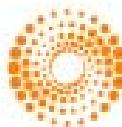
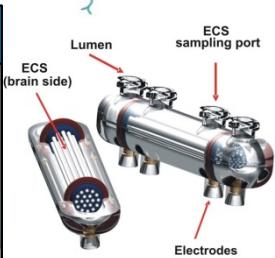
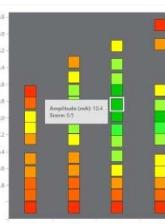




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New IP Financial Models: Innovation, Wall Street, and Patents 10:45 AM Panel

The Economic Impact and Value of Patents in a Volatile Market

Patent Policy: A Small Business Perspective

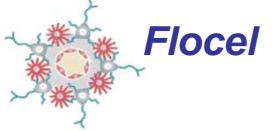
October 8, 2015



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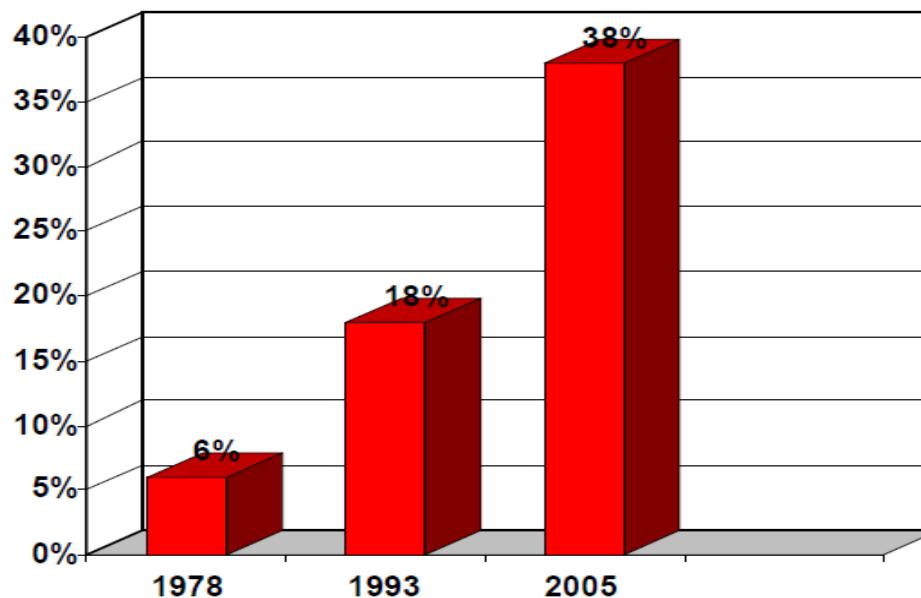




Small Business in the Innovation Ecosystem

- Startups are to an economy what births are to a population
- Small Businesses are to the economy what children are to a population
- High Tech businesses create the most, highest paying jobs
- If you want jobs, you need to foster Small Business
- Patents allow Small Businesses to raise money to grow
- Small High Tech Businesses provide the food for growth for large businesses
- Devaluing patents hurts small businesses and the economy

Percent of U.S. Scientists and Engineers Employed by Companies with Fewer than 500 Employees



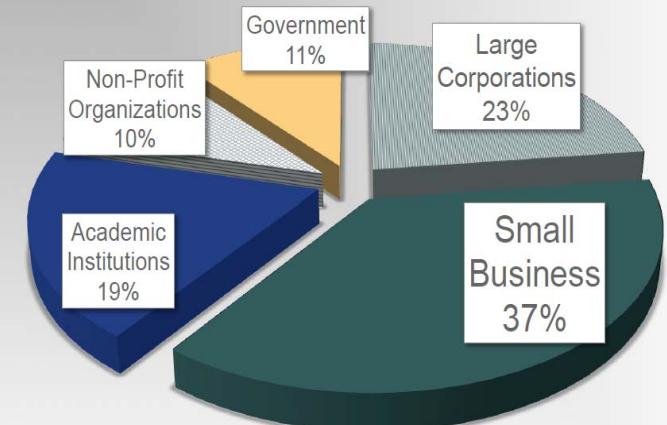
Bell Labs Parking Lot

60% more engineers work for small business than for large business



Who works for whom?

