

The Honorable Chuck Grassley
Chairman
Committee on the Judiciary
United States Senate
Washington, DC 20510

The Honorable Bob Goodlatte
Chairman
Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick Leahy
Ranking Member
Committee on the Judiciary
United States Senate
Washington, DC 20510

The Honorable John Conyers
Ranking Member
Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

February 24, 2015

Dear Chairman Grassley, Ranking Member Leahy, Chairman Goodlatte and Ranking Member Conyers:

As Congress considers legislation related to the U.S. patent system, American universities and associated technology transfer foundations and organizations stand ready to work with you to address the patent litigation abuses we all agree are a problem. We are deeply concerned, however, that much of the patent legislation currently being discussed in Congress, including the Innovation Act, H.R. 9, goes well beyond what is needed to address the bad actions of a small number of patent holders, and would instead make it more difficult and expensive for patent holders to defend their rights in good faith.

Two such proposals – mandatory fee-shifting and involuntary joinder – are especially troubling to the university community because they would make the legitimate defense of patent rights excessively risky and thus weaken the university technology transfer process, which is an essential part of our country’s innovation and entrepreneurial ecosystem.

The continuing success of university technology transfer depends on a robust patent system that provides strong protection for inventions, enabling universities to license these patented inventions to private sector enterprises to create socially beneficial products and services. U.S. universities, along with related nonprofit research institutions, conduct over half of the basic research in the United States, approximately 60 percent of which is federally funded. The Bayh-Dole Act of 1980 allows universities to license the resulting patents to the private sector for commercialization. University technology transfer provides a rich return on both public and private funding for basic research in the form of countless innovative products and services that today benefit the public, create jobs, and contribute to U.S. economic competitiveness and global technological leadership.

The CAT scan and MRI, FluMist and many other commonly used vaccines, GPS, bar codes, Doppler radar, web browsers and the Internet itself are just a few of the best-known university innovations. In 2013, U.S. universities were issued more than 5,200 patents, and research performed at universities led to the formation of 818 new start-up companies. More than three-

quarters of these new start-up companies had their primary place of business in the licensing institution's home state.

The fee-shifting proposals would require courts to award attorneys' fees and costs to the winning party in patent cases, with a possible waiver of fee-shifting based on vague, subjective criteria. The prospect of substantially increased financial risk would discourage universities and other patent holders lacking extensive litigation resources from legitimately defending their patents. Moreover, this increased risk would deter potential licensees and venture capitalists from investing in university patents in the first instance, reducing the number of research discoveries that advance to the marketplace. The impact of fee-shifting would be magnified by proposed provisions calling for involuntary joinder, which could force universities and inventors into paying damages for actions of third parties over which they had no control. In some cases, such damage awards could devastate technology transfer operations.

We hope that, as you assess potential changes to patent law, you will take into consideration a number of recent judicial and administrative actions. These actions include Supreme Court decisions that expanded judges' discretionary power to shift costs when a party has filed a frivolous lawsuit or otherwise behaved badly; the Judicial Conference's proposed changes to the Federal Rules of Civil Procedure that would ensure that patent cases are bound by the same rigorous pleading and discovery standards required of all other federal cases; and the implementation of the America Invents Act's new Inter Partes Review and Post Grant Review proceedings, which are contributing to a significant reduction in patent litigation.

As Congress renews its efforts to enact patent litigation reforms, we believe it is imperative that any legislation avoid sweeping changes that would weaken our overall patent system and hinder the flow of groundbreaking advances from university research to the private sector, which catalyzes economic growth, creates jobs, and improves the lives of all Americans. We look forward to working with you and your staffs to ensure that any legislative changes are targeted, measured, and carefully calibrated to safeguard this nation's global leadership in innovation.

We know you take these issues seriously and appreciate your genuine interest in addressing patent litigation abuses.

Sincerely,

Arizona State University
Auburn University
Binghamton University, SUNY
Boise State University
Boston University
Brandeis University
Brown University
California Institute of Technology
Carnegie Mellon University
Case Western Reserve University

The City University of New York
Clemson University
Colorado School of Mines
Colorado State University
Cornell University
Duke University
Emory University
Florida State University
Georgia Institute of Technology
Georgia Regents University
Georgia State University
Idaho State University
Illinois State University
Indiana University
Iowa State University
The Johns Hopkins University
Kansas State University
Kent State University
Louisiana State University
Louisiana Tech University
Massachusetts Institute of Technology
Miami University
Michigan State University
Michigan Technological University
Mississippi State University
Montana State University
New Mexico State University
New Mexico Tech
New York University
North Carolina Agricultural and Technical State University
North Dakota State University
Northeastern University
Northern Arizona University
Northern Illinois University
Northwestern University
Oakland University
The Ohio State University
Ohio University
Oklahoma State University
Oregon State University
Pace University
The Pennsylvania State University
Portland State University
Purdue University
Rensselaer Polytechnic Institute
Rutgers, The State University of New Jersey

San Diego State University
South Dakota State University
Southern University and A&M College
The State University of New York System (SUNY)
Stony Brook University, SUNY
Temple University
Texas State University
Texas Tech University
Tulane University
The University of Alabama
The University of Alabama in Huntsville
University at Albany, SUNY
University at Buffalo, SUNY
University of North Carolina at Chapel Hill
University of Akron Research Foundation
University of Alabama at Birmingham
University of Alaska
University of Alaska Anchorage
University of Alaska System
University of Arizona
University of Arkansas
University of Central Florida
The University of Chicago
University of Cincinnati
University of Colorado - Anschutz Medical Campus
University of Colorado Boulder
University of Colorado System
University of Connecticut
University of Delaware
University of Florida
University of Georgia
University of Hawaii
University of Houston
University of Idaho
University of Illinois
University of Illinois at Chicago
University of Illinois at Urbana-Champaign
University of Iowa
University of Kansas
University of Kentucky
University of Louisiana at Lafayette
University of Louisville
University of Maine
University of Maryland at College Park
University of Maryland, Baltimore County
University of Massachusetts

University of Massachusetts Boston
University of Massachusetts Lowell
University of Michigan
University of Minnesota, Twin Cities
University of Missouri in Columbia
University of Missouri System
University of Montana
University of Nebraska
University of Nevada, Reno
University of New Hampshire
University of New Mexico
University of New Orleans
University of North Carolina at Wilmington
University of North Carolina System
University of North Dakota
University of Notre Dame
The University of Oklahoma
University of Oregon
University of Pennsylvania
University of Pittsburgh
University of Rhode Island
University of Rochester
University of South Alabama
University of South Carolina
University of South Florida
University of Southern California
The University of Southern Mississippi
The University of Tennessee, Knoxville
The University of Texas at Austin
The University of Toledo
University of Virginia
University of Washington
The University of Wisconsin-Madison
University of Wyoming
Utah State University
Virginia Commonwealth University
Washington State University
Washington University in St. Louis
Wayne State University
West Virginia University
Western Michigan University
Yale University

CC: Members of the United States Senate and United States House of Representatives