

America. This transformation is not without enormous dangers and challenges, but consider how much worse it would have been if a pro-bin Laden movement were fueling this transformation.

It is plain we need more of what we had post-9/11 now. I am not naive. I know it cannot be conjured up or wished into existence. But if we are optimistic, if we are inspired by the Americans who died here, if we truly understand our shared history and the sacred place compromise and rationality hold at the very center of the formation of our Nation and the structure of our Constitution, then we can again take up the mantle of shared sacrifice and common purpose that we wore after 9/11 and apply some of those behaviors to the problems we now confront.

The reality of our current political climate is that both sides are off in their corners; the common enemy is faded. Some see Wall Street as the enemy many others see Washington, DC, as the enemy and to still others any and all government is the enemy.

I believe the greatest problem we face is the belief that we can no longer confront and solve the problems and challenges that confront us; the fear that our best days may be behind us; that, for the first time in history, we fear things will not be as good for our kids as they are for us. It is a creeping pessimism that cuts against the can-do and will-do American spirit. And, along with the divisiveness in our politics, it is harming our ability to create the great works our forbears accomplished: building the Empire State building in the teeth of the Great Depression, constructing the Interstate Highway System and the Hoover Dam, the Erie Canal, and so much more.

While governmental action is not the whole answer to all that faces us, it is equally true that we cannot confront the multiple and complex challenges we now face with no government or a defanged government or a dysfunctional government.

As we approach the 10th anniversary of 9/11, the focus on what happened that day intensifies—what we lost, who we lost, and how we reacted—it becomes acutely clear that we need to confront our current challenges imbued with the spirit of 9/11 and determine to make our government and our politics worthy of the sacrifice and loss we suffered that day.

To return to de Tocqueville, he also remarked that:

The greatness of America lies not in being more enlightened than any other nation, but rather in her ability to repair her faults.

So, like the ironworkers and operating engineers and trade workers who miraculously appeared at the pile hours after the towers came down with blowtorches and hard hats in hand, let's put on our gloves, pick up our hammers and get to work fixing what ails the body politic. It is the least we can do to honor those we lost.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BROWN of Ohio). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

LEAHY-SMITH AMERICA INVENTS ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 1249, which the clerk will report by title.

The assistant legislative clerk read as follows:

An Act (H.R. 1249) to amend title 35, United States Code, to provide for patent reform.

AMENDMENT NO. 600

Mr. SESSIONS. Mr. President, I ask unanimous consent to call up my amendment No. 600, which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. SESSIONS], for himself, Mr. MANGHIN, Mr. COBURN, and Mr. LEE, proposes an amendment numbered 600.

Mr. SESSIONS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

AMENDMENT NO. 600

(Purpose: To strike the provision relating to the calculation of the 60-day period for application of patent term extension)

On page 149, line 20, strike all through page 150, line 16.

Mr. SESSIONS. Mr. President, the amendment that I have offered is a very important amendment. It is one that I believe is important to the integrity of the U.S. legal system and to the integrity of the Senate. It is a matter that I have been wrestling with and objecting to for over a decade. I thought the matter had been settled, frankly, but it has not because it has been driven by one of the most ferocious lobbying efforts the Congress maybe has seen.

The House patent bill as originally passed out of committee and taken to the floor of the House did not include a bailout for Medco, the WilmerHale law firm, or the insurance carrier for that firm, all of whom were in financial jeopardy as a result of a failure to file a patent appeal timely.

I have practiced law hard in my life. I have been in court many times. I

spent 12 years as a U.S. Attorney and tried cases. I am well aware of how the system works. The way the system works in America, you file lawsuits and you are entitled to your day in court. But if you do not file your lawsuit in time, within the statute of limitations, you are out.

When a defendant raises a legal point of order—a motion to dismiss—based on the failure of the complaining party to file their lawsuit timely, they are out. That happens every day to poor people, widow ladies. And it does not make any difference what your excuse is, why you think you have a good lawsuit, why you had this idea or that idea. Everyone is required to meet the same deadlines.

