



Please Sign the “We Support America *COMPETES* Reauthorization Act” Petition to Congress by clicking here: www.usinnovation.org

HOUSE PASSES AMERICA *COMPETES* REAUTHORIZATION ACT AFTER NEAR DEATH EXPERIENCE — SENATE CONSIDERATION NOW UNDERWAY... HAVE YOU SIGNED THE “AMERICA *COMPETES*” SUPPORT PETITION?... LATEST *COMPETES* ANALYSIS AVAILABLE... DOD ISSUES STRONG GUIDANCE ON “FUNDAMENTAL RESEARCH EXCEPTION” FOR UNIVERSITY-BASED RESEARCHERS... WHY INDUSTRY “KNOW HOW” MATTERS TO ECONOMIC POLICY... “FORGONE INNOVATION”: PATENT DELAYS COST U.S. ECONOMY \$6.4 BILLION IN DIRECT DAMAGES ANNUALLY... R&D INVESTMENT AND STEM EDUCATION PART OF ADMINISTRATION’S NEW NATIONAL SECURITY STRATEGY... 50 YEARS LATER AND \$7.5 TRILLION RICHER — ECONOMIC IMPACT OF LASER ON U.S. ECONOMY...

HOUSE PASSES AMERICA *COMPETES* REAUTHORIZATION BILL AFTER NEAR-DEATH EXPERIENCE: The House passed the *America *COMPETES* Reauthorization Act of 2010* (H.R. 5116) on Friday, May 28 less than two weeks after the House GOP rejected the Democratic Leadership’s offer of a scaled-down version of the measure to address concerns about cost. 17 Republicans joined with 245 Democrats in supporting the bill for a total of 262 votes in favor of the measure. 150 Republicans opposed it, arguing that it included excessive spending and new programs that were not contained in the original *America *COMPETES* Act of 2007*. The May 28 vote was the third effort in the House in just over two weeks, and the bill now moves on to the Senate. It will provide about \$89 billion in investments in the **National Science Foundation**, the **Department of Energy’s Office of Science** and the **National Institutes of Standards & Technology (NIST)** at the Department of Commerce. According to the measure’s chief sponsor and Chairman of the House Science Committee, **Rep. Bart Gordon (D-TN)**, *America *COMPETES** “... has always been a bipartisan bill — unfortunately, it got caught up at a partisan time.”

A 10% HAIRCUT TOOK PLACE: As passed, the House cut approximately 10% of the original funding for *COMPETES* in an effort to satisfy critics of excessive federal spending. Gordon declared: “Throughout the Committee process, there was a lot of legitimate discussion about federal deficits. I agree that we must address the challenges presented by our deficits, but we must also invest in our country’s future. I remember Newt Gingrich saying one of his greatest regrets was not doubling the funding for NSF when he put NIH on the doubling path... During committee consideration of this bill, we made some significant changes to the bill’s authorization levels — cutting them by over 10 percent. Though we will maintain a doubling path for our research accounts, we do so on a slightly less aggressive trajectory.” For details about how Members voted, see: www.usinnovation.org/files/AmericaCOMPETESfinalvote52810.pdf For more information about the new *COMPETES* funding levels, see Burk Kalweit’s latest analysis found at: www.usinnovation.org/files/FinalHR5116COMPETESFundingCOMPETESEagleKalweit0610.pdf

FUTURE OF “*COMPETES*” IN DOUBT: The *America *COMPETES* Act* has previously enjoyed bipartisan support in the Senate, and efforts to move the bill in the Senate appear to be on track for consideration prior to the July 4 Congressional Recess. **TechAmerica** and **ASTRA** are conducting a “Support *COMPETES*” petition campaign to round up support for the House-passed bill. Please consider signing the Petition by clicking through to www.usinnovation.org and following instructions. [633 organizations and individuals have signed the petition to date.](#) Please help us help you...