Employment of Engineers and Scientists in the United States

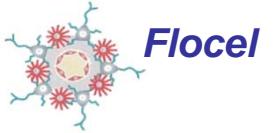


Source: Adapted from most current National Science Board data

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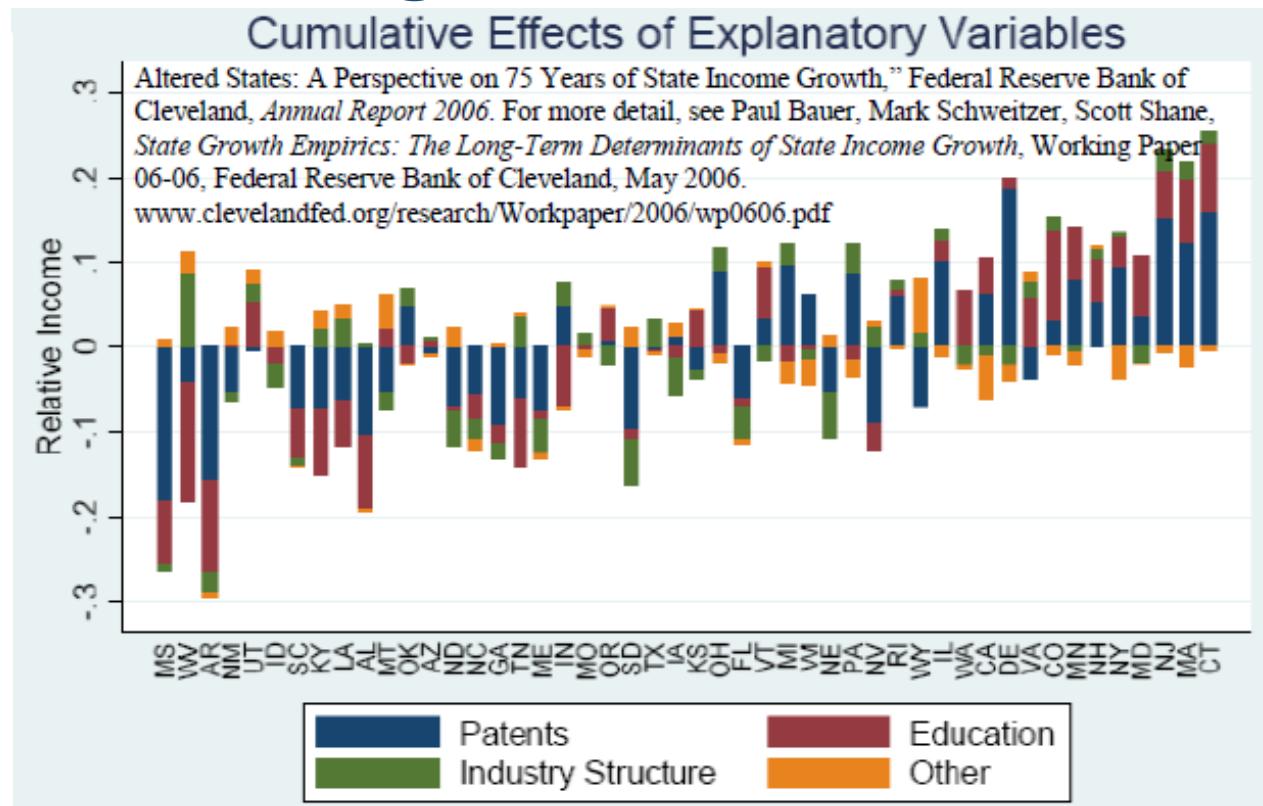
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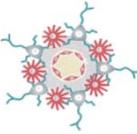


Small Business is Where Innovation Happens

- Small businesses create 60-80% of the net new jobs over the last decade.
- Small businesses create ***16.5 times*** more patents per employee than large firms.
- SBIR firms have received over 125,000 patents.
- SBIR firms employ >7% of all of America's STEM workers.

