

Senators Domenici and Bingaman  
United States Senate  
Washington, DC 20510

Dear Senators Domenici and Bingaman:

Re: S. 1145

As New Mexico employers, organizations and concerned citizens, we are writing to express our concerns about the patent legislation moving through the Senate. While we support efforts to update and improve our patent system, we are concerned that this legislation in its current form will diminish the value of patents, undermine innovation, increase infringement, increase the costs of securing a patent and threaten jobs and manufacturing in New Mexico.

Like the Administration in its letter of February 4th to the Judiciary Committee, we are especially concerned about the proposed changes to the well-established principles used to calculate damage awards. We are very concerned about the increased costs of this legislation, the increased bureaucracy and diminished patent value—all of which will have a detrimental effect on the many small businesses in New Mexico. The New Mexico Optics Industry Association, CVI Melles Griot, TruTouch Technologies, Verge Fund and UNM-STC authored an OP-ED opposing the Patent Reform Bill. The OP-ED was published in the Albuquerque Journal on January 31, 2008, and has been forwarded to you along with this letter.

We support reforms to the judicially-created doctrine of inequitable conduct that will enhance the overall quality of patents issued by the USPTO. We also support additional resources for the USPTO so they can do a better pre-grant job of examining patent applications. As you know New Mexico has a diverse business base with many different industries, each with its own patent needs and concerns. While we would like to provide you with a list of amendments to S. 1145, we can not do so without first soliciting a broad range of business and industry comments. Specifically, some of the concerns we have with the legislation are:

— **Damages:** Existing law concerning the determination of a patent's value and calculation of damages provides courts with appropriate flexibility to reach a fair damage assessment. The current bill's damage provisions are unacceptable because they would reduce deterrents and encourage infringement. The Administration in its February 4, 2008 letter said: " The administration continues to oppose Section 4, "Right of the Inventor to Obtain Damages". Consequently, we continue to oppose S. 1145 - in its entirety - unless Section 4 is significantly revised, as we believe the resulting harm to a reasonably well-functioning U.S. intellectual property system would outweigh all the bill's useful reforms."

— **Post-Grant Review Procedures:** Rather than improve the quality of patents pre-grant, this legislation would impose additional burdens on the USPTO and on companies filing for patents. Most New Mexico companies are small and can't afford the increased costs (particularly attorney's fees) inherent in these procedures. This provision will potentially

expose emerging or patent-dependent companies and employers to meritless or commercially motivated challenges by deep-pocketed rivals. While the Administration supports the principle of post review, its letter to Chairman Leahy states: "we believe that improvements are required to make the bill's post-grant procedures more effective, efficient, and manageable."

— **Venue:** The venue provisions in the current bill are unacceptable. There is simply no sound policy basis for subjecting patent litigation to an entirely different, and far narrower, set of venue rules than currently apply to other forms of litigation. Again, New Mexico patent holders would be required to travel to distant venues to defend their patents from infringement.

-- **Applicant Quality Submission:** The mandatory search requirement would significantly increase the costs of obtaining patents and the risks of inequitable conduct claims. According to a recent Congressional Budget Office report about the impact of this legislation (<http://www.cbo.gov/ftpdoc.cfm?index=8981>) the USPTO estimates that the cost for applicants to research and provide such information would total an additional \$5,000 to \$10,000 per search report. They estimate that the costs to public entities— primarily universities — would range from \$30 million to \$60 million annually over the next five years. As an example: the impact of this for UNM would be that its patent budget would need to increase by 75%, to keep the same number of filings with the added cost per application. This is a projected \$550,000 increase cost in doing the same number of patent filings. Likewise the impact on business will be substantial, requiring critical funding for R&D, Product Development, etc. to be diverted to patent application filing and prosecution costs.

— **Inequitable Conduct:** The bill would codify current ambiguities in the law regarding inequitable conduct which lead to wasteful and frivolous litigation proceedings.

