

Approved 3-27-90  
Date

MINUTES OF THE Senate COMMITTEE ON Economic Development

The meeting was called to order by Senator Dave Kerr at  
Chairperson

8:00 a.m./~~p.m.~~ on February 21, 1990 in room 123-S of the Capitol.

All members were present except:  
Senator McClure  
Senator Feleciano

Committee staff present:  
Bill Edds, Revisor of Statutes' Office  
Lynne Holt, Kansas Legislative Research Dept.  
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Lynne Holt, Kansas Leg. Research Dept.  
Dwayne Johnson, State Librarian  
John Walters, Pres. Kansas State University Foundation  
Jasper G. Schad, Wichita State University Library  
Don Skokan, Librarian with Research & Development Division of Koch Ind.  
Sharon Ailslieger, Pres. Wichita Area Library Assoc.  
Candia Welch, Dir. Medical Library University of Ks. School of Medicine,  
at Wichita.  
Troy Counselman, Pres., Topeka Chapter of the Ks. Assoc. of Inventors  
Clayton Williamson, Pres., Kansas Assoc. of Inventors, Inc.

Chairman Kerr called the meeting to order and announced the agenda for the day was to have hearings on S.B. 439. The bill establishes a patent depository Library in Kansas.

Lynne Holt of the Research Dept. briefed the committee on the bill. She said S.B. 439 would authorize the state to establish a patent depository Library, but does not designate the location of this Library. According to the bill, a patent depository Library means a Library which has acquired or is in the process of acquiring a collection of U.S. Patents and has established certain understandings with the Patent Trademark Office of the United States Dept. of Commerce on the specific issues of maintenance of the collection, public accesibility to the collection and services offered by the Library which afford its effective use. She supplied the committee with Att. 1. A fiscal note is Attachment 2.

Dwayne Johnson of the State Library testified. He stated that a patent depository Library would be a very justifiable cause for the state to support. He suggested placing it in the State Library since many of the proponents are in place that would enhance a patent depository Library.

John Walters testified. (Att. 3) He stated that he would like to see the PDL placed in the KSU Libraries, which would also enhance KSU Research Foundation. A PDL in Kansas would be an important step forward in helping the research and innovative endeavors of the state.

Jasper G. Schad testified. (Att. 4) He stated that PDLs are important to economic development in Kansas. Only 252 patents were issued in 1988 to Kansas, which is a low number considering population. Most states with similar population generate at least two and a half times that many patents per year. PDLs are basic to the needs of researchers, inventors and companies to generate new ideas, concepts and technology.

Don Skokan testified. (Att. 5) He stated that a PDL would not only be beneficial to small and medium-sized manufacturers, but would also be very beneficial to large industry. He said that generally speaking, smaller organizatins and individuals cannot afford the expense of searching the online commercial databases. A PDL with trained staff could put very beneficial patent literature within the reach of everyone. He would like to see the establishment of a PDL at WSU.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Economic Development,

room 123-S Statehouse, at 8:00 a.m./p.m. on February 21, 1990

Sharon Ailsliieger testified. (Att. 6) She stated that patents cover all subject areas and cross all segments of the population. This is a Library service that should be provided within Kansas. Libraries are one of the few "free" services left, and a PDL would be no exception.

Candia Welch testified. (Att. 7) She stated that in the health care field, medical research has the potential of providing marketable materials for the benefit of making people well or their quality of life easier. Access to medical patent information for knowledge and study would be very beneficial.

Troy Counselman testified. (Att. 8) He stated that he would like to represent not only state-wide inventors, but specifically inventors who fall under the influence of the local chapter he represents. He said a PDL would provide young people with inquisitive minds a place to initiate creativity to develop new ideas. He said he felt the Library should be located in Topeka where the state Library is located.

Clayton Williams testified. (Att. 9) He stated that the KAI has grown from 167 members to over 500 in the past 14 months, the majority of those living in Kansas with about 15% living in other states. Prior to KAI being formed, the inventor in Kansas had no place to turn to find guidance with the proper steps to take to protect or research their idea. He stated that Kansas has only 19 patent attorneys, of which 13 are corporate attorneys. There is a need for help in this area in the state of Kansas.

Attachment 10 is testimony submitted by Kansas State Library.

Meeting adjourned.



The term "Patent Depository Library" (PDL) refers to a library which (1) has acquired or is in the process of acquiring a collection of U.S. patents and (2) has established certain understandings with the Patent and Trademark Office regarding the library's obligations concerning maintenance of the collection, public accessibility to the collection, and services offered by the library which afford its effective use.

Recognition as a PDL is derived from the provisions of Section 13, Title 35 of the U.S. code, which reads as follows:

The Commissioner (of Patents and Trademarks) may supply printed copies of specifications and drawings of patents to public libraries in the United States which shall maintain such copies for the use of the public, at the rate for each year's issue established for this purpose....

The rate is now set at \$50 per year and relates only to current issues of patents. Under a recently established cost savings program, existing PDLs were urged to accept microfilm of current issues in lieu of paper copies. New PDLs are offered microfilm only. Back files of U.S patents are available only in 16mm microfilm form and from a commercial source. However, some portions of back files of paper patents, reclaimed from PDLs, occasionally are available to a newly-designated library which wishes to acquire them.

A library, to establish entitlement to the acquisition of patents under the foregoing provisions of law, must subscribe to the following obligations:

1. Pledge to acquire a minimum of a 20-year back-file collection of U.S. patents issued twenty years prior to the date of designation.
2. Make access to the patents freely available to the public.
3. Protect the integrity of the collection so that the patents remain available to the public.
4. Maintain a collection of the classification and other patent-related publications and documents which are supplemental search aid and reference materials necessary to the effective utilization of a patent file. Although not mandatory, it would be helpful if the library were a recognized Government Depository Library under the provisions of Title 44 of the U.S. Code and, therefore, a recipient of such documents via the distribution system of the Superintendent of Documents.
5. Retain any paper copies of patents until, at the initiative of the library, disposal of them has been arranged through the Patent and Trademark Office. The Patent and Trademark Office retains the right of first refusal to acquire any materials, including microfilm, being relinquished by a library, where such materials were acquired under the provisions of 35 USC 13.
6. Be in a position to assist the public in the efficient use of the collection and of the associated information access aids.



It should be noted that a year's issue of approximately 75,000 patent documents comprises nearly 400,000 pages and, in paper form, requires about 200 linear feet of shelving. Effective file management of such material to provide integrity of the collection and accessibility for public use means that the documents would have to be assembled and bound into volumes. The expenditure necessitated by space requirements and binding for current patent issues in paper form would be significantly higher than the costs associated with the same documents in microfilm form. Current issues in microfilm form annually comprise only 150-160 reels.

The acquisition of the 20-year patent back file in microfilm form entails a significantly greater initial expenditure but, unlike printed copies, the requirements for space and equipment are relatively modest. Many of the established PDLs possess substantial portions, if not all, of the back file of patents in microfilm form.

Recognition as a Patent Depository Library by the Commissioner of Patents and Trademarks carries with it the assurance that the library will receive from the Patent and Trademark Office training and assistance necessary to acquire understanding of the U.S. Patent Classification System as an essential tool in making effective use of the patent collection. Additionally, on-going support is provided to established PDLs to enable those libraries to carry out their Program responsibilities.

The Patent and Trademark Office holds annual conferences with representatives of the Patent Depository Libraries during which a symposium is conducted on the nature and use of the U.S. Patent Classification System. These meetings provide the opportunity for exchanges of information among the library representatives and between them and the Patent and Trademark Office staff. On the basis of such conferences, activities are planned which contribute to more effective utilization of the patent collections through services rendered by the libraries. Therefore, all PDLs are expected to be represented at each annual conference.

In April 1982 the Patent and Trademark Office implemented an on-line computer system for use by the PDLs. The system, called CASSIS (Classification And Search Support Information System), provides to the PDLs free, limited access to comprehensive patent classification information and a full inventory of all U.S. patents issued, as well as key word and term search capabilities on important primary reference tools such as the Manual of Classification, the Index to the U.S. Patent Classification, and other search aids.

