

the purse," under Article I, Section 9, Clause 7 of the Constitution. The language ensures: the PTO budget remains part of the annual appropriations process; all PTO collected fees will be available only for PTO services and activities in support of the fee paying community; and finally, this important agency will continue to be subject to oversight and accountability by the Congress on an annual basis.

To assure that all fees collected for PTO remain available for PTO services, H.R. 1249 provides that if the actual fees collected by the PTO exceed its appropriation for that fiscal year, the amount would continue to be reserved only for use by the PTO and will be held in a "Patent Trademark Fee Reserve Fund".

At the same time, consistent with the language included in H.R. 1249, the Committee on Appropriations will also carry language that will ensure that all fees collected by PTO in excess of its annual appropriated level will be available until expended only to PTO for support services and activities in support of the fee paying community, subject to normal Appropriations Committee oversight and review.

I look forward to working with the relevant stakeholders in efficiently implementing this new process.

I believe this approach will help U.S. innovators remain competitive in today's global economy and this in turn will contribute to significant job creation here in the United States, while holding firm to the funding principles outlined in the Constitution.

Sincerely,

HAROLD ROGERS,
Chairman, House Committee on
Appropriations.

Mr. LEAHY. I would note that it has been suggested somehow the Appropriations chairman is not going to keep his word. Well, Chairman ROGERS is a Republican. I have worked with him a lot. He has always kept his word to me, just as we have the most decorated veteran of our military serving in either body as chairman of the Senate Appropriations Committee, the only Medal of Honor recipient now serving, Senator INOUE. Both he and the ranking Republican, Senator COCHRAN, have always kept their word to me certainly in more than the third of a century I have served on that committee.

The America Invents Act, as passed by the House, continues to make important improvements. It ensures the fees collected by the U.S. Patent and Trademark Office are used for Patent and Trademark Office activities. The one thing in there is that we in the Congress at least have a chance to make sure they are using it the way they are supposed to.

The office is entirely fee funded. It does not rely on taxpayer dollars. It has been and continues to be subject to the annual appropriations bill which allows the oversight that we are elected and paid for by the American people to do.

The legislation we passed in March would have taken the Patent Trademark Office out of the appropriations process by setting up a revolving fund. Instead of a revolving fund, the House formulation against fee diversion established a separate account and di-

rects that account be used only by the U.S. Patent and Trademark Office. The House Appropriations chairman is committed to abide by that legal framework. The Speaker is committed to that. The House forged a compromise. That is the essence of the legislative process.

The Founders knew when they wrote the Constitution to include the Great Compromise. Ideological purity does not lead to legislative enactments. Ideological purity does not lead to legislative enactments.

The House compromise can make a difference. It made real progress against fee diversion, which is something we can support. There are many companies and organizations that do support this in order to get the bill enacted without delay. After 6½ years, let's not delay any more.

This is going to create jobs. We have 600,000 to 700,000 patents sitting there waiting to be processed. Let's get on with it. For all of these fees and the reserve fund can only be used for the operations of the Patent and Trademark Office. I don't know what more we can do. But I would say I am perfectly willing to accept what the House did because it assures that the fees go to the Patent Office.

I am also well aware that voting for this amendment kills the bill. It could kill the bill over a formality—the difference between a reserve fund and a revolving fund.

I think the House Republican leadership worked out their compromise in good conscience, and I agree with it.

The U.S. Patent and Trademark Office is funded entirely by user fees, and the Leahy-Smith America Invents Act will ensure the PTO has access to the fees it collects. We have heard from a number of organizations which agree with that, and I ask unanimous consent that a sample of these letters from the Business Software Alliance, the Small Business and Entrepreneurship Council, DuPont, and other financial organizations be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BUSINESS SOFTWARE ALLIANCE,
June 29, 2011.

Hon. HARRY REID,
Majority Leader,
Washington, DC.

Hon. MITCH MCCONNELL,
Minority Leader,
Washington, DC.

DEAR SENATOR REID AND SENATOR MCCONNELL: We urge you to bring H.R. 1249 to the Senate floor as soon as the Senate's schedule permits.

The Business Software Alliance (BSA) strongly supports modernizing our patent system. An efficient and well-operating patent system is necessary to promote healthy and dynamic innovation. Innovation is critically important to software and computer companies' ability to provide new and better tools and technologies to consumers and customers.

BSA member companies believe H.R. 1249 establishes a transparent and efficient pat-

ent system. It will make the Patent and Trademark Office more accessible and useful to all inventors, large and small. In addition, the provisions of H.R. 1249 on Patent and Trademark Office funding will ensure that the user fees paid to the USPTO will be available to the Office for processing patent applications and other important functions of the Office.

H.R. 1249 and S. 23 are the products of many years of skillful and difficult legislative work in both the House and the Senate. H.R. 1249 represents a thoughtful and balanced compromise that is endorsed by virtually all stakeholders. We urge the Senate to adopt H.R. 1249 as acted upon by the House and pass it without amendment as soon as possible.

Sincerely,

ROBERT W. HOLLEYMAN,
President and CEO.

SBE COUNCIL,
Oakton, VA, June 29, 2011.

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: The Small Business & Entrepreneurship Council (SBE Council) has been a leading advocate for patent reform within the small business community, and we urge you to work with the leadership of the Senate to bring the America Invents Act (H.R. 1249) to the Senate floor for approval.

H.R. 1249 would improve the patent system in key ways. For example, the U.S. patent system would be brought in step with the rest of the world. The U.S. grants patents on a first-to-invent basis, rather than the first-inventor-to-file system that the rest of the world follows. First-to-invent is inherently ambiguous and costly, and that's bad news for small businesses and individual inventors.

A shift to a "first-inventor-to-file" system creates greater certainty for patents, and amounts to a far simpler and more transparent system that would reduce costs in the rare cases when conflict exists over who has the right to a patent. By moving to a first-inventor-to-file system, small firms will in no way be disadvantaged, as some claim, while opportunities in international markets will expand.

In addition, an Associated Press report, for example, noted "that it takes an average of three years to get a patent approved and that the agency has a backlog of 1.2 million pending patents, including more than 700,000 that haven't reached an examiner's desk." Part of the problem here is that revenues from patent fees can be drained off by Congress to be spent elsewhere.

The agreement reached in the House on USPTO funding will assure that the fees paid to the USPTO by inventors will not be diverted elsewhere, but instead be made available for processing patent applications. While the Senate's approach in S. 23 to prevent diversion of USPTO funds would have been a better choice, the House bill still provides an effective option.

Patent reform is needed to clarify and simplify the system; to properly protect legitimate patents; and to reduce costs in the system, including when it comes to litigation and the international marketplace. All of this, of course, would aid small businesses and the overall economy.

H.R. 1249, like S. 23, is a solid bill, and the opportunity for long overdue and much-needed patent reform should not be lost.

Thank you for considering the views of the small business community. Please feel free to contact SBE Council with questions or if we can be of assistance on this important issue for small businesses.

Sincerely,

KAREN KERRIGAN,
President & CEO.

DUPONT,

Wilmington, DE, July 6, 2011.

Hon. PATRICK J. LEAHY,
*Chairman, Committee on the Judiciary, Wash-
 ington, DC.*

Hon. CHARLES E. GRASSLEY,
*Ranking Member, Committee on the Judiciary,
 Washington, DC.*

DEAR CHAIRMAN LEAHY AND RANKING MEM-
 BER GRASSLEY: As a world leader in science
 and innovation, including agriculture and in-
 dustrial biotechnology, chemistry, biology,
 materials science and manufacturing, Du-
 Pont recognizes the nation's patent system
 is a cornerstone in fostering innovation and
 creating jobs. Patents continue to be one of
 the engines for innovation and a process for
 discovery that leads to rich, new offerings
 for our customers and gives our company the
 edge to continue transforming markets and
 society. Our stake in the patent system is
 significant—in 2010, DuPont filed over 2,000
 patent applications and was awarded almost
 700 U.S. patents. Given the importance of its
 patents, DuPont has been a strong supporter
 of efforts to implement patent reform legis-
 lation that will improve patent quality and
 give the U.S. Patent and Trademark Office
 the resources it needs to examine and grant
 patents in a timely manner.

We believe that any changes to the patent
 system need to be made in a way that
 strengthens patents and supports the impor-
 tant goals of fostering innovation and cre-
 ating jobs. In our view, the Leahy-Smith
 America Invents Act, H.R. 1249, achieves
 these objectives, and we urge you to consider
 adoption of this bill.

The agreement reached in the House on
 USPTO funding will assure that the fees paid
 to the USPTO by inventors will not be di-
 verted and will be made available to the Of-
 fice for processing patent applications and
 other important functions of the Office. While
 we would have preferred the Senate's
 approach in S. 23 to prevent diversion of
 USPTO funds, we believe that acceptance of
 the House bill provides an effective and the
 most immediate path forward to address
 problems of the patent office. H.R. 1249, like
 S. 23, is an excellent bill. These bills are the
 product of many years of skillful and dif-
 ficult legislative work in both the House and
 the Senate. We believe the time has now
 come for the Senate to take the final legisla-
 tive act required for enactment of these his-
 toric reforms.

We look forward to patent reform becom-
 ing a reality in the 112th Congress, due in
 significant measure to your leadership, and
 we thank you for your efforts in this critical
 policy area.

Very truly yours,

P. MICHAEL WALKER,
*Vice President, Assis-
 tant General Counsel
 and Chief Intellectual
 Property Coun-
 sel.*

JUNE 29, 2011.

Hon. HARRY REID,
*Majority Leader, U.S. Senate,
 Washington, DC.*

Hon. MITCH MCCONNELL,
*Republican Leader, U.S. Senate,
 Washington, DC.*

DEAR LEADERS REID AND MCCONNELL: We
 are writing to encourage you to bring H.R.
 1249, the "Leahy-Smith America Invents
 Act," to the Senate floor at your earliest
 possible convenience and send the bill to the
 President's desk to be signed into law. H.R.
 1249 closely mirrors the Senate bill that
 passed earlier this year by an overwhelming
 95-5 vote.

Patent reform is essential legislation: en-
 actment will spur innovation creating jobs

and ensure that the Patent and Trademark
 Office (PTO) has the tools necessary to main-
 tain our patent system as the best in the
 world. We strongly support the improved re-
 examination procedures in H.R. 1249, which
 will allow the experts at PTO to review low-
 quality business-method patents against the
 best prior art. Equally important, the bill
 provides the PTO with increased and predict-
 able funding. This certainty is absolutely
 critical if the PTO is to properly allocate re-
 sources and hire and retain the expertise
 necessary to benefit the entire user-commu-
 nity.

This bill has been nearly a decade in the
 making and is supported by a vast cross-sec-
 tion of all types of inventors and businesses.
 It is time to send patent reform to the Presi-
 dent for signature, and we strongly encour-
 age the Senate to take up and pass H.R. 1249
 without delay.

Sincerely,

American Bankers Association, Amer-
 ican Council of Life Insurers, American
 Financial Services Association, Amer-
 ican Insurance Association, The Clear-
 ing House Association, Consumer
 Bankers Association, Credit Union Na-
 tional Association, The Financial Ser-
 vices Roundtable, The Independent Com-
 munity Bankers of America, Mortgage
 Bankers Association, National Associa-
 tion of Mutual Insurance Companies,
 Property Casualty Insurers Association
 of America, Securities Industry and Fi-
 nancial Markets Association.

Mr. LEAHY. Mr. President, I ask
 unanimous consent that I be allowed to
 reserve the remainder of my time, and
 I suggest the absence of a quorum.

The PRESIDING OFFICER. The
 clerk will call the roll.

The assistant bill clerk proceeded to
 call the roll.

Mr. COBURN. Mr. President, I ask
 unanimous consent that the order for
 the quorum call be rescinded.

The PRESIDING OFFICER. Without
 objection, it is so ordered.

Mr. COBURN. Mr. President, I wish
 to respond to my chairman's com-
 ments. First of all, what we have pro-
 posed came out of the Judiciary Com-
 mittee in the House 32 to 3. In other
 words, only three people on the Judi-
 cary Committee in the House objected
 to this.

The other point I wish to make is the
 letter from Chairman ROGERS does not
 bind the next Appropriations Com-
 mittee chairman. I think everybody
 would agree with that. It only binds
 him and it only binds him as long as he
 honors his commitment. I have no
 doubt he will honor his commitment as
 long as he is chairman.

The third point I wish to make is
 what the House has set up doesn't
 make sure the funds go to the PTO, it
 just means they can't go somewhere
 else. That is what they have set up.
 They do not have to allow all the funds
 collected to go to the PTO. So they can
 reserve \$200 million or \$300 million a
 year and put it over there in a reserve
 fund and send it to the Treasury which
 will cause us to borrow less, but the
 money won't necessarily go to the
 PTO. There is nothing that mandates
 the fees collected go to the Patent and
 Trademark Office.

I understand my chairman. I under-
 stand his frustration with trying to get

this bill through, and I understand that
 he sees this as a compromise. I don't. I
 understand we are going to differ on
 that and agree to disagree.

With that, I yield the floor to allow
 the chairman to speak, and I reserve
 the remainder of my time.

Mr. LEAHY. I thank the Senator. I
 reserve the remainder of my time and
 suggest the absence of a quorum.

The PRESIDING OFFICER. The
 clerk will call the roll.

The assistant bill clerk proceeded to
 call the roll.

Mr. SANDERS. Mr. President, I ask
 unanimous consent that the order for
 the quorum call be rescinded.

The PRESIDING OFFICER (Mr.
 LEAHY). Without objection, it is so
 ordered.

FLOODING IN VERMONT

Mr. SANDERS. Mr. President, I wish
 to pick up on a point the senior Sen-
 ator from Vermont made earlier today.
 Both he and I have had the opportunity
 to travel throughout the State of
 Vermont to visit many of our towns
 which have been devastated by one of
 the worst natural disasters in our
 State's history.

We have seen in the southern part of
 the State—in Wilmington, for exam-
 ple—the entire business district se-
 verely damaged. I have seen in central
 Vermont a mobile home park almost
 completely wiped out, with people who
 are in their eighties and are now hav-
 ing to look to find new places in which
 to live. I have seen a public housing
 project for seniors in Brattleboro se-
 verely damaged. A lot of seniors there
 are now having to find new places to
 live. We have seen the State office
 complex in Waterbury—the largest
 State office building in the State,
 housing 1,700 Vermont workers, the
 nerve center of the State—devastated.
 Nobody is at work there today.

We have seen hundreds of bridges and
 roads destroyed, and right now, as we
 speak, there are rains coming in the
 southern part of the State, causing
 more flooding, more damage. We have
 seen a wonderful gentleman from Rut-
 land lose his life because he was doing
 his job to make sure the people of that
 area were protected. So we have seen
 damage the likes of which we have
 never seen in our lifetime.

What I would say—and I know I
 speak for the senior Senator from
 Vermont as well—is that our country is
 the United States of America—the
 United States of America. What that
 means is we are a nation such that
 when disaster strikes in Louisiana or
 Mississippi in terms of Hurricane
 Katrina—I know the Presiding Officer
 remembers the outpouring of support
 from Vermont for the people in that re-
 gion. All of our hearts went out to the
 people in Joplin, MO, when that com-
 munity suffered an incredible tornado
 that took 150 or so lives and devastated
 that city. What America is about and
 what a nation is about is that when
 disaster hits one part of the country,
 we unite as a nation to give support to

help those communities, those businesses, those homeowners who have been hurt get back on their feet.

I know the senior Senator from Vermont has made this point many times: Right now we are spending billions of dollars rebuilding communities in Afghanistan and Iraq. Well, I think I speak for the vast majority of the people in this country and in my State of Vermont that if we can spend billions rebuilding communities in Iraq and Afghanistan, we surely can rebuild communities in Vermont, New Jersey, North Carolina, and other parts of the United States of America that have been devastated by Hurricane Irene.

I think as a body, as a Congress, the House and Senate have to work as expeditiously as we can to come up with the funds to help rebuild all of the communities that have been so severely damaged by this terrible flood. I look forward to working with my colleagues to make that happen.

With that, I yield the floor and note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SANDERS). Without objection, it is so ordered.

Mr. LEAHY. Mr. President, when the America Invents Act was first considered by the Senate last March, I spoke about the contributions Vermonters have made to innovation in America since the founding of our Nation. The distinguished Presiding Officer and I know about what Vermont has done. I wish to remind everybody that from the first patent ever issued by our government to cutting-edge research and inventions produced today Vermonters have been at the forefront of innovation since the Nation's birth.

Many may think of our Green Mountain State as being an unlikely hotbed of innovation, but we have actually over the last few years issued the most patents per capita of any State in the country—actually more patents than a lot of States that are larger than we are. It is a small State, to be sure, but it is one that is bursting with creativity.

The rich history of the inventive spirit of Vermont is long and diverse. Vermonters throughout have pursued innovations from the time of the Industrial Revolution to the computer age. Vermont inventors discovered new ways to weigh large objects as well as ways to enjoy the outdoors. They have perfected new ways to traverse rivers and more environmentally friendly ways to live in our homes. Over the years, as America has grown and prospered, Vermont's innovative and creative spirit has made the lives of all Americans better and possibly made them more productive. The patent system in this country has been the cata-

lyst that spurred these inventors to take the risks necessary to bring these ideas to the marketplace.

The story of innovation in Vermont is truly the American story. It has been driven by independent inventors and small businesses taking chances on new ideas. A strong patent system allowed these ideas to flourish and brought our country unprecedented economic growth. These same kinds of inventors exist in Vermont today, as they do throughout our great country.

But these inventors need to be assured that the patent system that served those who came before them so well can do the same today. The America Invents Act will provide that assurance for years to come.

My distinguished colleague from Vermont and I have both spoken several times on the Senate floor since the Senate came back in session about the devastation in Vermont. I cannot help but think of the devastation that Irene has caused in so many of our communities at home. Just as Senator SANDERS and Congressman WELCH and Governor Shumlin, I have seen the damage and heartbreak firsthand. But I also saw the fruits of innovation that will help bring recovery to communities throughout Vermont: the heavy machinery that helped to clear debris and that will build our roads and our bridges and our homes; the helicopters that brought food and water to stranded residents; and the bottles that allowed safe drinking water to reach them.

