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Letter to The Intangible Investor

November 9, 2010 by [ipinsider1](#)

CEO Addresses Patent Tax Credit

The following letter by Tessera CEO Henry Nothhaft ([NASDAQ: TSRA](#)) is in response to "Patentomics," a column written for *The Intangible Investor*. The column runs in the current [IAM magazine](#). See "[The Devil is in the Details](#)," below.

* * *

Dear Mr. Berman:

Thanks for your recent IAM piece about our *New York Times* op-ed on patents and job creation. I thought it was a very fair assessment of the plan.

But I'd like to address your concern that a tax credit for issued patents might encourage a flood of trivial or poor quality patents, which the op-ed format did not allow us the space to address. Judge Paul Michel and I believe that restricting this "innovation tax credit" only to patents issued to small entities would greatly reduce the danger of that happening.



Studies (and observable reality) demonstrate that small entities typically only incur the time and great expense of filing for patents when they feel these are vital to their business. In contrast, it is generally large corporations who behave like "patent factories" and flood the office with trivial or me-too patents to be used as industry bargaining chips. Those firms would not be entitled to the tax credit.

Our article was meant only to be a starting point for showing how relieving the patent office backlog could be a powerful tool for kick-starting job creation. By helping the sole source of net job creation in the U.S. — new startup businesses — get their patents when they need them rather than having to wait many years, they'll be better able to obtain the VC funding they need to scale up their R&D and hiring.

I'm sure that economic policy and tax experts could take our basic idea and improve it considerably. Our job was simply to point to the opportunity.

Not to mention the fact that by linking patents to job creation, we finally got the mainstream media to start paying attention to the critical need for patent office reform — a good thing in and of itself.

Sincerely,

Henry R. Nothhaft
CEO
Tessera, Inc.

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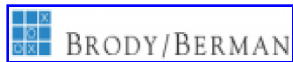
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As a consultant and editor focused on intellectual property and finance, I am close to the latest developments and most influential people.

Since 1988 I have been working with patent holders, managers and investors to frame and properly convey their assets, performance and disputes.

My four books deal with IP rights as business assets. THE INTANGIBLE INVESTOR, a column I write for IAM, looks at ways IP can generate ROI. For a complete bio visit www.brodyberman.com.

Comments on IP INSIDER posts are encouraged. So are contributions to the OUTSIDE PERSPECTIVES section.



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