

September 2, 2025

The Honorable Chuck Grassley  
Chair  
Committee on the Judiciary  
United States Senate

The Honorable Dick Durbin  
Ranking Member  
Committee on the Judiciary  
United States Senate

The Honorable Jim Jordan  
Chair  
Committee on the Judiciary  
U.S. House of Representatives

The Honorable Jamie Raskin  
Ranking Member  
Committee on the Judiciary  
U.S. House of Representatives

Dear Chairmen Grassley and Jordan, and Ranking Members Durbin and Raskin:

The undersigned organizations and individuals are concerned that the Department of Commerce may consider a proposal to impose hefty fines in the form of “fees” on patent owners based on a government-assigned “valuation” of their patents. This unprecedented idea, if implemented, would undermine the foundations of America’s intellectual property (IP) system, diminish our global competitiveness, and put millions of innovation-driven jobs at risk. Moreover, this approach conflicts with the administration’s laudable goal of reshoring manufacturing to the United States, a goal which depends on a strong and reliable IP framework to attract investment and foster domestic innovation.

For more than two centuries, the United States has led the world in innovation—delivering breakthroughs in energy, communications, manufacturing, medicine, and information technology that have transformed lives, fueled economic growth, and enhanced national security. This leadership is no accident. It rests on a carefully balanced legal framework that encourages risk-taking, rewards creativity, and safeguards intellectual property through strong, predictable, and enforceable rights. From startups seeking seed funding, to universities conducting foundational research and partnering with the private sector to commercialize products, to established companies developing the next generation of goods and services, the patent system has been central to America’s economic vitality.

A system of fines on patent owners based on their patent portfolio’s valuation would upend this proven model in at least three important ways. First, patent valuation is inherently subjective and unpredictable. Patents often represent potential rather than immediate market value, and their worth can shift dramatically from year to year based on technology trends, market conditions, or strategic use. Many products are

protected by dozens—sometimes hundreds<sup>1</sup>—of legitimate patents, each of which reflects important inventive aspects of those products, and patents typically contain multiple claims that define the scope of the invention.<sup>2</sup> This complexity makes it incredibly difficult, if not impossible, to isolate the contribution of a single patent to a product’s overall success. For this and other reasons, imposing a system of valuation-based fees on patents would be administratively unworkable. Moreover, a valuation-based fee system would likely result in arbitrary determinations that would chill investment and innovation, which directly undermines the administration’s goal of restoring American manufacturing and technological self-sufficiency.

Second, imposing new fees on patents based on property valuations appears to exceed the legal authority granted to the U.S. Patent and Trademark Office (USPTO). Under Section 10 of the America Invents Act (AIA), the USPTO’s fee-setting authority is expressly limited to recovering the aggregate costs of its operations. As the USPTO has made clear, “the aggregate revenue from the patent fees may only recover the aggregate estimated cost of the patent operations.” Imposing fees as a penalty for perceived patent value is outside that mandate and would likely invite serious legal challenges.

Third, and most importantly, slapping big fees on patents, based on a currently unknown government assessment of what they are worth, would trigger unintended policy consequences that would be severe and far-reaching. Those consequences would disproportionately burden the industries from which the administration is focusing efforts to attract new investments— semiconductors, pharmaceuticals, aerospace and defense, and energy. In addition, many companies rely on licensing revenue to self-fund R&D without using federal subsidies. Adding valuation-based patent fees to the mix would impose a disproportionate financial burden on property owners that already pay taxes on their licensing income.

If patent owners are penalized for holding valuable IP, many will turn to trade secrets instead of public disclosure through the patent system.<sup>3</sup> This shift would reduce transparency, hinder collaboration, and slow the pace of technological advancement. It would also incentivize moving research, development, and

---

<sup>1</sup> However, this is industry dependent. For example, in the semiconductor industry, there may be thousands of potential patents implicated in a product.

<sup>2</sup> According to some estimates, there are between 3.3 to 3.5 million patents in force in the United States, many of which have multiple claims.

