

FONAR CORPORATION

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January 4, 2008

Honorable Hillary Rodham Clinton
United States Senate
476 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Clinton:

I am writing to you as an experienced inventor (MRI) who is also the founder and president of FONAR Corporation, a medical device company that employs more than 400 people in the great state of New York.

I know that you are currently very busy campaigning for President in New Hampshire and around our nation. However, I am urging you — in your current job as my U.S. Senator — to champion the cause of innovation in America and to protect America's competitiveness by leading the opposition to the Patent Reform Act of 2007 in the Senate.

The so-called Patent Reform Act — S. 1145 — is a very controversial bill and is strongly opposed by inventors such as myself, who have built innovative businesses and created good jobs on the foundation of their patented inventions. But it is not just inventors who oppose S. 1145. Venture capitalists, research universities, domestic manufacturers, the American Intellectual Property Law Association, the Institute of Electrical and Electronic Engineers (IEEE), innovation leaders in the alternative energy, medical device, biotech and nanotech industries, as well as key labor unions — including the patent examiner's union — have all publicly voiced their opposition to S. 1145. In my view, the damage it would do our nation is beyond comprehension. Indeed, if one of our nation's lawmakers had a mind to injure our wonderful country (which none do) I cannot envision a more potent or global tool for doing so than voting for enactment of S. 1145. Indeed Yongshun Cheng, Director of the Beijing Intellectual Property Institute, indicates that S. 1145 will help China to pirate American inventions at the expense of the American People by making "the patent less reliable, easier to be challenged and cheaper to be infringed" (enclosed).

What American innovators need is a champion in the U.S. Senate who will speak up for inventors and defend American ingenuity by actively opposing S. 1145. I am asking you to be that champion. I make this request with full knowledge that it is difficult for anyone who is campaigning for President to take a clear and bold stand on an issue that cannot easily be reduced to a sound bite or photo-op.

Honorable Hillary Rodham Clinton
January 4, 2008
Page 2

If politics as usual prevails and S. 1145 is passed by the U.S. Senate (I understand that a floor vote may be scheduled as soon as February 2008), the ability of the United States to lead the world in innovation — which is the foundation of our nation's competitiveness — will be seriously damaged. In fact, key components of your own Innovation Agenda for investing in ideas and creating high wage jobs in the future (hillaryclinton.com/feature/innovation) will become very difficult to implement if S. 1145 becomes the law of the land.

In June, I traveled to Washington, D. C. to accept the 2007 National Inventor of the Year Award (from the Intellectual Property Owners Education Foundation) for the invention of the Upright® MRI on behalf of FONAR and its employees. After receiving this award from Congressman Howard Berman, I made some remarks to the gathered scientists, inventors and policy makers that I will summarize here.

The United States Patent is the only property right enjoyed by American citizens that is included in the U.S. Constitution itself. Our Founding Fathers viewed the patent as a right of citizenship so consequential to the well-being of the new republic that they immortalized it in the Constitution (Article I, Section 8). Indeed, were it not for the intellectual property rights granted by U.S. patents, there might well be no MRI today. The prospect of revenue generated from a strong U.S. patent enabled me to depart from my academic research and develop a practical application of that research. The discovery of the abnormal MR signal from cancer tissue provided us the experimental evidence that enabled us to proceed and then construct the first magnetic resonance body scanner (MRI) and then introduce the first commercial MR scanner. The invention and its construction and the patent that protected it assured the funding needed to further advance the medical uses of MRI. That research has most recently achieved the world's first MRI operating room which is currently installed at Oxford University, UK. The new MRI operating room allows surgeons to perform surgery under direct MR image guidance, allowing the surgeon to see, with submillimeter resolution, tumors and other pathologies invisible to the naked eye, that are buried in the interior of an organ (e.g. brain or liver), so they can be excised.

Passage of S. 1145 will weaken patent rights so significantly that private funding for commercializing groundbreaking research will dry up. Innovative technologies of the future, including advanced MRI technologies underway at FONAR, will not make it to the marketplace. This is why the National Venture Capital Association and many prominent venture capitalists have expressed their concerns to Congress that passage of S. 1145 could negatively impact their future ability to provide risk capital.

On a local level, the jobs of people who work at companies like FONAR — which are built on the bedrock of cutting edge innovation and strong patents — will be put at great risk if the U.S. Patent, as we know it, is effectively terminated by passage of S. 1145. I know without a doubt, that without strong patents it will be extremely difficult


Honorable Hillary Rodham Clinton
January 4, 2008
Page 3

for FONAR to continue to manufacture the groundbreaking Upright® MRI in Long Island, New York. Strong patents that protect U.S. innovation provide a very effective way to anchor good jobs in our local communities. Passage of S. 1145 will destroy this critical anchor and accelerate the offshoring of good jobs like those lost at Maytag in October.

Obviously, I feel very strongly about this issue. Quite simply, this is because I care deeply about my Long Island company and its employees, as well as the future of America. In October of last year, FONAR paid for a full page advertisement in the New York Times (enclosed) which outlined how passage of S. 1145 would result in a devastating cost to America's economy. A copy of this advertisement was delivered immediately after publication to your Senate office in Washington, D.C.

Again, I respectfully urge you to speak up now and champion American innovation. American inventorship is the one great asset America has left to protect our nation's competitiveness. Please do not give it away with S. 1145. It is being mischaracterized by its promoters as the Patent Reform Act. If you knew the details of what S. 1145 is seeking to enact, you would recognize it to be the 'Patent Termination Act' that aspiring infringers intend it to be. We need a champion who is not afraid to lead by taking a stand now to keep America competitive.

Sincerely yours,



Raymond V. Damadian, M.D.
President and Chairman

RVD:ey
Encs.

cc: Honorable Harry Reid, Senate Majority Leader
Honorable Mitch McConnell, Senate Minority Leader

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