

February 5, 2007

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives

The Honorable John Boehner  
Minority Leader  
United States House of Representatives

Dear Speaker Pelosi and Republican Leader Boehner:

The Coalition for Patent Fairness, an alliance of companies and associations in the technology, financial services, energy and chemical, manufacturing and media industries, urges you to make modernizing the U.S. patent system a top legislative priority for the 110<sup>th</sup> Congress. Enhancing the U.S. patent system is necessary in order to maintain our nation's competitive advantage and spur economic growth, investment, job creation, technological progress and innovation. Moreover, patent reform is an issue with strong bipartisan support that is ripe for action this year. Your work to re-balance, strengthen and enhance the current patent system will enable cutting-edge innovation to continue to drive the U.S. knowledge-based economy.

The need for patent reform is unquestionable. The last comprehensive revision of U.S. patent law took place in 1952, a time when typewriter correction fluid was new technology, markets were not global, and the networked devices on which our economy now relies were more science fiction than everyday reality. In the past year, editorial boards from the *Los Angeles Times* and *The Wall Street Journal* have urged Congress to restore balance to the patent system, which has come under increasing pressure as the technological revolution transforms our way of life and business. The U.S. Supreme Court has also begun to weigh in. It is past time for the patent system to catch up with the 21<sup>st</sup> century high-tech economy.

Today, U.S. economic growth is slowed by patent disputes that drain billions of dollars that would otherwise be invested in jobs, innovation, consumer savings and shareholder value – and at a critical time when China, India and other emerging economies are gaining momentum. At the same time, consumer access to innovative, new products is hampered by unnecessarily arcane and complex rules that force companies to hedge against the risks of innovation rather than optimize the benefits to consumers and society as a whole. All too often, the patent system today operates as a disincentive to creativity and innovation of the sort it used to foster.

The costs created by patent abuse are partially rooted in poor patent quality. Despite their hard work, patent examiners are being inundated with record numbers of patent applications. On top of that, outmoded procedures, insufficient training, and lack of resources conspire to degrade the quality of the patents being granted. We support efforts to improve patent quality by improving operations at the U.S. Patent and Trademark Office.

But those improvements alone will not re-balance the incentives to innovate or remove the many disincentives of the current system. Truly comprehensive reform is clearly required to provide the protections for consumers and strengthening of our patent system that are necessary. The Coalition for Patent Fairness supports common sense measures to modernize and bring balance to the patent system. Specifically, we believe reform efforts should ensure that damages are proportionate to the value of the

component in question rather than the entire product, which can include thousands of patented components. We believe that “willful” treble damages should be assessed only where there is truly egregious conduct. In addition, companies should not be held liable in U.S. courts for worldwide damages from acts of infringement that are claimed to have occurred in other countries. Finally, the practice of opportunistic “forum shopping” should end, ensuring patent disputes are resolved in courts that have a reasonable connection to the underlying claim. All of these important changes were included in the bipartisan Patent Reform Act of 2006, S. 3818, introduced by Senators Hatch and Leahy last year and strongly supported by the Coalition.

We respectfully urge you to make passage of comprehensive patent reform a top legislative priority in 2007. Your leadership on the issue will benefit all Americans—from small business owners to independent inventors to consumers of innovative, new products.

The Coalition for Patent Fairness looks forward to continuing to work with you on these issues as the legislative process moves forward.

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**Agilent Technologies, Inc**  
**Apple**  
**Applied Materials**  
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**Atheros Communications**  
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**Avid**  
**Broadcom Corporation**  
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**CA, Inc.**  
**Cadence Design Systems**  
**Charter Communications, Inc.**  
**Chevron Corporation**  
**Ciena Corporation**  
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