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June 8, 2011

The Honorable Chairman Lamar Smith
2138 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman ~~Smith~~ Lamar:

I understand that the America Invents Act (H.R.1249) is to be debated on the House floor in the near future.

I have long supported fundamental reforms to our patent system that reduce patent backlogs, increase the quality of patents, and ensure that the patent system is not abused in ways that threaten innovation. There is much to commend in H.R.1249, particularly the end of fee diversion and the granting of fee setting authority to the Patent and Trademark Office (PTO). I believe that a permanent end to fee diversion is the most important end that we can accomplish in any patent legislation, as it will promote increased efficiency and reduced pendency by ensuring the PTO has adequate resources.

But I must write to express my growing conviction that the shift from a "First to Invent" to a "First to File" system contained in Section 2 of the legislation will be counterproductive. My concern is that this change may hurt the most creative inventors in our economy and lead to rushed patent filings, only adding to the backlog. As the patent reform effort moves forward, I urge you to consider removing the First to File provisions of the bill.

The driving force of innovation comes from small, agile firms that marshal creative energies in exciting and productive ways. It is precisely these small firms -- many of which are located in my home state of California -- that I believe will be hurt by First to File. Upon careful consideration, I must associate myself with the position of both Senators Feinstein Boxer that the move to First to File is a mistake.

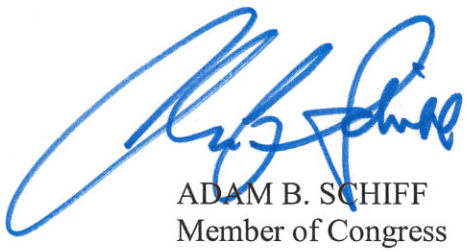
First to File adds risk and uncertainty to the decision making of small inventors. The path from invention to marketable product is a difficult one for any company to navigate, but even more so

for a small business. The process of invention is not a straight line from idea to patent – companies need to do additional market research, talk to venture capitalists or investors, develop their idea further and a myriad other necessities before they undertake the expense of filing a patent. Because our patent system currently protects their right to file in the future, inventors can take their time to evaluate their inventions for market potential before undertaking the time and expense of filing a patent application.

With the shift to First to File, the rush to the patent office will lead to new and unavoidable costs for small businesses as they prepare applications for inventions that they ultimately discard for one reason or another. The result is more and lower quality patent applications, undermining the improved patent quality the America Invents Act seeks to achieve. For small startups, the costs of retaining outside counsel to draft patent applications on inventions that do not pan out is a significant drain on their resources, and it means less money for hiring and the actual act of invention.

America's unique First to Invent system has served our nation well. As the America Invents Act moves forward, I respectfully urge you to remove Section 2 or otherwise consider changes that will protect the patent rights of small inventors. Thank you for your consideration.

Sincerely,



ADAM B. SCHIFF
Member of Congress

CC: The Honorable John Conyers, Ranking Member