DOD REAFFIRMS “FUNDAMENTAL RESEARCH” EXCEPTION TO NATIONAL SECURITY CONTROL REGIME: The **Undersecretary of Defense for Acquisition, Technology and Logistics, John J. Young, Jr.**, issued an 8-page memorandum on May 24 instructing DOD personnel to adhere to ***National Security Decision Directive 189***, dating from the Reagan Administration with regard to foreign researcher access to national labs and university-based fundamental research projects. For more information and the full text of Young’s guidance, see: www.usinnovation.org/files/DODFundamentalResearchException60110.pdf



WHY INDUSTRY “KNOW HOW” MATTERS TO ECONOMIC POLICY: Dr. Chris Farrell, Senior ASTRA Research Fellow, has authored our first *ASTRA Innovation Notes* publication. See www.usinnovation.org/files/ASTRAInnovationNotesNo1FarrellJune2010.pdf

“FORGONE INNOVATION” PATENT SNAFUS COST U.S. \$6.4 BILLION YEARLY — NOT COUNTING LOSSES FROM HOBbled INNOVATION: The *Milwaukee Journal Sentinel* has run a series of articles depicting how the **U.S. Patent and Trade Office (USPTO)** is responsible for massive damage to the U.S. economy for reasons mostly beyond its control. For example, the article claims the USPTO wastes at least \$6.4 billion each year in “forgone innovation” — legitimate technologies that cannot get licensed and start-ups that cannot get funding — because of backlogs and dysfunction within the USPTO management structure. That figure, enough to provide an average round of venture capital funding to more than 1,000 start-up companies each year, comes from the first-ever effort to quantify the economic damage inflicted by the chronic delays at the Patent Office. It was calculated by [London Economics](#), a British research group commissioned by the British Patent Office to study the impact of patent backlogs around the world.

“PATENT PENDING” = A SPREADING GLOBAL PROBLEM: According to the group patent backlogs are becoming common globally as companies seek simultaneous protection of each of their ideas across Europe, Asia, the U.S. and Canada. The assumptions used by London Economics to calculate the figures are “very conservative,” said Paula Ramada, the economist who conducted the yearlong study. “Even with what we think is quite a conservative estimate, the impact is quite large,” Ramada said in the *Journal Sentinel* article. The paper also documented the chronic problems at the USPTO which been overwhelmed by a backlog of 1.2 million patent applications, from biosciences and pharmaceuticals to mechanics and electronics. While patent examinations, according to USPTO’s own standards, should take an average of 18 months to complete, that timetable has not been met since the early 1990’s. According to the London Economics study, the U.S. leads the world in the cost of forgone innovation — employers and jobs that don’t exist because they were impeded or snuffed out by inability to get a patent. The economic drag imposed by the European Patent Office, which represents 37 nations, amounts to less than a quarter of the U.S. cost. Japan, the world’s second-biggest patent office behind the U.S., suffers less than half of the European losses...

“CONGRESSIONAL RAIDS” AT THE ROOT OF THE PROBLEM AT USPTO: At the root of the U.S. agency’s current problems are nearly two decades of congressional raids on the fees collected by the Patent Office. From 1992 to 2004, Congress siphoned off \$752 million into unrelated spending, which in turn left the agency unable to hire enough examiners to keep up with its mounting workload. The current Patent Office administration, which took office nine months ago, has been fighting an uphill battle to get congressional funding to reform the agency. But Congress once again skimmed an additional \$100 million in the current fiscal year. Striving to get Congress’ attention, the Patent Office last month issued a [white paper](#) that concedes that the agency handicaps American innovation...

R&D INVESTMENTS AND STEM EDUCATION PART OF ADMINISTRATION’S NEW NATIONAL SECURITY STRATEGY: The Obama Administration has made a persuasive case for increasing science and engineering R&D spending as well as STEM Education research and investment in its new *National Security Strategy* document released in May 2010. See www.usinnovation.org/files/AdministrationNationalSecurityStrategyR&DSTEMEDMay2010.pdf

50 YEARS LATER — THE ECONOMIC IMPACT OF THE LASER TO THE U.S. ECONOMY: The Founding Partners of *LaserFest 2010* (the **American Physical Society**, the **IEEE Photonics Society**, the **Optical Society of America**, and **SPIE**) have released an economic impact “leave behind” detailing the importance of the laser to the U.S. economy. Over the past 50 years, about \$7.5 trillion in U.S. economic growth can be attributed to three key sectors. The document was released in conjunction with the 50th Anniversary of the invention of the laser. See details at www.usinnovation.org/files/50YearsLaterEconomicImpactofLaserinUS.pdf