<sup>3</sup> The founders recognized the progress of the useful arts is enhanced by the timely disclosure of the subject matter of useful discoveries. When patent applications are published, they immediately contribute to public knowledge, enabling subsequent inventors to build upon disclosed innovation.

manufacturing to foreign jurisdictions with more stable and predictable IP frameworks—weakening both U.S. economic strength and national security.<sup>4</sup>

At a time when the United States is facing global competition, including competition with China that will determine innovative and economic leadership for decades to come, the stakes could not be higher. Innovation supports tens of millions of American jobs across all industries, including manufacturing, healthcare, energy, artificial intelligence and quantum computing, and information technology. A valuation-based patent fee would slow U.S. leadership in strategic technologies by diverting resources away from innovation and toward compliance costs. Our ability to compete globally—especially in strategic technologies such as semiconductors and artificial intelligence—depends on maintaining a patent system that rewards, rather than penalizes, the creation of valuable IP. When foreign adversaries are strengthening patent protections domestically to attract global innovation to their borders, upending our patent system by fining patent owners would cede to foreign competitors and adversaries a strategic advantage by making the U.S. an outlier among major patent jurisdictions, all at the expense of U.S. workers, entrepreneurs, and researchers.

To be clear, many of the undersigned organizations and individuals have supported efforts to appropriately increase patent fees, provided those funds are allocated to improving the U.S. Patent and Trademark Office's capabilities. This includes hiring and training new patent examiners, upgrading technology, and reducing patent pendency. Such measures are seen as essential to enhancing patent quality and fostering innovation. By contrast, a valuation-based fee structure would fail to achieve those goals. Such a structure would not be tied to any of the Office's needs and would represent a fundamental shift in America's innovation system.

We urge your committees to use your oversight tools and, as appropriate, additional legislative action to seek information on any such proposal being considered and, if necessary, to block the implementation of any valuation-based fees or fines on patent owners. Doing so will help reaffirm America's commitment to a strong, transparent, and predictable patent system—one that continues to attract investment, foster innovation, and secure our nation's leadership in the global economy.

---

<sup>4</sup> With an estimated 3.3 to 3.5 million patents currently in force across the United States, even modest fines or fees have the potential to siphon billions of dollars away from the free enterprise system. This diversion of resources would significantly hinder the ability of businesses to invest in critical research, development, and commercialization efforts—activities that are the lifeblood of innovation and economic growth. Furthermore, should other nations adopt similar measures, the resulting "stacking" effect could create an untenable financial burden for innovative companies.

Thank you for your attention to this critical matter. We stand ready to work with you to ensure that the United States remains the best place in the world to invent, invest, and grow.

Sincerely,

The United States Chamber of Commerce

Small Business & Entrepreneurship Council

Consumer Technology Association

IEEE-USA

Judge Paul Michel, Former Chief Judge, Court of Appeals for the Federal Circuit (Ret.)

The Washington Health Innovation Council

James Edwards, Executive Director, Conservatives for Property Rights

The Bay Area Council

Silicon Valley Leadership Group

Kristina M. L. Acri, Professor of Economics, Department of Economics & Business  
The Colorado College

Kristen Jakobsen Osenga, Julie & John Nowak Faculty Research Scholar and Professor  
of Law, University of Richmond School of Law

Joshua Kresh, Research Professor and Executive Director, IPPI: The IP Policy Institute,  
The University of Akron School of Law

Robert Stoll, Former Commissioner for Patents, United States Patent and Trademark  
Office, and President and CEO of Stoll Patent Consulting and Expert Testimony

Suzanne Harrison, Former Chair, Patent Public Advisory Committee

Alliance of U.S. Startups & Inventors for Jobs

SEMI

The United Inventor Association

National Venture Capital Association

Bowman Heiden, Executive Director, Tusher Strategic Initiative for Technology Leadership, UC-Berkeley

Mark F. Schultz, Goodyear Tire & Rubber Company Endowed Chair in Intellectual Property Law, Faculty Chair, IPPI: The IP Policy Institute, The University of Akron School of Law

Emily Michiko Morris, David L. Brennan Endowed Chair, C. Blake McDowell School of Law, The University of Akron