--**First to File:** Currently patents are awarded on the first to invent basis. If this basis is changed to first to file then companies and individuals will be under pressure to file earlier than they normally would in the development cycle of a new product or process. This will likely result in applications being filed on inventions that are not fully developed. Which, in turn, will necessitate the filing of additional applications once the development process is completed. The net result will be increased filings with the USPTO (which already has a huge and apparently growing backlog of unexamined applications) and increased expenses for New Mexican applicants which, by and large, are individuals, small entities and universities.

We are hopeful that this legislation will be amended to address our concerns prior to Floor consideration. If this does not occur, we urge you to vote against S. 1145.

We look forward to supporting patent reform legislation that will improve patent quality without diminishing patent rights and the strength of the U.S. patent system. We stand ready to work with you to achieve that goal.

We would greatly appreciate the opportunity to meet with you to discuss our concerns first-hand.

Would you please let us know your position on this very important legislation and provide us with any managers amendments that are offered. Please provide this information to Mr. Ed Spivak, New Mexico Optics Industry Association, 505-280-5280, ed@nmoia.org.

Sincerely,

### **Companies**

Robert Chavez, President, **Advanced Environmental Solutions, Inc.**

Edward Burlbaw, Ph.D., VP, **Akamai Physics, Inc.**

Tim Turner, President, **AMO-WaveFront Sciences, LLC**

Ron Farrar, **Atlantic International**

Tony Tenorio, President, **Applied Technology Associates**

Jay Simon, President and CEO, **Avanca Medical**

John Lance Berrenberg, President, **Berrenberg & Associates**

Leo S. Gomez, Ph.D., Director of Research, **Biomoda, Inc.**

Mike Tocci, Chief Technical Officer, **Contrast Optical Design & Engr, Inc.**

Stuart Schoenmann, President & CEO, **CVI Melles Griot**

Peter Rachor, President, **Desert Oasis, LLC**

Diana MacArthur, CEO, **Dynamac Corporation**

Thomas Swann, President, **EM Optomechanical, Inc.**

Louis Camilli, **Enerpulse, Inc.**

Mike Wallace, President, **Global Haptics, Inc.**

Grayson Lee Tressel, **GLT/JET Associates, LLC**

John R. Grizz Deal, CEO, **Hyperion Power Generation, Inc.**

Mary Rutland, SPHR, **Human Resources, LLC**

John Rice, President, **IMPACT-NM**

Tom Tonnessen, President, **InSync, Inc.**

Joseph Accetta, Ph.D., CEO, **JSA Photonics Inc.**

Gene Butler, President, **Kestrel Corporation**

Brian M. Menicucci, President, **Menicucci Insurance Agency**

Harold Smith, President & CEO, **Nantal, Inc.**

Boyd Hunter, President, **Optenso USA**

Greg Woodhouse, General Manager, **Optisource, LLC**

David Keicher, VP/CTO, **Optomec, Inc.**

Kermit Lopez, Partner, **Ortiz & Lopez, P.C.**

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Phil Askenazy, Ph.D., Patent Agent, **Peacock Myers, P.C.**

Jeff Myers, Partner, **Peacock Myers, P.C.**

Janeen Vilven-Doggett, Ph.D., J.D., **Peacock Myers, P.C.**

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Andrew Bartlett, Ph.D., General Partner, **Retriever Technology**  
Edward Spivak, Principal, **Spivak Associates LLC**  
Jim Ball, **Standard Machine Company**  
Danny Sachs, President, **TEAM Technologies**  
Sherman McCorkle, President & CEO, **Technology Ventures Corporation**  
James McNally, Ph.D., President & CEO, **TruTouch Technologies**  
Jim Higdon, Partner, **Verge Fund**  
John Bode, President, **VeriTran, Inc.**

### **Associations**

New Mexico Optics Industry Association (Previous letter sent)  
NM Bio (Previous letter sent)

### **Universities**

Lisa Kuuttila, President & CEO, STC.UNM

### **Individuals**

Jeff Fitt  
Matt Fitt  
Gordon Jones DHS  
Frederic G Jones, MD  
Jennifer Jones, PhD  
Ashley Lawrence, MBA  
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