Patent Law Overview

- Inventive activities that result from federal funding of research Bayh-Dole
- Growth of collaborative research
- Patentable subject matter, genetic resources and traditional knowledge
- Recent year reports by NAS and FTC call into question the efficacy of the patent law
Genius of U.S. Patent Law

• Constitutionally based.
• Favors disclosure over trade secrets.
• Levels the field somewhat between market power and small business innovation.
Quid pro quo

- Patent grant of limited monopoly in return for full, enabling disclosure of a new, nonobvious invention.
- At the end of the patent term, the invention is in the public domain.
Favors innovation

• Present patent law favors disclosure over trade secret.
• Allows a one year grace period.
• Strong patent environment favors innovation.
• All of the above are good for Universities and independent inventors.
Supreme Court Decisions

• eBay v. MercExchange
  – More difficult to get injunctions
• Seagate Technology.
  – More difficult to prove willfulness and obtain enhanced damages.
• KSR v. Teleflex
  – More difficult to obtain patents because of obviousness, and court rulings overstate obviousness
Supreme Court Decisions

- Have made it easier for the USTPO to invalidate or refuse to issue patents
- Made it easier for aggrieved parties to challenge patents in court
- Made the risks of finding infringement significantly lower
AAU, WARF and MIT filed amicus briefs in support of Stanford University in April. At stake here is who owns the rights from universities generated by the tens of billions of dollars that Congress provides to support academic research. The Bayh-Dole Act granted universities initial title to promote commercialization of research for the benefit of the public.
Senate Bill 515

- Senate Judiciary Committee
  - Adopted in May 2009
  - Damages provision is a major victory
  - AUTM and University Associations support
  - New compromise reached in April 2010 between Senator Sessions and Leahy
  - Working with the House Judiciary Staff on compromise
Patent Office Backlog

• Nothing in the Patent Reform Bills will address the backlog and pendency.
• Nothing in the Patent Bills will improve the quality of examination.
• Post-grant responsibilities will add significant workload at a time of budget crisis.
• Patent office has taken funds from the Trademark office to avoid layoffs.
Assume 5% growth in filings
### Patent Pendency - 4th Quarter FY 2008

<table>
<thead>
<tr>
<th>Technology Center</th>
<th>Average 1st Action Pendency (months)¹ 4th Quarter FY08</th>
<th>Average Total Pendency (months)² 4th Quarter FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>1600 - Biotechnology and Organic Chemistry</td>
<td>19.9</td>
<td>34.8</td>
</tr>
<tr>
<td>1700 - Chemical and Materials Engineering</td>
<td>27.5</td>
<td>36.3</td>
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<tr>
<td>2100 - Computer Architecture Software and Information Security</td>
<td>30.8</td>
<td>42.4</td>
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<tr>
<td>2600 – Communications</td>
<td>32.5</td>
<td>43.6</td>
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<tr>
<td>2800 - Semiconductor, Electrical, Optical Systems</td>
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<td>28.2</td>
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<tr>
<td>3600 - Transportation, Construction, Electronic Commerce</td>
<td>24.3</td>
<td>34.8</td>
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<tr>
<td>3700 - Mechanical Engineering, Manufacturing and Products</td>
<td>24.7</td>
<td>32.7</td>
</tr>
<tr>
<td><strong>UPR Total 4th Quarter FY 2008</strong></td>
<td><strong>25.6</strong></td>
<td><strong>32.2</strong></td>
</tr>
</tbody>
</table>

¹ “Average 1st action pendency” is the average age from filing to first action for a newly filed application.

² “Average total pendency” is the average age from filing to issue or abandonment of a newly filed application.
Value of TT up exponentially

- 2008 universities performed over $51 billion in sponsored research
- 648 new products introduced
- 595 new companies formed
- 3,280 patents issued
- Over the past three decades many of the world’s most significant inventions were conceived in university labs i.e.: Google, stem cells, Flu Mist, Nicotine Patch, cancer treatments
Success of Bayh-Dole

• Recent BIO study shows university partnership shows $187 billion positive impact on economy and a $457 billion addition to GNP.
• Numerous GAO studies required by ACT confirms success
• Number of universities with TT offices rose from 25 in 1980 to over 300 today
• Innovation results in high paying jobs
• Venture capital-backed startup companies disproportionately generate technology improvements upon which growth depends
• Other studies show that delay in granting patents ultimately make private investments less likely and undermine economic growth and job creation
Kauffman Free Agency

• Kauffman Foundation asks DOC to adopt a rule to require “free agency”
• AUTM, MIT, Stanford and WARF express serious reservations
• Renee Kaswan (former UG) creates non-profit IP advocate to lobby for inventor rights
Global Health

- Develop a set of principles and tools to promote the availability of essential medical care in developing countries
- Best practices in licensing (9 points)
- AUTM has a number of sample licensing clauses on its website to assist technology transfer staff
University Basic Research

• Collaborative research necessary and expensive
  – Today universities perform 55%
  – Private industry 18%
  – Private industry performs 90% of applied research
Gene Patenting

- Congressman Becerra, Congresswoman Wasserman –Schultz are working on bills to prohibit exclusive licensing of gene patents
- SACGHS makes recommendations not supported by research data
- Lack of understanding of licensing
- Too much focus on regulation
OSTP RFI

• How can the government help?
• “valley of death” is a major issue, federal funds necessary for more research
• SBIR/STTR, increase amount of awards, provide stability by extending the programs for 10 years, enable VC participation
• Increasing funding for research adds to SBIR funding
• A federal tax credit for companies that license university technology
• Current law penalizes those companies that sponsor research
• Use Green Technology Accelerated Examination for Technology from universities (fast track)
Strategic Alliances

- Policy, regulatory and appropriation decisions can be influenced by groups working together.
- How can universities build alliances and with who?
- What about solving problems together, MTA’s, legislation, support for funding.
Conclusion

- Federal and state governments are looking to universities to create jobs and support economic development
- This will bring both opportunities and challenges
- Universities must stay true to their core mission
- The people in this room will have a lot to say about how we respond