The American patent system has helped to develop and refine countless technologies that drive our country in times of prosperity but also in times of tragedy. It is critical we ensure that this system remains the best in the world.

Vermont and the rest of the country deserve the world's best patent system. The innovators of the past had exactly that, but we can ensure that the innovators who are among us today and those who will come in succeeding generations will have it as well by passing the America Invents Act.

I am proud of the inventive contributions that Vermonters have made since the founding of this country. I hope to honor their legacy. I hope to inspire the next generation by securing the passage of this legislation.

I have been here for a number of years, but this is one of those historic moments. The patent system is one of the few things enshrined in our Constitution, but it is also something that has not been updated for over half a century. We can do that. We can do that today with our vote. We can complete this bill. We can send it to the President. The President has assured me he will sign it. We will make America stronger. We will create jobs. We will have a better system. And it will not cost American taxpayers anything. That is something we ought to do.

Mr. President, the America Invents Act is supported by dozens of busi-

nesses and organizations, large and small, active in all 50 States.

The America Invents Act is the product of more than 6 years of debate and compromise. The stakeholders have crossed the spectrum—from small businesses to high-tech companies; financial institutions to labor organizations; life sciences to bar associations.

More than 180 companies, associations, and organizations have endorsed the Leahy-Smith America Invents Act. I ask unanimous consent that a list of these supporters be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LIST OF SUPPORTERS OF THE AMERICA INVENTS ACT

3M; Abbott Adobe Systems Incorporated; Advanced Micro Devices; Air Liquide; Air Products; American Bar Association; American Bankers Association; American Council of Life Insurers; American Council on Education; American Financial Services Association; American Institute of Certified Public Accountants; American Insurance Association; American Intellectual Property Law Association; American Trucking Association; Apple, Inc.; Applied Materials, Inc.; Aruba Networks, Inc.; Assoc. for Competitive Technology; Assoc. of American Medical Colleges.

Association of American Universities; Association of Public and Land-grant Universities; Association of University Technology Managers; AstraZeneca; Atheros Communications, Inc.; Autodesk, Inc.; Avaya Inc.; Avid Technology, Inc.; Bank of America; Baxter Healthcare Corporation; Beckman Coulter; Biotechnology Industry Organization; Borealis Ventures; Boston Scientific; BP; Bridgestone American Holdings, Inc.; Bristol-Myers Squibb; Business Software Alliance; CA, Inc.; Cadence Design Systems, Inc.; California Healthcare Institute.

Capital One; Cardinal Intellectual Property; Cargill, Inc.; Caterpillar; Charter Communications; CheckFree; Cisco Systems Citigroup; The Clearing House Association; Coalition for Patent and Trademark Information Distribution; Collexis Holdings, Inc.; Computer & Communications Ind. Assoc.; Computing Technology Industry Association; Consumer Bankers Association; Corning; Council on Government Relations; Courion; Credit Union National Association; Cummins, Inc.; Dell; The Dow Chemical Company.

DuPont; Eastman Chemical Company; Eastman Kodak; eBay Inc.; Electronics for Imaging; Eli Lilly and Company; EMC Corporation; EnerNOC; ExxonMobil; Facebook; Fidelity Investments; Financial Planning Association; FotoTime; General Electric; General Mills; Genzyme; GlaxoSmithKline; Google Inc.; Hampton Roads Technology Council; Henkel Corporation.

Hoffman-LaRoche; HSBC North America; Huntington National Bank; IAC; IBM; Illinois Technology Association; Illinois Tool Works; Independent Community Bankers of America; Independent Inventors; Infineon Technologies; Information Technology Council; Integrated DNA Technologies; Intel; Intellectual Property Owners Association; International Trademark Association; International Intellectual Property Institute; Intuit, Inc.; Iron Mountain; Johnson & Johnson; Kalido.

Lexmark International, Inc. Logitech, Inc.; Massachusetts Technology Leadership Council; Medtronic; Merck & Co, Inc.; Micron Technology, Inc.; Microsoft; Millennium

Pharmaceuticals; Milliken and Company; Molecular; Monster.com; Motorola; Mortgage Bankers Association; National Association of Federal Credit Unions; National Association of Manufacturers; National Assoc. of Mutual Insurance Cos.; National Association of Realtors; National Semiconductor Corporation; National Retail Federation; National Treasury Employees Union; Native American IP Enterprise Council; Net Coalition; Netflix, Inc.; Network Appliance, Inc.; Newegg Inc.; News Corporation; Northrop Grumman; Novartis; Numenta, Inc.; Nvidia OpenAir, Inc.; Oracle; Overstock.com; Partnership for New York City; Patent Cafe.com, Inc.; PepsiCo, Inc.; Pfizer; PhRMA; Procter & Gamble Company; Property Casualty Insurers Association of America; Red Hat.

Reed Elsevier Inc.; RIM; Salesforce.com, Inc.; SanDisk Corporation; San Jose Silicon Valley Chamber of Commerce; SAP America, Inc.; SAS Institute; Seagate Technology, LLC; Sebit, LLC; Securities Industry & Financial Markets Association; SkillSoft; Small Business and Entrepreneurship Council; Software Information and Industry Association; Sun Microsystems, Inc.; Symantec Corporation; Tax Justice Network USA; TECHQuest Pennsylvania; Teradata Corporation; Texas Instruments; Texas Society of CPAs.

The Financial Services Roundtable; Toyota Trimble Navigation Limited; The United Inventors Association of America; United Steelworkers; United Technologies; U.S. Chamber of Commerce; USG Corporation; VeriSign Inc.; Verizon; Visa Inc.; Visi-Trak Worldwide, LLC; VMware, Inc.; Vuze, Inc.; Western Digital Technologies, Inc.; Weyerhaeuser; Yahoo! Inc.; Ze-gen; Zimmer; ZSL, Inc.

MR. LEAHY. I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. MCCASKILL). The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

MR. KERRY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MR. KERRY. Madam President, regarding the parliamentary situation, how much time remains for Senator CANTWELL?

The PRESIDING OFFICER. Thirteen minutes remains.

MR. KERRY. It is my understanding that Senator CANTWELL wants to preserve a component of that, so I would, on behalf of Senator CANTWELL, yield myself 5 minutes at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 600

MR. KERRY. Madam President, I appreciate the comments of our friend from Alabama, Senator SESSIONS, regarding his amendment to strike section 37 of the patent reform bill, but I disagree with him on substantive terms, and I ask our colleagues to look carefully at the substance of this amendment and the importance of this amendment with respect to precedent not for one company from Massachusetts or for one entity but for companies all over the country and for the application of patent law as it ought to be applied.

The only thing section 37 does—the only thing—is it codifies what a Federal district court has already said and implements what the U.S. Patent and Trademark Office is already doing. There is no breaking of new ground here. This is codifying a Federal district court, codifying what the Patent Office has done, and, in fact, codifying common sense. It is putting into effect what is the right decision with respect to how we treat patents in our country.

Section 37 is, in fact, a very important clarification of a currently confusing deadline for filing patent term extension applications under the Hatch-Waxman Act. Frankly, this is a clarification, I would say to the Senator from Alabama, that benefits everybody in the country. In fact, this is a clarification which has already been put into effect for other types of patents that were once upon a time treated with the same anomaly. They rectified that. They haven't rectified it with respect to this particular section of patent law.

So all we are doing is conforming to appropriate law, conforming to the standards the Patent Office applies, and conforming for all companies in the country, for any company that might be affected similarly. If this were a bailout for a single firm or a pharmaceutical company, as some have tried to suggest it might be, why in the world did a similar provision previously get reported out of the Senate Judiciary Committee by a vote of 14 to 2? How in the world could this provision have then passed the House of Representatives as it did? And why would many House Republicans have supported it as they did? The answer is very simple: Because it is the right thing to do under the law and under the common sense of how we want patents treated in the filing process.

The law as currently written, frankly, was being wrongly applied by the Patent and Trademark Office. And you don't have to take my word for that; that is what a Federal court has said on more than one occasion. Each time, the court has ruled that it was the Patent and Trademark Office, not an individual firm called WilmerHale or Medicines Company—not those two—that made a mistake.

Let me make that very clear so the record is as clear as it can be. The current law as it is written says that "to obtain an extension of the term of a patent under this section, the owner of record of the patent or its agent shall submit an application to the Director. . . . Such an application may be only submitted within the sixty-day period beginning on the date the product received permission" under the appropriate provision of law.

Now, the FDA reasonably interprets this language to mean that if something is received after the close of business on a given business day, it is deemed to be received the next business day. Under this interpretation, the filing by the Medicines Company was indisputably timely.

So my colleagues should not come to the floor and take away from entities that are trying to compete and be in the marketplace over some technicality: the suggestion that because something was filed electronically on a particular given day at 5 o'clock in the afternoon when people had gone home—they weren't open—that somehow they deem that not to have been appropriately filed.

But rather than accept that common-sense interpretation, the Patent and Trademark Office told the Medicines Company it was late. They just decided that. They said: You are late, despite the fact that interpretation contradicted the same-business-day rule the FDA uses when interpreting the very same statute. So as a result, the issue went to court, and guess what. The court told the PTO it was wrong. A Federal judge found that the Patent Office and FDA had been applying inconsistent interpretations of the exact same statutory language in the Hatch-Waxman Act. The FDA uses one interpretation that has the effect of extending its own internal deadlines, but the PTO insisted on using a different interpretation. The result was a "heads I win, tails you lose."

The PRESIDING OFFICER. The Senator's time has expired.

MR. KERRY. Madam President, I ask unanimous consent to speak for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

MR. KERRY. For companies investing in innovative medicines, the court found that the PTO failed to provide any plausible explanation for this inconsistent approach. It further found that the PTO's interpretation had the effect of depriving applicants of a portion of their time for filing an application.

After considering all the relevant factors, the court adopted the FDA's interpretation. So the court told the PTO that they were wrong and it was they, and not the Medicines Company, who made a mistake.

So this is not an earmark. It isn't, as Senator SESSIONS contends, a single-company bailout. It is a codification of a court ruling. It is a clarification. It is common sense. It puts a sensible court decision into legislative language, and it is legislative language that applies to all companies across the country equally. It doesn't single out any particular company but amends the patent law for the benefit of all applicants.

I ask my colleagues to oppose the Sessions amendment on the merits. More importantly, we need to move forward with this important bill on which Chairman LEAHY and Senator GRASSLEY have worked so hard. Passing the Sessions amendment would stop that. It would require a House-Senate conference on the bill, and it would at best seriously delay and at worst make it impossible to exact patent reform during this Congress. So

this is, on the merits, for all companies. This is common sense. This is current law. This is current practice. So I ask my colleagues accordingly to vote appropriately.

Madam President, I ask unanimous consent that at 4 p.m. the Senate proceed to the votes in relation to the amendments and passage of H.R. 1249, the America Invents Act, with all other provisions of the previous order remaining in effect; that the final 10 minutes of debate be equally divided between the chairman and ranking member of the Judiciary Committee or their designees, with the chairman controlling the final 5 minutes; further, that there be 4 minutes equally divided between proponents and opponents prior to each vote.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KERRY. Madam President, I reserve the remainder of Senator CANTWELL's time.

The PRESIDING OFFICER. The Senator from Texas.

Mr. CORNYN. May I inquire of the Chair how much time remains for me to speak before getting to the last order?

The PRESIDING OFFICER. There is 4½ minutes remaining.

TEXAS WILDFIRES

Mr. CORNYN. Madam President, I wish to speak for about 4½ minutes on the natural disasters that have been confronting our Nation and in particular Texas, where the State has had about 3½ million acres of land burned, with many people now finding themselves literally homeless as a result of fires that many of my colleagues have seen on TV or watched on the Internet but which, frankly, do not capture the scale of the devastation.

Just to give you an idea of the scope of this natural disaster, so far, in 2011, more than 18,000 wildfires have been reported in the State. As I mentioned, it has burned an area roughly the size of Connecticut. Nearly 2,900 structures have been lost and, unfortunately, there has also been a loss of life in these fires, as well as 5,000 Texans have now been evacuated from their homes. Unfortunately, these fires have been a feature of life in parts of Texas for most of the year because we are in the middle of a historic drought where, because of La Nina, the weather pattern, we have had an abnormally dry year, and, indeed, it has caused more than \$5 billion of agricultural losses alone as a result of that drought.

I have not only seen some of the devastation myself before I left Austin, but I have also talked to a number of people on the ground who are well informed.

Representative Tim Kleinschmidt, who represents the Texas district east of Austin in sort of the Bastrop area, told me that as many as 1,000 people have been evacuated from their homes in that area and have been living in shelters since Sunday. Water and elec-

tricity are also down in many areas, and the wind has unfortunately swept the fire into other areas and now is only about 30 percent contained.

I have also talked to some of our other local leaders, our county judges, such as Grimes County judge Betty Shiflett, who told me that while they have no unmet needs right now, they are very concerned about the threat to life and property and are working as hard as they can to contain the fires.

I have also talked to our outstanding chief of the Texas Department of Emergency Management and the Director of the Texas Forest Service who tell me that as many as 2,000 Americans from places other than Texas have come to the State to help fight these fires and help protect property and life.

We have had a good Federal response to one extent, and that is the U.S. Forest Service has provided planes, bulldozers, and other equipment. Unfortunately, we have seen the White House so far not extend the disaster declaration beyond the original 52 counties approved for FEMA assistance on May 3. I should say that assistance ran out on May 3, more than 4 months ago. Suffice it to say, the disaster declaration should be extended to cover the rest of the State, at least 200 more Texas counties that need Federal assistance.

I am informed from reading the newspaper that President Obama reached out to Governor Perry yesterday to extend his condolences. But, frankly, more than condolences, what we need are the resources to help fight these fires to deal with the disaster and to help get people back into their homes as soon as possible.

I would just say in conclusion, Madam President, that the majority leader has raised the question of whether disaster relief should be paid for or whether it should be borrowed money. I come down on the side of believing that we can't keep borrowing money we don't have. That is what the American people keep telling us. That is what the last election was all about. That is what the financial markets are telling us, and I believe the American people believe we have plenty of money in the Federal Government for Congress to do its job by setting priorities and funding those priorities.

I believe emergency assistance to the people who have been hit hardest by these natural disasters is one of those priorities. We should fund it instead of funding wasteful spending and duplicative programs and engaging in failed Keynesian stimulus schemes.

I yield the floor.

SECTION 5

Mr. BLUNT. Madam President, a significant change contained in H.R. 1249 from S. 23, the version of the bill debated and overwhelmingly passed by the Senate earlier this year, is the inclusion of the defense of prior commercial use against infringement of a later granted patent. Specifically, section 5 of H.R. 1249 creates a prior user right for processes, or machines, or composi-

tions of matter used in a manufacturing or other commercial process, that would otherwise infringe a claimed invention if: (1) the person commercially used the subject matter in the United States, either in connection with an internal commercial use or an actual arm's length sale or other arm's length commercial transfer of a useful end result of such commercial use; and (2) the commercial use occurred at least one year before the earlier of either the effective filing date of the claimed invention or the date on which the claimed invention was disclosed to the public in a manner that qualified as an exception from prior art.

As the distinguished chairman of the Committee on the Judiciary knows, such prior user rights, if properly crafted and understood, can be of great benefit to keeping high paying jobs in this country by giving U.S. companies a realistic option of keeping internally used technologies as trade secrets.

Mr. LEAHY. Madam President, my colleague and friend from Missouri is correct. Prior user rights, if properly crafted and asserted, can be of great benefit to keeping high-paying jobs here at home.

Mr. BLUNT. I thank my good friend. A robust prior user right is not needed in today's first-to-invent regime. This is because, if a prior-user was sued for infringement, the patent could be invalidated under section 102(g)(2) because the prior-user was the first-to-invent. However, should H.R. 1249's first-to-file system become law, the prior invention bar to patentability under section 102(g)(2) will be eliminated. This switch to first-to-file then presents the question of whether a non-patent-filing manufacturer should be given some prior user rights that would continue to allow these non-patented internal uses. Section 5 of H.R. 1249 attempts to settle the question by granting prior user rights but only when the prior use is for certain "commercial" uses.

The prior user rights provided under section 5 of H.R. 1249 will allow developers of innovative technologies to keep internally used technologies in-house without publication in a patent. This will help U.S. industry to keep jobs at home and provide a basis for restoring and maintaining a technology competitive edge for the U.S. economy. For these reasons, I believe the Senate should support this valuable addition to the America Invents Act and I applaud the leadership of my friend from Vermont.

Mr. LEAHY. I thank the Senator.

Mr. BLUNT. However, as noted a moment ago, the utility of the prior user defense is linked to its clarity surrounding its scope and its limitations. Many innovative companies may be reticent to opt for the protection of prior user rights for fear that the defense may not stand against a charge of infringement by a later patent owner who sues for infringement. Many innovators may feel the need to rush to

the patent office in order to assure their long term freedom to operate. I do not need to belabor my colleagues with the attendant benefit the publication of patents provides to global competitors who are not respectful of intellectual property rights.

The reason for this detrimental reliance on patents for internal technology is that the utility and reliability of section 5 is dependent on the prior use being an "internal commercial use"—a term for which there is no readily available judicial precedent. Should section 5 of H.R. 1249 become law, an innovator and his legal counsel need some reasonable assurance that an internal use will, in fact, be deemed to be a commercial use protectable under the law. These assurances are all the more important for U.S. companies in the biotechnology field with extraordinarily long lead times for commercialization of its products. Does my colleague from Vermont understand the concern I am raising?

Mr. LEAHY. Madam President, I will say to my good friend that he is not the first to raise this issue with me and the other Members of the House and Senate Judiciary Committees who have worked on this bill. I have discussed section 5 at length with the distinguished House Judiciary Committee Chairman LAMAR SMITH. Perhaps I can help provide some of the needed clarity for my colleague concerning what we intend to be within the confines of the definition of "internal commercial use" as it is used in section 5 of the bill.