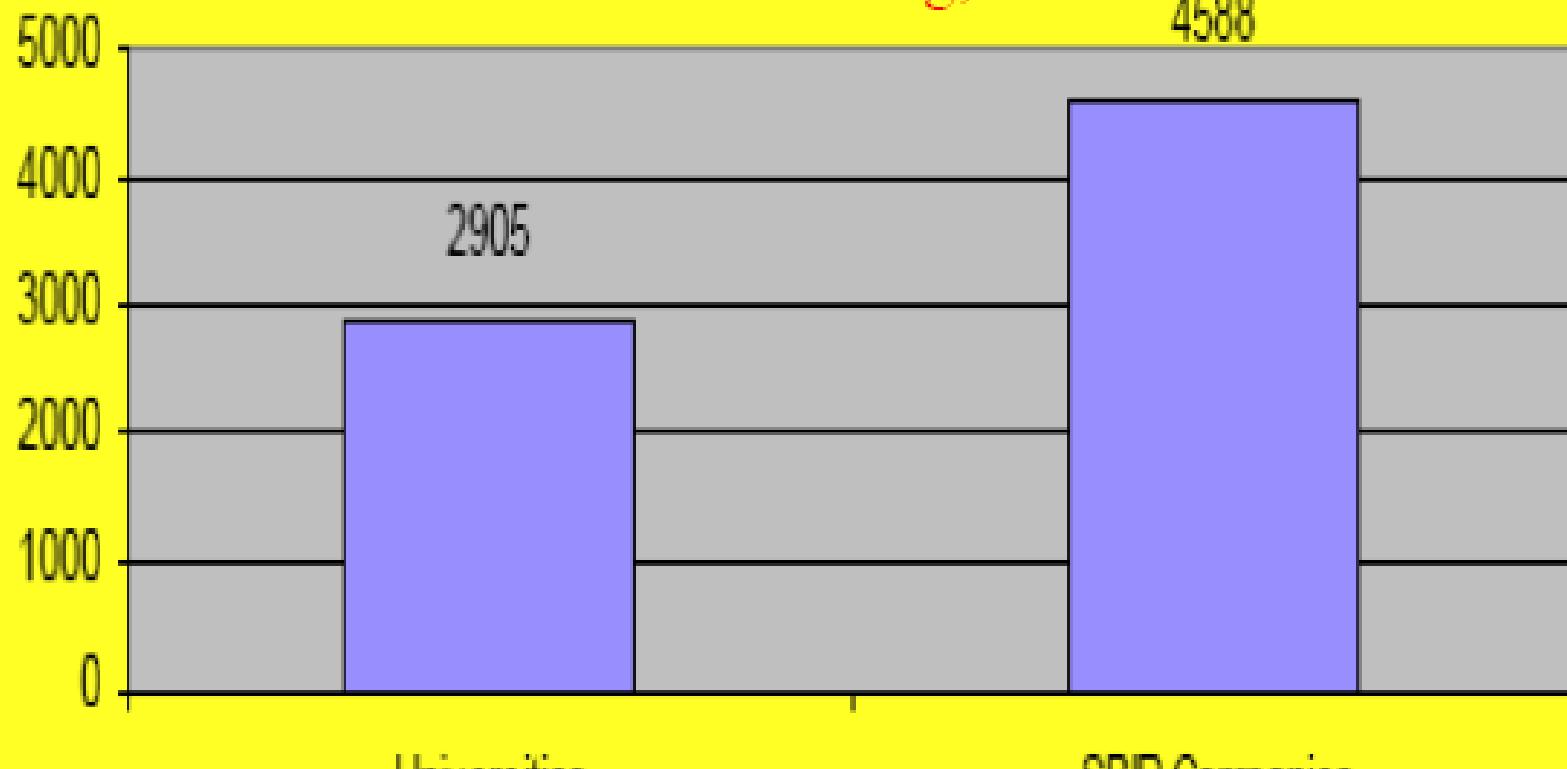
Patents are the #1 Indicator of Regional Wealth





