappos  
Travis Sullivan  
Quentin Palfrey  
Cameron Kerry

Courtesy Copies:

Senator Patrick J. Leahy  
Senator Jeff Sessions