

Calendar No. 483

114TH CONGRESS }
2d Session }

SENATE

{ REPORT
114-419

SMALL BUSINESS INNOVATION PROTECTION ACT OF 2016

DECEMBER 20, 2016.—Ordered to be printed

Filed, under authority of the order of the Senate of December 10 (legislative day,
December 9), 2016

Mr. VITTER, from the Committee on Small Business and
Entrepreneurship, submitted the following

R E P O R T

[To accompany S. 2846]

The Committee on Small Business and Entrepreneurship, to which was referred the bill (S. 2846) to amend the Small Business Act to expand intellectual property education and training for small businesses, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. INTRODUCTION

The Small Business Innovation Protection Act of 2016 (S. 2846) was introduced by Senator Gary Peters on April 25, 2016, with Committee members David Vitter, James Risch, Christopher Coons, and Mazie Hirono as cosponsors. The Act would provide for expanded intellectual property education and training for small businesses. During the markup of the bill, the bill was approved by roll call vote without amendments.

II. HISTORY (PURPOSE & NEED FOR LEGISLATION)

In the United States, intellectual property enjoys strong legal protections and rights through copyrights, patents, and trademarks. Intellectual property rights are essential in encouraging entrepreneurship. The United States Patent and Trademark Office (USPTO) offers intellectual property training through the Global Intellectual Property Academy. In 2012, the Small Business Administration and USPTO released a joint report on international

patent protection for small businesses. The report found that many small businesses may benefit from extending patent rights outside the U.S., but few were aware of the necessity or the mechanisms available to accurately and effectively pursue an international patent. The report determined that the USPTO and the SBA are well positioned to build upon several successful current intellectual property education and training programs in order to reach more small businesses.

III. HEARINGS & ROUNDTABLES

In the 114th Congress, issues related to intellectual property protections were addressed.

On February 25, 2016, the Senate Committee on Small Business and Entrepreneurship held a hearing entitled “An Examination of Changes to the U.S. Patent System & Impacts on America’s Small Businesses.” The hearing examined the abuse of patent litigation and its effects on small businesses. At this hearing, witnesses testified about the need to protect intellectual property.

On March 19, 2015, the Committee held a hearing entitled “Patent Reform: Protecting Innovation and Entrepreneurship.” The purpose of this hearing was to examine the effects of current patent rights laws for small businesses and entrepreneurs.

IV. DESCRIPTION OF BILL

The Small Business Innovation Protection Act of 2016 bill will address the aforementioned challenges small businesses have in obtaining, maintaining, and enforcing foreign and domestic patents. Specifically, the bill will require the SBA and USPTO to enter partnerships to leverage existing outreach programs in order to educate more small businesses on domestic and international patent protection.

V. COMMITTEE VOTE

In compliance with rule XXVI(7)(b) of the Standing Rules of the Senate, the following vote was recorded on May 11, 2015.

A motion to adopt the Small Business Innovation Protection Act of 2016, a bill to amend the Small Business Act to expand intellectual property education and training for small businesses and for other purposes, was approved by roll call vote with the following Senators present: Vitter, Risch, Scott, Ernst, Ayotte, Shaheen, Cantwell, Cardin, Heitkamp, Markey, Booker, Coons, Hirono, and Peters.

VI. COST ESTIMATE

In compliance with rule XXVI(11)(a)(1) of the Standing Rules of the Senate, the Committee estimates the cost of the legislation will be equal to the amounts discussed in the following letter from the Congressional Budget Office:

JUNE 30, 2016.

Hon. DAVID VITTER,
Chairman, Committee on Small Business and Entrepreneurship,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2846, the Small Business Innovation Protection Act of 2016.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Stephen Rabent.

Sincerely,

KEITH HALL.

Enclosure.

S. 2846—Small Business Innovation Protection Act of 2016

S. 2846 would require the Small Business Administration (SBA) and United States Patent and Trademark Office (PTO) to develop partnership agreements to provide training materials and opportunities to small businesses on domestic and international protection of intellectual property. It also would require Small Business Development Centers, in conjunction with PTO, to provide training to small businesses on domestic and international protection of intellectual property. The SBA funds a portion of the operations of Small Business Development Centers, which provide counseling, training, and technical assistance to small businesses.

On the basis of information from the SBA and PTO about the resources needed to conduct such training, CBO estimates that the costs to implement S. 2846 would not be significant. Enacting S. 2846 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 2846 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2846 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. The SBA provides grants to Small Business Development Centers that are hosted by universities, colleges, and state agencies for economic development. Any costs those entities incur would result from complying with conditions of assistance.

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for state and local effects). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

VIII. SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section designated the bill as the “Small Business Innovation Protection Act of 2016”.

Section 2. Definitions

This section defines the terms administrator, director, SBA, small business concern, small business development center, and USPTO.

Section 3. Findings

This section relates to findings of Congress regarding USPTO and the SBA's ability to administer intellectual property and training programs aimed at small business concerns.

Section 4. SBA and USPTO partnerships

This section dictates that the Small Business Administration shall develop partnership agreements. These agreements shall develop high-quality training for small businesses related to intellectual property protection, leverage training materials already developed, and include the participation of a nongovernmental organization. These partnership agreements must also make use of electronic resources for training and the training of headquarters or regional offices of the United States Patent and Trade Office.

Section 5. Small businesses development centers

This section amends the Small Business Act to require that small business development centers provide training relating to intellectual property protections and how these protections can be applied to the business plans and growth of small businesses.