U.S. Patents Granted, 2006

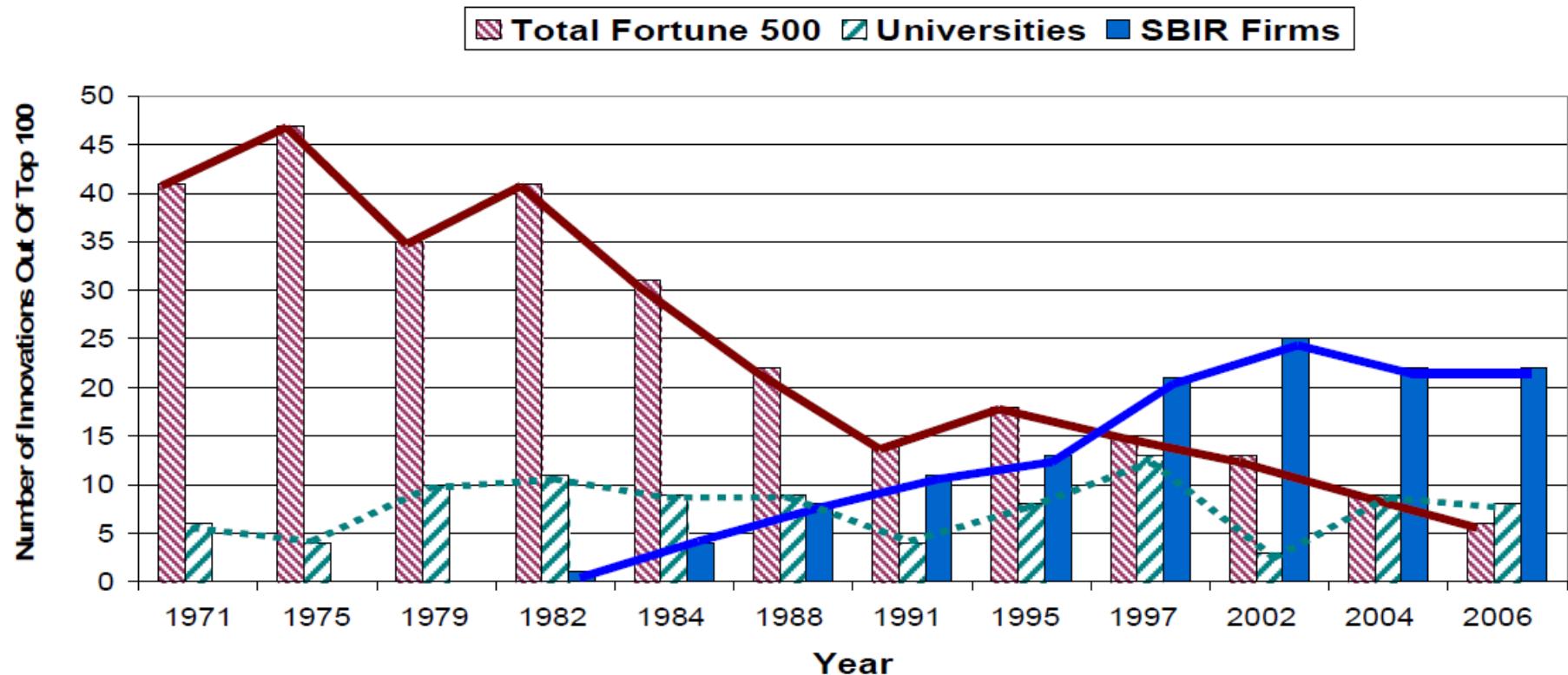
SBIR Companies provide 58% more patents than universities on 12% of the funding, 13 times the value.



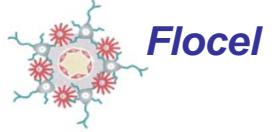
Source: SBIR patent database, Innovation Development Institute, www.inknowvation.com

Who Creates the R&D 100, Best Patents

Figure 3. Where Do Key Innovations Come From?



Fred Block and Matthew Keller, *Where Do Innovations Come From? Transformations in the U.S. National Innovation System 1970-2006*, Information Technology and Innovation Foundation, July 2008.

