



## ASSOCIATION OF AMERICAN UNIVERSITIES

*Executive Vice President*

August 21, 2007

The Honorable Tammy Baldwin  
2446 Rayburn Building  
Washington DC 20515

Dear Congresswoman Baldwin:

I write on behalf of the five university, higher education, and medical college associations engaged on patent reform — the Association of American Universities, the American Council on Education, the National Association of State Universities and Land-Grant Colleges, the Association of American Medical Colleges, and the Council on Governmental Relations — to express our appreciation for your concern about the proposed expansion of prior user rights in H.R. 1908, the Patent Reform Act of 2007, and to encourage you to pursue the objectives of the amendment you offered, and later withdrew, during the House Judiciary Committee mark up of H.R. 1908. Your amendment would strike the expansion of the prior user rights defense and substitute a study of prior user rights in selected countries.

The associations strongly oppose the expansion of prior user rights contained in the bill. We fully accept the legitimacy of commercial entities choosing to develop products under trade secret procedures rather than a public patent process. However, the assertion of prior user rights immunizes products developed through trade secrets from patent rights in a manner that degrades the value of patents. The Constitutionally based patent system of the United States provides the right to exclude others from a patented product's market based on a quid pro quo to society of teaching about the innovation underlying the product through disclosure. Trade secret product development provides a right to exclude with no comparable quid pro quo to society, coupled with the capacity of trade secret product development to harm inventions developed through the patent system's pact with society. The expansion of the prior user rights will increase patent uncertainty, weakening the ability of universities to license their inventions to commercial entities for development into useful products and processes that benefit society.

Moreover, expanding the prior user rights defense from a demonstration that an invention had been "commercially used" to a claim of "substantial preparations for commercial use" not only significantly weakens the value of patents but introduces the sort of subjectivity into the patent system that the current patent reform effort should seek to eliminate.

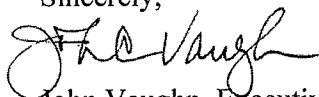
We are particularly concerned with the juxtaposition of the "substantial preparation" expansion of the prior user rights defense with the removal of the requirement that a product must be in the market for more than a year before the filing date of the patent. The joint impact of these provisions could undermine the grace period that has been thoughtfully included in the

bill, discouraging early publication of research discoveries by allowing a company to monitor the research literature, identify promising inventions, make "substantial preparations" before the filing date of such inventions, and build a repertoire of trade-secret products that not only are immune from patent rights but are sparked by the public publications that the bill's grace period encourages for very different purposes.

We encourage and fully support any efforts you might undertake to eliminate the expansion of prior user rights in H.R. 1908 as marked up.

Thank you very much for your attention to this critical matter for universities and the patent system overall.

Sincerely,

A handwritten signature in cursive script, appearing to read "John Vaughn".

John Vaughn, Executive Vice President  
Association of American Universities