As a final note, it should be understood that a 20-year collection of patents will provide a resource for general patent searching of more recent technology but it will be of limited value for comprehensive general patent searching. A library which aims to serve the total needs of the public effectively would need to acquire a more extensive backfile collection of patents.

Questions or requests for further information about the Patent and Trademark Office's PDL Program should be addressed to Ms. Carole A. Shores, Director; Office of Patent Depository Library Programs; Crystal Mall 2, Room 306; U.S. Patent and Trademark Office; Washington D.C. 20231. By phone, Ms. Shores can be reached at (800) 435-7735 or (703) 557-9686.

October 1987

1-2

STATE OF KANSAS



DIVISION OF THE BUDGET

MIKE HAYDEN,  
Governor  
MICHAEL F. O'KEEFE  
Director of the Budget

Room 152-E  
State Capitol Building  
Topeka, Kansas 66612-1575  
(913) 296-2436

January 19, 1990

The Honorable Dave Kerr, Chairperson  
Senate Committee on Economic Development  
Senate Chambers  
Third Floor, Statehouse


Dear Senator Kerr:

SUBJECT: Fiscal Note for SB 439 by Joint Committee on Economic  
Development

In accordance with KSA 75-3715a, the following fiscal note concerning SB 439 is respectfully submitted to your committee.

SB 439 would authorize establishment of a patent depository library in Kansas. A patent depository library is a library location designated by the U.S. Patent and Trademark Office (PTO) to receive the ongoing publications on microfilm of new patent registrations and all technical information related to these patents. The PTO requires the designated location to purchase the 20-year retrospective collection and related equipment and to provide sufficient library support staff. The PTO designates the specific library location. Ongoing patent information is supplied to the designated library without charge.

The administrative fiscal impact of the bill involves one-time purchases and on-going administrative expenses. According to the State Library, the one-time expenses in FY 1991 total \$104,000 for the retrospective collection and related equipment. On-going expenses total \$30,206 including one additional FTE Librarian I position. The total cost in FY 1991 is \$134,206 with annual expenditures in subsequent years of \$30,206. Costs may vary slightly depending on the Library location chosen by the PTO. All funds would be from the EDIF or the State General Fund. These costs are not included in the *FY 1991 Governor's Report on the Budget*.

  
Michael F. O'Keefe  
Director of the Budget

cc: Wayne Zimmerman, Department of Commerce  
Bill Brundage, Kansas Technology Enterprise Corporation  
Lois Snow, State Library

SENATE ECONOMIC DEVELOPMENT  
2-21-90 Att. 2

February 21, 1990  
Joint Committee on Economic Development  
Senate Bill No. 439 Patent Library Depository

My name is John W. Walters. I am the President of the Kansas State University Research Foundation, located in Manhattan Kansas with offices at 146 Durland Hall. I am also the President of the Kansas Entrepreneurial Center, a small business incubator with facilities at 1640 Fairchild in Manhattan, Kansas.

I would like to speak on behalf of Senate Bill 439, to establish a patent depository in Kansas. Specifically, I would like to recommend that the depository be located in the Documents Unit of the Kansas State University Libraries.

The benefit to having a depository in Manhattan are several. For inventors in the state, it would mean being able to connect with an already existing service network represented by the Center of Excellence for Research in Computer Controlled Automation and the Engineering Extension Service. For the University, it would greatly enhance our researcher's ability to acquire timely and important information in their special fields of study. For the KSU Research Foundation, it would reduce our dependence on outside patent firms for patent searches and prior analysis of inventions submitted by KSU faculty and staff.

\* The KSU Research Foundation has 45 active patents in our portfolio, 9 disclosures that are in the process of being patented, and 17 disclosures that we are currently evaluating. We received 20 disclosures in this fiscal year that will end on February 28, 1990. The Research Foundation is self sustaining and will generate over \$300,000 in total income this year from a dozen licensees. We will provide over \$68,000 in income to inventors and over \$42,000 in R&D to the various departments at KSU during this year. We have made some progress and we hope to significantly increase the amount of R&D that we can reinvest in the University.

In summary, I feel that having a Patent Depository Library in Kansas is an important step forward in helping the research and innovative endeavors in the state. Kansas State University is the leading applied research institution in the state. We are already connected to an existing network of service through the extension and experiment station services. We feel we are mandated to serve not only the faculty and staff of the university but also the many small manufactures in the state. The KSU Research Foundation was established to handle the intellectual properties of the University. The Library at KSU has existing expertise in patent searching techniques, has an excellent track record of statewide service, and has the facilities within its documents unit to accommodate this depository. Therefore, Kansas State University is the logical choice for the location of the Patent Depository Library in Kansas.

Respectfully submitted,

*John W. Walters*

John W. Walters  
President KSU Research Foundation

To give you some idea of how things might work, let's take a moment to look at two PDLs, one in Stillwater, Oklahoma and the other in Tempe, Arizona. Both are in states about our size. At Arizona State University the number of:

1. Patent questions is roughly 500 per year.
2. About 20,000 reels of microfilm were used.
3. Arizona accounted for over 600 patents in 1988.

Oklahoma State University gave us a little different figure:

1. Conducted 541 searches.
2. Mailed out 821 patents.
3. Answered 979 phone calls.
4. 563 patents were issued to Oklahomans in 1988.

That tells you a little about what a PDL in Kansas would do. It's more important, however, to understand the impact of those figures. Therefore, let's look at another state about our size, Colorado, which established a PDL in 1977. Since then, what has happened?

1. Patent attorneys are doing much more business in Colorado.
2. There are many new small businesses, a number of which resulted from patents.
3. Chambers of Commerce throughout Colorado now mention the PDL in their promotional literature because it is something that interests prospective businesses.
4. Most important, more patents are filed. In 1988, Colorado accounted for 658 patents.

These are things that we can do here in Kansas. These three states are all about our size, yet each accounts for at least twice as many patents. A PDL located conveniently for inventors and corporations would be a major factor in this growth. The cost for all of this is minimal--a one time outlay of about \$104,000 for a 20-year backfile of patents (a condition for any new PDL) and \$30,000 or so for salaries.

a:g#33wp



FEBRUARY 21, 1990

HONORABLE SENATORS  
COMMITTEE ON ECONOMIC DEVELOPMENT  
KANSAS SENATE  
STATE CAPITOL  
TOPEKA, KS 66612

SENATE BILL 439

My name is Don Skokan and I am a technical librarian with the Research & Development Division of Koch Industries in Wichita, Kansas. I am not here today representing Koch Industries but, rather, because I am constantly searching the patent literature and ordering patents, I have been made aware of the importance of this unique body of literature.

Much has been said about the advantages a patent depository represents for individual inventors and small and medium-sized manufacturers, and this is entirely true, but I would also like to point out its importance to large industry. While we are always looking at the general literature for journal articles, conference proceedings, and technical reports, the patent literature is the source of first disclosure. As frequently mentioned, studies show that about 80% of the information contained in patents is not found elsewhere (i.e., in the non-patent literature).

Research & development departments of large industries are interested in both the new and old technologies. Whether one is looking at the new technology to develop new products or processes, or looking at the old art to improve an existing product or process, or viceversa, one needs to look at lots of patents.

Currently, we are getting our U.S. patents from the patent depository at Oklahoma State University in Stillwater. We request and receive several hundred each year, and I suspect this number would easily double if we had ready access to a local patent depository in Wichita. Access is an important consideration for chemists, scientists, and other inventors and, frequently, access means today - or tomorrow at the very latest. We are currently paying \$5 for each patent we receive through the U.S. mail, and we pay \$1 per page for faxed patents, plus the \$5 charge, or approximately \$10 per patent. Often these faxed patents are difficult to read due to a combination of circumstances.

If a patent depository were established at Wichita State University, given the large industrial base that presently surrounds the school, I should imagine that we would see heavy use from Kansas inventors, small and medium-sized manufactures from the area, and local industry. A patent depository in Wichita, or elsewhere, would, by its nature, serve a diverse range of cliental.

While larger companies already have limited computer access to the patent backfile (generally from 1950 forward with the commercial vendors), the computer access available at the patent depository reaches back to 1790 with searching by patent and classification numbers. Such access could be important to a large corporation, as well as the smaller organization or individual, when assessing novelty and patentability with a view to applying for a U.S.patent.