Mr. BLUNT. I thank my colleague for his willingness to discuss this matter here on the floor of the Senate. It is my reading of the bill's language under section 5 that prior use rights shall vest when innovative technology is first put into continuous internal use in the business of the enterprise with the objective of developing commercializable products. Does the chairman of the Judiciary Committee share this understanding?

Mr. LEAHY. Yes. My colleague and I are in agreement that it is our intention, as the sponsors of this comprehensive measure, that the prior use right set forth in section 5 of H.R. 1249 shall vest when innovative technology is first put into continuous internal use in the business of an innovator's enterprise with the objective of making a commercializable product.

Mr. BLUNT. I thank my colleague from Vermont. If he would permit me to clarify this matter further. Am I correct in understanding that, so long as that use begins more than 1 year prior to the effective filing date of a subsequent patent or publication by a later inventor, the initiation of continuous internal use by an original innovator in a manufacturing of a product should guarantee the defense of prior use regardless of whether the product is a prototype with a need for quality improvements?

Mr. LEAHY. I thank my colleague for the question. His understanding is

correct. So long as the prior use begins more than 1 year prior to the effective filing date of a subsequent patent or publication by a later inventor, the initiation of continuous internal use in the manufacture of products should guarantee the defense of prior use.

Mr. BLUNT. I thank my colleague. Let me illustrate by showing the impact of the ambivalence of the statutory language on agricultural research which is a major industry not only in Midwestern States like Missouri, Iowa, Kansas, Nebraska, Illinois, but in States ranging from California to Connecticut from Texas to Minnesota from North Carolina to Idaho. Virtually every State in this Union has an investment in agricultural research. The productivity of U.S. farmers provides a significant positive input to the U.S. balance of trade due in large part to the high technology adopted by U.S. farmers. That high technology is provided from multiple sources ranging from research at land grant universities, the USDA and private for-profit companies all of whom have internal technology that provides a competitive edge for maintaining agricultural competitive advantage for the U.S. economy.

To specifically illustrate let us consider that U.S. researchers are leading the world in discovering genetic markers that are associated with important agronomic traits which serves as breeding production tools. Instead of teaching foreign competitors these production tools, a preferred alternative may be to rely on prior user rights for such innovative crop breeding technology which is used in the manufacture of new plant varieties although the use may only occur once a year after each growing season and for many years to selectively manufacture a perfected crop product that is sold.

As another example let us consider an innovation in making potential new genetically modified products all of which need years of testing to verify their viability, repeatability and commercial value. Of the thousands of new potential prototype products made, only a few may survive initial screening to begin years of field trials. We should agree that a continuously used process qualifies as internal commercial use despite the fact that many prototypes will fail to have commercial merit.

As my examples illustrate, for section 5 to have its intended benefit, internal commercial use must vest when an innovator reduces technology to practice and takes diligent steps to maintain continuous, regular commercial use of the technology in manufacturing operations of the enterprise.

Mr. LEAHY. My colleague is correct in his reasoning and his understanding of what is intended by section 5. The methods used by Edison in producing multiple failures for electric light bulbs were no less commercial uses before the ultimate production of a commercially successful light bulb. Let us

agree that internally used methods and materials do qualify for the defense of prior user rights when there is evidence of a commitment to put the innovation into use followed by a series of diligent events demonstrating that the innovation has been put into continuous—into a business activity with a purpose of developing new products for the benefit of mankind.

Mr. BLUNT. I thank my colleague.

SECTION 5

Mr. KOHL. Madam President, I have long supported reforming our patent system and was pleased with the bill the Senate passed in March. It was not what everyone wanted, but it was an effective compromise that would spur innovation and economic growth. I am disappointed with changes the House made to the bill, specifically the expansion of the "prior user rights" defense a provision which raises serious concerns for the University of Wisconsin's patent licensing organization which fosters innovative discoveries, spawning dozens of small businesses and spurring economic growth in Wisconsin.

Let me explain why. A patent grants an innovator the right to exclude others from using an invention in exchange for making that invention public. The publication of patents and the research behind them advance further innovation and discovery. Anyone who uses the invention without permission is liable for infringement, and someone who was using the invention prior to the patent has only a limited defense for infringement. The purpose of limiting this defense to infringement is to encourage publication and disclosure of inventions to foster innovation. So by expanding the prior user defense we run the real risk of discouraging disclosure through the patent system. This is concerning to the University of Wisconsin because they depend on publication and disclosure to further research and innovation.

I appreciate the inclusion of a carve-out to the prior user rights defense provision so that it does not apply to patents owned by a university "or a technology transfer organization whose primary purpose is to facilitate the commercialization of technologies developed by one or more such institutions of higher education." However, I have some concerns about how the carve out will work in practice and I would like to clarify its application.

It is my understanding that the term "primary purpose" in this exception is intended to be consistent with and have a similar scope as the "primary functions" language in the Bayh-Dole Act. In particular, if a nonprofit entity is entitled to receive assignment of inventions pursuant to section 207(c)(7) of title 35 because one of its primary functions is the management of inventions, presumably it falls under the primary purpose prong of the prior user rights exception. Is that the Senator's understanding of the provision?

Mr. LEAHY. The senior Senator from Wisconsin is correct. That is also my

view of the exception. I understand the Senator has consistently opposed the expansion of prior user rights, but I agree with his analysis of the scope of the exception in section 5 of H.R. 1249.

SECTION 18

Mr. PRYOR. I would like to ask my colleague from Vermont, the Chairman of the Judiciary Committee and lead sponsor of the America Invents Act before us today, to further clarify an issue relating to Section 18 of that legislation. Ideally, I would have liked to modify the Section 18 process in accordance with the Cantwell amendment. It is of crucial importance to me that we clarify the intent of the process and implement it as narrowly as possible.

As I understand it, Section 18 is intended to enable the PTO to weed out improperly issued patents for abstract methods of doing business. Conversely, I understand that Section 18 is not intended to allow owners of valid patents to be harassed or subjected to the substantial cost and uncertainty of the untested review process established therein. Yet I have heard concerns that Section 18 would allow just such harassment because it enables review of patents whose claims have been found valid both through previous reexaminations by the PTO and jury trials. In my mind, patent claims that have withstood multiple administrative and judicial reviews should be considered presumptively valid. It would not only be unfair to the patent holder but would be a waste of both PTO's time and resources to subject such presumptively valid patent claims to yet another administrative review. It would be particularly wasteful and injurious to legitimate patent holders if the "transitional review" only considered prior art that was already considered in the previous administrative or judicial proceedings. Can the Chairman enlighten me as to how the PTO will ensure that the "transitional process" does not become a tool to harass owners of valid patents that have survived multiple administrative and judicial reviews?"

Mr. LEAHY. The proceeding created by Section 18 is modeled on the proposed post-grant review proceeding under Section 6 of the Act. As in other post-grant proceedings, the claims should typically be evaluated to determine whether they, among other things, meet the enablement and written description requirements of the act, and contain patentable subject matter under the standards defined in the statutes, case law, and as explained in relevant USPTO guidance. While the program will generally otherwise function on the same terms as other post-grant proceedings, the USPTO should implement Section 18 in a manner that avoids attempts to use the transitional program against patent owners in a harassing way. Specifically, to initiate a post issuance review under the new post grant or transitional proceedings, it is not enough that the request show a substantial new question of patent-

ability but must establish that "it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable." The heightened requirement established by this bill means that these proceedings are even better shielded from abuse than the reexamination proceedings have been. In fact, the new higher standard for post issuance review was created to make it even more difficult for these procedures to be used as tools for harassment. Therefore, the rule that bars the PTO from reconsidering issues previously considered during examination or in an earlier reexamination still applies. While a prior district court decision upholding the validity of a patent may not preclude the PTO from considering the same issues resolved in that proceeding, PTO officials must still consider the court's decision and deviate from its findings only to the extent reasonable. As a result, I expect the USPTO would not initiate proceedings where the petition does not raise a substantial new question of patentability than those that had already been considered by the USPTO in earlier proceedings. Does that answer my colleague's question?"

Mr. PRYOR. I thank my colleague for that explanation.

SECTION 18

Mr. DURBIN. I would like to clarify an issue with my colleague from New York, who is the author of Section 18. Legislative history created during earlier consideration of this legislation makes clear that the business method patent problem that Section 18 is intended to address is fundamentally an issue of patent quality. Does the Senator agree that poor quality business method patents generally do not arise from the operation of American companies who use business method patents to develop and sell products and employ American workers in doing so?

Mr. SCHUMER. My friend from Illinois is correct. I have previously inserted into the RECORD a March 3 letter from the Independent Community Bankers of America which stated that "Under the current system, business method patents of questionable quality are used to force community banks to pay meritless settlements to entities that may have patents assigned to them, but who have invented nothing, offer no product or service and employ no one. . . . The Schumer-Kyl amendment is critical to stopping this economic harm."

Mr. DURBIN. I thank the Senator. I want to point out that there are a number of examples of companies that employ hundreds or thousands of American workers in developing and commercializing financial sector products that are based on business method patents. For example, some companies that possess patents categorized by the PTO as class 705 business method patents have used the patents to develop novel software tools and graphical user interfaces that have been widely commercialized and used within the elec-

tronic trading industry to implement trading and asset allocation strategies. Additionally, there are companies that possess class 705 patents which have used the patents to manufacture and commercialize novel machinery to count, sort, and authenticate currency and paper instruments. Are these the types of patents that are the target of Section 18?

Mr. SCHUMER. No. Patent holders who have generated productive inventions and have provided large numbers of American workers with good jobs through the development and commercialization of those patents are not the ones that have created the business method patent problem. While merely having employees and conducting business would not disqualify a patent-holder from Section 18 review, generally speaking, it is not the understanding of Congress that such patents would be reviewed and invalidated under Section 18.

Mr. COBURN. Madam President, today, I rise to discuss section 18 of H.R. 1249, the Leahy-Smith America Invents Act. Consistent with the statement in the RECORD by Chairman LAMAR SMITH on June 23, 2011, I understand that section 18 will not make all business method patents subject to review by the U.S. Patent and Trademark Office. Rather, section 18 is designed to address the problem of low-quality business method patents that are commonly associated with the Federal circuit's 1998 State Street decision. I further understand that section 18 of the bill specifically exempts "patents for technological inventions" from this new review at USPTO.

Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution. The technological innovation exception does not exclude a patent from section 18 simply because it recites technology. Inventions related to manufacturing and machines that do not simply use known technology to accomplish a novel business process would be excluded from review under section 18.

For example, section 18 would not cover patents related to the manufacture and distribution of machinery to count, sort, and authenticate currency. It is the intention of section 18 to not review mechanical inventions related to the manufacture and distribution of machinery to count, sort, and authenticate currency like change sorters and machines that scan paper instruments, including currency, whose novelty turns on a technological innovation over the prior art. These types of patents would not be eligible for review under this program.

American innovation is an important engine for job growth and our economic revitalization. To this end, the timely consideration of patent applications and the issuance of quality patents are critical components and should remain

the primary goal of the U.S. Patent and Trademark Office.

Mr. KYL. Madam President, I rise today to say a few words about aspects of the present bill that differ from the bill that passed the Senate in March. I commented at length on the Senate bill when that bill was before this body. Since the present bill and the Senate bill are largely identical, I will not repeat what I said previously, but will simply refer to my previous remarks, at 157 Cong. Rec. 1368–80, daily ed. March 8, 2011, which obviously apply to the present bill as well.

As I mentioned earlier, Mr. SMITH negotiated his bill with Senators LEAHY, GRASSLEY, and me as he moved the bill through the House of Representatives. The final House bill thus represents a compromise, one which the Senate supporters of patent reform have agreed to support in the Senate. The provisions that Mr. SMITH has added to the bill are ones that we have all had an opportunity to consider and discuss, and which I fully support.

Section 19(d) of the present bill adds a new section 299 to title 35. This new section bars joinder of accused infringers as codefendants, or consolidation of their cases for trial, if the only common fact and transaction among the defendants is that they are alleged to have infringed the same patent. This provision effectively codifies current law as it has been applied everywhere outside of the Eastern District of Texas. See *Rudd v. Lux Products Corp.*, 2011 WL 148052. (N.D. Ill. January 12, 2011), and the committee report for this bill at pages 54 through 55.

H.R. 1249 as introduced applied only to joinder of defendants in one action. As amended in the mark up and in the floor managers' amendment, the bill extends the limit on joinder to also bar consolidation of trials of separate actions. When this change was first proposed, I was skeptical that it was necessary. A review of legal authority, however, reveals that under current law, even if parties cannot be joined as defendants under rule 20, their cases can still be consolidated for trial under rule 42. For example, as the district court held in *Ohio v. Louis Trauth Dairy, Inc.*, 163 F.R.D. 500, 503 (S.D. Ohio 1995), "[e]ven when actions are improperly joined, it is sometimes proper to consolidate them for trial." The same conclusion was reached by the court in *Kevin v. Newburger, Loeb & Co.*, 37 F.R.D. 473 (S.D.N.Y. 1965), which ordered severance because of misjoinder of parties, concluding that the claims against the defendants did not arise out of single transaction or occurrence, but then suggested the desirability of a joint trial, and expressly made its severance order without prejudice to a subsequent motion for consolidation under rule 42(a). Similarly, in *Stanford v. TVA*, 18 F.R.D. 152 (M.D. Tenn. 1955), a court found that the defendants had been misjoined, since the claims arose out of independent transactions, and ordered them severed. The

court subsequently found, however, that a common question existed and ordered the defendants' cases consolidated for trial.

That these cases are not just outliers is confirmed by Federal Practice and Procedure, which comments as follows at §2382:

Although as a general proposition it is true that Rule 42(a) should be construed in harmony with the other civil rules, it would be a mistake to assume that the standard for consolidation is the same as that governing the original joinder of parties or claims. . . . [M]ore than one party can be joined on a side under Rule 20(a) only if there is asserted on behalf of or against all of them one or more claims for relief arising out of the same transaction or occurrence or series of transactions or occurrences. This is in addition to the requirement that there be some question of law or fact common to all the parties. But the existence of a common question by itself is enough to permit consolidation under Rule 42(a), even if the claims arise out of independent transactions.

If a court that was barred from joining defendants in one action could instead simply consolidate their cases for trial under rule 42, section 299's purpose of allowing unrelated patent defendants to insist on being tried separately would be undermined. Section 299 thus adopts a common standard for both joinder of defendants and consolidation of their cases for trial.

Another set of changes made by the House bill concerns the coordination of inter partes and postgrant review with civil litigation. The Senate bill, at proposed sections 315(a) and 325(a), would have barred a party or his real party in interest from seeking or maintaining an inter partes or postgrant review after he has filed a declaratory-judgment action challenging the validity of the patent. The final bill will still bar seeking IPR or PGR after a declaratory-judgment action has been filed, but will allow a declaratory-judgment action to be filed on the same day or after the petition for IPR or PGR was filed. Such a declaratory-judgment action, however, will be automatically stayed by the court unless the patent owner countersues for infringement. The purpose of allowing the declaratory-judgment action to be filed is to allow the accused infringer to file the first action and thus be presumptively entitled to his choice of venue.

The House bill also extends the deadline for allowing an accused infringer to seek inter partes review after he has been sued for infringement. The Senate bill imposed a 6-month deadline on seeking IPR after the patent owner has filed an action for infringement. The final bill extends this deadline, at proposed section 315(b), to 1 year. High-technology companies, in particular, have noted that they are often sued by defendants asserting multiple patents with large numbers of vague claims, making it difficult to determine in the first few months of the litigation which claims will be relevant and how those claims are alleged to read on the defendant's products. Current law imposes no deadline on seeking inter

partes reexamination. And in light of the present bill's enhanced estoppels, it is important that the section 315(b) deadline afford defendants a reasonable opportunity to identify and understand the patent claims that are relevant to the litigation. It is thus appropriate to extend the section 315(b) deadline to one year.

The final bill also extends intervening rights to inter partes and postgrant review. The bill does not allow new matter to be introduced to support claims in IPR and PGR and does not allow broadening of claims in those proceedings. The aspect of intervening rights that is relevant to IPR and PGR is section 252, first paragraph, which provides that damages accrue only from the date of the conclusion of review if claim scope has been substantively altered in the proceeding. This restriction applies even if the amendment only narrowed the scope of the claims. See *Engineered Data Products, Inc. v. GBS Corp.*, 506 F.Supp.2d 461, 467 (D. Colo. 2007), which notes that "the Federal Circuit has routinely applied the intervening rights defense to narrowing amendments." When patent-defeating prior art is discovered, it is often impossible to predict whether that prior art will be found to render the entire invention obvious, or will only require a narrowing amendment. When a challenger has discovered such prior art, and wants to practice the invention, intervening rights protect him against the risk of going forward—provided, of course, that he is correct in his judgment that the prior art at least requires a substantive narrowing of claims.

The final bill also adds a new subsection to proposed section 257, which authorizes supplemental examination of patents. The new subsection provides that the Director shall refer to the U.S. Attorney General any "material fraud" on the Office that is discovered during the course of a Supplemental Examination. Chairman Smith's explanation of this addition, at 157 Cong. Rec. E1182–83 (daily ed. June 23, 2011), clarifies the purpose and effect of this new provision. In light of his remarks, I find the addition unobjectionable. I would simply add to the Chairman's remarks that, in evaluating whether a fraud is "material" for purpose of referral, the Director should look to the Federal Circuit's decision in *Therasense, Inc. v. Becton, Dickinson and Co.*, ___ F.3d ___, 2011 WL 2028255 (May 25, 2011). That case holds, in relevant part, that:

[T]he materiality required to establish inequitable conduct is but-for materiality. When an applicant fails to disclose prior art to the PTO, that prior art is but-for material if the PTO would not have allowed a claim had it been aware of the undisclosed prior art. Hence, in assessing the materiality of a withheld reference, the court must determine whether the PTO would have allowed the claim if it had been aware of the undisclosed reference.

