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ACTION

Remarks by Mr. Schmitt

PATENT AND TRADEMARK LAWS AMENDMENTS

● Mr. SCHMITT. Mr. President, as most of my colleagues are undoubtedly aware, recent economic indicators suggest that the United States is experiencing an alarming decline in the rate of technological innovation and economic growth. Symptoms of this decline are reflected in the growing international trade deficit, diminishing national productivity, and the increasing penetration of domestic markets by foreign competitors.

The Senate Science, Technology, and Space Subcommittee, chaired by Senator STEVENSON and on which I serve as the ranking member, has had a longstanding interest in the industrial innovation process and Federal policies which adversely impact upon it. For the past 2 years the subcommittee in cooperation with the Banking Committee has conducted extensive oversight hearings examining the direction of Federal R. & D. and the Federal Government's role in promoting the development, application, and diffusion of new technologies.

In addition, the Committee has held 4 days of hearings on my bill, S. 1215, and reported it out of committee. S. 1215 addresses these problems in a comprehensive manner, treating all contractors, small, medium, and large, equally.

The problems identified through these hearings are varied and complex—overburdensome and costly regulations, lack of an overall trade policy, counterproductive tax policies, and inadequate funding of basic research, to name just a few. Nevertheless, there are steps which the Federal Government can and should take to reverse the downward trend in the development of new products and processes. Reform of patent activities and policies is at the top of the list.

Mr. President, in my judgment, there is a clear need for the establishment and implementation of a uniform Governmentwide patent policy that would address all recipients of Federal R. & D. funds.

The bill, H.R. 6933, provides for such a policy but only for small and nonprofit businesses, and academic institutions. While I support the basic objectives of the bill, I am concerned that the bill does not go far enough. The problems this Nation is experiencing in technological innovation go far beyond small business and universities which together comprise but a small percentage of all Federal contracts. We cannot afford to ignore that segment of private enterprise consisting of medium-sized and larger businesses which perform 90 percent of our federally sponsored R. & D. effort and account for more than half of U.S. industrial employment, and 85 percent of U.S. exports.

I believe the correct approach would allow all contractors, regardless of size or profit status, to acquire title to their inventions made under Federal contracts while retaining the structure, protections, and essential provisions of H.R. 6933. It is important to achieve the widest possible application of Government-supported technology at a time of lagging innovation, stagnant productivity growth, and declining U.S. competitiveness in the international and domestic marketplaces.

Mr. President, I am hopeful that early in the next Congress we can more thoroughly address the problem of lagging technological innovation through implementation of a governmentwide patent policy that is applicable to all contractors, regardless of size.

I view the legislation before us today as only the first small step in the process of providing incentive for technological innovation among all recipients of Federal R. & D. funds, and urge my colleagues to continue their efforts toward that end.●