Generally speaking, smaller organizations and individuals cannot afford the expense of searching the online commercial databases. A patent depository, with its trained staff and reference tools, would put the world of patent literature within the reach of everyone. Each depository would be able to provide unlimited access to the complete file through the use of the newly developed CASSIS/CD-ROM.

In closing, I would only say that the establishment of a patent depository at WSU, with its attendant seminars, workshops, reference manuals, computer access, and trained staff would create an additional center of excellence in Wichita that would directly support economic development in the area and throughout the state.

VALUE OF A PATENT COLLECTION  
AND ITS USERS

A. Importance of Patents

1. The U.S. Patent File of over 4.8 million patents comprises the most complete, compact, comprehensive collection of technological information in the world.
2. Studies show that about 8 of 10 patents contain information not reported elsewhere in the non-patent literature.
3. Patents protect intellectual property, stimulate the economy through new business and employment, and create a competitive advantage in world markets.

B. Kinds of Users of Patent Information:

1. industry, including especially small and medium-sized manufacturers;
2. research and development institutions, including the research departments of large industry;
3. government authorities, particularly those departments which are involved in industrial development, in negotiating licensing agreements, in planning, and in the industrial property activities;
4. individual inventors;
5. professionals in the field of patents, such as administrators of technical libraries, patent attorneys and agents, searchers, producers of data banks;
6. educational institutions, students in creativity or innovative thinking courses, and university students;
7. historical researchers;
8. general public.

## USES OF A PATENT COLLECTION

The patent file may be searched to:

1. learn about existing U.S. Patents to avoid possible infringement actions;
2. know the state of the art and monitor development in a specific technology in order to be aware of the latest development and to update one's knowledge or to locate relevant documents;
3. assessing novelty and patentability of own developments with a view of applying for a U.S. Patent or foreign industrial property right;
4. judge possible actions, such as opposition proceedings concerning the validity of existing U.S. Patents;
5. evaluate a specific technology and identify possible licensors;
6. identify alternate technology and its sources;
7. locate sources of know-how in a specific field;
8. improve an existing product or process;
9. develop new products or processes;
10. judge an alleged innovation whether it qualifies for development, production or financial assistance such as venture capital;
11. solve a specific technical problem;
12. assess a particular technical approach whether it had not been tried before and might be worth pursuing or it would lead to wasteful duplication of research effort;
13. monitor the activities of competitors both within the country and abroad;
14. survey the market in order to identify a gap or to discover new trends or entrepreneurial opportunities at an early stage, and to forecast major changes in both competitors and technology;
15. supplement school curricula and aid teachers involved in programs to stimulate creativity in young school children such as Invent America and the Patent and Trademark Office's Project XL.



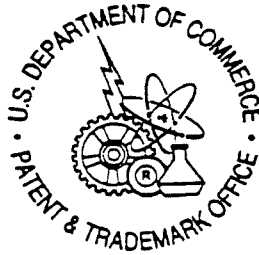
# CASSIS/CD-ROM

CASSIS/CD-ROM is the Classification and Search Support Information System (CASSIS) Compact Disc-Read Only Memory (CD-ROM). It was developed by the U.S. Patent and Trademark Office (PTO), Documentation Organizations. It contains current classification information for all U.S. patents, other bibliographic information, and the *Manual of Classification*.

CASSIS/CD-ROM is supplied with retrieval software, *CD-Answer*, licensed from Dataware Technologies, Inc.

## Classification Information

CASSIS/CD-ROM contains current classification information for all Utility, Design, Plant, Reissue, and X-numbered patents, as well as Defensive Publications and Statutory Invention Registrations, issued from 1790 to the present (over 5 million documents). Indexing of classification information has been optimized for rapid retrieval.



## Bibliographic Information

Additional information is available for Utility patents issued from 1969 to the present, and for other patent documents issued from 1977 to the present.

That information includes the year of issue, the state/country of the inventor's residence, the assignee at the time of issue, the title, and status (withdrawn, or expired for failure to pay maintenance fees). The most recent patent abstracts (up to 3 years depending on disc space) are also provided.

## Manual of Classification

The *Manual of Classification* contains the titles of all classes and subclasses of the U.S. Patent Classification (USPC) System. In CASSIS/CD-ROM, a class is stored as several records, with each record headed by a mainline subclass and followed by its subordinate (indented) subclasses. Each record is displayed as it would appear in the printed *Manual of Classification*.

## Hardware

AT class PC (or better) with DOS 3.0+; Microsoft Corp.'s MS-DOS CD-ROM Extensions; 20 Mb hard disk; 640K RAM; floppy disk drive; monitor (EGA recommended); CD-ROM drive (two recommended) with High Sierra compatible device driver; printer.

1989 August 21

CASSIS/CD-ROM is available only as a one-year subscription of six issues (12 discs) for \$300. A subscription will commence with the next issue published. Price includes one copy each of *Installing CASSIS/CD-ROM* and the *CASSIS/CD-ROM User's Manual*, and is subject to change without notice. The printed manuals are the only user support available from the PTO.

Installation of the retrieval software (included on both of the CASSIS discs) requires Microsoft Corp.'s *MS-DOS CD-ROM Extensions* product or the equivalent, even though using *CASSIS/CD-ROM* does not require it. Neither *MS-DOS CD-ROM Extensions* nor an equivalent is available from the PTO.

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CITY, STATE, ZIP

5-5

PDL PRESENTATION

My name is Sharon Ailslieger. I am President of the Wichita Area Library Association. Wichita is my home and I live in Senate District 26. The Wichita Area Library Association (WALA) sponsored the workshop on Patent Depository Libraries and are very interested in seeing a PDL established in Kansas. Therefore, I am here in support of SB 439 which would establish a Patent Depository Library in Kansas. As a member of the PDL committee for WALA, I visited the library at Oklahoma State University and feel that Kansas could certainly support such a resource.

The citizens of Kansas should not be forced to go to neighboring states - or even Washington, D.C.- to search for patents - especially for inventions that will benefit the state of Kansas and its future economic development.

Patents cover all subject areas and cross all segments of the population- Aerospace, medical research, electronic, computers etc. This is a library service that should be provided within Kansas. Libraries are one of the few services left in this world that serves everyone for as little cost as possible. Libraries give the best return for every dollar spent. A PDL in Kansas would be no exception.

SB 439 should be supported.

DATE: February 21, 1990

TO: Dave Kerr, Chairperson, and Members  
Joint Committee on Economic Development  
Kansas State Senate

From: Candia N. Welch, Director  
George J. Farha Medical Library  
University of Kansas School of Medicine at Wichita

SUBJECT: PATENT DEPOSITORY LIBRARY

Securing a patent depository library for the state of Kansas would help to encourage, stimulate and facilitate research which in turn would result in the invention of new products and technology and in the improvement upon others.

In the health care field, medical research has the potential of providing marketable materials for the benefit of making people well or their quality of life easier.

Access to patent information is required, for example, in the research fields of biomedical engineering, surgical and dental instrumentation, medicines or pharmaceutical drugs, self-help devices for the handicapped, and biotechnology which is related to the use of organisms or cells used for developing products which are technically, scientifically and clinically useful.

Proximity to patent information and access to this knowledge for study and for browsing, would facilitate and accelerate the research and product development process.

I wish also to submit three short statements from three medical researchers who represent three different areas in medical research in Wichita: Dr. Francis W. Cook, Research Director at the Orthopaedic Research Institute; Dr. W. Dale Horst, Director of Clinical Research at the Psychiatric Research Center; and Dr. Diana W. Guthrie at the University of Kansas School of Medicine, who with her husband Dr. Richard A. Guthrie, are known nationally for their contributions to the field of diabetes.

(3 ATTACHMENTS)

February 20, 1990

Senator Dave Kerr  
Vice Chairman  
Joint Committee on Economic Development  
Kansas State Senate

Subject: Patent Depository


Dear Senator Kerr:

At the present time all branches of scientific research and technological development have become thoroughly patent sensitized. The requirement that the proprietary status of each new idea must be protected has come to dominate the practice of these disciplines to such an extent that publication of new findings is routinely suppressed until a patent application can be submitted. Although this is quite contrary to the traditions of basic science it has long been standard practice in company laboratories and the shops of independent inventors. For good or ill this practice is now an integral part of the process by which new technology is transformed into profit making and job producing commercial products. As an example, all major sponsors of research and development (government, business and foundations) require their grantees to protect all new developments for possible patenting. Every serious research or development effort must, therefore, begin with a thorough patent research. Occasionally the patents are the only place where a particular technology is revealed.