Finally, perhaps the most important change that the House of Representatives has made to the America Invents

Act is the addition of a prior-commercial-use defense. Current law, at section 273, creates a defense of prior-user rights that applies only with respect to business-method patents. The final bill rewrites section 273, creating a PCU defense that applies to all utility patents.

University researchers and their technology-transfer offices had earlier objected to the creation of such a defense. Their principal concern was that the defense would lead to a morass of litigation over whether an infringer was entitled to assert it, and the expense and burden of this litigation would ultimately prevent universities and small companies from enforcing valid patents. The compromise reached in the House of Representatives addresses university concerns by requiring a defendant to show that he commercially used the subject matter that infringes the patent at least 1 year before the patent owner either filed an application or disclosed the invention to the public. The House compromise also precludes assertion of the defense against most university-owned patents.

The PCU defense is similar to the prior-user right that exists in the United Kingdom and Germany. The defense is a relatively narrow one. It does not create a general license with respect to the patented invention, but rather only allows the defendant to keep making the infringing commercial use that he establishes that he made 1 year before the patentee's filing or disclosure. The words "subject matter," as used in subsection (a), refer to the infringing acts of the defendant, not to the entire patented invention. An exception to this limit, which expands the defense beyond what would be allowed in the United Kingdom, appears in subsection (e)(3), which allows the defendant to increase the quantity or volume of the use that he establishes that he made of the invention. Subsection (e)(3) also confirms that the defendant may improve or otherwise modify his activities in ways that do not further infringe the patent, although one would think that this would go without saying.

The PCU defense is principally designed to protect the use of manufacturing processes. For many manufacturing processes, the patent system presents a catch-22: if the manufacturer patents the process, he effectively discloses it to the world. But patents for processes that are used in closed factories are difficult to police. It is all but impossible to know if someone in a factory in China is infringing such a patent. As a result, unscrupulous foreign and domestic manufacturers will simply use the invention in secret without paying licensing fees. Patenting such manufacturing processes effectively amounts to giving away the invention to competitors. On the other hand, if the U.S. manufacturer does not patent the process, a subsequent party may obtain a patent for it, and the U.S. manufacturer will be forced to stop using a process that he was the first to invent and which he has been using for years.

The prior-commercial-use defense provides relief to U.S. manufacturers from this Catch-22, allowing them to make long-term use of a manufacturing process without having to give it away to competitors or run the risk that it will be patented out from under them.

Subsection (a) expands the defense beyond just processes to also cover products that are used in a manufacturing or other commercial process. Generally, products that are sold to consumers will not need a PCU defense over the long term. As soon as the product is sold to the public, any invention that is embodied or otherwise inherent in that product becomes prior art and cannot be patented by another party, or even by the maker of the product after the grace period has expired. Some products, however, consist of tools or other devices that are used only by the inventor inside his closed factory. Others consist of substances that are exhausted in a manufacturing process and never become accessible to the public. Such products will not become prior art. Revised section 273 therefore allows the defense to be asserted with respect to such products.

The defense can also be asserted for products that are not used to make a useful end result that is sold to others, but that are used in an internal commercial process. This would include, for example, customized software that is used to run a company's human-resources system. So long as use of the product is integrated into an ongoing commercial process, and not merely fleeting or experimental or incidental to the enterprise's operations, the PCU defense can be asserted with respect to that product.

The present bill requires the defendant to commercially use the invention in order to be able to assert the defense. Chairman SMITH has suggested, at 157 Cong. Rec. E1219 (daily ed. June 28, 2011), that in the future Congress should expand the defense so that it also applies when a company has made substantial preparations to commercially use an invention. Some have also suggested that the defense should be expanded to cover not just using, but also making and selling an invention if substantial preparations have been made to manufacture the invention. This would expand the defense to more fully compensate for the repeal of current section 102(g), which allows a party to invalidate a patent asserted against it if the party can show that it had conceived of the invention earlier and diligently proceeded to commercialize it.

On the one hand, universities and others have expressed concern that a "substantial preparations" predicate for asserting the PCU defense would lead to expensive and burdensome litigation over whether a company's activities reflect conception and diligent commercialization of the invention. Some argue that it is often the case that different companies and researchers are working on the same problem, and it is easy for the unsuccessful par-

ties to later recharacterize their past efforts as capturing or diligently implementing the successful researcher's invention. Questions have also arisen as to how tentative preparations may be and still qualify as "substantial preparations." For example, if a company had not broken ground for its factory, but had commissioned an architect to draw up plans for it, would that qualify? Would taking out a loan to build the factory qualify as substantial preparations?

On the other hand, proof of conception and diligent commercialization are currently used to apply section 102(g)(2), and I have not heard complaints that the current defense has resulted in overly burdensome litigation.

In the end, however, a substantial-preparations predicate is not included in this bill simply because that was the agreement that was struck between universities and industry in the House of Representatives last summer, and we are now effectively limited to that agreement. Perhaps this issue can be further explored and revisited in a future Congress, though I suspect that many members will want a respite from patent issues after this bill is completed.

The final bill also drops the requirement of a showing of a reduction to practice that previously appeared in subsection (b)(1). This is because the use of a process, or the use of product in a commercial process, will always constitute a reduction to practice.

One change made by the original House bill that proved contentious is the expansion of the personal nature of the defense, now at subsection (e)(1)(A), to also include uses of the invention made by contractors and vendors of the person asserting the defense. The House bill originally allowed the defendant to assert the defense if he performed the commercial use or "caused" its performance. The word "caused," however, could be read to include even those uses that a vendor made without instructions or even the contemporaneous knowledge of the person asserting the defense. The final bill uses the word "directed," which limits the provision only to those third-party commercial uses that the defendant actually instructed the vendor or contractor to use. In analogous contexts, the word "directed" has been understood to require evidence that the defendant affirmatively directed the vendor or contractor in the manner of the work or use of the product. See, for example, *Ortega v. Puccia*, 75 A.D. 54, 59, 866 N.Y.S.2d 323, 328 (N.Y. App. 2008).

Subsection (e)(1)(A)'s reference to entities that "control, are controlled by, or under common control with" the defendant borrows a term that is used in several federal statutes. See 12 U.S.C. 1841(k), involving bank holding companies, 15 U.S.C. 78c(a)(4)(B)(vi), involving securities regulation, 15 U.S.C. 6809(6), involving financial privacy, and 49 U.S.C. 30106(d)(1), involving motor vehicle safety. Black's Law Dictionary 373 (9th ed. 2009) defines "control" as the "direct or indirect power to govern

the management and policies of a person or entity, whether through ownership of securities, by contract, or otherwise; the power or authority to manage, direct, or oversee.”

A few other aspects of the PCU defense merit brief mention. Subsection (e)(5)(A), the university exception, was extended to also include university technology-transfer organizations, such as the Wisconsin Alumni Research Foundation. Subparagraph (B), the exception to the university exception, is only intended to preclude application of subparagraph (A) when the federal government is affirmatively prohibited, whether by statute, regulation, or executive order, from funding research in the activities in question.

In the course of the recodification of former subsection (a)(2) as new (c)(2), the former’s subparagraph (B) was dropped because it is entirely redundant with subparagraph (A).

Finally, subsection (e)(4), barring assertion of the defense if use of the subject matter has been abandoned, should not be construed to necessarily require continuous use of the subject matter. It is in the nature of some subject matter that it will be used only periodically or seasonally. If such is the case, and the subject has been so used, its use has not been abandoned.

I would also like to take a moment to once again address the question of the grace period created by this bill. During the House and Senate debates on the bill, opponents of the first-to-file system have occasionally asserted that they oppose the bill’s move to first to file because it weakens the grace period. See 157 Cong. Rec. S1094, S1096, S1112 (daily ed. March 2, 2011), and 157 Cong. Rec. H4424, H4430 (daily ed. June 22, 2011).

Some of these arguments are difficult to understand, in part because opponents of first to file have used the term “grace period” to mean different things. Some have used the term to mean the period between the time when the inventor conceives of the invention and the time when he files a full or even provisional application. Obviously, if the “grace period” is defined as the first-to-invent system, then the move to first to file eliminates that version of the grace period. Others, however, have suggested that public uses, sales, or “trade secrets” will bar patenting under new section 102(b), even if they consist of activities of the inventor during the year before filing.

This is not the case, and I hope that courts and executive officials interpreting this act will not be misled by arguments made by opponents of this part of the bill. The correct interpretation of section 102 and the grace period is that which has been consistently advanced in the 2007 and 2011 committee reports for this bill, see Senate Report 110–259, page 9, and House Report 112–98, page 43, as well as by both Chairman SMITH and Chairman LEAHY, see 157 Cong. Rec. S1496–97 (daily ed. March

9, 2011), and 157 Cong. Rec. H4429 (daily ed. June 22, 2011). These two chairmen are the lead sponsors and authorizing chairmen of this year’s bills, which are identical with respect to section 102. As Chairman SMITH most recently explained in his June 22 remarks, “contrary to current precedent, in order to trigger the bar in new 102(a) in our legislation, an action must make the patented subject matter ‘available to the public’ before the effective filing date.” Therefore, “[i]f an inventor’s action is such that it triggers one of the bars under 102(a), then it inherently triggers the grace period in section 102(b).”

When the committee included the words “or otherwise available to the public” in section 102(a), the word “otherwise” made clear that the preceding items are things that are of the same quality or nature. As a result, the preceding events and things are limited to those that make the invention “available to the public.” The public use or sale of an invention remains prior art, thus making clear that an invention embodied in a product that has been sold to the public more than a year before an application was filed, for example, can no longer be patented. Once an invention has entered the public domain, by any means, it can no longer be withdrawn by anyone. But public uses and sales are prior art only if they make the invention available to the public.

In my own remarks last March, I cited judicial opinions that have construed comparable legislative language in the same way. Since that time, no opponent of the first-to-file transition has identified any caselaw that reads this legislative language any other way, nor am I aware of any such cases. I would hope that even those opponents of first to file who believe that supporters of the bill cannot rely on committee reports and sponsors’ statements would at least concede that Congress is entitled to rely on the consistent judicial construction of legislative language.

Finally, I would note that the interpretation of 102 that some opponents appear to advance—that nondisclosing uses and sales would remain prior art, and would fall outside the 102(b) grace period—is utterly irrational. Why would Congress create a grace period that allows an invention that has been disclosed to the world in a printed publication, or sold and used around the world, for up to a year, to be withdrawn from the public domain and patented, but not allow an inventor to patent an invention that, by definition, has not been made available to the public? Such an interpretation of section 102 simply makes no sense, and should be rejected for that reason alone.

Let me also address two other misstatements that have been made about the bill’s first-to-file system. In remarks appearing at 157 Cong. Rec. S1095 (daily ed. March 2, 2011), it was suggested that a provisional applica-

tion filed under the first-to-file system will be vulnerable to an attack that the inventor failed to disclose the best mode of the invention. This is incorrect. Section 15 of this bill precludes the use of the best-mode requirement as a basis for cancelling a claim or holding it invalid. It was also suggested, at the same place in the record, that discovery would not be allowed in the derivation proceedings created by section 3(i) of the bill. That is incorrect. Section 24 of title 35 allows discovery in any “contested case.” The Patent Office’s regulations, at 37 CFR 41.2(2), indicate that contested cases included Board proceedings such as interferences. It is not apparent to me why these laws and regulations would suggest anything other than that discovery will be allowed in derivation proceedings.

Finally, let me close by commenting on section 18 of the bill. Some legitimate interests have expressed concern that non-business-method patents will be subject to challenge in this proceeding. I have been asked to, and am happy to, reiterate that technological inventions are excluded from the scope of the program, and that these technological inventions include inventions in the natural sciences, engineering, and computer operations—and that inventions in computer operations obviously include software inventions.

This does not mean that a patent is ineligible for review simply because it recites software elements or has been reduced to a software program. If that were the case, then very few of even the most notorious business-method patents could be reviewed under section 18. Rather, in order to fall within the technological-invention exclusion, the invention must be novel as software. If an invention recites software elements, but does not assert that it is novel as software, or does not colorably appear to be so, then it is not ineligible for review simply because of that software element. But an actual software invention is a technological invention, and is not subject to review under section 18.

Mr. LEVIN. Madam President, I support the America Invents Act.

Right now, as our economy struggles to recover, this legislation is needed to help create jobs and keep our manufacturers competitive. It will further strengthen and expand the ability of our universities to conduct research and turn that research into innovative products and processes that benefit Michigan and our Nation.

Because of this legislation, we will be able to see that boost up close in my home State of Michigan, where a new satellite Patent and Trademark Office will be established in Detroit. This office will help modernize the patent system and improve the efficiency of patent review and the hiring of patent examiners.

In addition, in an important victory after years of effort to address the problem, section 14 of the act finally

bans tax patents, ending the troubling practice of persons seeking patents for tax avoidance strategies.

Issuing such patents abuses the Tax Code by granting what some could see as a government imprimatur of approval for dubious tax strategies, while at the same time penalizing taxpayers seeking to use legitimate strategies. The section makes it clear that patents can still be issued for software that helps taxpayers prepare their tax returns, but that provision is intended to be narrowly construed and is not intended to authorize patents for business methods or financial management software.

The bill will put a halt to both new and pending tax patent applications. Although it does not apply on its face to the 130-plus tax patents already granted, if someone tries to enforce one of those patents in court by demanding that a taxpayer provide a fee before using it to reduce their taxes, I hope a court will consider this bill's language and policy determination when deciding whether such efforts are consistent with public policy.

This legislation is an important step forward and I urge my colleagues to support it.

Mr. SCHUMER. Madam President, I would like to clarify the record on a few points related to section 18 of the America Invents Act. Section 18, of which Senator KYL and I were the authors, relates to business method patents. As the architect of this provision, I would like to make crystal clear the intent of its language.

It is important that the record reflect the urgency of this provision. Just today, while the Senate has been considering the America Invents Act, Data Treasury—the company which owns the notorious check imaging patents and which has already collected over half a billion dollars in settlements—filed suit in the Eastern District of Texas against 22 additional defendants, primarily community banks. These suits are over exactly the type of patents that section 18 is designed to address, and the fact that they continue to be filed highlights the urgency of signing this bill into law and setting up an administrative review program at the PTO.

I would like to elucidate the intent behind the definition of business method patents. Other Members have attempted to suggest a narrow reading of the definition, but these interpretations do not reflect the intent of Congress or the drafters of section 18. For example, in connection with the House vote on the America Invent Act, H.R. 1249, Congressman SHUSTER submitted a statement in the RECORD regarding the definition of a “covered business method patent” in section 18. 157 Cong. Rec. H4497 (daily ed. June 23, 2011).

In the statement, Mr. SHUSTER states: “I would like to place in the record my understanding that the definition of ‘covered business method patent’ . . . is intended to be narrowly con-

strued to target only those business method patents that are unique to the financial services industry.” Mr. SHUSTER's interpretation is incorrect.

Nothing in the America Invents Act limits use of section 18 to banks, insurance companies or other members of the financial services industry. Section 18 does not restrict itself to being used by petitioners whose primary business is financial products or services. Rather, it applies to patents that can apply to financial products or services. Accordingly, the fact that a patent is being used by a company that is not a financial services company does not disqualify the patent from section 18 review. Conversely, given the statutory and regulatory limitations on the activities of financial services companies, if a patent is allegedly being used by a financial services company, the patent will qualify as a “covered business method patent.”

The plain meaning of “financial product or service” demonstrates that section 18 is not limited to the financial services industry. At its most basic, a financial product is an agreement between two parties stipulating movements of money or other consideration now or in the future. Types of financial products include, but are not limited to: extending credit, servicing loans, activities related to extending and accepting credit, leasing of personal or real property, real estate services, appraisals of real or personal property, deposit-taking activities, selling, providing, issuing or accepting stored value or payment instruments, check cashing, collection or processing, financial data processing, administration and processing of benefits, financial fraud detection and prevention, financial advisory or management consulting services, issuing, selling and trading financial instruments and other securities, insurance products and services, collecting, analyzing, maintaining or providing consumer report information or other account information, asset management, trust functions, annuities, securities brokerage, private placement services, investment transactions, and related support services. To be eligible for section 18 review, the patent claims must only be broad enough to cover a financial product or service.

The definition of “covered business method patent” also indicates that the patent must relate to “performing data processing or other operations used in the practice, administration, or management” of a financial product or service. This language makes it clear that section 18 is intended to cover not only patents claiming the financial product or service itself, but also patents claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity. Any business that sells or purchases goods or services “practices” or “administers” a financial service by conducting such transactions. Even the notorious “Ballard patents” do not

refer specifically to banks or even to financial transactions. Rather, because the patents apply to administration of a business transactions, such as financial transactions, they are eligible for review under section. To meet this requirement, the patent need not recite a specific financial product or service.

Interestingly, Mr. SHUSTER's own actions suggest that his interpretation does not conform to the plain meaning of the statute. In addition to his statement, Mr. SHUSTER submitted an amendment to the Rules Committee that would exempt particular types of business-method patents from review under section 18. That amendment was later withdrawn. Mr. SHUSTER's subsequent statement in the RECORD appears to be an attempt to rewrite through legislative history something that he was unable to change by amendment.

Moreover, the text of section 18 further demonstrates that section 18 is not limited to patents exclusively utilized by the financial services industry. As originally adopted in the Senate, subsection (a)(1)(B) only allowed a party to file a section 18 petition if either that party or its real parties in interest had been sued or accused of infringement. In the House, this was expanded to also cover cases where a “privy” of the petitioner had been sued or accused of infringement. A “privy” is a party that has a direct relationship to the petitioner with respect to the allegedly infringing product or service. In this case, it effectively means customers of the petitioner. With the addition of the word “privy,” a company could seek a section 18 proceeding on the basis that customers of the petitioner had been sued for infringement. Thus, the addition of the “privy” language clearly demonstrates that section 18 applies to patents that may be used by entities other than the financial services industry.

The fact that a multitude of industries will be able to make use of section 18 is evident by the broad based support for the provision, including the U.S. Chamber of Commerce and the National Retail Federation, among many others.

Mr. KIRK. Madam President, I support H.R. 1249, the Leahy-Smith America Invents Act, because this long-overdue patent reform will spur innovation, create jobs and strengthen our economy.

