

**STATEMENT OF**

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**ON BEHALF OF  
ASSOCIATION OF AMERICAN UNIVERSITIES**

**BEFORE THE HOUSE COMMITTEE ON THE JUDICIARY**

**HEARING ON:**

**“IMPLEMENTATION OF THE LEAHY-SMITH AMERICA INVENTS ACT”**

**MAY 16, 2012**

**10:00 A.M.**

**2141 RAYBURN HOUSE OFFICE BUILDING**

Chairman Smith and Ranking Member Conyers, thank you for the opportunity to testify today on the implementation of the America Invents Act of 2011.

I am Rick Brandon, Associate General Counsel for the University of Michigan, where I work exclusively on patents and other intellectual property issues. I am appearing here today on behalf of the Association of American Universities, which includes 59 of the nation's leading public and private research universities. AAU was the lead negotiator on behalf of universities for a consortium of six higher education associations<sup>i</sup> to ensure that universities' voices were heard during debate and action on the AIA. We very much appreciate how both majority and minority members of this committee worked with us to craft the ultimate legislation.

Research universities are the nation's principal source of the basic research that expands the frontiers of knowledge. The patent system plays a pivotal role in helping them transfer the discoveries made in their laboratories to the commercial sector for development into products and processes that benefit society. Our position on patent reform closely followed recommendations by academic and industry leaders convened by the National Academies in 2004. Recently, I have been part of a special task force of university patent officials that has been working with the higher education association consortium on implementation and other issues related to the new patent law that Congress approved last fall.

Let me begin by commending the U.S. Patent and Trademark Office (USPTO) for its very thorough effort to implement the new patent law. We believe that the USPTO has been conducting an effectively transparent and consultative implementation process with the patent community, including universities. As indicated by Director Kappos, USPTO has developed a carefully crafted schedule of rulemakings, widely publicized to provide ample opportunity for input. In addition, the Office has been conducting major outreach across the nation – appearing at forums and answering the myriad questions that the new law has generated. For example, Director Kappos and several of his staff attended the annual meeting of the Association of University Technology Managers (AUTM) in California in March, where numerous sessions were held for technology transfer professionals from universities across the nation to help them get insight into the new law and its ramifications. USPTO also created a special web site which has been a terrific way for all parties to track the various actions during implementation.

At the University of Michigan, we were also pleased to host Assistant USPTO Director Teresa Stanek Rea on our campus this spring, where she met with not only university officials, but also local patent attorneys to discuss the new law and answer questions.

As we all know all too well, patent reform took more than six years to complete. It was a long and difficult process that required compromises by all sectors to achieve the final product that passed Congress and was signed by President Obama into law. It is generally recognized as the most sweeping patent reform legislation ever crafted.

Universities play a key role in the U.S. patent system, and the discoveries made on my campus and many others in this country will lead to new cures for diseases, new technologies, and ultimately to the creation of new jobs and industries to help keep our nation competitive and our national security strong. Thanks in significant measure to the effective work of this Committee and its staff, the product of the patent reform effort will be a greatly strengthened patent system which is more harmonious with that of other countries and will stimulate the economy and simplify the patent process – to the benefit of all sectors of the patent community, including universities.

As USPTO moves through its numerous rulemakings and proceedings, it is important that the carefully crafted compromises that made passage of AIA possible remain intact, allowing USPTO to implement the bill as passed. We believe that any deviations from the compact embodied in AIA should be considered only with the agreement of all affected parties.

As with any legislation of the scope and complexity of AIA, some genuinely technical amendments will be necessary for Congress to consider. Two possible amendments to AIA have arisen since its passage that are not strictly technical: one clarifying the grace period for inventors – which is particularly important for university researchers – and the other calling for a further expansion of prior user rights.

The university community views these two issues as quite different in status. Let me discuss briefly each of those issues, starting with clarifying the intent of the grace period.

After AIA passage, we became aware that the grace period language in Section 102 may not be interpreted to function as we believe all parties understood it to function when the original AIA grace period language was introduced by Chairman Smith in 2005 in H.R. 2795. We believed that the grace period language in AIA would preclude obvious variants of a disclosed invention from being considered as prior art during the one-year grace period following a qualifying disclosure. We now understand that that interpretation is being called into question, and we are discussing possible amending language that would establish unequivocally that obvious variants would not constitute patent-defeating prior art to a disclosure qualifying for the grace period.

Thus, while the scope of such an amendment might exceed that of a purely technical amendment, we are seeking a grace period amendment that would accomplish no more nor less than to implement the original intent of the grace period language introduced in 2005, and which we believe was the intent of this Committee when it passed patent legislation last year. Indeed, a stated goal of this legislation was maintaining a strong grace period that would permit university researchers to continue to discuss and publish their research results in advance of actually filing a patent application.

In contrast, some groups are now seeking further expansion of prior user rights, calling for adding provisions that were explicitly discussed at the end of the patent reform process and omitted from the compromise agreement that was a major factor in passage of the AIA. That agreement involved universities reversing their long-standing opposition to any expansion of prior user rights. We understood at the time of the compromise that all

parties had entered into a binding agreement, and we concur with the recent USPTO report that concludes that further expansion of prior user rights is not warranted at this time and that the issue can be revisited when the USPTO conducts a mandated study of AIA implementation in 2015.

We understand the interest of the IT sector and some other parties in a further expansion of prior user rights, and we have been conducting discussions with other groups to see if it is possible to reach agreement on language that would expand prior user rights while effectively addressing the concerns of universities. To date, we have not found such language, and we would be strongly opposed to any effort to amend the AIA to expand prior user rights without universities' agreement.

In conclusion, universities wish to thank the members of this Committee for their effective work and diligence in helping negotiate this landmark legislation. The benefits of the new patent law will have a long-term positive impact on our nation's economy and on the ability of American inventors on university campuses and elsewhere to continue to churn out amazing discoveries leading to new products and processes that strengthen our economic competitiveness and enrich our quality of life.

We believe that the USPTO has done a good job of implementing the new law, and would urge that any technical corrections being considered be just that – technical only, and not designed to re-write in a major way legislation which was signed into law merely eight

months ago today. Thank you for your attention, and I look forward to answering any questions you may have.

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<sup>i</sup> List of the six associations

Association of American Universities (AAU)

Association of Public and Land-grant Universities (APLU)

American Council on Education (ACE)

Association of American Medical Colleges (AAMC)

Association of University Technology Managers (AUTM)

Council on Governmental Affairs (COGR)