In Alabama they had a situation in which a lady asked a probate judge when she had to file her appeal by, and the judge said: You can file it on Monday. As it turned out, Monday was too late. They went to the Alabama Supreme Court, and who ruled: The probate judge—who does not have to be a lawyer—does not have the power to amend the statute of limitations. Sorry, lady. You are out.

Nobody filed a bill in the Congress to give her relief, or the thousands of others like her every day. So Medco and WilmerHale seeking this kind of relief is a big deal. To whom much has been given, much is required. This is a big-time law firm, one of the biggest law firms in America. Medco is one of the biggest pharmaceutical companies in the country. And presumably the law firm has insurance that they pay to insure them if they make an error. So it appears that they are not willing to accept the court's ruling.

One time an individual was asking me: Oh, JEFF, you let this go. Give in and let this go. I sort of as a joke said to the individual: Well, if WilmerHale will agree not to raise the statute of limitations against anybody who sues their clients if they file a lawsuit late, maybe I will reconsider. He thought I was serious. Of course WilmerHale is not going to do that. If some poor person files a lawsuit against someone they are representing, and they file it one hour late, WilmerHale will file a motion to dismiss it. And they will not ask why they filed it late. This is law. It has to be objective. It has to be fair.

You are not entitled to waltz into the U.S. Congress—well connected—and start lobbying for special relief.

There is nothing more complicated about that than this. So a couple of things have been raised. Well, they suggest, we should not amend the House patent bill, and that if we do, it somehow will kill the legislation. That is not so. Chairman LEAHY has said he supports the amendment, but he doesn't want to vote for it because it would keep the bill from being passed somehow.

It would not keep it from being passed. Indeed, the bill that was

generated 2010 sales of \$2.4 trillion. Retailers have been inundated by spurious claims, many of which, after prolonged and expensive examination, are subsequently found to be less than meritorious.

Increasingly, retailers of all types are being sued by non-practicing entities for infringing low-quality business method patents which touch all aspects of our business: marketing, payments, and customer service to name a few aspects. A vast majority of these cases are brought in the Eastern District of Texas where the statistics are heavily weighted against defendants forcing our members to settle even the most meritless suits.

Section 18 moves us closer to a unified patent system by putting business method patents on par with other patents in creating a post-grant, opposition proceeding that is a lower cost alternative to costly patent litigation. The proceeding is necessary to help ensure that the revenues go to creating jobs and bringing innovations to our customers, not paying litigation costs in meritless patent infringement litigation.

We appreciate the opportunity to support this important section and oppose any efforts to strike or weaken the provision. Please do not hesitate to contact me with any questions.

Best regards,

DAVID FRENCH,
Senior Vice President,
Government Relations.

Mr. SCHUMER. A patent holder whose patent is solid has nothing to fear from a section 18 review. Indeed, a good patent will come out of such a review strengthened and validated. The only people who have any cause to be concerned about section 18 are those who have patents that shouldn't have been issued in the first place and who were hoping to make a lot of money suing legitimate businesses with these illegitimate patents. To them I say the scams should stop.

In fact, 56 percent of business patent lawsuits come in to one court in the Eastern District of Texas. Why do they all go to one court? Not just because of coincidence. Why do people far and wide seek this? Because they know that court will give them favorable proceedings, and many of the businesses that are sued illegitimately spend millions of dollars for discovery and everything else in a court they believe they can't get a fair trial in, so they settle. That shouldn't happen, and that is what our amendment stops. It simply provides review before costly litigation goes on and on and on.

Now, my good friend and colleague, Senator CANTWELL, has offered an amendment that would change the section 18 language and return to what the Senate originally passed last March. Essentially, Senator CANTWELL is asking the Senate to return to the original Schumer-Kyl language. Of course, I don't have an inherent problem with the original Schumer-Kyl language. However, while I might ordinarily be inclined to push my own version of the amendment, I have to acknowledge that the House made some significant improvements in section 18.

