

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  
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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