CONGRESS SHOULD PASS THE IDEA ACT TO PROMOTE A STRONGER AND FAIRER U.S. ECONOMY

Intellectual property (IP) is critical to the U.S. economy. The U.S. Patent & Trademark Office (USPTO) has estimated that IP-intensive industries account for more than 40% of U.S. economic activity and support 63 million jobs—44% of the U.S. workforce.

Despite the enormous significance of IP to both the economy and to individual inventors, not all Americans share equally in the opportunity to patent. Women, people of color, and lower-income individuals patent inventions at significantly lower rates than their representation in the population. These disparities impair economic growth and U.S. leadership in innovation.

We currently do not have a complete picture of the problem because the USPTO does not collect demographic data on inventors, leaving researchers to rely on names and zip codes as proxies for gender, race, and socioeconomic status. Gathering information on the demographic characteristics of inventors is a critical step toward identifying and closing diversity gaps in patenting, strengthening our economy, and building a more diverse and inclusive innovation ecosystem, complete with new inventors, new ideas, and new technologies.

The Facts on Underrepresentation in Invention

- A 2020 study from the USPTO found that less than 13% of all inventors listed on U.S. patents were women. Women hold only 5.5% of commercialized patents.
- Black and Hispanic college graduates apply for and obtain patents at half of the rate of White college graduates.
- Patenting activity by Black inventors peaked in 1899 and has not recovered.
- Children in families in the top one-percent of family income are ten times more likely to patent as adults than children in families in the entire bottom half of income.
- We do not have a complete picture of underrepresentation in innovation because the USPTO does not collect or maintain demographic data on inventors.

Inventors and Small Business Owners Benefit from Holding Patents

- Inventors who are granted patents personally benefit from increased income, new promotion and job opportunities, broader social networks, and heightened prestige. After controlling for occupation, migrant status, and other characteristics, researchers found that inventor-patentees typically earn higher wages over their lifetimes than non-inventors. Moreover, 58.5% of inventor-patentees have incomes in the top 10%.

- Holding patents aids individuals and companies in accessing capital, obtaining licensing revenue, and growing their business. Start-up companies with patents granted by the USPTO have a higher likelihood of obtaining venture capital funding or loan financing, which may be used to attract qualified personnel and other resources that lead to business growth and product innovation.

Closing Gaps in Patenting Would Strengthen the U.S. Economy and Create Jobs

- According to research by Dr. Lisa Cook at Michigan State University, including more women and African Americans in the "initial stage of the process of innovation" would increase annual U.S. GDP by nearly $1 trillion.

- A study by Harvard researchers found that increasing participation in invention and patenting by underrepresented groups would quadruple the number of American inventors.

- Another study found that start-ups that obtain a patent employ an average of 16 more new employees after five years, compared to start-ups that do not obtain a patent.

Congress and the Administration Should Enact the IDEA Act to Promote Broad Participation in Inventing and Patenting

- The bipartisan, bicameral Inventor Diversity for Economic Advancement (IDEA) Act (S.632/H.R.1723) would direct the USPTO to collect inventors' demographic data on a voluntary basis and make this information available in the aggregate for research.

- The USPTO would keep this information separate from patent applications to mitigate implicit bias in the patent examination process.

- Collecting demographic data on inventors will allow the USPTO and the public to accurately examine the patent gaps and track progress toward closing them.