In the current information age it is no exaggeration to say that ready access to basic information, such as patents, is as fundamental to the prosperity of a community as the railroad was a hundred years ago in the age of the machine.

A good patent depository, located in the major manufacturing center of the state, is, therefore, essential to any effort to nurture a technology based economy through innovation and entrepreneurship.

Sincerely,



Francis W. Cooke, Ph.D.  
ORI Research Director

FWC/rb

pc: David A. McQueen, M.D.  
James L. Gumnick, Ph.D.



Patent Library use by the Psychiatric Research Institute  
Wichita, KS

The Psychiatric Research Institute engages in original research in the area of psychopharmacology. It evaluates new drugs, develops novel methods for measuring drug levels in patients, and investigates potential biological markers to aid in the diagnosis of psychiatric disorders.

The Institute's activities are such that patentable substances, procedures, or devices could be identified. A patent library in the state of Kansas would allow for better and less costly assessment of the patent status of the Institute's research results and would aid in directing research goals to develop patentable products.

The Institute contracts with the pharmaceutical industry to conduct clinical trials of new drugs. These contracts are awarded competitively. A state patent library would identify new drugs under development by the pharmaceutical industry and permit a more directed and aggressive campaign to obtain contracts and increase research dollars coming to Kansas.

The above uses of a patent library are not unique to the Psychiatric Research Institute, but would apply equally to many biomedical research organizations including Kansas academic institutions.

W. Dale Horst, Ph.D. *WDH*  
Director, Clinical Research  
Psychiatric Research Institute  
St. Francis Regional Medical Center  
929 N. St. Francis  
Wichita, KS 67214

# The University of Kansas Medical Center School of Medicine-Wichita

Pediatrics

Re: Patent Depository Library

February 20, 1990

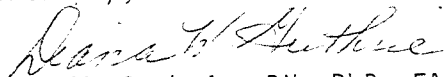
To Whom It May Concern:

This State has had an important part in the history of this country. Research is a part of that history. Numerous scientists and physicians have discovered various approaches to patient care, various pieces of equipment to make life more livable, and have developed various theories from which other helpful information has been obtained

I would encourage your support in the recognition and need for a patent depository library. Such a depository of patents would act as a research tool for future historians and medical researchers. The main purpose for its availability would be to support the economic development of Kansas through medical research by using this information as a basis from which to develop future knowledge.

Thank you for your attention in this matter.

Sincerely,



Diana W. Guthrie, RN, PhD, FAAN, CDE  
Professor

DWG/dg

TESTIMONY

Presented to the Kansas Economic Development Committee  
For the creation of a Kansas patent depository

Presented by Troy E. Counselman

President, Topeka Chapter of the Kansas Association of Inventors  
February 21, 1990

As the president of the Topeka Chapter of the Kansas Association of Inventors I am here to represent the interests not only of inventors and innovators state-wide, but specifically inventors who fall under our local chapters influence.

The advantages state-wide for the addition of a patent depository are numerous. Briefly; the addition of a patent depository library would make our state competitive with other states that do presently have the library program. This would undoubtedly help in the attracting of new business to our state, likewise it would allow current business to keep abreast of the latest developments in their field of interest. A patent library would be of tremendous educational aid for any interested citizen. It would provide young people with inquisitive minds a place to initiate creativity to develop new ideas and interests. And of course, the obvious advantage is that it provides inventors with quick patent searches enabling them to work on their own new products and innovations.

But more specifically I want to address the need for the patent depository to be located in Topeka. Our chapter, the largest in the state with 80+ members, seems to logically show that largest populous of individual interest for a patent depository library exists in this area of the state. Topeka is ideal first because of the fact that we have here located the state library and the state capital, this thereby helps meet informational needs state-wide since on site governmental agencies and economic development resources are also located in Topeka. Academically, concerning higher education specifically, Topeka would be an optimal location because students and faculty from Kansas State, Kansas University, Emporia State and Washburn University are all within one hours drive. The patent depository in Topeka would particularly be useful to Washburn's law students who are specifically interested in patent law. It should additionally be noted that Kansas is severely lacking in the resource of patent attorneys.

We feel that it is these interests, the individual inventor and the academic community that would most utilize such a library, more so than larger companies such as Boeing in Wichita that undoubtedly has continuous access to Washington DC patent offices.

The benefits derived from, and the present need for a patent library in Kansas seems to be obvious, and we hope that if and when the decision is made to develop one that Topeka will be the most seriously considered location.





Kansas Association of Inventors  
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### TESTIMONY

TO: Members of the Senate Committee on Economic Development  
FROM: Clayton Williamson, President, Kansas Association of Inventors, Inc.  
DATE: February 21, 1990

Honorable Chairperson Kerr, Members of Committee and Staff.

Good Morning, I'm Clayton Williamson, President of the Kansas Association of Inventors (KAI). First let me express my thanks to you for allowing me to appear before you in behalf of our members and the citizens of Kansas. KAI is a Statewide Not-for-Profit inventor assistance organization with membership throughout the United States and Canada. Members consist of Manufacturers, Inventors, Innovative persons, Attorneys, Manufacturer Sales Representatives, Business people, and government and civil service people. KAI has grown from 167 members to over 500 in the past 14 months, the majority of those living in Kansas with about 15 percent living in other states and 3 in Canada. I have included a history of KAI in my testimony.

I have often referred to the Kansas inventor as a cabinet maker without a saw. Just as a cabinet maker cannot make cabinets without cutting wood, a mechanic cannot repair without tools, the inventor cannot invent without technology. Kansas has only 19 registered patent attorneys or agents with 13 of those being corporate attorneys, thus unavailable to the general public. Kansas has no Patent Depository Library where an inventor can go and research technology in his/her fields. In fact prior to KAI being formed, the inventor had no place to turn to find guidance with the proper steps to take to protect and or research their idea. Many of these persons have turned to out of state, fly by night Invention Marketing Companies. I'll not go into detail about these companies other than to say, there have been many millions of dollars lost through dealings with them. Once burned, twice shy, these persons that have been burned once rather than chance being burned again will take the rest of their ideas to the grave with them. Representative Bob Mead has introduced legislation on the house side to impede the unethical operations of these companies in Kansas.



I can assure you, there are many innovative persons living in Kansas. Jack St. Clair Kilby, the inventor of the silicon chip, an invention that has altered the course of history, graduated from high school in Great Bend, Kansas in 1941. In my capacity as president of KAI, I see many inventions that with the proper guidance and promotion could improve the quality of life not only in Kansas but worldwide.

We need to provide Kansas inventors the tools with which they can further research their technology. I would like to note that presently, Kansas is one of eight states that does not have a Patent Depository Library. If a person residing in Kansas wishes to research existing technology related to their particular field, they must travel to either Stillwater, Oklahoma, Lincoln, Nebraska, Denver, Colorado or Linda Hall Library in Kansas City, Missouri. For the vast majority of Kansans, this will require a minimum of one day round trip, if they are skilled in the art of searching existing patents. Many will spend three days and still wonder if they have searched all of the available search areas or covered all the bases.

Although I am here to represent many individual inventors, the importance of a Patent Depository Library is not limited to the individual inventor. Large and small industry will utilize a PDL to research technology, research and development departments of Universities will utilize a PDL, Lower grades in educational institutions will use a PDL to encourage creative thinking among students, patent attorneys, historians, government authorities, economic development directors and producers of data banks, all of these are potential users of a Patent Depository Library.

A Patent Depository Library will be a vital link to the economic future of the State of Kansas. With more successful inventors, the state will attract more patent attorneys, grow new industry to develop prototypes, new industry in the search fields, new industry to develop the products now being invented that are manufactured and marketed elsewhere and grow new marketing industry to distribute those products.

