

28 October 2013

The Honorable Bob Goodlatte
Chairman
Committee on the Judiciary
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Goodlatte,

IEEE-USA supports the stated goals of the *Innovation Act* (H.R. 3309) – to address abusive patent litigation and improve U.S. Patent and Trademark Office (PTO) examination quality. This legislation will have significant impact on innovation, a matter central to IEEE-USA’s mission.

Our initial review of H.R. 3309 indicates that while there are positive features in the bill, several provisions are counterproductive and may produce results contrary to the bill’s stated goals. A positive feature we strongly support is the requirement that the PTO construe patent claims involved in post-grant proceedings in accordance with the standard used in federal courts. Because patentees do not have the opportunity to iteratively amend claims in these proceedings as they do during patent examination, the current PTO rule of construing the claims under the Broadest Reasonable Interpretation is inappropriate. This provision of the bill will also help ensure that the public, patent owners, and patent challengers can rely on consistent claim construction rules when issued patent claims are challenged in court or in the PTO.

In principle, IEEE-USA can support several provisions in H.R. 3309, such as the heightened pleading standards and enhanced disclosure of real parties in interest, if redrafted to preserve the role of an independent judiciary and they are not overly burdensome on litigants.

However, we believe that other provisions in their current form are not narrowly crafted sufficiently to target litigation abuse and therefore would reduce the value and enforceability of patents more broadly. IEEE-USA believes that legislation addressing litigation abuse should be implemented in a manner that is not patent-specific or discriminatory against certain patent owners. For example, we are concerned that the discriminatory enhanced fee-shifting provisions have the potential of creating new unfair risks for particular litigants while rewarding others. While we favor judicial stays against innocent consumers of end products where a stay would promote fair and efficient resolution of a patent suit, we are concerned that the mandatory stay provisions are overly broad and unduly shift the procedural burdens onto patentees. IEEE-USA objects to provisions that strip away or materially undermine patentees’ enforcement right to exclude the “use” of a patented invention.

IEEE-USA was a signatory of an earlier group letter to you regarding its opposition to the expansion of the covered business method patent program. The covered business method program created by the America Invents Act was narrowly tailored for specific subject matter and pertaining to specific issuance period in the late 1990s and early 2000s. We oppose expanding the scope of this program to broader subject matter or to later-issued patents because we believe our patent system should not discriminate against any particular class of patents by subjecting certain patents indefinitely to additional costly administrative proceedings in the PTO.

IEEE-USA strongly opposes the repeal of Section 145. This would gratuitously deny applicants the fundamental right of de-novo judicial review of adverse patentability determinations by the PTO when it refuses to consider certain evidence. The importance of this 170-year-old protective provision is in its restraining effect on PTO's potential abuse of discretion for all patent applicants – not just for those who would seek judicial review. Repealing Section 145 would empower administrative decision-making as having the final say, displacing the courts and severely eroding U.S. patent rights.

IEEE-USA believes that the “could have raised” estoppel in the current post grant law was a hard-fought compromise in the AIA legislation. The provision in H.R. 3309 that strikes the phrase “or reasonably could have raised” would give accused infringers that should have raised all arguments administratively excessive options in court to challenge patent validity, unfairly discriminating against patent holders and increasing the complexity of litigation.

IEEE-USA notes an important provision that is missing in H.R. 3309. The presidential sequestration order issued on March 1, 2013 subjects the PTO's fees to sequester even though these fees are not taxpayer funds. This denies the PTO access to all user fees collected and thus, to the resources it needs to tackle its patent backlog. IEEE-USA opposes the sequestration of the PTO's resources and supports legislation that exempts these non-taxpayer resources from all sequestration orders.

Finally, we are very concerned that the witness list for the hearing on Tuesday, October 29th indicates that the Committee will not have at this stage the benefit of critical testimony. The proposed legislation makes monumental changes in patent litigation procedures and the conduct of federal courts by limiting discretion of federal judges. The Committee should hear from federal judges who are experts on these matters and have important views to be considered. IEEE-USA also believes that the Committee should hear from the small businesses technology entrepreneurs, startups, and individual inventors, many of whom are IEEE-USA members and contribute to significant high quality domestic job creation. IEEE-USA urges that this additional testimony be obtained in a second hearing prior to Committee action.

IEEE-USA is an organizational unit of the Institute of Electrical and Electronics Engineers, Inc. (IEEE), the world's largest organization for technical professionals, and a leading educational and scientific association for the advancement of technology. IEEE-USA fosters technological innovation for the benefit of all, including more than 200,000 U.S. engineers, scientists, and allied professionals who are members of the IEEE.

IEEE-USA's members serve on the “front line” of the US patent system. Our membership includes inventors who create and use cutting-edge technology, who research and publish professional articles and journals, and who develop published standards that form the bases of widely adopted and critical technologies. IEEE-USA members are more than merely scientists and research engineers; they are also entrepreneurs and employees of firms that acquire, license, and market patented technology; proper operation of patent law is a critical interest of IEEE-USA.

We look forward to a continuing dialog with you and other members of the Judiciary Committee to address the concerns we have with the legislation as it develops during this legislative session.

Sincerely,

A handwritten signature in black ink that reads "Marc Apter". The signature is written in a cursive style with a long horizontal stroke extending from the top of the "A" across the top of the word.

Marc T. Apter
IEEE-USA President

cc: The Honorable John Conyers, Jr., Ranking Member
Members of the Committee on the Judiciary