Why is Congress not acting more quickly to strengthen the protection of American software inventions? As a 30-year veteran of Silicon Valley and a serial entrepreneur having worked with more than 10 startups, I am certain that I speak on behalf of countless American inventors in believing that change is critical to regain our technological lead and avoid further stifling of innovation.

> In the 40s, we designed with tubes;
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> In the 50s, we used transistors;
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> In the 60s, we used simple integrated circuits; and
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> Then things changed – in the 70s we entered the computer age. Microprocessors and microcontrollers proliferated, and the Personal Computer was born.

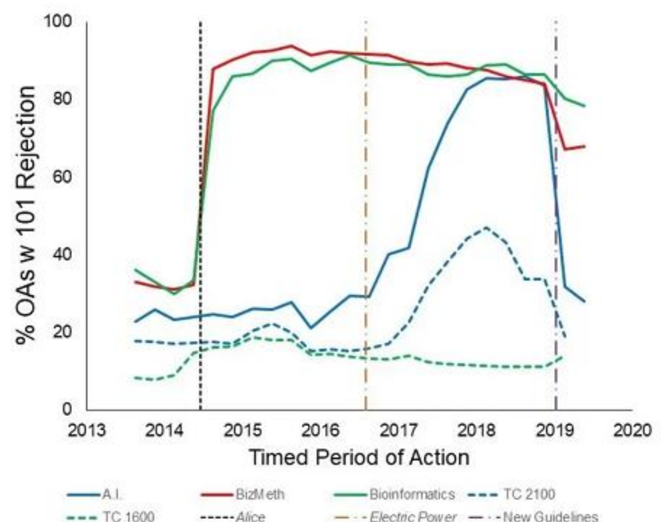
Put simply: Inventions that used to be **Hardware**, are now **Software.**

The bottom line…if a function is unique and not taught or rendered obvious by prior art, then:

It should not matter if the invention is **Hardware** or **Software**.

Unfortunately, a Supreme Court decision on June 19, 2014 (*Alice Corp. v. CLS Bank International*) jeopardized countless past and future software inventions from legitimate patent protection. Since then it's been almost impossible for an inventor to reasonably predict whether innovation in software would be protected. Many of these same inventions, if built in hardware a few short decades ago, would have been easily protected.

For example, the graph shown here describes the instantaneous explosion of 101/eligibility rejections immediately after the "Alice" decision. It was derived from LexisNexis data and published on IPwatchdog.com by Kate Gaudry & Samuel Hayim[1].



Equally serious, if not more, is that many of those patents that have passed the "Alice" scrutiny at the USPTO and are then issued, will nevertheless be found ineligible by district court judges based on the "Alice" case and similar outcomes. In some situations, district court judges may even impose sanctions and attorney's fees on patent holders on eligibility grounds for enforcing their patent **that the USPTO found eligible!** What is a smart yet resource-limited inventor or startup to do when large companies blatantly use their inventions and infringe their patents in the face of such uncertainties and even a real possibility of being imposed with sanctions?

I notice there are three <u>bipartisan</u> bills dedicated to improving our ability to protect innovation. Although H.R. 3666 "Stronger Patents", and H.R.5478 "Inventor Rights Act" are all important, I believe the bill initiated by Sens. Tillis and Coons and Reps. Collins, Johnson, and Stivers entitled "**Draft Bill for Section 101 Reform**" (also known as "Patent Eligible Subject Matter Reform") that directly addresses the "Alice" problem is far more critical. Reversing or eliminating the effects of the "Alice" decision and thereby providing certainties for countless American inventors will enable innovation to flourish and critical inventions to be properly protected.

VCs expect startups to have patents. And in Tech, big companies that employ thousands of people begin as startups. The current uncertain patent system has and will stifle startups' abilities to obtain funding and take themselves to the next level.

I understand that Alice was meant to curb abuse of the patent system by "frivolous" patents, but it unfortunately has had a serious negative consequence of hurting countless real American inventors by treating many legitimate and valuable software inventions as "frivolous". Something needs to be done quickly to fix this now. Please take action – SOON!

Make America's Patents Great Again!

Sincerely,

Robert Osann

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<u>About Robert Osann</u>

Robert Osann is an independent inventor, Intellectual Property consultant, and veteran of five venture-backed startups. He was the founding CEO at two VC-funded startups and a co-founder at three others. He currently has 66 US Patents and 3 British Patents issued, where he wrote and prosecuted 41 of those cases *pro se*. As an independent inventor, since 2007 he has sold 8 US patents and 10 pending applications in 5 transactions to 4 different buyers. Robert has also been an expert witness for AMD in 4 patent litigation cases, and routinely performs litigation research for clients including infringement and validity analysis as well as patent portfolio due diligence.

Please feel free to contact Robert with any questions, and feel free to circulate a copy of this letter. A PDF copy is available for download at: www.osann.net/Alice

References: (1) https://www.ipwatchdog.com/2019/08/13/update-101-rejections-uspto-prospects-computer-related-applications-continue-improve-post-guidance/id=112132