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REMARKS: REMARKS BY MR. LANTOS

THE NEED TO PROTECT SEMICONDUCTOR CHIPS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 12, 1984

● Mr. LANTOS. Mr. Speaker, I rise today to commend my colleagues in the House for their farsighted support of an important American industry yesterday in their approval of H.R. 5525—the Semiconductor Chip Protection Act. This legislation takes a significant step forward to fill a number of gaping holes that exist in the protection that our laws provide chip developers under existing copyright, patent, and trademark law. This well-reasoned approach to a serious national problem will provide necessary protection required by American high-technology firms working at the forefront of the international electronics field.

In this industry, innovation plays a substantial role in successful operations, Thus, it is entirely reasonable for Congress to take action to reward creativity and encourage research and development in semiconductor advancements.

H.R. 5525 will help innovative firms by providing the means effectively to fight chip piracy. The U.S. electronics industry has been shaken time and again by foreign concerns that cheaply copy new chip designs, and then sell them in the United States at rock-bottom prices because their prices do not have to include any research and development costs. As a result, these foreign pirates have captured a disproportionate share of the chip market in our Nation, while the innovative U.S. firms often have been unable to recoup the substantial investments associated with developing new chip designs. The U.S. electronics industry has been undercut by cheap copies of its own chips to the point that our Nation faces a potential foreign trade deficit in high-technology trade for the first time in recent years.

The semiconductor chip is symbolic of the new information age that we have discovered. At the same time, it is being victimized by piracy in a way which will surely discourage the innovation needed to advance this field on the cutting edge of technology. The legislation approved by the House is urgently needed to fight this trend of chip piracy and the unfair competition it breeds. I am convinced that H.R. 5525 represents the best approach possible to protecting the dramatic advances made by creative forces in the field of semiconductor chips.

Finally, Mr. Speaker, I wish to commend my good friends and colleagues in the House, and particularly those from California who have worked for the passage of this important legislation.●