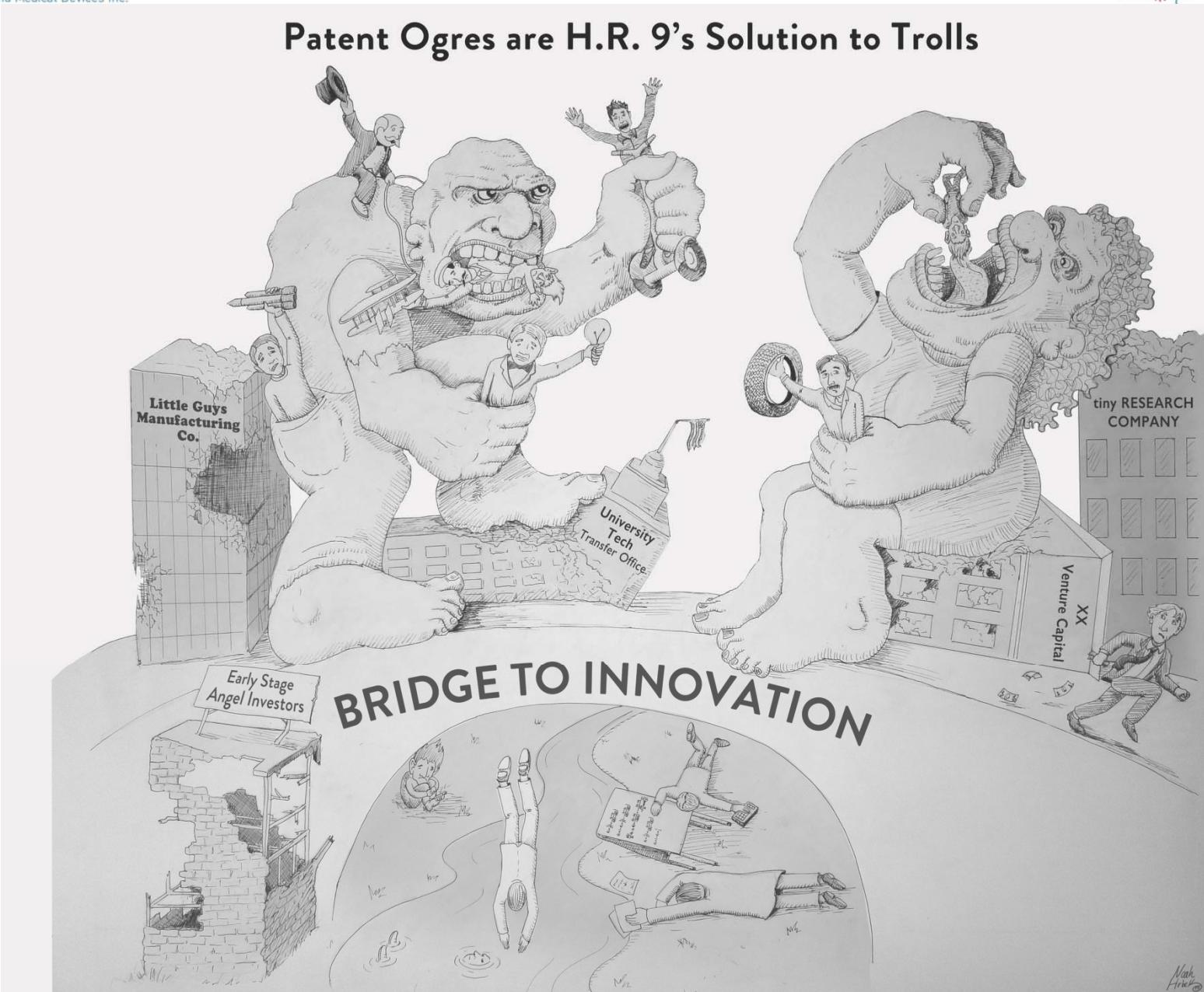


H.R. 9 is destroying the patent structure

- It weakens title to patents by:
 1. Dries up investment in inventing companies by **Piercing the Corporate Veil** and requires investors to pay legal costs.
 2. **Real Party in Interest-must disclose** all entities having a financial interest in the asserted patents. This will deter investors and all licensees.
 3. Treats patents as an entirely new class of litigation, unfairly singling out inventors, particularly the "**loser pays**" provisions.
 4. Patent infringement **pleading** standards require particularities prior to discovery.
 5. Mandatory stay in customer suits, **shifts the burden onto the patentee** to show why the customer case should not be stayed.
 6. The bill does nothing to solve the demand letter problem of trolls, and does not close the 'integrity loophole' that permits fraudulent reexamination requests without providing judicial recourse to the **victim patentee**.
 7. The bill does nothing to **ensure that PTO fees are not diverted**, and **doesn't solve the troll issue**.



Patent Ogres are H.R. 9's Solution to Trolls

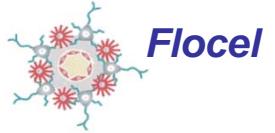


Patent rights are the weakest they have ever been in the 223 years of our patent system

Over the last decade, our government has damaged the investment grade value of patents in several critical ways.

- Elimination of Exclusive Right to an invention, **permanent injunction was denied:** *eBay v. MercExchange*.
- Deletion of **presumption that a patent is valid:** *KSR v. Teleflex, Bilski v Kappos*,
- Added costs to keep a patent **America Invents Act (AIA)**
 - Post Issuance Procedures, Patent Trial and Appeals Board
 - Multiple suits against **similarly situated infringers to be filed separately.**
- **A patent can take ten or more years of examination at the United States Patent and Trademark Office (USPTO) before it is allowed.**

<http://beforeitsnews.com/libertarian/2013/12/legislation-to-kill-the-us-patent-system-2543158.html>



