House Small Business Committee

Hearing on

“Enhancing Patent Diversity for America’s Innovators”

January 15, 2020

The House Small Business Committee convened on January 15, 2020 with Chairwoman Nydia Velasquez (D- NY), presiding with Ranking Member Steve Chabot (R- OH). Congresswomen Sharice Davids (D- KS) and Judy Chu (D- CA) were present, along with Congressmen Tim Burchett (R- TN), Dwight Evans (D- PA), and Jared Golden (D- ME)

Panel of Witnesses:

Andrea Ippolito
Lecturing Fellow
College of Engineering and SC Johnson College of Business at Cornell University

Rayshawn Ray
David M. Rubenstein fellow
Brookings Institution

Janeya Griffin
Manager and Saleswoman of IP
N.A.S.A.

Rick C. Wade
VP for Strategic Alliances and Outreach
U.S. Chamber of Commerce
Chairwoman Velasquez opened the hearing explaining how innovation and the drive of entrepreneurship are an important part of how the patent system is supported. Applying for and obtaining a patent allows small firms to gain access to capital, find licensing deals, and level the playing field with larger competitors, all of which lead to jobs and economic growth. As an aside she stated that out of those who have applied for and obtained patents, women, minorities and low-income individuals from urban and rural American are significantly underrepresented in the innovation ecosystem. She quoted a statistic from the Institute for Women’s Policy Research 2016 report, stating that “less than 20 percent of U.S. patents listed one or more women as investors and under 8 percent listed a woman as their primary.” She further expressed her concern of their underrepresentation when further research revealed that only 6 patents per million attributed to African American inventors. She found this to be “particularly troubling for low-income communities and rural America that are already suffering from being on the wrong side of the digital divide.” She expressed her appreciation of the efforts made by the US Patent and Trademark Office (USPTO) to help craft public policy to increase diversity and other challenges facing women and minorities in STEM heavy industries. She noted the lack of data regarding the participation rates of women, minorities, and veterans and urged to improve the lack of data and research reporting on applicant demographics in order to make it easier for “policymakers to advance legislation that will foster inclusive innovation.” Lastly, she introduced the IDEA act, which builds on the SUCCESS Act by collecting patent application demographic data on a voluntary basis at the application stage and directing the USPTO to produce reports, all the while collecting and reporting information gathered on patent applicants and assignees. Chairwoman Velasquez believes this information will drive better policy and help close the potting gap faced by woman minorities and older.”

Ranking Member Chabot in his opening statement quoted statistics from research that showed that small business owners with IP protections can earn over 30 percent more in revenue compared to their counterparts who have none. He further indicated his concern when he expressed that most small business owners are not even aware that they need to protect their innovative products and ideas with intellectual property protections. He noted that he was involved in helping to get the Success Act passed and that he was looking forward to collaborating with the Small Business Administration (SBA) in order
to study and reach recommendations for how to better include women and minorities in entrepreneurship and patent activities.

Panel:

Andrea Ippolito spoke about the challenges facing women in obtaining patents as well as how these same challenges affect minority groups and how they are often felt more acutely by persons of color. Ippolito quoted a statistic from research she conducted, stating that “women make up just 12 percent of all patent inventors,” estimating that it will take 116 years to reach gender parity in patenting if this rate continues. She urged that America needs to be bringing more and diverse people into the innovation ecosystem to remain competitive on the global stage. Ippolito then acknowledged that it is important to know that many of the barriers facing women in the patent process are the same obstacles that women battle in the workplace at large: systemic gender discrimination and a lack of access to institutional resources and mentoring. She stated three recommendations to address the underrepresentation of women, minorities, and veterans as innovators: the Federal Government needs to redirect resources to establish programs that are dedicated to increasing exposure to the patent process for women and minority groups, these “on ramp” programs need to be transformed to become feeder programs to existing innovation programs at universities, and lastly, the high cost of applying for patent programs needs to be addressed by creating specific funding to cover these programs and hiring the appropriate legal counsel. She urged Congress to take on this problem of underrepresentation in order to bring untapped talent into the innovation sphere and support more equitable economic prosperity across our nation.