First, H.R. 1249 extends the transitional review program of section 18 from 4 to 8 years in duration. This

change was made to accommodate industry concerns that 4 years was short enough, that bad actors would just wait out the program before bringing their business method patent suits. The lying-in-wait strategy would be possible under the Cantwell amendment because section 18 only allows transitional review proceedings to be initiated by those who are facing lawsuits.

On a 20-year patent, it is not hard to wait 4 years to file suit and therefore avoid scrutiny under a section 18 review. It would be much harder, however, to employ such an invasive maneuver on a program that lasts 8 years.

Second, the Cantwell amendment changes the definition of business method patents to eliminate the House clarification that section 18 goes beyond mere class 705 patents. Originally, class 705 was used as the template for the definition of business method patents in section 18. However, after the bill passed the Senate, it became clear that some offending business method patents are issued in other sections. So the House bill changes the definition only slightly so that it does not directly track the class 705 language.

Finally, the Cantwell amendment limits who can take advantage of section 18 by eliminating access to the program by privies of those who are sued. Specifically, H.R. 1249 allows parties who have shared interests with a sued party to bring a section 18 proceeding. The Cantwell amendment would eliminate that accommodation.

All of the House changes to section 18 of the Senate bill are positive, and I believe we should keep them. But to my colleagues I would say this in closing: The changes Senator CANTWELL has proposed do not get to the core of the bill, and the most profound effect they would have is to delay passage of the bill by requiring it to be sent back to the House, which is something, of course, we are all having to deal with on all three of the amendments that are coming up.

I urge my colleagues to remember that this bill and the 200,000 jobs it would create are too important to delay it even another day because of minor changes to the legislation. I urge my colleagues to vote against the amendment of my good friend MARIA CANTWELL and move the bill forward.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, I rise to express my continued support for the America Invents Act. We have been working on patent reform legislation for several years now—in fact, almost the whole time I have been in the Senate—so it is satisfying to see the Senate again voting on this bipartisan bill.

It is important to note that this bill before us is the same one that was passed by the Republican-controlled House of Representatives in June. I commend House Judiciary chairman LAMAR SMITH for his leadership on this

monumental legislation. He has worked hard on this for many years, and I wish to pay a personal tribute to him.

I also wish to recognize the efforts of my colleague from Vermont, Senate Judiciary Committee chairman PATRICK LEAHY. Over the years, he and I have worked tirelessly to bring about long overdue reform to our Nation's patent system, and I personally appreciate PAT for his work on this matter.

I also wish to recognize the efforts of Senate Judiciary Committee ranking member CHUCK GRASSLEY of Iowa, as well as many other Senate colleagues who have been instrumental in this legislative process.

The Constitution is the supreme law of the land and the shortest operating Constitution in the world. America's Founders put only the most essential provisions in it, listing the most essential rights of individuals and the most essential powers the Federal Government should have. What do we think made it on to that short list? Raising and supporting the Army and maintaining the Navy? No question there. Coining money? That one is no surprise. But guess what else made the list. Here is the language: The Founders granted to Congress the power "To promote the Progress of Science and useful Arts, by securing for . . . Authors and Inventors the exclusive Right to their Respective Writing and Discoveries."

In other words, the governance of patents and copyrights is one of the essential, specifically enumerated powers given to the Federal Government by our Nation's Founders. In my view, it is also one of the most visionary, forward-looking provisions in the entire U.S. Constitution.

Thomas Jefferson understood that giving people an exclusive right to profit from their inventions would give them "encouragement . . . to pursue ideas which may produce utility." Yet Jefferson also recognized the importance of striking a balance when it came to granting patents—a difficult task. He said:

I know well the difficulty of drawing a line between the things which are worth to the public the embarrassment of an exclusive patent and those which are not.

As both an inventor and a statesman, he understood that granting a person an exclusive right to profit from their invention was not a decision that should be taken lightly.

This bill is not perfect, but I am pleased with the deliberative process that led to its development, and I am confident that Congress followed Jefferson's lead in striking a balanced approach to patent reform.

There can be no doubt that patent reform is necessary, and it is long overdue. Every State in the country has a vested interest in an updated patent system. When patents are developed commercially they create jobs, both for the company marketing products and for their suppliers, distributors,

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