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GE is a member of the Coalition for 21st Century Patent Reform.

Economy Needs Patent Reform – Now

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By Brackett B. Denniston III and Robert C. Weber

The Senate faces a remarkable opportunity to advance the competitiveness of the U.S. economy, and create jobs through innovation, at a time of unprecedented economic turmoil.

And it can be done without investing any taxpayer dollars.

The patent reform bill recently passed the Senate Judiciary Committee, with overwhelming, bipartisan support. The bill deserves passage by the full Senate and ultimately the full Congress.

Since our patent laws were last updated 50 years ago, the importance of intellectual property to our economic well-being has risen dramatically, and technology, products and business models have become more complex. Yet the laws have not been adapted to reflect these changes and must be modernized.

According to the U.S. Chamber of Commerce, the industries that rely most heavily on intellectual property employ nearly 18 million workers.

These sectors account for more than \$5 trillion of the gross domestic product, comprise more than half of our exports and represent 40% of economic growth.

The Federal Reserve Board estimates that each year American businesses invest as much in intellectual property and other intangible assets -- about \$1 trillion -- as they do in physical equipment.

The bill represents a hard-won compromise and is the result of leadership from Sens. Leahy, Specter, Feinstein, Cornyn and many others on both sides of the aisle.

U.S. patent law needs to better support America's 21st century users, workers and consumers. Study after study has made clear that change is needed, but compromise on key issues has been elusive. Given the state of our economy, delay is no longer an option.

Over the last four years, the patent reform debate has been characterized as adversarial, pitting various industries against one another. To be sure, industries and companies use

the patent system in different ways, and these differences affect how they view some reform proposals.

For example, many new products and services -- especially in the information technology sector -- include contributions from multiple innovators that incorporate hundreds if not thousands of patented inventions.

In other industries, new innovations -- such as those in the pharmaceutical/biotechnology fields -- require investments of tremendous scale to achieve a single new product protected by a single patent.

GE and IBM came to this debate initially with different perspectives on many elements of the legislation. Now we come together to support it.

The bill before the Senate is not perfect and does not satisfy all of the patent system's user communities -- such as IT companies, manufacturers, pharmaceutical and biotechnology firms, universities and financial firms -- but it represents tangible improvement toward a better technological future for American workers, consumers and, of course, innovators.

The bill gives clearer guidance to judges on damages for complex infringement cases. It enables the public to provide valuable information to the patent office before patents are granted, which will help raise the quality of those patents.

It institutes a new procedure in the patent office to review questionable patents promptly after they are granted. And the bill further aligns our system with those of our trading partners. This will improve efficiency and spur innovation.

Patents are the lifeblood of creative enterprises and America's innovation economy, but different industry sectors utilize their intellectual property assets in different ways based on their business model. Changes to the law must work for all members of the patent community and sustain an urgent need to stimulate growth and create jobs -- striking a balance among sometimes competing interests.

This bill strikes that balance.

Our companies have a huge stake in a healthy patent system. Collectively we invest more than \$10 billion a year on research and development. We rely on the patent system to protect those investments, keep us competitive in the global marketplace and create better, higher paying jobs.

The bill represents a major step forward for users of the system, consumers and America's workers. Patent reform debates have continued for nearly three years. This bill deserves swift passage by the Senate and the full Congress.

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