



Proposed US Patent Reform

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When Congress returns to Washington in September, lawmakers will likely be considering a key issue: patent reform. Negotiations over patent reform continue among staff, members and key constituencies even as many members are in their districts. Representatives of the higher education community in Washington have reported that a number of important issues remain in play, including apportionment of damages, second window for post-grant opposition, rulemaking procedures, and prior user rights.

Key Background Points:

Patents and the US patent systems have proven to be an invaluable component to building the world's largest and most innovative economy. The number of patent applications and grants has nearly doubled over the past 15 years. The US economy is becoming increasingly idea driven and US business invest as much in IP and other intangible assets-nearly \$1 Trillion US dollars- as they invest in equipment, factories and others capital expenditures. This is according to a US Federal reserve Board study.

Intangibles assets including IP account for a third of the value of all stocks in the US equating to over \$5 trillion in value. This is 45% of the US GDP. In addition over 80% of all US productivity gains in the late 1990s was the result of innovation.

Position Points:

1. First Inventor to File.

Research universities, even large ones like the University of Minnesota, are concerned that, under a first inventor to file system, companies with deep pockets would have the ability to file much more quickly than academic institutions, thereby disadvantaging universities and their inventors. If not done carefully, the first inventor system may well encourage well-heeled operations to file applications on anything and everything. Such a situation could harm University inventors, who are already extremely limited in their ability to get funding to reduce their inventions to practice.

Items that are critical to patent protection and should be included in any first inventor system are:

- a. **Continue to allow for provisional patents**
- b. **Continue to allow with no limitations the continuation applications**
- c. **Allow a grace period for publications and disclosures (this is very important)**
- d. **Require applicant to sign an oath declaring that they are the actual inventor.**

(We understand that many of these four concerns have been addressed through ongoing negotiations over the bill.)

2. Post Grant Opposition

Elimination of the 2nd window of a post-grant opposition procedure is important. These opposition procedures will likely result in dramatically increased legal fees, patent costs, litigation, and make ownership uncertain. **The University tech transfer system will be undermined by lengthy challenges to a patent, and it will decrease the confidence that businesses have in our IP.** Companies that partner with universities already take on high levels of risk to commercialize early stage work, and this would add to the risk for them to in-license University technologies. We strongly urge that the second window not be adopted, or that it be modified significantly.

3. Prior User Rights

Encouragement of secrecy is at odds with our mission, and, ultimately, the patent system. Expansion from the existing standard (requiring that technology has actually been commercially used) makes it difficult for Universities to exclude others from unlawfully exploiting patented technology.

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