University of Colorado
Boulder • Colorado Springs • Denver and Health Sciences Center

Office of the Vice President for Academic Affairs and Research
System Technology Transfer Office

4740 Walnut Street, Suite 100
588 SYS
Boulder, Colorado 80309
(303) 735-3711, Fax (303) 735-3831

September 25, 2009

The Honorable Michael Bennet
702 Hart Senate Office Building
Washington, DC 20510

Dear Senator Bennet:

As Associate Vice President of the University of Colorado Technology Transfer Office (CU TTO), I have serious concerns with the post-grant review (PGR) provisions of S. 515. Part of the mission of the CU TTO is to aggressively pursue, protect, package, and license to business the intellectual property generated from the research enterprise. As you know, patents are critical to attract investment of intellectual property. Without investment, university technologies could not be commercialized into viable products that benefit Colorado and the nation. In the last 15 years, 83 companies have been formed based on CU intellectual property and from 2002-2009, we have filed 879 patent applications.

S. 515 creates a new post grant opposition system that would create multiple avenues and opportunities to attack an issued patent's validity and thereby jeopardize our ability to commercialize intellectual property generated by CU researchers. Furthermore, the PTO is already struggling to manage their current workload and this will create significant new unfunded responsibilities.

I am asking you to work with your colleagues in the Senate to:

1. Strengthen estoppel protections: S. 515 removes the "or could have raised" estoppel standard for a court validity challenge following an *inter partes* reexamination from current law which makes patents more vulnerable to repeated challenges and gamesmanship. The lack of estoppel protections will be especially problematic for universities which are not well situated financially to defend against an increased likelihood of costly and time consuming repeated attacks to patents. If estoppel is not fixed, then universities and their licensees will be at great risk of having to defend against repeated challenges from large well-funded entities which could simply string out their challenges to patent validity of university patents as an offensive litigation tactic or a competitive tactic. In addition, the risks associated with investing in early stage technologies from universities will increase significantly without strong estoppel protections because there will be reduced certainty about the validity of university patents. This will in turn thwart the commercialization of early stage university technologies. The susceptibility to abuses will be amplified for universities since small businesses are often the only entities that will take the risk of commercializing university basic research results and small businesses and universities will not have the resources to defend university held patents against repeated attacks. To correct these problems, S. 515 should be amended to permit the raised "or could have raised" estoppel standard to continue to apply.

2. State presumption of validity: A fundamental principle under existing law is that patents are presumed valid once issued after examination by the PTO. S. 515 removes the presumption of validity for issued patents which will add great uncertainty to the validity of university patents and result in reduced incentives to invest in early stage technologies coming out of universities. For universities trying to find licensees to take the risk of commercializing university basic research results, the presumption of validity is crucial because it helps to create the appearance of patent certainty and decreased risk about the validity of a patent which is needed to bring forward new technologies. Without a presumption of validity, there is a great risk that university patents will not be commercialized, because no parties will want to take the risk of investing in early stage technologies. It is especially critical that a presumption of validity exist for patents after the first 12 month period after issuance to provide the assurances of validity investors will need to warrant investing in new technologies and for the long term development of new competitive products. In order to address these concerns, S. 515 should be amended to state a presumption of validity for all issued patents.

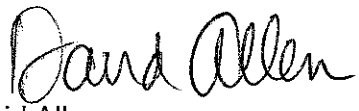
3. Patents issued on patent applications filed prior to November 29, 1999 should not be opened up to *inter partes* reexamination challenges. When the *inter partes* reexamination procedure was first established under the American Inventors Protection Act of 1999, the legislation specified that *inter partes* reexamination procedures would apply prospectively only to patents issued after enactment, but would exempt patents issued and patent applications filed prior to November 29, 1999 from being exposed to *inter partes* reexamination challenges. As currently written, S. 515 would open up all patents to *inter partes* reexamination challenges, including patents issued on patent applications filed prior to November 29, 1999, and would be applicable retroactively, rather than prospectively. Opening up all these pre November 29, 1999 issued university patents to *inter partes* reexamination challenges will thwart well settled patent law assumptions and leave these patents open to the repeated challenges and gamesmanship that will be possible under the *inter partes* reexamination procedure in S. 515. The bill should be amended to maintain the current exclusion of patents issued on patent applications filed prior to November 29, 1999 from being subjected to *inter partes* reexamination challenges.

4. Require a high threshold to initiate an *inter partes* or PGR challenge: If there is not a high threshold to enter a challenge to patent validity such as a presumption of validity or a burden of proof of clear and convincing evidence to prove invalidity, then university patents will be left vulnerable to frivolous challenges and the incentives to invest in university early stage technologies will be reduced. Without a high threshold to initiate challenge proceedings and carry this burden of proof for each validity issse, potential licensees a university is seeking to commercialize university basic research may very well choose to invest in surer areas of return, rather than in new cutting edge technology protected by patents from universities. To avoid these problems, S. 515 should be amended to provide for a high threshold to initiate a challenge proceeding such as a clear and convincing standard.

These four amendments would guard against abusive uses of *inter partes* reexamination and post-grant opposition. At the same time, each of these amendments would be consistent with, and indeed enhance, the primary objective of post-grant review, namely to provide an effective and efficient administrative means to challenge the validity of questionable patents without weakening and destabilizing the patent system. It is my understanding that the Senate Committee on the Judiciary is currently working on amending S. 515's post grant review section

and I am writing to ask you to reach out to your Senate colleagues and share our concerns. If you have any questions or would like further information, please do not hesitate to contact CU's Director of Federal Relations, Lynne Lyons, at 303.831.9245 or lynne.lyons@cu.edu. Thank you for your continued support of the University of Colorado.

Sincerely,



David Allen
Associate Vice President, Technology Transfer Office

Cc: Bruce Benson, President, University of Colorado
Lynne Lyons, Director of Federal Relations, University of Colorado
Secretary Gary Locke, Secretary, Department of Commerce
Sam Jammal, Legislative Counsel, Senator Michael Bennet