

Patent Backlog Is Clogging Job Growth

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The greatest stockpile of unused, cutting-edge technology in the world is sitting in a warehouse in Northern Virginia gathering dust, author Pat Choate [told Yahoo Finance Wednesday morning](#). The warehouse, Choate said, belongs to the U.S. Patent and Trademark Office (USPTO), and the stockpile is a backlog of 1.2 million unexamined patent applications.

A number of analysts claim that unclogging this patent build-up at the USPTO -- by ending a diversion of funds that has left the agency underfinanced -- could jump-start job creation in America.

Henry R. Nothhaft calls the patent office the "biggest job creator you never heard of" in a recent [Harvard Business Review article](#). "It is [the USPTO], after all, that issues the patents that technology startups and other small businesses need to attract venture capital to pay salaries," says Nothhaft in a separate [New York Times op-ed](#). Increased funding at the patent office will reduce delays and result in the issuance of more patents. Nothhaft insists that this will lead to more innovation and more jobs.

But since 1992, Congress has diverted more than \$750 million in patent fees from the USPTO to other purposes. Without the money, the agency hasn't had the resources to deal with the threefold increase in patent applications over the past 20 years. Today it takes an average of over three years for inventors to get a decision on a patent, which is at least twice as long the average wait time 15 years ago.

"Hundreds of thousands of groundbreaking innovations are sitting on the shelf literally waiting to be examined," David Kappos, Director of the USPTO, [told an audience](#) at a biotechnology conference earlier this year. "[This results in] jobs not being created, life-saving drugs not going to the marketplace, companies not being funded, businesses not being formed," Kappos added.

And while many say patents spur entrepreneurship because they give inventors a stronger incentive to invent, and offer venture capitalists more reason to open their wallets -- others disagree entirely.

Patents, they argue, [do not increase incentives to invent](#), and are not vital to startups getting financing. In fact, they can harm innovation because they breed intellectual property battles that stall billion-dollar innovations over patents worth far less. Often these legal battles are between large technology firms and so-called "patent trolls" -- firms that buy up patents with the sole intention of shaking down large companies that allegedly infringe on them. As the [Economist notes](#), a group recently found that these types of cases have risen from 109 in 2001 to 470 in 2009.

As the flood of patent-marking lawsuits [continues to flow](#), and the debate spills into Congress, legislation to fix America's broken patent system remains [tied up in the Senate](#).

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