Historically, Kansas has been in a large part, supported by two pillars of financial strength: oil and gas and agriculture. While these two vital resources continue to be essential to our economy, and have brought untold wealth and recognition to Kansas, our dependency on them has not been without sacrifice. We now stand on a new threshold, a threshold of new innovation. We have the people, and the people have the innovative spirit to become entrepreneurs of the future. Given the proper tools to work with, these people can bring new wealth and vitality to our great state. A Patent Depository Library in Kansas will be a giant step in that direction.

I am well aware of the controversy over the location of a PDL if one is established in Kansas. To my knowledge, there are six of the most qualified libraries in Kansas wishing to be the first designated library, each having valid reasoning and needs. So lets look at where a PDL would do the most good for the most people.

**First:** a PDL should be located in or near the industrial hub of the state. Contrary to a popular belief, there is life in Kansas west of Wanamaker Road. Close to 75% of our membership reside in this "other part of Kansas." In 1987, out of a civilian labor force of 1,267,000, there were 756,699 or 59.72% of our civilian labor force living west of Shawnee and south of Greenwood Counties. In addition, of the 3168 manufacturers in Kansas, 1975 or 62.43% of them are located in that geographical area of the state.

**Second:** a PDL should be easily accessible to the higher educational institutions within the state. I have included with my testimony, a map provided by the Kansas Department of Education showing locations of the higher educational institutions, and a chart showing mileages. Of the six libraries competing for the PDL, Wichita is the most logical location to do the most good for the most people. Of the 45 institutions on the map, Wichita is closer to 26 and marginally farther from several more. Wichita is better located to serve 4 of the 6 State Educational Institutions, 11 of the 15 Four Year Private Educational Institutions, 15 of the 19 Public Community Colleges, and both of the Two Year Private Educational Institutions within Kansas.

**Third:** a PDL should be located a minimum of 60 miles from the nearest existing PDL. In conversation with Carole A. Shores, Director of the PDL Program, Carole stated that the program had a rule that no library would be located closer than 60 miles from an existing PDL. This rule applies to those libraries in state, state lines notwithstanding.

I have included an article "The Driving Force" published in the February 1990 issue of Entrepreneur Magazine, written by U.S. Representative John J. LaFalce (D-NY), Chairman of the House Committee on Small Business, in which he states: "On the average, small firms introduced more than twice as many innovations per employee as did large firms". (This ties in directly with the 1975 manufacturer locations mentioned in one above). Also, that the introduction of a new innovation reaps some benefits in the form of higher profits, much of the benefits rebound to others -to consumers in the form of lower prices or a new product; to other producers, who imitate the innovation and reap profits; and to firms that use the innovation to produce their goods more cheaply. These are often referred to as "spillover benefits." One study found that the benefits to users from a sample of product innovations was about eight times as great as the gross profit to the manufacturers of these new products.

In Representative LaFalce's closing remarks he states that: "Clearly it is time for government and industry to forge new policies designed to promote innovation. If we invest in innovation wisely, and can generate the 30 percent rate of return that the evidence indicates is possible, the result could be a small but noticeable improvement in our annual rate of economic growth. Compounded over time that would make a major difference in the quality of our children's and grandchildren's lives - and could make possible another century of progress".

The leadership of Kansas has shown great wisdom in the past few years. First through the establishment of the Kansas Technology Enterprise Corporation (KTEC), and through KTEC the Centers of Excellence. Many of our membership are now becoming aware of the assistance available to them provided through your prudent leadership. You have provided them most of the proper tools to work with, please lets not stop here, lets give the citizens of Kansas the Patent Depository Library that they so desperately need. The past is past and very small, the future is limitless.

This concludes my testimony, I will gladly answer any questions either now or after the last testimony.

(Source of information on Civilian Labor Force and Higher Educational Institutions - 1987-88 Kansas Statistical Abstract).

(Source of mileage in chart, Kansas Official Transportation Map, mileage chart.

(Source of Manufacturers Information - Report #161 dated March 1989, titled Technology Transfer and Industry Liaison for Kansas Economic Development, By Anthony L. Redwood, Director, Institute for Public Policy and Business Research, The University of Kansas.

	WICHITA	TOPEKA	LAWRENCE
COLBY **	285 [25]	310	338
HAYS **	175 [30]	205	233
GREAT BEND **	114 [74]	188	215
DODGE CITY **	153 [119]	272	300
GARDEN CITY **	205 [107]	312	340
LIBERAL **	212 [135]	347	371
PRATT **	78 [135]	213	237
HUTCHINSON **	53 [109]	162	186
ARKANSAS CITY **	55 [113]	168	192
WINFIELD **	42 [112]	154	179
ELDORADO **	30 [77]	107	131
NEWTON **	28 [96]	124	149
HESSTON **	34 [141]	175	204
STERLING **	77 [104]	181	210
HILLSBORO **	53 [41]	94	119
MCPHERSON **	58 [78]	136	160
LINDSBORG **	78 [57]	135	163
SALINA **	88 [24]	112	140
COFFEYVILLE **	136 [10]	153	146
INDEPENDENCE **	118 [15]	133	138
Iola +	111	97	78 [33]
Fort Scott +	152	133	105 [47]
Pittsburg +	160	162	135 [25]
Parsons +	134	144	123 [10]
Chanute +	108	109	97 [11]
Concordia *	140	137 [3]	164

Milage from various Higher Educational Institutions in Kansas to the main proposed PDL locations.

\*\* Closer to Wichita (20 Institutions)

\* Closer to Topeka (1 Institution, basic tie with Wichita)

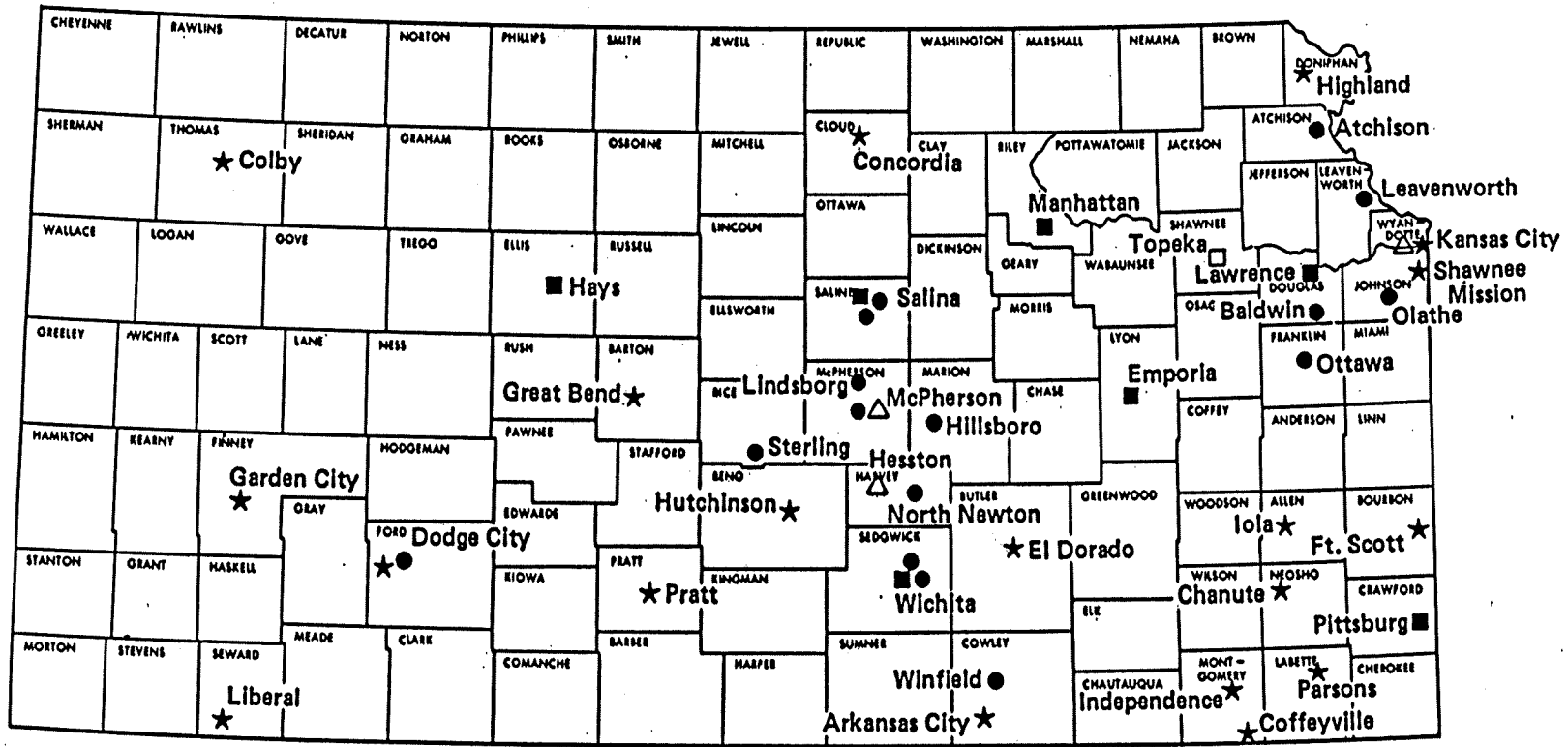
+ Closer to Lawrence (5 Institutions)

[ ] Indicates milage closer than nearest other location.

