



June 29, 2011

Dear Chairman Leahy and Ranking Member Grassley:

The Small Business & Entrepreneurship Council (SBE Council) has been a leading advocate for patent reform within the small business community, and we urge you to work with the leadership of the Senate to bring the America Invents Act (H.R. 1249) to the Senate floor for approval.

H.R. 1249 would improve the patent system in key ways. For example, the U.S. patent system would be brought in step with the rest of the world. The U.S. grants patents on a first-to-invent basis, rather than the first-inventor-to-file system that the rest of the world follows. First-to-invent is inherently ambiguous and costly, and that's bad news for small businesses and individual inventors.

A shift to a "first-inventor-to-file" system creates greater certainty for patents, and amounts to a far simpler and more transparent system that would reduce costs in the rare cases when conflict exists over who has the right to a patent. By moving to a first-inventor-to-file system, small firms will in no way be disadvantaged, as some claim, while opportunities in international markets will expand.

In addition, an Associated Press report, for example, noted "that it takes an average of three years to get a patent approved and that the agency has a backlog of 1.2 million pending patents, including more than 700,000 that haven't reached an examiner's desk." Part of the problem here is that revenues from patent fees can be drained off by Congress to be spent elsewhere.

The agreement reached in the House on USPTO funding will assure that the fees paid to the USPTO by inventors will not be diverted elsewhere, but instead be made available for processing patent applications. While the Senate's approach in S. 23 to prevent diversion of USPTO funds would have been a better choice, the House bill still provides an effective option.

Patent reform is needed to clarify and simplify the system; to properly protect legitimate patents; and to reduce costs in the system, including when it comes to litigation and the international marketplace. All of this, of course, would aid small businesses and the overall economy.

H.R. 1249, like S. 23, is a solid bill, and the opportunity for long overdue and much-needed patent reform should not be lost.

Thank you for considering the views of the small business community. Please feel free to contact SBE Council with questions or if we can be of assistance on this important issue for small businesses.

Sincerely,

Karen Kerrigan
President & CEO