Rayshawn Ray spoke about the importance of collecting data about public attitudes, how people behave, and the importance of collecting demographic data. He cited research that introduced the fact that over 50 percent of Americans think that the government should be able to store data for a few years or as long as they need to, but less then one-third of Americans perceive the government will keep their data safe and private. He then introduced a growing fact of how the public is much more likely to trust science and medicine than other social institutions, confirming that idea that people overwhelmingly
are willing to answer demographic questions. Ray then went on to list the variety of surveys that he has conducted, asking respondents an assortment of questions about ranging from questions about police-civilian relationships to sexual assault on campus, even to issues with family and personal relationships. He found that even when accompanied with uncomfortable and controversial questions, overwhelmingly people still voluntarily provide demographic information. After demonstrating the findings of his research, he provided three final reasons to support the importance of collecting demographic data. First, more data is normally better because its help to eliminate false positives. Second, these false positives may inadvertently funnel resources to the wrong areas. By not including demographic areas, we might be misplacing resources and efficiencies. Lastly, the collection of demographic data allows for the determination of whether or not a sample is representative of a population, such as women, minority groups, and veterans.

Janeya Griffin spoke about the importance of increasing diversity within our patent and commercialization system. She expressed the importance of exposing the value of patents and intellectual property protection to individuals at a young age. Griffin revealed that she did not learn about the process of patents or commercialization until she was a graduate student and was encouraged to apply for a fellowship program called the Integrated Technology Transfer Network that specifically served STEM students. Through a survey she conducted of her colleagues, many of them only learned the value of Intellectual Property when they reached graduate school or were assigning their ownership rights to their IP over to their employer. She revealed the exposure gaps in education when it comes to people of color and urged that we should be highlighting and elevating innovators and entrepreneurs of these underrepresented groups in order to decrease the diversity gap in the patent ecosystem. Lastly, Griffin urged to fund more programs like the one she had experienced in order to truly focus on increasing the diversity in the demographic of patent assignees.

Rick C. Wade spoke about the efforts to create and expand opportunities for diverse owned businesses and enterprises across America. He commended the committee for its leadership on issues central to increasing access to our innovation economy, particularly
among women, minorities, veterans and other underserved communities. He expressed his concern on how underserved communities and diverse business owners lack the information and or resources to take advantage of the many forms of Intellectual Property protections available to them, including our U.S. patent system. Wade acknowledged that the USPTO report revealed that there is a limited amount of public available data regarding the level of participation by women, minorities and veterans. He noted that this represents a serious issue of concern, but noted that the USPTO has resources in almost every state to help new interests navigate the patent process, including local partnerships with pro bono attorneys and law school clinic programs. Lastly, he cited the USPTO report of legislative recommendations and urged Congress to authorize a streamlined mechanism for USPTO to undertake a voluntary confidential biennial demographic survey of individuals named in patent applications that have been filed.

Questions:

Chairwoman Velasquez asked Andrea Ippolito how this lack of data impacts Congress’ ability to propose legislation that will improve opportunity for underrepresented groups? Ms. Ippolito explained that a lack of data might actually lead to a misallocation of funds or misplacement of funds, leading to a misrepresentation of the intersections between race, gender, and geography. She noted that if we don’t capture these variety of demographic questions, we won’t be able to answer these important questions.

Chairwoman Velasquez then asked Rayshawn Ray if he thought that it is important that we collect information to track regional patterns of innovation? Mr. Ray explained that geography becomes a key metric to look at, revealing that zip codes are oftentimes used as a proxy for income wealth and race. He further expressed that if we are collecting that information, we want to make sure that we collect an assortment of these demographic variables in order to get an accurate response to the demographics of patent applicants and initial assignees.

Chairwoman Velasquez proceeded to ask Janeya Griffin on what she would say is the biggest reason why many minority innovators fail to receive help. Ms. Griffin noted three
reasons: a lack of education in terms of patenting and the commercialization process, lack of resources, and a lack of access to these resources.

Lastly, Ranking Member Chabot asked Rayshawn Ray if there are any risks that come with getting demographic data from surveyors and how should people make sure they’re not being tricked into something. Mr. Ray explained that people are more likely to give their information when they know why they are giving it. He stated, “In this particular case, at the application phase is when you’re going to get them because if people don’t get the patent, they’re going to be less likely to fill out the survey later. They will be less incentivized. If you get the demographic information from the beginning, people are much more likely to provide it and you will gain a better representation of the demographic of patent applicants.”