

Leading Patent Stakeholders: End USPTO User Fee Diversion

150 companies, associations, venture capitalists, unions, universities and innovation-focused entities call on Congress to maintain current legislative language to end “hidden tax on innovation”

Washington, D.C. – Representatives from the leading patent reform advocacy groups, including the Coalition for 21st Century Patent Reform, the Coalition for Patent Fairness, the Innovation Alliance, as well as dozens of universities, large corporations, unions, associations, venture capitalists, and startup businesses all called on Congress to support keeping the U.S. Patent and Trademark Office funding provisions in H.R. 1249, “The America Invents Act.” Section 22 of the Judiciary Committee reported bill creates a mandatory revolving fund in the Treasury to retain all user fees collected by the USPTO and to use the funds to run the operations of that agency.

The large set of signatories is notable because of its broad diversity. Adding their support for ending fee diversion and supporting the operations of the USPTO include the U.S. Chamber of Commerce, the Business Roundtable, the National Association of Manufacturers, the National Venture Capital Association, the American Association of Universities, the Biotechnology Industry Association, the Financial Services Roundtable, the International Federation of Professional & Technical Engineers, and many others.

In the letter to Speaker Boehner and Democratic Leader Pelosi, the 150 innovation-focused signatories wrote, “Unlike most other federal agencies, the USPTO earns fees paid by inventors, companies, research institutions, and universities that can offset every taxpayer dollar appropriated for its operations. The sequestration of funds envisioned by Section 22 is necessary to prevent user fees collected from patent and trademark applications from being redirected to other non-USPTO purposes. Section 22 is necessary because over the last two decades more than \$875 million in user fees has been redirected to other governmental purposes in what amounts to a hidden tax on innovation.”

The letter notes that while the signatories may have different views on the reforms contained in H.R. 1249, they unanimously believe that Section 22 should remain in the legislation. The letter is not an endorsement of a funding only bill or amendment, but a strong statement that ending fee diversion is a critical piece of any patent reform legislation.

In the letter, the USPTO was labeled, “the single greatest facilitator of private sector job creation and economic growth in America;” and its patents were essential for innovative businesses — especially startups — to attract venture capital investment, develop new products and services, and create jobs.

Section 22, it was noted, does not diminish the oversight powers of Congress; it only prevents the diversion of user fee collected by the USPTO.

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