In particular, I am proud that this legislation contains a provision I worked to include in the Senate companion, S.23, that would establish the US Patent and Trademark Office Ombudsman Program to assist small businesses with their patent filing issues. This Ombudsman Program will help small firms navigate the bureaucracy of the patent system. Small businesses are the economic engine of our economy. According to the Small Business Administration, these companies employ just over half of all private sector employees and create over fifty percent of our nonfarm GDP. Illinois alone is

home to over 258,000 small employers and more than 885,000 self-employers. Small businesses are also helping to lead the way on American innovation. These firms produce thirteen times more patents per employee than large patenting firms, and their patents are twice as likely to be the most cited among all patents. Small business breakthroughs led to the development of airplanes, FM radio and the personal computer. It is vital that these innovators spend their time developing new products and processes that will build our future, not wading through government red tape.

However, I vote for this legislation with the understanding that Section 18, which establishes a review process for business-method patents, is not too broadly interpreted to cover patents on tangible products that claim novel and non-obvious software tools used to execute business methods. H.R. 1249 seeks to strengthen our patent system in order to incentivize and protect our inventors so that Americans can grow our economy and bolster our global competitiveness. Thus, it would defy the purpose of this bill if its authority were used to threaten the viable patents held by companies that employ hundreds of Americans by commercializing software products they develop and engineer.

Our Founding Fathers recognized the importance of a strong patent system. I am proud to support H.R. 1249, which will provide strong intellectual property rights to further our technological advancement.

Mr. DURBIN. Madam President, I rise to speak about the Leahy-Smith America Invents Act. This is bipartisan legislation that will enhance and protect innovation in our country. I want to commend Senator LEAHY, the chairman of the Judiciary Committee, for his leadership and tireless work on this bill. I also want to commend my Republican colleagues on the Judiciary Committee, particularly Senators GRASSLEY, KYL, and HATCH, who have worked diligently with Chairman LEAHY in this effort to reform our patent system.

In this country, if you have a good idea for a new and useful product, you can get a patent and turn that idea into a thriving business. Millions of good American jobs are created in this way. The goals of today's legislation are to improve the operations of the Patent and Trademark Office and to help inventors in this country better protect their investments in innovation. By protecting innovations, we will help grow our economy and help businesses create jobs for American workers.

I regret that after the Senate passed a version of this legislation in March in a broadly bipartisan vote of 95-5, the House of Representatives modified the Senate-passed legislation. Not all of those changes improved the bill. Today, we voted on several amendments that responded to changes made

by the House. I voted in support of an amendment that sought to strike Section 37, which the House had added to the bill. This section unnecessarily interferes with a matter that is currently being considered on appeal in the federal courts. I also voted reluctantly to table an amendment to restore the Senate-passed language regarding funding of the Patent and Trademark Office. I supported the tabling motion because of the significant risk that the bill would fail if the Senate sent it back to the House with that amendment included. It is unfortunate that disagreement between the House and Senate has prevented the PTO funding issue from being more clearly resolved in the current legislation, and I believe Congress must work diligently in the future to ensure PTO has the funding and resources it needs to effectively carry out its mission.

I also voted against an amendment relating to section 18 of the bill which creates a transitional review process for certain business method patents. I cast this vote after receiving assurances from my colleagues that the scope and application of section 18 would be appropriately constrained, as it is critically important that this section not be applied in a way that would undermine the legislation's focus on protecting legitimate innovation and job creation.

I want to note specifically that there are companies in many states, including my state of Illinois, that employ large numbers of American workers in bringing to market legitimate, novel and non-obvious products that are based on and protected by business method patents. Examples of such patent-protected products include machinery that counts, sorts or authenticates currency and paper instruments, and novel software tools and graphical user interfaces that are used by electronic trading industry workers to implement trading or asset allocation strategies. Vibrant industries have developed around the production and sale of these tangible inventions, and I appreciate that patents protecting such job-creating products are not understood to be the target of section 18.

I also note that there is an exemption in section 18 for patents for technological inventions. House Judiciary Chairman SMITH provided useful clarification with respect to the scope of that exemption in the June 23, 2011, RECORD, stating that:

Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution. The technological innovation exception does not exclude a patent simply because it recites technology. Inventions related to manufacturing and machines that do not simply use known technology to accomplish a novel business process would be excluded from review under Section 18.

Section 18 would not cover patents related to the manufacture and distribution of machinery to count, sort, and authenticate cur-

rency. It is the intention of Section 18 to not review mechanical inventions related to the manufacture and distribution of machinery to count, sort and authenticate currency like change sorters and machines that scan currency whose novelty turns on a technological innovation over the prior art. These types of patents would not be eligible for review under this program.

I agree with Chairman SMITH, and would note again that vibrant and job-creating industries have developed around the types of mechanical inventions he describes that deal with the counting, sorting, authentication and scanning of currency and paper instruments. I am confident that the PTO will keep this in mind as it works to craft regulations implementing the technological invention exception to section 18. I also expect the PTO to keep in mind as it crafts these regulations Congress's understanding that legitimate and job-creating technological patents such as those protecting the novel electronic trading software tools and graphical user interfaces discussed above are not the target of section 18.

Overall, I am pleased that the Congress has passed patent reform legislation with strong bipartisan support and has sent the legislation to the President's desk. It has been a long time in the making, and I again want to congratulate Chairman LEAHY for his leadership and hard work on this issue.

The PRESIDING OFFICER. The Senator from Iowa has 5 minutes.

Mr. GRASSLEY. Madam President, I urge my colleagues to oppose all three amendments to the patent bill so we can send this important jobs bill to the President of the United States for his signature.

I then urge my colleagues to support final passage of the Leahy-Smith America Invents Act. This is a strong bipartisan bill that will enhance America's innovation and give us economic growth. It will protect inventors' rights and improve transparency and third-party participation in the patent review process. It will strengthen patent quality and reduce costs and will curb litigation abuses and improve certainty for investors and innovators.

The Leahy-Smith America Invents Act will also help small entities with their patent applications and provide for reduced fees for micro entities and small businesses. It will help companies do business more efficiently both here and abroad.

The bill includes a provision that will prevent patents from being issued on claims of tax strategies. These strategies can add unwarranted fees on taxpayers for attempting to comply with the Tax Code.

Finally, the bill will enhance the operations of the Patent and Trademark Office with administrative reforms, give the Patent and Trademark Office fee-setting authority which we hope will then lead to a reduction of backlog and improve the ability of the Patent and Trademark Office to manage its affairs.

I thank Chairman LEAHY and Senator HATCH, the lead sponsors of this legislation, for the tremendous amount of work they put into this America Invents Act, not only for this Congress but over the past 3 to 4 years that this bill has been worked on. This has been a long process spanning those several Congresses, and without the leadership of these two Senators on patent reform we wouldn't be ready to cross the finish line today.

In addition, I thank the staff of the Judiciary Committee: Bruce Cohen, Aaron Cooper, Curtis LeGeyt of Chairman LEAHY's staff, Matt Sandgren of Senator HATCH's staff, and Joe Matal of Senator KYL's staff. I would like to thank the floor staff for their help in processing this bill in an efficient manner, and I would like to especially thank Kolan Davis and Rita Lari Jochum of my staff for their hard work on the bill.

So for a third time I urge my colleagues to vote for the Leahy-Smith America Invents Act and to oppose the three amendments we are going to be voting on so we can keep the bill clean and send it to the President without delay.

Senator LEAHY has made it very clear to all 100 Senators that, if we support this bill, it is a gamble to say it will be law if we have to move it beyond the Senate to the House. This bill will help American inventors create innovative new products and services and stimulate job creation. The bill will upgrade and strengthen our patent system and keep America competitive in an increasingly global economy. This is a good bill, and I urge all of my colleagues to support it.

Madam President, how much time do I have?

THE PRESIDING OFFICER. There is 1 minute remaining.

Mr. GRASSLEY. I would urge my colleagues—because I rebut Senator SESSIONS' amendment—to keep in mind that when somebody tells us this is to bail out one company, understand that one company has gotten justice from the judicial branch of our government because a judge has said for that company that they were denied their rights under the 60-day rule to file for an extension of patent. So what that judge said was bureaucrats in our agencies acted in an arbitrary and capricious manner by not having the same rules that designate when the 60-day period of time starts.

So we have a judge that says so, so maybe people can refer to that opinion and get what they want. But we ought to have it in the statute of what is uniform, and that is what the bill does, and the Sessions amendment would strike that.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Vermont has the remainder of the time until 4 p.m.

Mr. LEAHY. Madam President, I thank the distinguished Senator from Iowa for his strong support of this bill.

In a few moments the Senate is going to have the opportunity to make significant reforms to our Nation's patent system for the first time in more than half a century.

The America Invents Act is the product of extensive consideration. We have worked on this for four Congresses. We have had dozens of hearings, weeks of committee debate, and I have lost count of the hundreds of other meetings we have had. This bill is an opportunity to show the American people that Democrats and Republicans can come together to enact meaningful legislation for the American people. The time to do that is now.

The only remaining issues that stand in the way of this long overdue reform are three amendments. Each of them carries some merit. In the past, I might have supported them. But this is a compromise. No one Senator can have everything he or she may want.

The underlying issues have been debated. The bill as written represents a bipartisan, bicameral agreement that should be passed without changes. Any amendment to this bill risks killing it.

I would urge all Senators, Republicans and Democrats alike, to join me and join Senator GRASSLEY in opposing these amendments. They are the final hurdles standing in the way of comprehensive patent reform.

I ask unanimous consent to have printed in the RECORD letters from businesses and workers representing the spectrum of American industry and labor urging the Senate to pass the America Invents Act without amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE COALITION FOR 21ST CENTURY
PATENT REFORM.

Hon. PATRICK J. LEAHY,
Chairman, Committee on the Judiciary, Washington, DC.

Hon. CHARLES E. "CHUCK" GRASSLEY,
Ranking Member, Committee on the Judiciary, Washington, DC.

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: We urge you to work with the leadership of the Senate to bring H.R. 1249 to the Senate floor as soon as the Senate's schedule might permit and pass the bill as is.

Our Coalition believes that this legislation will fully modernize our patent laws. Indeed, it will give the world the first truly 21st century patent law—creating patentability standards that are transparent, objective, predictable and simple in their application. It will enhance the inventor-friendly and collaboration-friendly features of our existing patent law. At the same time, it will increase public participation in the patenting process, while maintaining strong protections for inventors in the provisions that do so.

The agreement reached in the House on USPTO funding will assure that the fees paid to the USPTO by inventors will not be diverted and will be made available to the Office for processing patent applications and other important functions of the Office. While we would have preferred the Senate's approach in S. 23 to prevent diversion of USPTO funds, we believe that acceptance of the House bill provides an effective and the most immediate path forward to address

problems of the patent office. H.R. 1249, like S. 23, is an excellent bill. These bills are the product of many years of skillful and difficult legislative work in both the House and the Senate. We believe the time has now come for the Senate to take the final legislative act required for enactment of these historic reforms.

Sincerely,

GARY L. GRISWOLD.

COALITION FOR PATENT FAIRNESS,
June 27, 2011.

Hon. PATRICK J. LEAHY,
Chairman, U.S. Senate, Committee on the Judiciary, Washington, DC.

Hon. CHARLES E. GRASSLEY,
Ranking Member, Committee on the Judiciary, Washington, DC.

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: After years of effort, both houses of Congress have now successfully passed patent reform by impressive margins. Or behalf of the high tech community, we congratulate you, as well as your House colleagues, on this achievement.

The Coalition for Patent Fairness supports Senate acceptance of H.R. 1249 as passed by the House. While neither bill is as we would have written it, we believe that the House passed bill represents the best opportunity to improve the patent system at the present time. We are also quite aware that House leaders worked very hard to take into account the views of the Senate during their deliberations.

H.R. 1249, as passed, offers us a chance of consensus and we believe it should be passed and signed into law. We are looking forward to advancing other policy matters that boost innovation and growth in this country.

Sincerely,

COALITION FOR PATENT FAIRNESS.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, DC, September 6, 2011.

TO THE MEMBERS OF THE UNITED STATES SENATE: The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, strongly supports H.R. 1249, the "America Invents Act," which would encourage innovation and bolster the U.S. economy. The Chamber believes this legislation is crucial for American economic growth, jobs, and the future of U.S. competitiveness.

A key component of H.R. 1249 is section 22, which would help ensure that fees collected by the U.S. Patent and Trademark Office (PTO) fund the office and its administration of the patent system. PTO faces significant challenges, including a massive backlog of pending applications, and this backlog is stifling domestic innovators. The fees that PTO collects to review and approve patent applications should be dedicated to PTO operation. However, fee diversion by Congress has hampered PTO's efforts to hire and retain a sufficient number of qualified examiners and implement technological improvements necessary to ensure expeditious issuance of high quality patents. Though the PTO funding compromise embodied in the House-passed bill could be strengthened to match the fee diversion provision originally passed by the Senate, as crafted, Section 22 represents a meaningful step toward ensuring that PTO has better access to the user fees it collects, and would better allow the agency to address the current backlog of 1.2 million applications waiting for a final determination and pendency time of three years, as well as to improve patent quality.

In addition, the legislation would help ensure that the U.S. remains at the forefront of

innovation by enhancing the PTO process and ensuring that all inventors secure the exclusive right to their inventions and discoveries. The bill shifts the U.S. to a first-inventor-to-file system that the Chamber believes is both constitutional and wise, ending expensive interference proceedings. H.R. 1249 also contains important legal reforms that would help reduce unnecessary litigation against American businesses and innovators. Among the bill's provisions, Section 16 would put an end to frivolous false patent marking cases, while still preserving the right of those who suffered actual harm to bring actions. Section 5 would create a prior user right for those who first commercially use inventions, protecting the rights of early inventors and giving manufacturers a powerful incentive to build new factories in the United States, while at the same time fully protecting universities. Section 19 also restricts joinder of defendants who have tenuous connections to the underlying disputes in patent infringement suits. Section 18 of H.R. 1249 provides for a tailored pilot program which would allow patent office experts to help the court review the validity of certain business method patents using the best available prior art as an alternative to costly litigation.

The Chamber strongly opposes any amendments to H.R. 1249 that would strike or weaken any of the important legal reform measures in this legislation, including those found in Sections 16, 5, 19 and 18.

The Chamber strongly supports H.R. 1249. The Chamber may consider votes on, or in relation to, H.R. 1249—including procedural votes, and any weakening Pamenments—in our annual How They Voted scorecard.

Sincerely,

R. BRUCE JOSTEN,
*Executive Vice President,
Government Affairs.*

UNITED STEELWORKERS,
Pittsburgh, PA, July 15, 2011.

Hon. PATRICK J. LEAHY,
*Chairman, Committee on the Judiciary,
U.S. Senate, Washington, DC.*

DEAR CHAIRMAN LEAHY: On behalf of the United Steelworkers, I am writing to urge you to consider support for the recently passed House bill, H.R. 1249. Over the past several years the USW has been deeply involved in discussions concerning comprehensive patent reform. We were principally concerned with issues dealing with how damages are calculated for infringed patents, new post-grant review procedures, and publication requirements for pending patents. H.R. 1249, as did S. 23 which passed earlier this year, satisfactorily addresses these issues and has our support. While we prefer the provision in the Senate bill dealing with USPTO funding, we nevertheless believe that the House bill moves in the right direction and will help insure that the patent office has the appropriate and necessary resources to do its important work.

Certainly, no bill is perfect. But H.R. 1249 goes a long way toward balancing different interests on a very difficult and contentious issue. We believe it warrants your favorable consideration and enactment by the Senate so that it can be moved to the President's desk and signed into law without undue delay.

We worked closely with your office, and others in the Senate, in finding a consensus approach that would promote innovation, investment, production and job creation in the U.S. We believe that H.R. 1249, which builds on your work in the Senate, strikes a proper balance.

The U. S. economy remains in a very fragile state with high unemployment and stagnant wages. Patent reform can be an important part of a comprehensive approach to

getting the economy moving again and I urge its enactment.

Sincerely,

LEO W. GERARD,
International President.

JUNE 27, 2011.

Hon. PATRICK LEAHY,
*Chairman, Senate Committee on the Judiciary,
Washington, DC.*

Hon. CHUCK GRASSLEY,
*Ranking Member,
Senate Committee on the Judiciary, Wash-
ington, DC.*

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: We write on behalf of six university, medical college, and higher education associations to encourage you to work with the leadership of the Senate to bring H.R. 1249 before the Senate as soon as possible for a vote on passage of the bill as is.

The patent system plays a critical role in enabling universities to transfer the discoveries arising from university research into the commercial sector for development into products and processes that benefit society. H.R. 1249 closely resembles S. 23; both bills contain provisions that will improve patent quality, reduce patent litigation costs, and provide increased funding for the USPTO. Although we preferred the USPTO revolving fund established in S. 23, we believe that the funding provisions adopted by the House in the course of passing H.R. 1249 provide an effective means of preventing fee diversion. Together with the expanded fee-setting authority included in both bills, H.R. 1249 will provide USPTO with the funding necessary to carry out its critical functions.

We very much appreciate the leadership of the Senate Judiciary Committee in crafting S. 23, which brought together the key elements of effective patent reform and formed the basis for H.R. 1249. These bills represent the successful culmination of a thorough, balanced effort to update the U.S. patent system, strengthening the nation's innovative capacity and job creation in the increasingly competitive global economic environment of the 21st century. Senate passage of H.R. 1249 will assure that the nation secures these benefits.

Sincerely,

HUNTER R. RAWLINGS III,
*President, Association
of American Univer-
sities.*

MOLLY CORBETT BROAD,
*President, American
Council on Edu-
cation.*

DARRELL G. KIRCH,
*President and CEO,
Association of Amer-
ican Medical Col-
leges.*

PETER MCPHERSON,
*President, Association
of Public and Land-
grant Universities.*

ROBIN L. RASOR,
*President, Association
of University Tech-
nology Managers.*

ANTHONY P. DECRAPPEO,
*President, Council on
Governmental Rela-
tions.*

JUNE 25, 2011.

