

March 11, 2008

Dear Colleagues and Friends,

As you likely know from news reported around the world, a recent discovery on the UW–Madison campus by Drs. James Thomson and Junying Yu has demonstrated a way to re-program adult human skin cells into an embryonic-like state without the use of an embryo or human egg. This latest breakthrough work in Dr. Thomson’s lab holds out hope for development of a more abundant supply of various cell types for medical research and testing, as well as the potential to create human tissue that would be perfectly matched to the donor.

However, much work remains to be done, including efforts to fully compare these newly derived cells with the known characteristics of the federally-approved human embryonic stem cell lines. Given this recent discovery, I’m particularly pleased to share with you today important news regarding a decision by the U.S. Patent and Trademark Office relating to three of Dr. Thomson’s earlier patents.

Dr. Thomson was the first to isolate and culture human embryonic stem cells and sought early patent protection for his discoveries. The Wisconsin Alumni Research Foundation recognized the potential of this work to aid in treatments and cures for debilitating diseases. Decades of experience have shown that the U.S. system of patenting and licensing provides the most efficient path for these discoveries to create public benefits.

In October 2006, the patents on Dr. Thomson’s work were challenged by two private organizations, the New York-based Public Patent Foundation and the California-based Foundation for Taxpayer and Consumer Rights. Over the past two weeks, the United States Patent Office has upheld WARF’s patent claims, rejecting a preliminary ruling that had placed some of the claims in jeopardy. In its action, the patent office has reaffirmed that the claimed embryonic stem cells and the claimed method for producing those cells are patentable inventions.

WARF always has believed that Dr. Thomson’s breakthrough discovery of human embryonic stem cells and the method for culturing those cells are patentable inventions. It is unfortunate that WARF had to expend such considerable time and cost to rebut the political challenge to these patents, but we are heartened that after conducting an extremely thorough reexamination the patent office reached the correct conclusion.

Since filing the initial patents on primate and human embryonic stem cells, WARF and its subsidiary, the non-profit WiCell Research Institute, which hosts the National Stem Cell Bank, has fulfilled 914 free academic licenses for patent rights to stem cells, which have been shipped to more than 563 researchers in 25 countries and 40 states. WiCell also has provided training and technical assistance to approximately 600 public and

private sector scientists. Currently, due to financial support from the National Institutes of Health, two vials of human embryonic stem cells containing approximately 6 million cells capable of producing numerous cell colonies are priced at \$500 for academic researchers.

Going forward, we want to be sure members of the private sector understand that resolution of the patent challenge brings continued opportunities to develop rewarding partnerships through licensing agreements.

We invite you to visit www.warf.org to learn more about the patent office decision, including some background about WARF and the history of stem cell discovery at UW–Madison. We appreciate the widespread support for intellectual property this public conversation about our patents has generated, and we look forward to engaging with you and all of our stakeholders on behalf of scientific achievement in the months and years ahead.

Clearly, continued advances in the rapidly evolving field of stem cell science will require a significant commitment of time, talent and resources and as always, we remain open to opportunities for collaboration, commercial involvement and private partnerships. We value your input and welcome any questions you may have; members of the WARF leadership team can be reached at (608) 263-2500.

Best regards,
Carl E. Gulbrandsen
WARF Managing Director