

STATEMENT OF THE HONORABLE HOWARD COBLE, CHAIRMAN SUBCOMMITTEE ON COURTS, THE INTERNET AND INTELLECTUAL PROPERTY OVERSIGHT HEARING ON BUSINESS METHOD PATENTS April 4, 2001 Good afternoon. The Subcommittee will come to order. Before we begin, I want to share with you a conversation that occurred when Congress was fiercely debating patent reform during the last session, two years ago. A reporter called me from San Francisco and begged me to keep the debate ongoing. He told me that patents were never so exciting and that debate was making for great copy. In this instance, the excitement exceeds the reality. Today, the Subcommittee reviews the ever-newsworthy subject of Business Method Patents for the second time. Last year, we heard testimony on this subject from both the former Director of the Patent and Trademark Office and academia. Dare I say that there was considerable hype over this subject a year ago, which has seemed to have died down. In my opinion, the anxiety over this subject passed when businesses saw that these patents were merely another valuable form of intellectual property, which can be managed like copyrights or trademarks. Whether you are Alan Greenspan, a practicing inventor tinkering in a garage, or a school teacher, it is well-known that patents have played a central role in our industrial and economic history since the founding of our Nation when Thomas Jefferson served as the first patent commissioner. The work of this Subcommittee has proven again and again that intellectual property and the Internet are compatible. In fact, there is a long history of method patents and software-enable inventions. It is important for everyone in earshot to be clear that I am aware of and sensitive to the press reports of questionable patents in this area. The press has cited examples of questionable patents including those for peanut butter and jelly sandwiches, golf swings, and gene-related inventions. Certainly, Congress should not legislate in a way that throws the baby out with the bath water. However, I am pleased to hear about all of the developments in this area in the past year, including the steps that the PTO has taken to tighten its review process to improve the examination of these applications and thus increase the quality of issued patents, especially in the area of business methods. My number one priority in Congress is to work to ensure that the PTO can retain all of its fees to improve the quality of examination to be as high as humanly possible. While some have maintained that there was a crisis at hand, it is always important to look at the facts, which do not bear out this proposition. We have no evidence of a crisis in the courtrooms regarding litigation concerning business method patents. As you know, Congress was careful to address the public interest in this area when we adopted the special protections of the American Inventors Protection Act. This afternoon, we are fortunate to hear from a range of witnesses who will bring to the Subcommittee both a lifetime of experience with patents as well as a perspective from the cutting edge of innovation. Rest assured I take a genuine interest in this subject and my door is open to anyone who feels that there is mischief by any of the parties in this area. It is my hope that the witnesses will be able to educate the members of the Subcommittee about the latest developments in this field as well as what may be necessary in the future to maintain an effective balance in the patent system between the rights of inventors and the public. I now turn to the Ranking Member, Mr. Berman, for his opening statement.