America is Damaging its Invention Driven Economic System

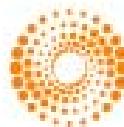
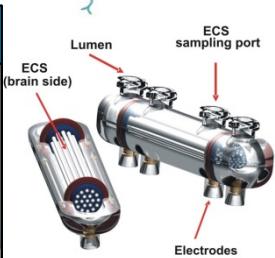
- **"Regulatory Birth Control"** hampering new startups with SEC, Banking, and Patent hurdles.
- **Starving "Small Business Children"** with essentially the same regulations that are burdens for giant corporations, and with reduced R&D funding.
 - Reducing funding to small businesses
 - Reducing our investment in R&D
 - Overregulating small businesses
 - Reducing the value of patents
- We are shifting our economy from an invention-based economy to a market-dominance based economy
- By making patents weaker, Congress is legislating a Poorer America



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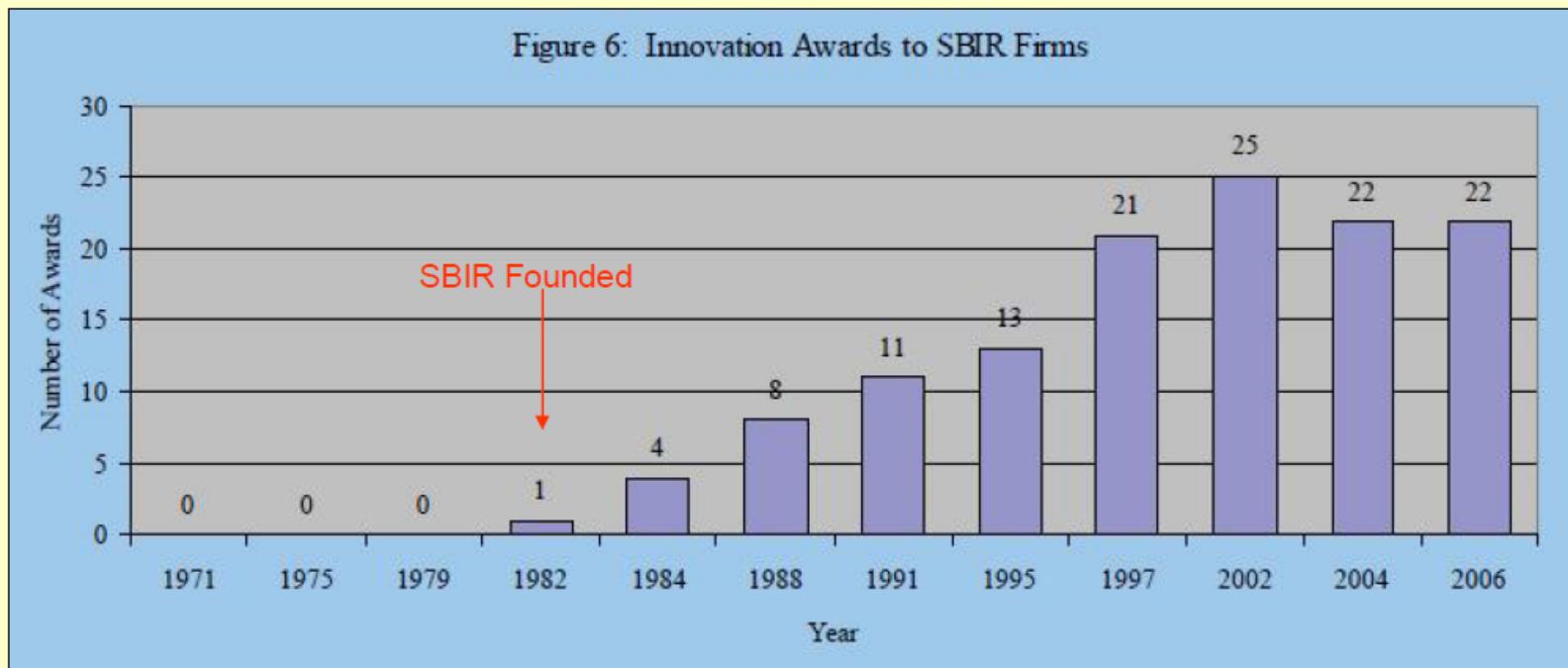


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“The SBIR program has become a key force in the innovation economy of the United States”



- SBIR now accounts for nearly a quarter of all ‘U.S. R&D 100’ winners, an annual list of top 100 innovations
 - Source: Block and Keller, “Where do innovations come from?” July, 2008