

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

December 27, 2007

Re: Opposition to Patent Legislation (S. 1145)

Dear Senators Reid and McConnell,

The National Association of Patent Practitioners (NAPP) is a nonprofit trade association for patent agents and patent attorneys. We are writing to express concern about patent legislation (S. 1145) that some are trying to push through the Senate.

Unlike some other associations, NAPP's members focus on patent prosecution, namely securing patents for inventors large and small. As part of NAPP's mission, we aim to create a collective nationwide voice to address issues relating to patent-prosecution practice. Additional information can be found at www.napp.org.

Our members have solicited leadership through postings and discussion on the NAPP mail lists to express concerns in this letter. We believe that the positions stated express the views of the vast majority of NAPP members.

Although our members are not opposed to all change, we are concerned that the legislation in its current form (either as passed by the House or as presented to the Senate) will make U.S. patents *less* strong and would *reduce* patent-owners' ability to enforce U.S. patents. Patents would become harder to get, more subject to challenge, harder to enforce, and able to justify only lower infringement damages. It seems quite obvious that passing such a bill would embolden infringers to ignore patents instead of settling or otherwise dealing with the patents. The result can only be more lawsuits and less inventor rights, less innovation, and threats to jobs and manufacturing.

We have noted with particular alarm that several articles in China and India have already said that the "reform" bill being considered by Congress would make it easier for "knock-off" businesses to gain access to U.S. inventions. Economic growth depends upon the continued strength and reliability of the U.S. patent system, which has recognized and protected the rights of inventors for 200+ years.

The problem is that essentially all of the major proposals in the current bill (either form) would *weaken* patents:

1. Inequitable Conduct – The National Academy of Sciences proposed a change that would have been pro-patent, eliminating the ability to challenge patents in court by accusing the patent owner of inequitable conduct. The courts have long labeled the "habit" of making such charges a "plague." As morphed in Congress, the bill would

codify various new court decisions allowing *more* freedom to *make* those charges. Another clause would require applicants to undergo the expense of a search and report. Now, searches are done often but not always, because current law does not require it.

2. Damages Apportionment - This provision, in whatever form, would alter the current system of royalties, which is well developed and has worked fine. However worded, the unabashed intent of those promoting this change is to give cover for cuts in infringement damages. A similar apportionment scheme was part of U.S. law a century ago but abandoned as non-workable.

3. Post-Grant Opposition - This provision would give challengers a year-long opportunity after any patent issues to oppose grant without overcoming the usual historic presumption that patent examiners know what they are doing when they grant patents. After the year, challengers can participate more easily in attacking patents in the Patent Office through "reexaminations," and the bill proposes a further change to allow an opponent to challenge a patent on one ground and preserve other grounds of challenge for later. Those forces pushing the bill also favor having the low-proof opposition process apply at any time during the patent's lifetime (the so-called "second window"), whenever the patent owner sought to enforce the patent.

4. PTO rule authority - This provision would give the Patent Office authority to pass rules (i) restricting the number of chances a patent applicant has to seek a patent and (ii) demand additional showings from applicants before granting a patent. Such reports would put practitioners at odds with our clients, in conflict with practitioners' duty to represent clients zealously. The PTO recently has ignored widespread public opposition to proposed rules packages, in an unprecedented way. It should be reined in, not rewarded with expanded authority.

5. Publication - The bill would make publication mandatory at 18 months, even for applications not filed abroad. With current average patent pendency exceeding 30 months and rising, the rest of the world will have more than a year to copy American inventions before patent grant, creating uncertainty for private investments in new technologies and loss of patent value even if allowed.

6. Third Party Participation in Prosecution - This provision would allow anyone to oppose grant of a patent through a submission to the examiner explaining why the PTO should reject the application after the patent application is published. Now people can submit prior art but not explanations. Examiners should judge patentability using prior art references, not opinions from adversarial parties. The Japanese and European patent systems have both had problems with rules allowing third parties to interfere with the application process (pre-grant opposition). This bill would undermine long-standing U.S. negotiation policy of opposing similar rules in foreign patent systems.

7. First Inventor to File - This provision would cut off the opportunity of a patent applicant to remove a reference as prior art by showing that inventor had the idea first. If an inventor who invented first had a slower patent attorney and lost the "race to the patent office," patent rights would be lost. This provision would impact far more applications than just a few "interferences."

8. Venue - This provision would reduce the usual choice of the patent holder as to which court in which to bring suit. Although the language is complex, all versions would impose limits that are not in current law or not applicable to non-patent cases.

9. Interlocutory Appeals - This would allow for a new layer of appeals from claim-construction orders. It would delay further conclusion of lawsuits and prevent settlements when a claim construction goes for patent holder.

10. Exceptions – A few provisions would remove infringement remedies for suits or prevent patenting of inventions in certain narrow areas (check clearing or tax filing methods). The Patent Act should remain general and available for all inventions, without exceptions.

11. Marking - This provision would reduce the period on which damages could be collected if a patent holder (or licensee) sold products not marked with a patent number. Worse, it would make it harder to give actual notice as a substitute for marking.

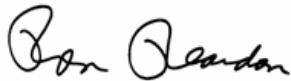
12. Best Mode - Previous amendments have stripped all *pro*-patent changes from committee drafts. Notably, a provision abolishing the “best mode” defense, advocated by the NAS, was cut.

Significant amendment would be required to produce a patent bill that does not contain merely an “anti-patent wish-list” of a few large entities that no longer need strong patent protection. Core problems with the bill should be fixed – with real input from various “stakeholders” who are opposed to the bill – or the whole attempt abandoned, before any “reform package” comes to the Senate floor for a vote.

NAPP would be pleased to work on *real*, balanced patent “reform.” We could help the Senate craft a true compromise bill or we could suggest new, pro-patent changes that would tend to make patents *more* valuable and encourage invention.

Please let us know how we can help.

Very truly yours,
National Association of Patent Practitioners



Ron Reardon
President



Louis J. Hoffman
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