



Protecting Small Business Innovation

July 21, 2010

Chairwoman Barbara Mikulski  
Committee on Appropriations  
Subcommittee on Commerce  
Justice, Science and Related Agencies  
Room S 128, The Capitol  
Washington, DC 20510

Ranking Member Richard Shelby  
Committee on Appropriations  
Subcommittee on Commerce  
Justice, Science and Related Agencies  
Room S 128, The Capitol  
Washington, DC 20510

Dear Chairwoman Mikulski and Ranking Member Shelby:

On behalf of the Association for Competitive Technology's more than 3,000 members, I urge you to approve the Administration's FY10 budget request to allow the United States Patent and Trademark Office (USPTO) to use all the fees it will collect this year.

The Association for Competitive Technology (ACT) is an international grassroots advocacy and education organization representing more than 3,000 small and mid-size information technology firms from around the world. ACT is the only organization focused on the needs of small business innovators, especially their need for a robust patent examination system.

As the United States digs itself out of the ongoing recession, Congress knows that small business innovators will be a key driver in creating new jobs, and even new industries. But these new businesses need cash to operate and grow. Oftentimes the only way for these small businesses to receive needed venture capital is through patents that serve as collateral. And while "patent pending" is worth a little, nothing beats the ability to cite an issued patent.

The U.S. patent office continues to suffer under a crushing backlog of patent applications, and new examiners need to be trained in the kinds of technology that will lead the nation forward. Innovative businesses are being held up at the starting line while they wait for more than forty (40!) months to find out if their innovative new idea has received a patent. Simply put, stalled applications because of inadequate resources will delay the development of new technologies and the creation of new private sector jobs.

As you know, the patent office operates using the fees it collects from innovators as they file applications and renew existing patents. From an innovator's perspective, this is a fee paid so that the patent office can quickly review his or her application, and do a thorough search of the prior art – and it's also assumed the fees will go to help the

USPTO make smart long-term hiring and technology decisions. The failure to put those funds into USPTO resources quickly will further undermine confidence in the system.

ACT members are customers of the USPTO and need it to be an effective organization if the technology sector is to remain competitive with the rest of the world.

It is time to move quickly and support the Administration's FY10 budget request for USPTO. Failure to move will result in at nearly \$200 million collected fees sitting idly by while the Patent office struggles to keep up with demand and the need to educate its staff. Innovative companies need the USPTO to function at its full capacity so that they can do their part to grow the United States economy.

If you have further questions regarding the importance of IP to small, innovative businesses or how the USPTO helps spur innovation, we would be happy to come in and brief your staff.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is written in a cursive style and is positioned above the printed name and title.

Morgan Reed  
Executive Director