

The Patent Reform Act of 2009 (H.R. 1260): Impact on Job Creation and Innovation

Patent Reform Act (H.R. 1260) and Job Creation:

An economic study by Dr. Everett Ehrlich, former Under Secretary for Economic Affairs at the U.S. Department of Commerce, projected that the damages litigation reforms included in H.R. 1260, the original version of the Patent Reform Act of 2009, [would create 100,000 new jobs](#). Dr. Ehrlich's study also warned that if Congress did nothing to reinstitute fairness in damages, our economy could suffer the loss of 150,000 additional jobs.

President Obama has made patent reform a central part of his [innovation "Agenda"](#) to spur innovation that will lead to job creation. During his confirmation, new Commerce Secretary Gary Locke told Senators that he would weigh heavily the economic impact of patent legislation.

Non-Practicing Entities:

The current patent system has created a litigation based cottage industry of non-practicing entities (NPEs), companies that make no products and provide no services to consumers and exist solely to generate fees and settlements through litigation of often dubious patents. Written testimony before the Senate Judiciary Committee earlier this month revealed startling data on the role of NPE's in hampering innovation and job creation. According to this testimony:

- NPEs filed 88% of patent suits against America's leading technology companies over the past 5 years.
- Infringement cases against America's leading technology companies have increased 70% over the last five years.
- Licensing fee requests to America's leading technology companies - usually a precursor to litigation - have increased 650% since 2004.

This evidence demonstrates that NPE filings are hampering innovation and job creation in the tech sector. Meaningful reform will enable American companies to dedicate more resources to innovation and the creation of new jobs, which will in turn stimulate the economy. Opponents of patent reform prefer the status quo that favors litigation over change that favors innovation. Passing the Patent Reform Act of 2009 is critical to creating new jobs and maximizing innovation throughout the United States.

Patent Reform is Needed:

The House has an opportunity to reinstate fairness in the patent system, establish balance and stronger protections for inventors and innovators and create 100,000 new jobs by passing strong damages reforms. The House passed these provisions last Congress and it is our hope that they adhere to that position.

The Coalition for Patent Fairness (CPF), a group of more than 100 innovative small, mid-size and large companies and trade associations, strongly supports H.R. 1260, the Patent Reform Act of 2009. CPF members are significant stakeholders in the patent system, holding over 75,000 United States patents and investing over \$22 billion dollars in research and development in 2008. CPF member companies and organizations are among the leading innovators in the world and depend greatly on a strong patent system that protects American companies that invest in innovation, bring new products to market, and in turn, create additional U.S. jobs.

To learn more about The Coalition for Patent Fairness, visit www.patentfairness.org