DEAR CHAIRMAN LEAHY AND RANKING MEMBER GRASSLEY: As an independent inventor and someone who has personally interacted with thousands of other independent inventors and entrepreneurs, we urge you to work with the leadership of the Senate to bring H.R. 1249 to the Senate floor as soon the Senate's schedule might permit and pass the bill as is.

Over the past few months, my enthusiasm and belief in the legislative process has grown as I have participated in the debate over patent reform. I believe that this legislation will fully modernize our patent laws. It will give independent inventors and entrepreneurs the speed and certainty necessary to go out and commercialize their inventions, start companies, and create jobs.

There has been a great deal of compromise amongst industries to balance the unique needs of all constituents. The independent inventor has been well represented throughout this process and we are in a unique situation where there is overwhelming support for this legislation.

The fee diversion debate has been important, since it has shed light on the fact that nearly a billion dollars has been diverted from the USPTO. These are dollars that inventors have paid to the USPTO expecting the funds to be used to examine applications as expeditiously as possible. While I would have preferred the Senate's approach in S. 23 to prevent diversion of USPTO funds, I believe that acceptance of the House bill provides the best way to ensure that the funds paid to the patent office will be available to hire examiners and modernize the tools necessary for it to operate effectively.

H.R. 1249 is the catalyst necessary to incentivize inventors and entrepreneurs to create the companies that will get our country back on the right path and generate the jobs we sorely need. I hope that you will take the needs of the "little guy" into consideration and move this legislation forward and enact these historic reforms.

Sincerely,

LOUIS J. FOREMAN,
CEO.

Mr. LEAHY. The bill is important for our economy. It is important for job creation. It is a product of bipartisan and bicameral collaboration. It is the way our system is supposed to work. I look forward to passing the bill and sending it directly to the President's desk for his signature.

I know my friends both on the Republican side and Democratic side have amendments to this bill, but they are not amendments that should pass. I mentioned the one earlier. I talked about the amendment that would put all our—well, Madam President, which amendment is the first in order?

The PRESIDING OFFICER. Sessions amendment No. 600.

Mr. LEAHY. Madam President, I yield the floor. I know both Senator SESSIONS and Senator GRASSLEY wish to speak to that.

The PRESIDING OFFICER. The Senators will have 4 minutes equally divided.

The Senator from Alabama.

Mr. SESSIONS. Madam President, the oath that judges take is to do equal justice, and it says for the poor and the rich.

Every day statutes of limitations require that a litigant file a lawsuit within so many days and file petitions in so many days. I see Senator CORNYN, a former justice on the Texas Supreme Court and attorney general of Texas. He fully understands that. I know he supports my view of this issue; that is, that the rules have to be equally applied.

It is just not right to the little widow lady, it is not right that somebody

with a poor lawyer, or whatever, misses a deadline and a judge throws the case out. And they do. Big law firms such as WilmerHale file motions every day to dismiss cases based on delay in filing those cases. Big insurance companies file lawsuits, file motions to dismiss every day against individuals who file their claims too late—and they win. So when this big one has a good bit of risk, presumably they have a good errors and omissions policy—that is what they are supposed to do.

One reason they get paid the big bucks—and the average partner makes \$1 million-plus a year—is because they have high responsibilities, and they are required to meet those responsibilities and be responsible.

So I believe it is improper for us, while this matter is on appeal and in litigation, to take action driven by this continual lobbying pressure that would exempt one company. They can say it is others involved, but, look, this is always about one company. I have been here for 10 years. I know how it is played out. I have seen it. I have talked to the advocates on their behalf. I just haven't been able to agree to it because I see the average person not getting the benefit they are due.

So I urge my colleagues to join in support of this amendment. The Wall Street Journal and others have editorialized in favor of it, and I urge my colleagues to support it.

Mr. GRASSLEY. How much time do I have?

The PRESIDING OFFICER. Two minutes in opposition to the amendment.

Mr. GRASSLEY. I think the Senator from Alabama has given me a reason to suggest the importance of the language of the bill he wants to strike because he said that law ought to be equally applied.

The law for this one company is that they were not given justice by bureaucrats who acted in an arbitrary and capricious manner and they were denied their rights under the law. So that company is taken care of because there was an impartial judge who believed they had been abused in their rights under Hatch-Waxman to be able to extend their patent.

You might be able to argue in other places around the country when you are likewise denied your right that you have this court case to back you up, but we cannot have one agency saying when a 60-day period of time starts for mail going in or mail going out to exercise your 60-day period, and for another agency to do it another way. That is basically what the judge said, that Congress surely could not have meant that.

The language of this section 37 does exactly what Senator SESSIONS wants, which is to guarantee in the future that no bureaucrat can act in an arbitrary and capricious way when they decide when does the 60-day period of time start. We put it in the statute of

the United States so the courts look at it and the bureaucrats look at it in exactly the same way.

If you are a citizen of this country, you ought to know what your rights are. You ought to know that a bureaucrat treats you the same way they treat, in like situations, somebody else. You cannot have this sort of arbitrary and capricious action on the part of faceless bureaucrats that denies the rights. This puts it in statute and solidifies it so everybody knows what the law is, rather than relying upon one judge or in the future having to rely upon the court someplace else. I ask my colleagues not to support the Sessions amendment because it would deny equal rights to some people in this country, as this judge said those equal rights were already denied.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The time has expired. The Senator from Vermont.

Mr. LEAHY. Madam President, I ask unanimous consent that after the first vote—we have several more votes—the remaining votes be 10-minute votes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Vermont.

Mr. LEAHY. Have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not.

The question is on agreeing to the Sessions amendment No. 600.

Mr. SESSIONS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from West Virginia (Mr. ROCKEFELLER) is necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from Indiana (Mr. COATS).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 47, nays 51, as follows:

[Rollcall Vote No. 126 Leg.]

YEAS—47

Alexander	Enzi	Murkowski
Ayotte	Hatch	Paul
Barrasso	Heller	Portman
Baucus	Hoeven	Risch
Boozman	Hutchison	Rubio
Boxer	Inhofe	Sessions
Cantwell	Isakson	Shelby
Casey	Johanns	Snowe
Chambliss	Johnson (WI)	Stabenow
Coburn	Kirk	Tester
Conrad	Lee	Thune
Corker	Manchin	Toomey
Cornyn	McCain	Udall (CO)
Crapo	McCaskill	Vitter
DeMint	McConnell	Wicker
Durbin	Moran	

NAYS—51

Akaka	Brown (MA)	Collins
Begich	Brown (OH)	Coons
Bennet	Burr	Feinstein
Bingaman	Cardin	Franken
Blumenthal	Carper	Gillibrand
Blunt	Cochran	Graham

Grassley	Leahy	Reed
Hagan	Levin	Reid
Harkin	Lieberman	Roberts
Incuye	Lugar	Sanders
Johnson (SD)	Menendez	Schumer
Kerry	Merkley	Shaheen
Klobuchar	Mikulski	Udall (NM)
Kohl	Murray	Warner
Kyl	Nelson (NE)	Webb
Landrieu	Nelson (FL)	Whitehouse
Lautenberg	Pryor	Wyden

NOT VOTING—2

Coats Rockefeller

The amendment was rejected.

Mr. LEVIN. Madam President, I move to reconsider the vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 595

The PRESIDING OFFICER. There will now be 4 minutes equally divided prior to a vote in relation to the Cantwell amendment.

The Senator from Washington.

Ms. CANTWELL. Madam President, I encourage my colleagues to support the Cantwell amendment. The Cantwell amendment is the reinstatement of section 18 language as it passed the Senate. So casting a vote for the Cantwell amendment will be consistent with language previously supported by each Member.

The reason we are trying to reinstate the Senate language is because the House language broadens a loophole that will allow for more confusion over patents that have already been issued. It will allow for the cancellation of patents already issued by the Patent Office, throwing into disarray and legal battling many companies that already believe they have a legitimate patent.

The House language, by adding the word "other," broadens the definition of section 18 and extends it for 8 years, so this chaos and disarray that is supposedly targeted at a single earmark for the banking industry to try to get out of paying royalties is now so broadened that many other technology companies will be affected.

I urge my colleagues to support the Cantwell amendment and reinstate the language that was previously agreed to.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Madam President, I rise in opposition to the amendment of my dear friend, Senator CANTWELL.

Business method patents are a real problem. They never should have been patented to begin with. Let me give an example: double click. We double click on a computer or something such as that and after it becomes a practice for awhile, someone files a patent and says they want a patent on double clicking. Because of the way the Patent Office works, the opponents of that never get a chance to weigh in as to whether it should be a patent. The Patent Office has gone way overboard in allowing these business method patents.

One might say: Then you get your day in court. That is true, except 56

percent—more than half—of all the business method patent litigation goes to one district, the Eastern District of Texas, which is known to be extremely favorable to the plaintiffs. It takes about 10 years to litigate. It costs tens of millions of dollars. So the people who are sued over and over for things such as double clicking or how to photograph a check—common things that are business methods and not patents—settle. It is a lucrative business for a small number of people, but it is wrong.

What this bill does is very simple. What the bill does, in terms of this amendment, is very simple. It says the Patent Office will make an administrative determination before the years of litigation as to whether this patent is a legitimate patent so as not to allow the kind of abuse we have seen. It applies to all financial transactions, whether it be a bank or Amazon or a store or anybody else, and it makes eminent sense.

So as much respect as I have for my colleague from Washington, I must strongly disagree with her argument and urge that the amendment be voted down.

I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Ms. CANTWELL. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. PAUL (when his name was called). Present.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

Mr. DURBIN. I announce that the Senator from West Virginia (Mr. ROCKEFELLER) is necessarily absent.

The result was announced—yeas 13, nays 85, as follows:

[Rollcall Vote No. 127 Leg.]

YEAS—13

Boxer	Johnson (WI)	Sessions
Cantwell	Lee	Udall (CO)
Coburn	McCaskill	Vitter
DeMint	Murray	
Hatch	Pryor	

NAYS—85

Akaka	Cochran	Inhofe
Alexander	Collins	Inouye
Ayotte	Conrad	Isakson
Barrasso	Coons	Johanns
Baucus	Corker	Johnson (SD)
Begich	Cornyn	Kerry
Bennet	Crapo	Kirk
Bingaman	Durbin	Klobuchar
Blumenthal	Enzi	Kohl
Blunt	Feinstein	Kyl
Boozman	Franken	Landrieu
Brown (MA)	Gillibrand	Lautenberg
Brown (OH)	Graham	Leahy
Burr	Grassley	Levin
Cardin	Hagan	Lieberman
Carper	Harkin	Lugar
Casey	Heller	Manchin
Chambliss	Hoeben	McCain
Coats	Hutchison	McConnell

Menendez	Risch	Thune
Merkley	Roberts	Toomey
Mikulski	Rubio	Udall (NM)
Moran	Sanders	Warner
Murkowski	Schumer	Webb
Nelson (NE)	Shaheen	Whitehouse
Nelson (FL)	Shelby	Wicker
Portman	Snowe	Wyden
Reed	Stabenow	
Reid	Tester	

ANSWERED "PRESENT"—1

Paul

NOT VOTING—1

Rockefeller

The amendment was rejected.

AMENDMENT NO. 599, AS MODIFIED

The PRESIDING OFFICER. There is now 4 minutes equally divided prior to the vote in relation to the Coburn amendment.

The Senator from Oklahoma is recognized.

Mr. COBURN. Madam President, this is a straightforward amendment that says if you pay into the Patent Trademark Office to have a patent evaluated, that money ought to be spent on the process. We have now stolen almost \$900 million from the Patent Office. We have almost a million patents in arrears. We have fantastic leadership in the Patent Office, and we will not send them the money to do their job. It is unconscionable that we will not do this.

I understand the arguments against it, and I reserve the remainder of our time.

Mrs. FEINSTEIN. Madam President, I rise today in support of Senator COBURN's amendment to prevent the diversion of patent and trademark fees to other purposes.

I am pleased to be a cosponsor of this amendment. I believe this amendment is critical for this bill to have the innovation-encouraging, job-creating effects that its proponents say it will.

Prior to 1990, taxpayers supported the operations of the Patent and Trademark Office, or PTO. In 1990, this was changed through a 69 percent user fee "surcharge," so that the PTO became funded entirely through fees paid by its users, the American inventors who seek to protect the genius of their inventions from those who would copy these innovations for their own profit.

In short order, Congress began using the funds that inventors paid to protect their inventions for other purposes. In 1992, \$8.1 million in user fees were diverted. In 1993, \$12.3 million was diverted. In 1994, \$14.7 million. And so it continued, escalating every year, until what started as a trickle became a flood in 1998, with \$200.3 million in PTO user fees diverted. All told, since 1992, an estimated \$886 million in fees that were paid for the efficient and effective operation of the Patent and Trademark Office have been diverted to other uses, according to the Intellectual Property Owners Association.

Meanwhile, at the same time that these fees were being taken away, the length of time that it takes to get a patent out of the Patent Office has steadily increased. In fiscal year 1991,

average patent pendency was 18.2 months. By fiscal year 1999, it had increased to 25 months. By fiscal year 2010, average patent pendency had increased all the way to 35.3 months.

These are not just numbers. This is innovation being stifled from being brought to market. The longer it takes to get a patent approved, the longer a new invention, a potential technological breakthrough, sits on the shelf gathering dust instead of spurring job growth and scientific and economic progress.

Ultimately, this hurts the competitiveness of the American economy. America has a stunning record of leading the world in innovation, which has provided us a competitive edge over the decades and even centuries. By stifling the progress of our innovation within the PTO, we are dulling that competitive edge.

Obviously, there is a direct relationship between fee diversion and patent pendency. The more fees that are diverted away from the PTO, the fewer patent examiners they can hire, the more patents each examiner has to process, and the longer it takes them to get to any individual patent—a longer patent pendency.

The manager of this bill, the distinguished chairman of the Judiciary Committee, has argued that "the bill will speed the time it takes for applications on true inventions to issue as high quality patents, which can then be commercialized and used to create jobs. . . . The America Invents Act will ensure that the PTO has the resources it needs to work through its backlog of applications more quickly. The bill accomplishes this objective by authorizing the PTO to set its fees. . . ."

But what this bill gave with the one hand, in authorizing the PTO to set its fees, the House of Representatives took away with the other hand, by striking the strong antifee diversion language that the Senate included in its patent bill earlier this year. Setting higher fee levels to reduce patent pendency does no good if those fees are simply diverted away from the PTO, and not used to hire additional patent examiners. Indeed, requiring the payment of higher patent fees which are then used for general government purposes really amounts to a tax on innovation—which is the last thing we should be burdening in today's technology-driven economy.

The chairman argues that the bill "creates a PTO reserve fund for any fees collected above the appropriated amounts in a given year—so that only the PTO will have access to these fees." However, with all due respect, the language that the House put into the bill is not really different from previous bill language that proved ineffective to prevent diversion.

The 1990 law that authorized the patent user surcharge provided that the surcharges "shall be credited to a separate account established in the Treasury . . ." and "shall be available only

to the Patent and Trademark Office, to the extent provided in appropriation Acts. . . .”

However, notwithstanding this language, the Congressional Budget Office found in 2008 that \$230 million had been diverted from the surcharge account.

Similarly, the House changed the bill before us today to “establish[] in the Treasury a Patent and Trademark Fee Reserve Fund . . . ;” and “to the extent and in the amounts provided in appropriations Acts, amounts in the Fund shall be made available until expended only for obligation and expenditure by the Office”

The key language is the same—“to the extent provided in appropriation Acts.” Calling it a “fund” rather than an “account” should not lead anyone to expect a different result.

Indeed, the Senate bill that we passed earlier this year explicitly struck the existing statutory language, “To the extent and in the amounts provided in advance in appropriations Acts” And the House specifically restored that language, omitting only the words “in advance.” The Coburn amendment would restore the changes we made earlier this year, eliminating that language again.

The Coburn amendment, like the Senate bill, contains other key language, providing that amounts in the fund it establishes “shall be available for use by the Director without fiscal year limitation.” The bill before us today provides no such protection against diversion.

In short, this bill will permit the continued diversion of patent fees, to the detriment of American inventors and innovation.

But don’t just take my word for this. The Intellectual Property Owners Association, which includes more than 200 companies, just yesterday said:

The greatest disappointment with the House-passed patent reform bill H.R. 1249 . . . is its failure to stop USPTO fee diversion. The House-passed patent reform bill creates another USPTO account, a “reserve fund,” but nothing in the proposed statutory language guarantees the USPTO access to the funds in this new account. The language of H.R. 1249 defers to future appropriations bills to instruct the USPTO on how to access fees in the new USPTO account. Therefore, despite some claims to the contrary, the creation of this new account, alone, will not stop diversion.

The Innovation Alliance, a major coalition of innovative companies, and CONNECT, an organization dedicated to supporting San Diego technology and life science businesses, among others, also believe that the House language is insufficient to prevent fee diversion.

Without this protection from fee diversion, this bill could well make our patent system worse, not better. Many of the changes made by this bill will impose additional burdens on the PTO. For example, the CBO found that the new post-grant review procedure would cost \$140 million to implement over a 10-year period; the new supplemental

review procedure would cost \$758 million to implement over that period; and the changes to the inter partes reexamination procedure would cost \$251 million to implement.

All told, these changes would impose additional duties on the PTO costing over \$1 billion to implement over a 10-year period. If the PTO is not permitted to keep the fees it needs to meet these obligations, patents will take even longer to be issued, and the promised improvements in patent quality may prove to be ephemeral. We won’t encourage innovation; we won’t create new jobs.

Therefore, I urge my colleagues to support the amendment by the Senator from Oklahoma, to support the strong antidiversion language that we passed this Spring, and to end fee diversion once and for all.

Ms. MIKULSKI. Madam President, I rise in opposition to the amendment to the America Invents Act offered by the Senator from Oklahoma.

I, along with my fellow members of the Appropriations Committee, share the Senator from Oklahoma’s goal of ensuring that all fees paid by inventors to the U.S. Patent and Trademark Office, PTO, are used only for the operations of the PTO. The PTO fosters American innovation and job creation by providing protections for ideas and products developed by our entrepreneurs, businesses and academic institutions.