DOES NOT REFLECT INSTITUTIONS IN WICHITA, TOPEKA OR LAWRENCE.

9-5

### LOCATION OF HIGHER EDUCATIONAL INSTITUTIONS



- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>■ State Educational Institutions</li> <li>● Four Year Private Educational Institutions</li> </ul> | <ul style="list-style-type: none"> <li>□ Municipal University</li> <li>★ Public Community Colleges</li> <li>△ Two Year Private Educational Institutions</li> </ul> |
|--|--|

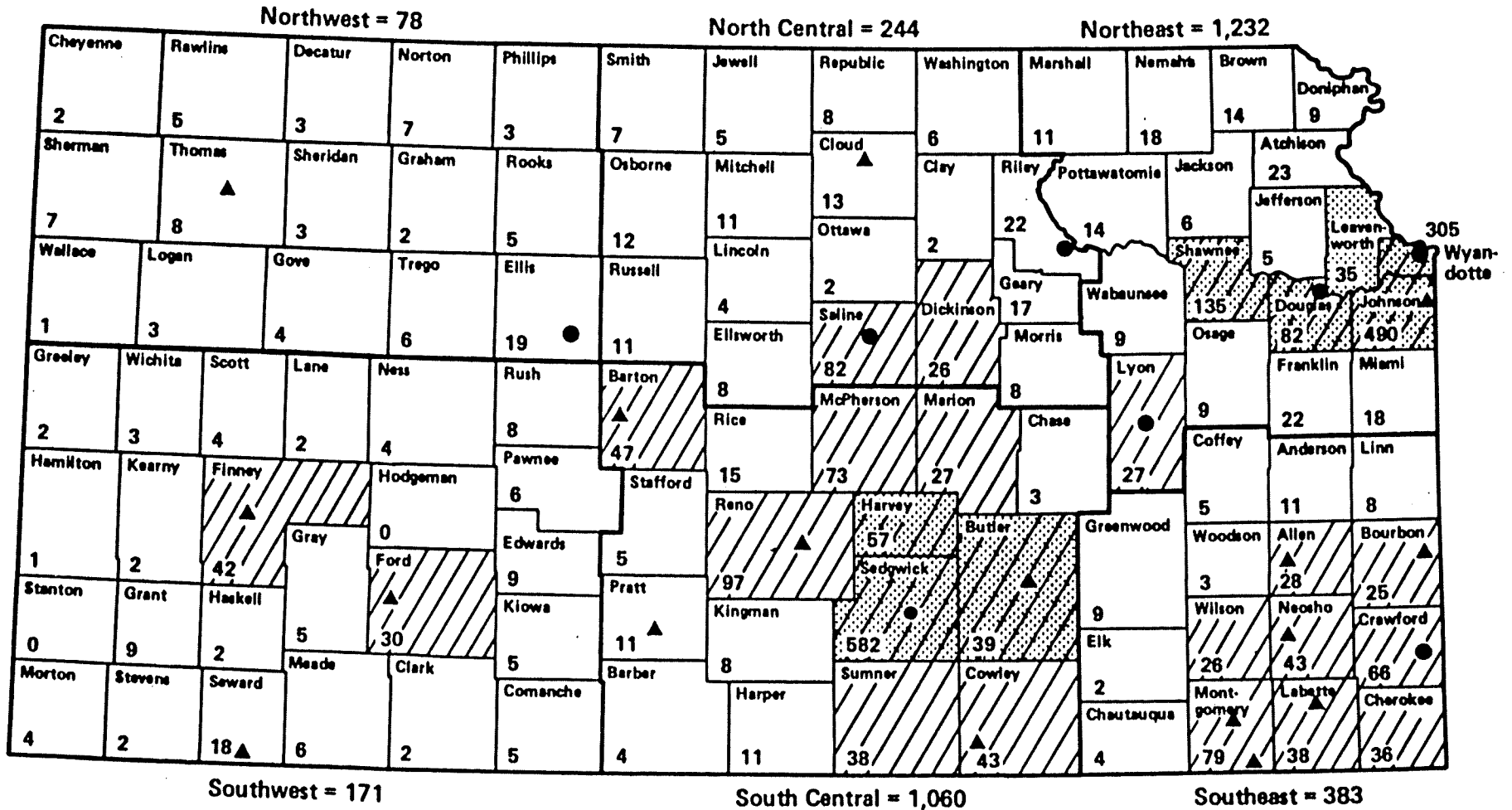
Source: Kansas Department of Education.

9-6



Figure 9

STATE OF KANSAS



● State Educational Institutions  
 ▲ Public Community Colleges

n = Number of manufacturers  
 ▨ ≥25 manufacturers in county  
 ▩ Metropolitan areas

56

9-7

02/16/90

KANSAS ASSOCIATION OF INVENTORS, INC.

HISTORY AND PERFORMANCE DATA

- 1986 **MID-KANSAS INVENTORS ASSOCIATION, Inc.** was formed in Great Bend with 17 members. This small organization and the Mid-Kansas Economic Development Commission went to work to promote and host the first Inventors Exposition and Workshop for the following year. At that time there were no lists of inventors in Kansas available and no sources of assistance for inventors. Members spent many hours on the phone at their own expense to identify existing and budding inventors to participate in the Expo and Workshop. The assistance and encouragement of the Mid-Kansas Economic Development Commission, the use of their staff and office was the driving force that made the Exposition in March of 1987 a success.
- 1987 **KAI** was formed at the membership meeting during the Exposition and became a statewide organization. Mid Kansas Inventors Association, Mid-Kansas Economic Development Commission, Great Bend Chamber of Commerce, Great Bend Visitors & Convention Bureau and Barton County Community College hosted the First Annual Inventors Exposition and Workshop in Great Bend.
- 1988 **KAI** and the Mid Kansas Economic Development Commission hosted the second annual Inventors Exposition and Workshop in Great Bend. KAI started forming Chapters in other cities throughout Kansas. At the end of 1988 there were 4 Chapters in place with a total membership of 167 at the close of 1988.
- 1989 **KAI** has 7 Chapters located in Great Bend, Dodge City, Wichita, Washington/Marysville area, Overland Park, Hays and Topeka. Chapters are forming in Russell, Garden City and Liberal. Several others are in the planning stages. KAI and the Mid Kansas Economic Development Commission hosted the third annual Inventors Exposition and Workshop in Great Bend. 46 inventors exhibited their inventions with several success stories growing from that show.
- KAI** membership experienced phenomenal growth in 1989, membership now stands at over 500 with members nationwide and international.
- 1990 **KAI** has the Fourth Annual Inventors Exposition and Workshop scheduled for March 22-24, 1990 at the Holiday Inn Convention Center in Great Bend. Two new Chapters are slated to begin operation in March. Garden City has joined the roster of Chapters this month.

## RESOURCES AVAILABLE

KAI publishes a quarterly newsletter, (KAI Developments) Pertinent information for the inventor and interested persons.

