

Patent Reform

Problem:

Abusive patent litigation continues to undermine the U.S. patent system. It discourages and deters investments in jobs and new technologies, stifles innovation, and weakens our intellectual property system.

- Patent protections are particularly important for small inventors, who operate on much smaller margins and often rely more heavily on their intellectual property for revenue than large firms.
- According to the U.S. Small Business Administration, small businesses produce 16 times more patents per employee than large patenting firms, which has a direct correlation with job growth.
- Applying for a patent can be daunting for small businesses, as the number of different patents, with corresponding different fees and paperwork, can prohibit many from applying.
- A patent application can cost anywhere between \$1,000 and \$15,000, depending on how much research the small-business owner is able to do themselves, how much competition research is done, or if a special patent agent needs to be hired.
- Additionally, recent Supreme Court decisions have created confusion over what can and cannot be patented. These decisions seriously undermine the longstanding world-class innovation environment in the U.S. and threaten the nation's global competitiveness.
- Technology-focused small businesses contribute new technology, competitive strength, and high-quality jobs to the U.S. economy. These businesses depend on strong and predictable patent rights to survive. Uncertainty in patent regulations add unnecessary costs and stifle innovation. Without the foundation of stable and accessible patent rights, small businesses are not able to obtain the return-on-investment necessary to secure capital.
- In the Bloomberg 2021 Innovation Index the U.S. dropped out of the top ten ranked countries, with South Korea on the top of the list. While the U.S. topped the first Bloomberg Innovation Index in 2013, it now ranks eleventh.
- President Biden ran on a promise to reinvigorate U.S. manufacturing with a \$300 billion investment in R&D and breakthrough technologies.

Solution:

The U.S. must reassert its position as an international leader in innovation with smart fixes which will strengthen patent protections. We must act to ensure our patent system continues to serve as an engine for U.S. innovation and job creation.

- Policymakers must seek reasonable reforms to protect small businesses from unnecessary and unwarranted patent infringement actions and avoid over-reactive solutions that could weaken existing patents and discourage innovation.
- With the majority of U.S. innovations coming from smaller companies, it is imperative that Congress support pro-small inventor legislation.