As the chairwoman of the Appropriations Subcommittee that funds the PTO, I have worked to ensure that PTO receives every dollar it collects from inventors. But, while I share the Senator’s goal, I oppose his amendment for three reasons.

First, the amendment is unnecessary. It is a solution in search of a problem. The underlying America Invents Act before the Senate today ensures that PTO can keep and spend all of the fees collected. This legislation establishes a Patent and Trademark Fee Reserve Fund. Any fees collected in excess of annual appropriations would be deposited into the fund, and those fees would remain available until expended solely for PTO operations.

The creation of this fund is not a new idea. Provisions of several bills reported out of the Senate Appropriations Committee in prior years allowed PTO to keep and spend fee revenue in excess of appropriations levels. I can assure my colleagues that the committee will continue to support such language.

Second, the amendment would significantly reduce oversight of the PTO. The Senator from Oklahoma’s amendment would establish a new, off-budget revolving fund for PTO fees. This would put the PTO on autopilot, without the oversight of an annual legislative vehicle to hold the agency accountable for progress and wise use of taxpayer funding.

Since fiscal year 2004, funding for PTO has increased by over 70 percent.

At the same time, however, the backlog of patent applications has climbed to more than 700,000. It now takes over three years for PTO to make a decision on a patent application. This is unacceptable. While America’s inventors are waiting in line, their ideas are being stolen by other countries.

Through annual appropriations bills, the Appropriations Committee has succeeded in forcing management reforms that have slowed the growth of PTO’s backlogs and improved employee retention. While further accountability is needed, the America Invents Act keeps PTO on budget and on track for continued oversight by the Appropriations Committee each year.

Finally, the Senator’s amendment could have unintended consequences. If PTO were permitted to operate on autopilot, the agency could face fee revenue shortfalls and the Appropriations Committee would not be poised to assist. The committee continually monitors the agency’s fee projections to ensure the agency can operate effectively. It is not widely known, but over the past 6 years, PTO has actually collected nearly \$200 million less than the appropriated levels.

In fact, I recently received a letter from the Director of the PTO informing my Subcommittee that fee estimates for fiscal year 2012 have already dropped by \$88 million. I will ask consent to have this letter printed in the RECORD. If PTO was put on autopilot as proposed by the Senator’s amendment, the committee would no longer have the tools to provide the necessary funding to keep our patent and trademark system operating should a severe funding gap occur.

The PTO’s full access to fee revenue is critical to American innovation and job creation. I commend Chairman LEAHY for his efforts to improve the patent system and ensure that PTO funding is spent wisely and effectively. I support the funding provisions of the America Invents Act and oppose the Coburn amendment. I urge my colleagues to do the same.

Madam President, I ask unanimous consent to have printed in the RECORD the letter to which I referred.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNITED STATES PATENT
AND TRADEMARK OFFICE,
Alexandria, VA, September 1, 2011.

Hon. BARBARA A. MIKULSKI,
Chairwoman, Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MADAM CHAIR: This letter provides you with the United States Patent and Trademark Office’s (USPTO) current, revised fee collection estimates for fiscal year (FY) 2012, as requested in the report accompanying H.R. 3288 (Pub. L. No. 111-117).

The President’s FY 2012 Budget supports an aggressive approach to improving operations at the Agency, reducing the patent backlog and contributing to economic recovery efforts. The fee collection estimate submitted with the FY 2012 President’s Budget

earlier this year was \$2,706.3 million, including a 15% interim increase to certain patent user fee rates. This increase will help fund efforts to reduce the backlog of unexamined patent applications. Using more recent information, outcomes of events, and projections of demand for USPTO services, we now expect fee collections for FY 2012 to be in the \$2,431.9 million to \$2,727.6 million range, with a working estimate of \$2,618.2 million (a decrease of \$88.1 million from the FY 2012 President's Budget estimate).

The projected decrease is attributable to factors both internal and external to the USPTO; namely, a change in strategic direction resulting in the Office not pursuing a cost recovery regulatory increase to Request for Continued Examination fee rates (this was estimated to generate about \$70 million in patent application fees), the decision not to pursue a Consumer Price Index increase to patent statutory fees, and the decrease in demand for USPTO services as a result of processing reengineering gains from compact prosecution. The USPTO bases these revisions on current demand as well as discussions with our stakeholders about expected trends. The USPTO also reviews filing trends in foreign patent offices, which have experienced similar difficulties in estimating demand.

In closing, the USPTO would like to thank the subcommittee for their support of the Leahy-Smith America Invents Act. We are especially grateful for the subcommittee's support in ensuring all fees collected by the USPTO will be made available for the USPTO to use in examination and intellectual property activities supporting the fee paying community.

If you or your staff have any questions, please contact Mr. Anthony Scardino, the USPTO's Chief Financial Officer, at (571) 272-9200. Thank you for your continued support of the United States Patent and Trademark Office.

Sincerely,

DAVID J. KAPPOS,

Under Secretary and Director.

Identical Letters sent to:

The Hon. Kay Bailey Hutchison, Ranking Member, Subcommittee on Commerce, Justice, Science and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

The Hon. Frank R. Wolf, Chairman, Subcommittee on Commerce, Justice, Science, and Related Agencies, Committee on Appropriations, House of Representatives, Washington, DC.

The Hon. Chaka Fattah, Ranking Member, Subcommittee on Commerce, Justice, Science and Related Agencies, Committee on Appropriations, House of Representatives, Washington, DC.

THE PRESIDING OFFICER. Who yields time?

The Senator from Vermont is recognized.

Mr. LEAHY. Madam President, I understand what the Senator from Oklahoma says, but the Coburn amendment can derail and even kill this bill. So, as I have told the Senator, I will move to table in a moment. But this bill would otherwise help our recovering economy. It would unleash innovation and create jobs.

I have worked for years against Patent Office fee diversion, but I oppose this amendment. Its formulation was already rejected by the House of Representatives. They have made it very clear. There is no reason they will change. This amendment can sink

years of efforts by both Republicans and Democrats in this body and the other body to pass it. Actually, this amendment could kill the bill over a mere formality: the difference between a revolving fund and a reserve fund.

We have worked out a compromise in good faith. The money, the fees—under the bill as it is here—can only be spent at the PTO, but the only thing is, we actually have a chance to take a look at what they are spending it on, so they could not buy everybody a car or they could not have a gilded palace. They actually have to spend it on getting through the backlog of patents. It will not go anywhere else. It will only go to the Patent Office.

So we should not kill the bill over this amendment. We should reject the amendment and pass the bill. It is time for us to legislate. That is what the American people elected us to do. That is what they expect us to do. Let's not kill the bill after all this work over something that will really make no difference in the long run. So I therefore will move to table the Coburn amendment.

THE PRESIDING OFFICER. All time has not yet expired.

Mr. COBURN. Madam President, I think I have reserved my time.

THE PRESIDING OFFICER. The Senator from Oklahoma has reserved his time. He has 1½ minutes.

Mr. COBURN. Madam President, I will make the following points, and I would ask for order before I do that.

THE PRESIDING OFFICER. Could we please have order so the Senator from Oklahoma can speak.

Mr. COBURN. It is true that the House bill moves the money to where it cannot be spent elsewhere, but there is no requirement that the money be spent in the Patent Office. There is a written agreement between an appropriations chairman and the Speaker that is good as long as both of them are in their positions. This is a 7-year authorization. It will not guarantee that the money actually goes to the Patent Office.

This bill, with this amendment in it, went out of the House Judiciary Committee 32 to 3 in a strong, bipartisan vote. It was never voted on in the Senate because the appropriators objected because of a technical error, which has been corrected in this amendment. So it violates no House rules, it violates no condition and, in fact, will guarantee that the Patent Office has the funds it needs to have to put us back in the place we need to be.

This bill will not be killed because we are going to make sure the money for patents goes to the Patent Office. Anybody who wants to claim that, ask yourself what you are saying. We are not going to do the right thing because somebody says they will not do the right thing? We ought to do the right thing.

I yield back the remainder of my time.

Mr. LEAHY. Madam President, because this amendment would kill the

bill, I move to table the amendment and ask for the yeas and nays.

THE PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from West Virginia (Mr. ROCKEFELLER) is necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from Florida (Mr. RUBIO).

THE PRESIDING OFFICER (Mr. FRANKEN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 48, as follows:

[Rollcall Vote No. 128 Leg.]

YEAS—50

Akaka	Hagan	Mikulski
Baucus	Harkin	Murkowski
Bennet	Hoeben	Murray
Bingaman	Inouye	Nelson (NE)
Blumenthal	Johnson (SD)	Nelson (FL)
Brown (MA)	Kerry	Pryor
Brown (OH)	Kohl	Reed
Cardin	Kyl	Reid
Carper	Landrieu	Sanders
Casey	Lautenberg	Schumer
Cochran	Leahy	Shaheen
Collins	Levin	Shelby
Coons	Lieberman	Stabenow
Durbin	Lugar	Udall (NM)
Franken	Manchin	Webb
Gillibrand	Menendez	Whitehouse
Grassley	Merkley	

NAYS—48

Alexander	DeMint	McConnell
Ayotte	Enzi	Moran
Barrasso	Feinstein	Paul
Begich	Graham	Portman
Blunt	Hatch	Risch
Boozman	Heller	Roberts
Boxer	Hutchison	Sessions
Burr	Inhofe	Snowe
Cantwell	Isakson	Tester
Chambliss	Johanns	Thune
Coats	Johnson (WI)	Toomey
Coburn	Kirk	Udall (CO)
Conrad	Klobuchar	Vitter
Corker	Lee	Warner
Cornyn	McCain	Wicker
Crapo	McCaskill	Wyden

NOT VOTING—2

Rockefeller	Rubio
-------------	-------

The motion was agreed to.

THE PRESIDING OFFICER. The majority leader.

Mr. REID. Mr. President, we have one more vote. We will have 4 minutes of debate and then a vote on final passage. This is important legislation.

The President's speech is at 7 o'clock. We will gather here at 6:30 to proceed to the House Chamber.

When the President's speech is over, we will come back here, and I will move to proceed to the debt ceiling vote that we know is coming. If that motion to proceed fails, then we will be through for the week as far as votes go. If the vote to proceed is affirmative in nature, we will be back tomorrow, and there will be 10 hours allowed, but we don't have to use it all.

We will have to finish this matter tomorrow. I think it is clear that I hope we don't proceed to that, but we will have to see. I am here tomorrow. That

vote will start very quickly tonight, as soon as the speech is over. We will be in recess subject to the call of the Chair. The vote will start quickly.

Also, I have talked to the Republican leader about how we are going to proceed next week. We don't have that defined, but I am waiting to hear from the Speaker, either tonight or tomorrow, to make more definite what we need to do next week.

Again, we have one more vote after the President's speech tonight.

Mr. President, I move to reconsider the last vote.

Mr. KERRY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. There will now be 4 minutes of debate equally divided prior to the vote on passage of the measure. Who yields time?

The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, 6 months ago, the Senate approved the America Invents Act to make the first meaningful, comprehensive reforms to the Nation's patent system in nearly 60 years. Today, the Senate has come together once again, this time to send this important, job-creating legislation to the President to be signed into law.

Casting aside partisan rhetoric, and working together in a bipartisan and bicameral manner, Congress is sending to President Obama the most significant jobs bill of this Congress. The bill originated 6 years ago in the House of Representatives, when Chairman SMITH and Mr. BERMAN introduced the first patent reform proposals.

After dozens of congressional hearings, markup sessions, and briefings, and countless hours of Member and staff meetings, through two Presidential administrations, and three Congresses, patent reform is finally a reality.

The Leahy-Smith America Invents Act is a bipartisan bill and a bipartisan accomplishment. This is what we in Washington can do for our constituents at home when we come together for the benefit of the country, the economy, and all Americans.

I especially thank Senator KYL for his work in bringing this bill to the floor of the Senate—twice—and Senator GRASSLEY for his commitment to making patent reform the Judiciary Committee's top priority this year. Chairman SMITH, in the other body, deserves credit for leading the House's consideration of this important bill. I look forward to working with him on our next intellectual property priority—combating online infringement.

I thank the members of the Senate Judiciary Committee, who worked together to get quorums and get this passed. I thank them for their contribution.

Mr. President, I acknowledge several members of my Judiciary Committee staff, specifically Aaron Cooper, who sits here beside me. He spent more

hours than I even want to think about, or his family wants to think about, working with me, other Senators, Members of the House, other staff, and stakeholders to preserve the meaningful reforms included in the America Invents Act, as did Susan Davis before him. Ed Pagano, my chief of staff, kept everybody together. I also thank Bruce Cohen, my chief counsel on the Judiciary Committee, who every time I thought maybe we are not going to make it would tell me "You have to keep going," and he was right. Erica Chabot, Curtis LeGeyt, and Scott Wilson of my Judiciary Committee staff have also spent many hours working on this legislation.

I also commend the hard-working staff of other Senators, including Joe Matal, Rita Lari, Tim Molino, and Matt Sandgren for their dedication to this legislation. Chairman SMITH's dedicated staff deserves thanks as well, including Richard Hertling, Blaine Merritt, Vishal Amin, and Kim Smith.

I would also like to thank the majority leader for his help in passing this critical piece of legislation.

The America Invents Act is now going to be the law of the land. I thank all my colleagues who worked together on this.

In March, the Senate passed its version of the America Invents Act, S. 23, by a 95-5 vote. One of the key provisions of the legislation transitions the United States patent system from a first-to-invent system to a first-inventor-to-file system. The Senate considered and rejected an amendment to strike this provision, with 87 Senators voting to retain the transition.

When this body first considered the America Invents Act, some suggested that along with the first-inventor-to-file transition, the legislation should expand the prior user rights defense. The prior user rights defense, in general, is important for American manufacturers because it protects companies that invent and use a technology, whether embodied in a process or product, but choose not to disclose the invention through the patenting process, and instead rely on trade secret protection. The use of trade secrets instead of patenting may be justified in certain instances to avoid, for example, the misappropriation by third parties where detection of that usage may be difficult. These companies should be permitted to continue to practice the invention, even if another party later invents and patents the same invention.

In the United States, unlike in our major trading partners, prior user rights are limited to inventions on methods of doing or conducting business. The Senate bill included only a very limited expansion of this defense, and required the Director of the Patent and Trademark Office, "PTO", to study and report to Congress on the operation of prior user rights in other countries in the industrialized world, and include an analysis of whether there is

a particular need for prior user rights given the transition to a first-inventor-to-file system.

The House-originated bill, the Leahy-Smith America Invents Act, which the Senate is considering today, makes important improvements to expand prior user rights beyond just methods of doing business. These improvements will be good for domestic manufacturing and job creation. I agree with the chairman of the House Committee on the Judiciary that inclusion of expanded prior user rights is essential to ensure that those who have invested in and used a technology are provided a defense against someone who later patents the technology.

I understand that there is some confusion regarding the scope of the defense in the bill. The phrase "commercially used the subject matter" is intended to apply broadly, and to cover a person's commercial use of any form of subject matter, whether embodied in a process or embodied in a machine, manufacture, or composition of matter that is used in a manufacturing or other commercial process. This is important particularly where businesses have made substantial investments to develop these proprietary technologies. And if the technology is embedded in a product, as soon as that product is available publicly it will constitute prior art against any other patent or application for patent because the technology is inherently disclosed.

The legislation we are considering today also retains the PTO study and report on prior user rights. I again agree with the chairman of the House Committee on the Judiciary, that one important area of focus will be how we protect those who make substantial investments in the development and preparation of proprietary technologies. It is my hope and expectation that Congress will act quickly on any recommendations made by the PTO.

Section 27 of the Leahy-Smith America Invents Act requires a study by the United States Patent and Trademark Office, USPTO, on effective ways to provide independent, confirming genetic diagnostic test activity where gen patents and exclusive licensing for primary genetic diagnostic tests exist. I support this section, which was championed by Ms. WASSERMAN SCHULTZ, and look forward to the USPTO's report.

I want to be clear that one of the reasons I support section 27 is that nothing in it implies that "gene patents" are valid or invalid, nor that any particular claim in any particular patent is valid or invalid. In particular, this section has no bearing on the ongoing litigation in *Association for Molecular Pathology v. Myriad Genetics*, ___ F.3d ___, 2011 WL 3211513 (Fed. Cir. July 29, 2011).

In *Kappos v. Bilksi*, ___ U.S. ___, 130 S. Ct. 3218 (2010), the Court found that the fact that a limited defense to business method patents existed in title 35 undermined the argument that

business method patents were categorically exempt from patentability. Specifically, the Court held that a “conclusion that business methods are not patentable in any circumstances would render §273 [of title 35] meaningless.” *Bilski*, 130 S. Ct. at 3228. But the section 27 study is readily distinguishable from the substantive prior user rights defense codified in title 35 referenced in *Bilski*. A “gene patent” may or may not be valid, and that has no impact on the USPTO study, which mentions the existence of gene patents issued by the USPTO (but still subject to a validity challenge), but focuses on the effect of patents and exclusive licensing of genetic diagnostic tests, regardless of whether there are relevant patents. This study will be useful and informative for policymakers no matter how section 101 of title 35 is interpreted by the courts.

There has been some question about the scope of patents that may be subject to the transitional program for covered business method patents, which is section 18 of the Leahy-Smith America Invents Act. This provision is intended to cover only those business method patents intended to be used in the practice, administration, or management of financial services or products, and not to technologies common in business environments across sectors and that have no particular relation to the financial services sector, such as computers, communications networks, and business software.

A financial product or service is not, however, intended to be limited solely to the operation of banks. Rather, it is intended to have a broader industry definition that includes insurance, brokerages, mutual funds, annuities, and an array of financial companies outside of traditional banking.