KAI publishes a Resource Directory (over 90 8-1/2 x 11 pages) for members only. [Lists members by name, address, areas of expertise] sources of assistance, patent attorneys, Small Business Development Centers, Dept. of Commerce field representatives and etc. Lists over 200 manufacturers in Kansas and over 700 Manufacturer Sales Reps in 9 states seeking new products.

KAI is a member of the United Association of Manufacturer Sales Representatives, accessing over 7000 more sales representatives.

KAI is associated with the Innovation Institute at the SW Missouri State University. Exclusive use of "State of the Art" 39 point Invention Evaluation Process.

KAI is associated with the US Dept of Commerce, Department of Energy and has assisted with National Innovation Workshops in Norman, Oklahoma and Ames, Iowa.

KAI is associated with the Argonne National Laboratory operated by the University of Chicago under contract with the U.S. Department of Energy.

KAI works closely with the Kansas Technology Enterprise Corporation assisting inventors with technical innovations. KTEC has assisted with KAI Expositions and Workshops.

KAI works closely with the Small Business Development Centers in Kansas to assist inventors. The SBDC continues to assist KAI with Workshops, Expositions and development of new chapters.

KAI is working with the Kansas Department of Commerce to assist inventors. The Department of Commerce has and continues to assist the KAI with Workshops and Expositions. KAI and the KDOC co-sponsor workshops in outlying communities.

KAI has assisted manufacturers and industry in Kansas. We have placed several inventions for manufacture.

KAI has secured a complete NASA Technical Data Base on computer giving us over 12,000 technical briefs on technology developed by and for NASA over the past 25 years. A search of this data base is available to members free upon request.

KAI President is a member of the Toy and Game Inventors of America and the Society of American Inventors.

KAI was instrumental in starting the only Venture Capital Club in Kansas. (Not to be confused with Certified Venture Capital Companies)

KAI has surveyed the Attorney General Offices in all states to determine their policies and procedures dealing with Invention Marketing Company complaints. KAI can now refer out of state requests for information to the proper contacts in their home states.

KAI requested and received a grant of \$1000 in the form of five video tapes on Patents, Trademarks, Copyright and Trade Secret from 3M company.

### POINTS OF INTEREST

KAI membership is growing on the average of 26 members monthly.

KAI has had requests from 12 other states for assistance with organizational format.

KAI has identified and exposed unethical Invention Marketing companies operating nationwide. Over 3000 complaints in 16 Months have been reported to this office. Many have been resolved.

KAI has been responsible for close to \$125,000 being returned to citizens of Kansas from Invention Marketing Companies.

KAI President has written and mailed letters to the editors of all major newspapers nationwide (20,000 population or more) cautioning the public about the pitfalls of dealing with an Invention Marketing Company.

KAI President has written and submitted proposed legislation to control Invention Marketing Companies operations within Kansas. KAI will submit this legislation to other states upon request.

KAI in comparison with 88 other Inventor Assistance Organizations nationwide, is the only organization with all the following programs operational at present. 1) Patent assistance, 2) Manufacturing assistance, 3) Financial assistance, 4) Host Inventor Exposition, 5) Host Inventor Workshops, 6) Maintain Local Chapters, 7) Have Not-for-Profit status, 8) Publish a Newsletter, 9) Assist Industry and 10) Marketing assistance.

KAI President is a member of the Kansas Small Business Development Centers Advisory Board. Also member of the Small Business Administration four State Small Business Innovation Research Committee.

KAI president is member of the Advisory Committee of the KTEC Intellectual Property Coordinators Program.

KAI is an Associate Member of the Kansas Association of Broadcasters.

KAI President has assisted in collecting data and assisting with an Incubator Study for the Central Kansas Business Development Center, Inc. It is expected that many members of KAI will become tenants of this facility to grow and nurture new business around their invention to enhance and stabilize the economic future of Kansas.

KAI is promoting creative thinking among the youth of Kansas through presentations to school classes.

KAI requested and received an Economic Excellence Grant of \$10,000 from Southwestern Bell to be used to educate Kansans on intellectual property, develop a computer cross reference of industry and inventors and educate school students on the creative thinking programs available to them.

KAI is supported by 40% of the membership dues with 60% returned to the Chapters for Chapter support. Office support is provided by Barton County's Mid-Kansas Economic Development Commission. With no other source of support, KAI is limited in the amount of assistance we can provide.

KAI President was named "Entrepreneur of the Year" by the Sterling College SIFE Program for his contributions to protect the rights of the Kansas Inventor.

KAI is one of two assistance sources listed on the new U.S. Small Business Administration brochure, 30,000 first printing.

KAI President operates the office 50-60 hours each week on a voluntary basis. At present, no person in this organization is compensated for any assistance provided.

#### GOALS AND OBJECTIVES

1. To work closely with the Director of the Patent Depository Library Program to establish a Patent Depository Library in Kansas.
2. To continue to work with the State Director of the Small Business Development Centers and Southwestern Bell to develop a Regional Innovation Workshop (5 state, Kansas, Nebraska, Oklahoma, Colorado and Missouri) to be hosted in Kansas in the fall of 1990.
3. To continue to work with KTEC officials as the new Industrial Liaison Program is established and economic development objectives of the State of Kansas are achieved through technology transfer, research and development, and "The Spirit of Entrepreneurism and Invention."
4. To continue to work with Mid-Kansas Economic Development Commission and Central Kansas Business Development Center, Inc., to develop a business incubator in Barton County.
5. To continue to work with the youth of Kansas to refine and improve their creative thinking skills. Our youth are our future.



Congressman Asserts Small-Business Innovation Powers U.S.

# THE DRIVING FORCE

**T**he century that is drawing to a close has been termed the "Century of Progress." In some ways, of course, that label is overly optimistic. But in many important respects—judging by our nation's economic well-being, for example—calling this the Century of Progress may be an understatement.

In 1870, just after the Civil War, Americans' per capita income was about equal to the current income in Egypt or the Philippines, and Americans spent more than 90 percent of their incomes on basic necessities—food, clothing and shelter. In the following 110 years, output per work hour in the United States would increase by more than 1,000 percent. The rise in productivity was enough to permit the average number of hours worked per year to fall by 40 percent, while output per person increased eightfold.

This was a transformation in living standards the likes of which the world had never seen. Thanks to these changes, it can truly be said that our lives resemble those of our grandparents less than our grandparents' lives resemble those of their ancestors a thousand years before.

The question we ask now, as we approach the next century, is "Can the progress continue?" We have seen a dramatic slowing in productivity since

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Innovators like Thomas Edison put this "Century of Progress" into motion—and will keep the next century moving forward.

Photo © FPG International

BY CONGRESSMAN JOHN LaFALCE

1973, and therefore, we have also seen very little growth in real per capita income over the past 15 years.

The House of Representatives Committee on Small Business, which I chair, recently explored these problems and possible solutions as part of an ongoing series of hearings on the American Enterprise Economy. In these hearings, we discussed reviving the long-term growth in our economy and our nation's standard of living.

A central finding of our hearings was that the biggest factor in the long-term growth of our standard of living is technological progress. By technological progress I mean advances in our knowledge of how to produce new and better products at a low cost, and incorporation of that knowledge into the production process.

Technological progress accounts for about 50 percent of the growth in the gross national product (GNP) per person employed over the past half century. Thus, in the long run, technological progress is the most important determinant of whether American living standards rise or stagnate;

whether American goods are competitive in world markets; and whether the United States has the financial resources to wage a war on drugs, to clean up the environment, and to provide for the

poor and the elderly.

Innovation is the first commercial application of an advance in knowledge, and therefore plays a central role in technological progress. One of the aims of our hearings was to explore the role of small vs. large businesses as sources of innovation. I have

often heard it said that small business is the engine of innovation and economic growth and the key to American competitiveness in world markets. I have also heard the exact opposite—that large corporations are the best innovators, because research and development (R&D) often requires a large commitment of resources and is more efficient on a larger scale.

Is it true that small is beautiful, or is bigger better? The only way to answer that is to look beyond the extravagant claims on both sides, and to examine the evidence. That evidence points to one conclusion: Though large corporations are more efficient in certain circumstances and in certain industries, small businesses, on the average, have made a disproportionately large contribution to innovation.

