

Jeffrey P. Kushan
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Mr. Chairman and distinguished Members of the Subcommittee,
My name is Jeff Kushan. I am a partner in the Washington office of the law firm of Sidley Austin Brown and Wood, LLP. I am also a registered patent attorney, and specialize in the areas of biotechnology, pharmaceuticals and software-related inventions. I have been asked to testify today based on my experiences working with companies in the life sciences sector. I am pleased to offer views that reflect my experiences with such companies, but note that I am testifying today in my personal capacity, and the views I offer are my own.

Introduction

Patent law reform has become an active issue in the past few years. One reason for this is that patents have grown in importance to several industrial sectors which traditionally have not been significant users of the system, including the software, e-commerce and financial services industries. A second is that the workload of the Patent and Trademark Office (PTO) has continued to grow at a significant pace against the backdrop of an uncertain funding picture. This has raised concerns over the capacity of the PTO to issue valid patents in a timely fashion. And, recently, comprehensive studies of the patent system and its operation have been conducted by the National Academies of Science and the Federal Trade Commission. These studies recommend a number of significant reforms to the patent system, and have spawned extensive discussion and debate within the patent community.

Comprehensive patent law reform, however, is not a new topic to this Committee. Between 1995 and 1999, this Committee played a central role in shaping reforms to the patent system that ultimately were enacted as the American Inventors Protection Act of 1999. Those reforms followed changes enacted in 1995 as part of the effort to implement the Uruguay Round Agreement creating the World Trade Organization. Each of these reforms has had a significant impact on the patent system, making it more transparent and effective.

Today's patent reform debates are motivated by the belief of many companies that there is too much uncertainty and unpredictability involved in the patent system. This is true from both the perspective of companies that wish to enforce patents, and from those who must face patents. Another motivation is the perception that the PTO is struggling to keep pace with its workload. The package of reform measures now under consideration reflects some effort to respond to each of these motivating factors.

Before addressing those measures, however, it is important to recognize two of the most significant challenges facing our patent system today.

First, the PTO faces serious challenges in performing its statutory function of issuing valid patents in a timely fashion because of the ongoing problem of patent fee diversion to other government entities. The unpredictable nature of patent fee diversion has made it difficult for the PTO to engage in the long-term restructuring of its operations that is necessary to make the patent examination process more reliable and efficient. Without question, the most important legislative deliverable for Congress in the effort to improve the patent system is predictable and adequate funding for PTO operations. And, as

