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OPENING STATEMENT OF SENATOR MATHIAS

HEARING ON PROCESS PATENT REFORM, S. 1543
October 23, 1985

The Subcommittee meets this morning to hear testimony on the process patent amendment, S. 1543, which I introduced with Senator Lautenberg on July 30. Similar legislation passed the House and was approved by the Senate Judiciary Committee last year, but was sidetracked during the hectic final days of the session last fall.

The bill aims to strengthen our patent system by eliminating a loophole that affects products manufactured abroad using a U.S. patented process. Under current law, these products may be imported into the United States and used or sold in competition with the products of the U.S. patent holder. This situation sends American jobs overseas and adds billions of dollars to our balance of trade deficit. S. 1543 would close this loophole by prohibiting the importation, use or sale in this country of products made abroad by a U.S. patented process.

I was pleased to note that the President included process patent reform in his recently announced package of trade initiatives. Prior to that, the President's Commission on Industrial Competitiveness strongly recommended that Congress enact process patent reform. Presenting the Administration position today will be the Commissioner of Patents and Trademarks along with representatives of the Department of Justice and the office of the U.S. Trade Representative.

We will also hear today from representatives of the chemical, pharmaceutical, and biotechnology industries, all of which have been adversely affected by the existence of the process patent loophole. We will explore the concerns of the retailers and of the generic pharmaceutical industry, and discuss with these witnesses some of the precautions that have been included in the bill to make sure that enhanced protection for U.S. patented processes does not cut off supplies to any domestic business. And we will hear from legal experts who have studied and practiced the patent law.

Let me now welcome our first witness, Senator Frank Lautenberg, who was very helpful in our efforts to pass this provision last year, and who is the principal cosponsor of the bill this year.