In one extensive study, Gelman Research Associates, a Jenkintown, Pennsylvania, firm, asked experts to identify the 500 most important technological innovations introduced into the market between 1953 and 1973. They found that although the results

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Small businesses have introduced many of the basic innovations (computers, cameras, etc.) that have altered the nature of our world.

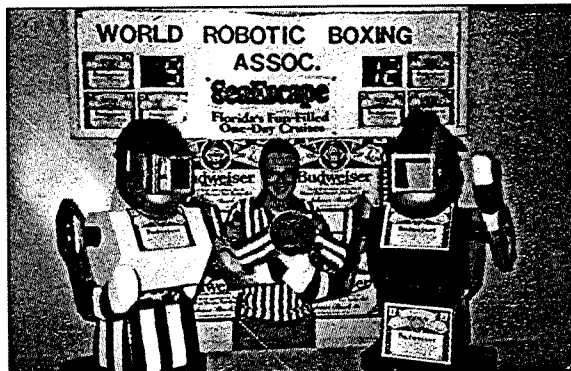
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They now have over 60 associate promoters, from Alaska to England, Miami to Guam. Their rapid growth is due to the success of the sport of "robotic boxing," which they invented three years ago. The "Rocky-bots" are a pair of 4-foot tall boxing robots that remind people of the Rock'em, Sock'em Robot game they had as kids. People actually control the robots themselves and score points by



"Rocky-bot" and "T-bot" are punching out big profits for promoters!!!

knocking the robot's block off.

Promoters are making \$350 to \$1,000 an event, plus entry fees by promoting tournaments at bars, colleges, fairs, military bases, etc. The key word

here is "fun"! Each contestant is assigned a "fighting name" like "Handsome Harry" or "Jigglebutt Judy," plus they get to have a manager at ring side to coach them and hand them beer between the bouts. It's an action-packed, audience participation sport, where everybody has a great time.

The total investment to become a "Rocky-bot" promoter is only \$5,000, and many promoters have gotten their investment back in less than 90 days, plus have cashed in on

Namanny's other inventions. ■

For more information, contact Keith Namanny, World Robotic Boxing Association, (712) 774-2577.

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varied from industry to industry, on the average, smaller companies contributed 20 percent more of these major innovations per employee than did large corporations.

A more recent study by the Futures Group, based in Glastonbury, Connecticut, examined 8,074 innovations introduced in 1982 and came to an even more striking conclusion: On the average, small firms introduced more than twice as many innovations per employee as did large firms.

This evidence is consistent with casual observation. Think about it and you'll realize that small businesses have introduced many of the basic innovations that have altered the nature of our world: The personal computer (Apple); the supercomputer (Cray); the instant camera (Polaroid); the Xerox copier (Haloid—now called Xerox Corp.).

Why are small businesses such prolific innovators? Several theories have been suggested. First, small businesses do not have the layers of bureaucracy that large corporations often do, so that when someone comes up with a new idea it can be tried out without being rejected by the higher-ups as "too risky."

Second, good ideas often get lost in large firms. One survey of R&D, marketing, and production executives at 20 major firms in the petroleum, chemical, drug, and electronics industries found that a significant percentage of R&D projects were either not commercialized or were unsuccessfully commercialized because the firms' marketing and production people did not fully grasp the potential of the ideas.

Specifically, the study found that the success rate on R&D projects would have increased by over 50 percent if the R&D results had been fully and properly utilized by marketing and production staff. To overcome such problems, many large corporations are borrowing small-business strategies such as encouraging and empowering employees to innovate and to think creatively, and breaking down the bar-

riers between R&D, production, and marketing departments that prevent good ideas from being developed to their full potential.

Small businesses also tend to be in close touch with customer needs, while at large corporations, most employees are several steps removed from the customer and frequently lack a clear sense of what kinds of innovations are needed. A number of innovation studies have indicated that a keen understanding of user needs is a crucial factor distinguishing successful innovators from unsuccessful ones.

Another important finding from our hearings is that society is seriously underinvesting in innovative activity. Innovation

greatly benefits people other than the innovator.

For example, when a firm introduces a new innovation, it reaps some benefits in the form of higher profits, but much of the benefit redounds to others—to consumers, in the form of lower prices or a new product; to other producers, who imitate the innovation and reap profits; and to firms that use the innovation to produce their goods more cheaply. These are often referred to as "spillover benefits." One study found that the benefit to users from a sample of product innovations was about eight times as great as the gross profit to the manufacturers of these new products.

There have been many cases where the rate of return a firm could expect from developing an innovation was so low that the company decided not to innovate. Yet the expected social rate of return—taking into account all spillover benefits and costs—was large. By not investing in such innovations, then, businesses are depriving society as a whole of their benefits.

Studies have consistently found that innovation has large social rates of return—as much as 60 to 100 percent. Furthermore, society could invest additional funds in these activities and reap an additional return of at least 30 percent. That is higher than the

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This has been termed the  
"Century of Progress." The  
question we ask now is, "Can  
this progress continue?"

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rate of return on other private and public investments. These figures indicate that if we wish to spur our long-term rate of economic growth, public and private policies to stimulate innovation may be the way to go.

In fact, while some government policies to spur innovation—such as the development of the supersonic transport in this country—have failed, other government innovation policies have enjoyed great success. The U.S. agricultural research and extension system, for example, has been strikingly successful over the course of a century in spurring agricultural innovation. The system consists of a network of federal and state research units, as well as federal research developments.

Studies have consistently found that the system's research output has very high social rates of return—often 50 percent or more. In fact, even under conservative assumptions, the returns on either corn or soybeans alone



Society as well as entrepreneurs benefits from innovation, says Rep. John LaFalce.

are enough to justify the entire U.S. investment in agricultural research and extension. And productivity in ag-

riculture has grown faster over the past 50 years than productivity in any other broadly defined sector of the American economy.

Perhaps agriculture can serve as a model for innovation policies in other sectors of the economy. Clearly, it is time for government and industry to forge new policies designed to promote innovation. If we invest in innovation wisely, and can generate the 30 percent rate of return that the evidence indicates is possible, the result could be a small but noticeable improvement in our annual rate of economic growth. Compounded over time, that would make a major difference in the quality of our children's and grandchildren's lives—and could make possible another century of progress. ■

*Rep. John J. LaFalce (D-NY) is the Chairman of the House of Representatives Committee on Small Business.*

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February 21, 1990

Senator Dave Kerr, Chairperson  
Senate Committee on Economic Development  
Capitol Building  
Topeka, KS 66612

About: **Senate Bill 439**, authorizing a patent depository library.

Dear Senator Kerr and members of the committee:

The State Library wishes to give the strongest possible encouragement to the Legislature's action to establish and support a patent depository library in Kansas.

Patent information is very important to the processes of effective product invention and product development. A patent library must be established and supported by state government or a major library, because the maintenance of this kind of collection is beyond the capability of an individual or an individual business. The U. S. Patent and Trademark Office must ultimately designate a Kansas library and will evaluate any proposed location for effective public access and for the viability of ongoing state or local support of the library.

The state's support of a patent depository library is justified because this information resource provides an invaluable support to invention, product development and manufacturing. This kind of library is a strong and specific support for economic development.

Kansas has an active and creative group of inventors located throughout the state. We have established manufacturers and the strong potential for the expansion of manufacturing if appropriate product development is encouraged. We have access to national and international markets and the full capability for product marketing and distribution. What Kansas has critical need for is the effective supports from information services which encourage innovation, invention, research and development. A patent depository library is a very important component of this kind of information service.

The State Library has worked for several years to raise the awareness of the value of a patent depository library. It was our original hope and intention to provide this service from the State Library in order to provide an effective work location for researchers and also to provide effective networking of this

SENATE ECONOMIC DEVELOPMENT  
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information to researchers in distant locations in the state. However, the ultimate location of the proposed library is of secondary importance if the objectives of effective public access and effective reference service and information networking from the patent collection are a commitment of the designated library location.

The primary objective should be to give economic development in Kansas the important support of an effectively administered patent depository library. The library should be at the most accessible location which meets the criteria for designation by the U. S. Patent and Trademark Office.

We sincerely appreciate the initiative of the Senate Economic Development Committee to bring this issue before state government for serious consideration.

Respectfully yours,

  
Duane Johnson  
State Librarian