America Invents Act
Public Comments
Prior User Rights

November 6th, 2011

Via Email at IP.Policy@uspto.gov
David J. Kappos
Undersecretary Department of Commerce for Intellectual Property; and
Director of the United States Patent and Trademark Office
Mail Stop OPEA
P.O. Box 1450
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ATTN: Elizabeth Shaw

RE: Prior User Rights for Venture Capital Backed Greentech Industry

Dear Undersecretary Kappos:

We represent America's next generation of manufacturing companies in the greentech industry. Our companies range in technologies from solar modules and systems, lighting to batteries. Soraa, Inc, which was co-founded by Shuji Nakamura-the father of the blue LED, is developing and manufacturing lighting products based upon LEDs in Fremont, California. The LED technology was derived from the University of California, Santa Barbara. Stion Corporation has initiated manufacturing thin film solar modules and systems in San Jose, California and Hattiesburg, Mississippi. Stion plans to create thousands of jobs in America. Topanga Technologies, Inc. develops certain high intensity lighting products in San Jose and Canoga Park, California. In Fremont, California again, EchoFirst, Inc. has manufactured thermal solar systems and Solaria Corporation has manufactured concentrated solar systems. Sakti3, Inc. is a battery company developing leading edge battery technology, which was initially derived from the University of Michigan, for manufacturing in America. Our goal is to create jobs and innovative products in America. Each of these companies has been backed by venture capitalists, such as Khosla Ventures, which is one of the leading VCs in the greentech industry.

The greentech industry as represented by the undersigned companies is widely recognized as critical to our nation's future with respect to American energy independence, national security, manufacturing prowess, job generation capability, and general economic vitality. Our investors and employees are bringing money and talent to bear on solving very difficult technical problems. Protecting these investments requires intellectual property strategies that are well-matched to the technology and business environment for greentech. Many of the key technologies are essentially manufacturing processes. Many of our competitors are well-funded

foreign companies, often heavily subsidized by their governments. Our important innovations will remain as trade secrets to keep them in America and away from our competitors. The innovations would include secret process recipes, specialized equipment and tools, semiconductor materials for light emitting diodes, battery materials and recipes, and other manufacturing techniques. It is our goal to implement these manufacturing processes in the United States, thereby creating much-needed jobs for American workers. We cannot accomplish this goal without strong intellectual property protection.

Unfortunately, patents are often not an effective way to protect intellectual property in our environment. This is both because of the difficulty of detecting the use of these processes in secret by others and because the manufacturing activity will often happen overseas. If we patent these inventions, the details will be published, and foreign competitors could copy our inventions and implement the processes in their countries, most likely with cheaper labor and government subsidies, and certainly without the research and development expense that we have incurred. Even if we could obtain patent protection worldwide, which is of course extremely expensive, we would have difficulty detecting infringement and proving it in foreign courts.

It is because of these problems with patent protection, and because it is the nature of these innovations that we can treat them as confidential, that we generally protect them as trade secrets. We only disclose them to employees and others who are under a legal obligation not to disclose them or use them for other purposes. We do, however, run the risk that someone else will obtain a patent covering our inventions. This can happen either through independent development by others, or by theft of our trade secrets. In either case, it is crucial for us to have Prior User Rights so that we can continue to use our inventions if someone else patents them. Without Prior User Rights, we would have to choose between patenting, with the risks that someone will copy and implement our inventions without us being able to detect the infringement and enforce our patent rights, or trade secret protection, with the risk that someone else could obtain a patent and prevent us from using our own invention. We have faced this choice before the passage of the America Invents Act, and we have generally decided to use trade secret protection and not patent protection. The Prior User Rights in the America Invents Act will not cause us, as some have suggested, to avoid the public dissemination that is associated with patenting; we are already motivated to choose trade secrecy. What it will do, however, is make it much less likely that our choice will result in the loss of American jobs because of vulnerability to charges that we are infringing someone else's patent on an invention that was made later than our invention or that was in fact stolen or "derived" from our secret invention.

This last point is important. If an employee of ours were to breach their obligation of confidentiality and file a patent on our invention, we would have limited recourse without Prior User Rights. The Derivation Proceedings established by the America Invents Act are only available to us if we file our own patent application act

promptly after publication or issuance of the derived patent application. Prior User rights are thus necessary if we do not file our own patent and wish to continue using our invention. Without this protection in a First to File regime, it would be much more difficult, if not impossible, to secure the investment necessary to develop these inventions and bring green products to market.

The Prior User rights provided by the America Invents act are thus, in our opinion, an absolute necessity. We do, however, have suggestions for improvement. The most important improvement would be to change the requirement of commercial use one year before filing of the patent application or publication of the invention. It should be sufficient if the commercial use occurs before filing of the patent application or publication of the invention. Moreover, "commercial use" should be modified to explicitly include substantial preparation for the actual internal commercial use or arms length commercial transfer of a useful end result. These changes would encourage investment in greentech manufacturing processes because they would significantly reduce the risk that the investment will be diverted to defending patent infringement litigation and increase the chances that the investment will create successful companies, greentech products, and American jobs.

As always, we appreciate the opportunity to comment on Prior User Rights. Feel free to contact me if you have any questions and/or comments.

Very Truly Yours,

Robert Barr, Esq.
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