Section 34 of the Leahy-Smith America Invents Act requires a study by the Government Accountability Office, GAO, on the consequences of patent infringement lawsuits brought by non-practicing entities under title 35, United States Code. The legislation requires that GAO’s study compile information on (1) the annual volume of such litigation, (2) the number of such cases found to be without merit, (3) the impact of such litigation on the time to resolve patent claims, (4) the related costs, (5) the economic impact, and (6) the benefit to commerce.

Following the House passage of H.R. 1249, the Comptroller General expressed concern that Section 34 may require it to answer certain questions for which the underlying data either does not exist, or is not reasonably available. Where that is the case, I want to make clear my view that GAO is under no obligation to include or examine information on a subject for which there is either no existing data, or that data is not reasonably obtainable. Further, GAO is not required to study a quantity of data that it deems unreasonable.

In my view, GAO can satisfy its requirements under section 34 by com-

pling reasonably available information on the nature and impact of lawsuits brought by non-practicing entities under title 35 on the topics outlined in section 34(b). Where it deems necessary, GAO may use a smaller sample size of litigation data to fulfill this obligation. GAO should simply note any limitations on data or methodology in its report.

I ask unanimous consent to have printed in the RECORD a letter from Gene L. Dodaro, Comptroller General of the United States, detailing GAO’s possible limitations in complying with section 34.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNITED STATES
GOVERNMENT ACCOUNTABILITY OFFICE
Washington, DC, September 7, 2011.

Hon. PATRICK J. LEAHY, *Chairman*,
Hon. CHARLES E. GRASSLEY, *Ranking Member*,
Committee on the Judiciary, U.S. Senate.
Hon. LAMAR S. SMITH, *Chairman*,
Hon. JOHN CONYERS, JR., *Ranking Member*,
Committee on the Judiciary, House of Representatives.
Hon. JASON CHAFFETZ,
House of Representatives.

I am writing to express our concern regarding a provision relating to GAO in H.R. 1249, the Leahy-Smith America Invents Act. Section 34 of the bill would require GAO to conduct a study of patent litigation brought by so-called non-practicing entities, that is, plaintiffs who file suits for infringement of their patents but who themselves do not have the capability to design, manufacture, or distribute products based on those patents. As the Supreme Court and Federal Trade Commission have noted, an industry of such firms has developed; the firms obtain patents not to produce and sell goods but to obtain licensing fees from other companies.

The GAO study required by H.R. 1249 would mandate a review of: (1) the annual volume of such litigation for the last 20 years; (2) the number of these cases found to be without merit after judicial review; (3) the impacts of such litigation on the time required to resolve patent claims; (4) the estimated costs associated with such litigation; (5) the economic impact of such litigation on the economy; and (6) the benefit to commerce, if any, supplied by such non-practicing entities.

We believe this mandate would require GAO to undertake a study involving several questions for which reliable data are not available and cannot be obtained. In the first instance, the mandate would require identification of non-practicing entities that bring patent lawsuits. While some information about these entities may be obtainable, a definitive list of such entities does not exist and there is no reliable method that would allow us to identify the entire set from court documents or other available databases. Moreover, quantifying the cases found to be meritless by a court would produce a misleading result, because we understand most of these lawsuits are resolved by confidential settlement. Similarly, there is no current reliable source of information from which to estimate the effects of litigation by such entities on patent claims, litigation costs, economic impacts, or benefits to commerce. Further, because GAO does not have legal access to these private parties, we would have to rely on voluntary production of such information, a method we believe would be unreliable under these circumstances and would yield information that is not likely to be comparable from entity to entity.

Finally, empirical estimates of the effects of patent litigation on various economic variables would likely be highly tenuous. Measures of the cost of litigation or other variables related to quantifying patents or litigation would be highly uncertain and any relationships derived would likely be highly sensitive to small changes in these measures. Such relationships are likely to lead to inconclusive results, or results so heavily qualified that they likely would not be meaningful or helpful to the Congress. In that regard, we understand recent regulatory efforts to determine the economic and anti-competitive effects of such litigation have not been successful.

We appreciate your consideration of this matter and we would be happy to work with your staff regarding potential alternatives. GAO could, for example, identify what is currently known about each of the specific elements identified in Section 34. Managing Associate General Counsel Susan Sawtelle, at (202) 512-6417 or SawtelleS@gao.gov, or Congressional Relations Assistant Director Paul Thompson, at (202) 512-9867 or ThompsonP@gao.gov, may be contacted regarding these matters.

Sincerely yours,
GENE L. DODARO,
Comptroller General of the United States.

Mr. LEAHY. The America Invents Act is now going to be the law of the land. I thank all my colleagues who worked together on this.

The PRESIDING OFFICER. The Senator from Washington is recognized.

Ms. CANTWELL. Mr. President, rising in opposition, this is not a patent reform bill, this is a big corporation patent giveaway that tramples on the rights of small inventors. It changes “first to invent” to “first to file,” which means if you are a big corporation and have lots of resources, you will get there and get the patent.

Secondly, it doesn’t keep the money where it belongs. It belongs in the Patent Office. Yet, instead of having reforms that will help us expedite patents, it is giving away the money that is needed to make this kind of innovation work.

Third, the bill is full of special giveaways to particular industry corporations, as we have just witnessed with votes on the floor.

Fourth, by taking away the business patent method language, you will make it more complicated and have years and years of lawsuits on patents that have already been issued. If this is job creation, I have news for my colleagues; in an innovation economy, it is siding with corporate interests against the little guy. I urge a “no” vote.

Mr. LEAHY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill (H.R. 1249) was ordered to a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from West Virginia (Mr. ROCKEFELLER) is necessarily absent.

Mr. KYL. The following Senator is necessarily absent: the Senator from Florida (Mr. RUBIO).

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 89, nays 9, as follows:

[Rollcall Vote No. 129 Leg.]

YEAS—89

Akaka	Gillibrand	Moran
Alexander	Graham	Murkowski
Ayotte	Grassley	Murray
Barrasso	Hagan	Nelson (NE)
Baucus	Harkin	Nelson (FL)
Begich	Hatch	Portman
Bennet	Heller	Pryor
Bingaman	Hoeben	Reed
Blumenthal	Hutchison	Reid
Blunt	Inhofe	Risch
Boozman	Inouye	Roberts
Brown (MA)	Isakson	Sanders
Brown (OH)	Johanns	Schumer
Burr	Johnson (SD)	Sessions
Cardin	Kerry	Shaheen
Carper	Kirk	Shelby
Casey	Klobuchar	Snowe
Chambliss	Kohl	Stabenow
Coats	Kyl	Tester
Cochran	Landrieu	Thune
Collins	Lautenberg	Toomey
Conrad	Leahy	Udall (CO)
Coons	Levin	Udall (NM)
Corker	Lieberman	Vitter
Cornyn	Lugar	Warner
Crapo	Manchin	Webb
Durbin	McConnell	Whitehouse
Enzi	Menendez	Wicker
Feinstein	Merkley	Wyden
Franken	Mikulski	

NAYS—9

Boxer	DeMint	McCain
Cantwell	Johnson (WI)	McCaskill
Coburn	Lee	Paul

NOT VOTING—2

Rockefeller	Rubio
-------------	-------

The bill (H.R. 1249) was passed.

Mr. McCAIN. Mr. President, today I voted against passage of the patent reform bill because it contained an egregious example of corporate welfare and blatant earmarking. Unfortunately, this special interest provision was designed to benefit a single interest and was tucked into what was otherwise a worthwhile patent reform bill. As I noted earlier today when I spoke in support of the amendment offered by my colleague from Alabama, Senator SESSIONS, needed reform of our patent laws should not be diminished nor impaired by inclusion of the shameless special interest provision, dubbed “The Dog Ate My Homework Act” that benefits a single drug manufacturer, Medicines & Company, to excuse their failure to follow the drug patent laws on the books for over 20 years.

Again, as I said earlier today, patent holders who wish to file an extension of their patent have a 60-day window to make the routine application. There is no ambiguity in this timeframe. In fact, there is no reason to wait until the last day. A patent holder can file an extension application anytime within the 60-day period. Indeed, hundreds

and hundreds of drug patent extension applications have been filed since the law was enacted. Four have been late. Four.

I remind my colleagues of what the Wall Street Journal had to say about this provision:

As blunders go, this was big. The loss of patent rights means that generic versions of Angiomax might have been able to hit pharmacies since 2010, costing the Medicines Co. between \$500 million and \$1 billion in profits.

If only the story ended there.

Instead, the Medicines Co. has mounted a lobbying offensive to get Congress to end run the judicial system. Since 2006, the Medicines Co. has wrangled bill after bill onto the floor of Congress that would change the rules retroactively or give the Patent Office director discretion to accept late filings. One version was so overtly drawn as an earmark that it specified a \$65 million penalty for late filing for “a patent term extension . . . for a drug intended for use in humans that is in the anticoagulant class of drugs.”

. . . no one would pretend the impetus for this measure isn't an insider favor to save \$214 million for a Washington law firm and perhaps more for the Medicines Co. There was never a problem to fix here. In a 2006 House Judiciary hearing, the Patent Office noted that of 700 patent applications since 1984, only four had missed the 60-day deadline. No wonder critics are calling it the Dog Ate My Homework Act.

This bailout provision was not included in the Senate-passed Patent bill earlier this year. It was added by the House of Representatives. The provision should have been stripped by the Senate earlier today. The fact that it wasn't required me to vote against final passage.

• Mr. RUBIO. Mr. President, due to health concerns of my mother, I was absent for the motion to table amendment No. 599 offered by Senator COBURN to H.R. 1249, the America Invents Act, final passage of H.R. 1249, and on S.J. Res. 25.

Had I been present for the motion to table amendment No. 599 offered by Senator COBURN to H.R. 1249, I would have opposed the motion in support of the underlying amendment, and would have voted “nay” on final passage of the America Invents Act. H.R. 1249 is significantly different than the original Senate bill that I supported, and will ultimately not accomplish the goal of modernizing the patent process in the United States in the most effective manner.

The patent process in our country is painfully slow and inefficient. It takes years from the time an invention is submitted to the Patent and Trade Office, PTO, to the time that the patent is granted and the holder of the patent gains legal rights to their invention. Currently, there are over 700,000 patents waiting for their first review by the PTO. I supported the original Senate bill, S.23, which would have ensured that the PTO was properly funded, reducing the time between the filing of a patent and the granting of the same. This bill, which passed the Senate by a 95-5 margin on March 8, 2011, included critical provisions that would have ensured that user fees paid to the PTO

would stay within the Office to cover its operating costs, rather being diverted to fund unrelated government programs.

Unfortunately, the House of Representatives removed these important provisions, which were critical to securing my support for patent reform. A modernized patent process that restricted “fee diversion” would have spurred innovation and job creation. Small inventors have raised concerns about the new patent processes that the bill sets forth, and without adequate protections against fee diversion, I am unable to support this bill. Additionally, I have concerns about House language that resolves certain legal issues for a limited group of patent holders. I support the underlying goals of this bill, but for the aforementioned reasons, I would have voted “nay” on H.R. 1249 had I been present.

Had I been present for the rollcall vote on S.J. Res. 25, I would have voted “yea.” I strongly disapprove of the surge in Federal spending that has pushed our national debt to \$14.7 trillion, and firmly believe that Congress must cut spending immediately and send a strict constitutional balanced budget amendment to the States for ratification. We must also give job creators the certainty they need to hire new workers and expand operations, growing the economy and increasing revenue in the process. Instead of pretending that more debt-financed spending will create prosperity, Congress should take job-destroying tax hikes off the table, overhaul our burdensome regulatory system, and immediately pass the pending free trade agreements with South Korea, Colombia, and Panama. •

Mr. BENNET. Mr. President, I rise to explain my vote on one amendment today. But I would first like to commend Chairman LEAHY for his long years of work on patent reform, which culminated in final passage this evening of the America Invents Act. I proudly supported this legislation, and I am sure it's gratifying for the senior Senator from Vermont that the Senate overwhelmingly voted to send this bill to the President's desk.

But like most bills that the Senate considers, this legislation is not perfect, as I know the chairman himself has said. There is one major way that the bill we approved today could have been improved, and that is if we had retained language in the original Senate bill that guaranteed that the U.S. Patent and Trademark Office would be able to maintain an independent funding stream. For that reason, I commend Senator COBURN for his effort to amend the bill to revert back to that better funding mechanism. For years, we have asked the PTO to do more than its funding levels have allowed it to do well. And while the bill we passed today takes important steps towards committing more resources to

the PTO, I did prefer the independent funding stream approach.

Senator COBURN's amendment may have been the better approach, but I voted to table the amendment because it could well have permanently sunk this enormously important legislation. Sending the bill back to the House with new language that the House has rejected and says it would reject again would have, at best, substantially delayed the reform effort and, at worst, stymied the bill just when we were reaching the finish line. And this bill is important it can help our economy at a critical juncture and can even result in my state of Colorado getting a satellite PTO office, which would be a major jobs and economic driver. I also worked with colleagues on both sides of the aisle to include important provisions that will help small businesses. None of this would have been possible if we amended the bill at this late stage.

I remain committed to working with colleagues in the coming months and years to make sure that PTO gets the resources it needs to do the job that Congress has asked it to do.

Mr. REID. Mr. President, I move to reconsider the vote by which the bill was passed, and I also move to lay that motion on the table.

The motion to lay on the table was agreed to.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to morning business until 6:10 p.m. today and that Senators, during that period of time, be permitted to speak up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROVIDING FOR RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. REID. I ask unanimous consent that upon the conclusion of the joint session, the Senate stand in recess, subject to the call of the Chair.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Montana.

REMEMBERING 9/11

Mr. TESTER. Mr. President, on Sunday, this Nation will pause to remember a painful day in American history.

On September 11, 2001, I was glued to the radio in my pickup on a long drive back home to Big Sandy. It wasn't until I stopped at a Billings restaurant that I finally saw on TV what I had heard about all day. The pictures were surreal.

Although the attacks of 9/11 weren't America's first test of uncertainty, all of us knew this Nation would change forever.

In the hours and days and weeks following the attacks of September 11, 2001, Americans, neighbors, and perfect

strangers joined together to fill the streets despite their differences. They poured out their support. They redefined the United States of America. I knew then that this great Nation would overcome. Events that unite us will always make us stronger. I was reminded of that on May 2, when Navy SEALs found and brought swift justice to Osama bin Laden, prompting spontaneous celebrations across Montana and the rest of the country.

We must never lose sight of our ability to find common ground and work together on major issues that affect us all. We have much more in common than not, and we should never forget that. It is what built this country. It is what made this the best Nation on Earth, and we need to summon that spirit again as we work to rebuild our economy.

Over the past decade, we have been reminded of some powerful truths that we can never afford to lose sight of. We can never take the security of this country for granted. There are and, sadly, always will be people out there bent on destroying what America stands for, taking innocent lives with them. They are always looking for the weakest links in our security. They are trained and well financed. But our Nation's troops, our intelligence agents, our law enforcement and border security officers are even better trained.

I am particularly concerned about weaknesses along the Montana northern border with Canada. Up until recently, only a few orange cones in the middle of a road protected the country from terrorism. Unfortunately, the days when orange cones did the trick are behind us.

I have worked on the Homeland Security Committee to improve this Nation's security, and things are better than they were a decade ago. We are still working to achieve the right mix of people, technology, and know-how to secure the northern border.

We have also been reminded that America's military can achieve anything asked of it. This comes with a cost. Similar to so many folks of the greatest generation after Pearl Harbor day, hundreds of Montanans signed up to defend our country after 9/11. I stand in deep appreciation for the men and women who, in those dark hours, stood for our country. I thank them and their families for their service, their sacrifice, and their patriotism.

In the years since 9/11, American forces have paid a tremendous price in Iraq and Afghanistan in lives and livelihoods. Until only a few years ago, veterans had to fight another battle at home trying to get access to the benefits they were promised. Too many veterans are still fighting for adequate funding and access to quality health care services that they have earned. As one veteran said, "The day this Nation stops taking care of her veterans is the day this Nation should stop creating them." I couldn't agree more.

Montanans are reminded that some out there are still willing to invade our

privacy and trample on our Constitution in the name of security and freedom. Measures such as the PATRIOT Act, which I have consistently opposed, forfeit some basic freedoms. Some lawmakers aren't stopping there.

In the House, a bill called the National Security and Federal Lands Protection Act would allow the Department of Homeland Security to waive laws and seize control of public lands within 100 miles of the border, even if that means closing off grazing lands, shuttering national parks, and trampling on the rights of private land owners. That would have an enormous impact on the whole of Montana. If bad bills such as that are turned into law, America loses.

Our Constitution is a powerful document, and terrorists want nothing more than to watch our rights crumble away by the weight of our own policies. We can, and we will, remain strong. But we must do it with respect to our rights and freedoms.

Today, as on Sunday, my prayers are with those Americans who have died at the hands of terrorists on and since 9/11 and for the tens of thousands of troops still on the frontlines in Afghanistan and elsewhere and for the families of thousands of American troops who have died in service to this country since that terrible day.

My wife Charlotte and I stand with all Montanans in saying thank you to the members of our military, present and past, especially those who have come home with injuries, seen and unseen. This Nation will never forget your sacrifices.

Ms. MURKOWSKI. Mr. President, many of us remember exactly where we were on the morning of September 11, 2001. We will never forget the footage from New York as the towers fell, from the Pentagon as fire raged, and from Pennsylvania, where United flight 93 was grounded in a field. We questioned who would do this, if another attack was coming, and if we were safe in our own country anymore. The tragedy suffered by our nation on that day left us with important lessons to learn, improvements to make, and a renewed sense of urgency towards the future of our society and national security.

On that Tuesday morning, we were victims of a terrible attack that killed 2,961 American citizens, destroyed \$15 billion of property, and launched us into a battle we continue to fight. The actions of the terrorists also sparked the spirit of a nation united. It left us with a resolve to regroup, rebuild and recover while renewing our country's reputation as a world leader and symbol of freedom.

The impacts of 9/11 were not lost on Alaskans. Although thousands of miles away at the moment of attack, Alaskans sprung into action to help their countrymen in any way possible. Some deployed to Ground Zero, some sponsored fundraisers or blood drives, and some to this day are serving their country in the ongoing operations in