meetings in my district, and another issue that comes up frequently is the whole issue of pension reform. We read about some of our retiring colleagues or some of the former colleagues that have retired from this body, and we hear about six-figure pensions which they will receive for the rest of their lives, adjusted for inflation, and, frankly, I think that is an outrage that a lot of the American people feel.

So we came up with a relatively simple bill, it is H.R. 1618, which would change the way that pensions for Members of Congress are accrued. That bill now has, I think, 57 different cosponsors. I am going to be going up to a meeting in the Committee on Rules in just a few minutes to see if perhaps we cannot get a modified version of that adopted or at least made in order for adoption onto the legislative appropriation bill.

But I want to talk a little bit tonight about legislative or congressional pensions and what has happened over the last number of years, because I think some of our Members do not quite understand that the whole history of congressional pensions is really not that old of a history. In fact, until January 1942, there was no pension for any Member of Congress. As a matter of fact, in January 1942, the Congress for the first time passed pensions for Congress into law, but it was repealed 2 months later. It was repealed because of the public outcry.

Again in 1946, the Congress came back and instituted a pension for Members of Congress, and I would like to read for the benefit of Members what they said in the preamble to that bill. They said that, and I quote, ''It would contribute to the independence of thought and action. It would be an inducement for retirement of those of retiring age or with other infirmities, and it would bring into the legislative service a larger number of younger Members with fresh energy and new viewpoints concerning the economic, social and political problems of the Nation.''

That was in 1946. Frankly, what we see today is an awful lot of Members who are staying long beyond their years and, frankly, we should encourage early retirement.

So my bill is relatively simple. It says that if Members stay longer than 12 years, they cannot continue to accrue additional pension benefits. We would limit pension accrual for Members of Congress to only 12 years.

Consider some of the annual pensions that some of our colleagues who have retired already are currently receiving, and I want to be bipartisan about this: Former Speaker of the House Tom Foley is currently getting a pension from the taxpayers of $123,804; Dan Rostenkowski, who will soon become a constituent of mine in Rochester, MN, will be receiving a pension of $96,462.

But I want to be bipartisan. Former Minority Leader Bob Michel will be receiving a pension of $110,538, and that will be adjusted each year for inflation.

As a percentage of their last years' salaries, Mr. Foley will be getting 72 percent of his last year's salary, Mr. Rostenkowski, 73 percent, and Mr. Michel, 74 percent.

Now, according to Money magazine, the average private-sector employee gets a retirement of about 27 percent of their last year's income.

The National Taxpayers' Union calculates that the lifetime benefits for these retiring Members, for example, two of our Members who are retiring this year, one a congresswoman from Colorado, her lifetime benefit, if you accrue this over the lifetime of what she is assumed to receive, will be $1,182,573. Another of our colleagues, a gentleman from Massachusetts who is retiring this year, the total cost of his accrued benefits amount to $3,461,869.

Under the bill that we are introducing, H.R. 1618, and that we have introduced and the bill that we would hope to get offered as an amendment to the legislative appropriation bill, the maximum amount that a new Member of Congress, beginning with the 105th Congress, could receive at today's salary would be $27,254. Now, compared to people in the private sector, that is still a generous benefit, Mr. Speaker. On the other hand, compared to what former Members and current Members of Congress are receiving, that certainly is a step in the right direction.

So if we cannot have term limits, I believe that we ought to take some of the fun out of staying here for long periods of time and go back to what the Congress said in 1946 when they introduced the whole notion of pensions for Members of Congress. There is tremendous public support for this basic idea. We have had national polling done by the Luntz Research Cos., and they concluded that 78 percent consider this a good idea or a top priority. Two-thirds would be more likely to reelect a Member who voted for this pension reform.

Mr. Speaker, I would like to perhaps take this issue up again tomorrow.

SAFEGUARD THE PROTECTIONS OF INTELLECTUAL PROPERTY

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New York [Mr. FORBES] is recognized for the balance of the pending hour as the designee of the majority leader.

□ 1600

Mr. FORBES. Mr. Speaker, I take the floor this afternoon to speak of an issue of grave importance to all of us as Americans. If you like the North American Free Trade Act [NAFTA] and you like the General Agreement of Tariffs and Trades [GATT] you are going to love the upcoming reforms to one of the most important tenets of American ingenuity, the protection of intellectual property, our ability as a nation to protect our ideas, our inventions.

Ladies and gentlemen, this issue is of paramount importance. I rise to alert millions of my fellow Americans about the importance of this Nation's patent system. It was so important that our Founding Fathers saw fit to include the protections of intellectual property in the U.S. Constitution.

The greatness of America has been defined largely by American ingenuity, by people like Henry Ford, Eli Whitney, the host of inventors who have made America number one in the world. Our dominance throughout the 20th century has largely been because American ideas have been protected from foreign intrusion. American inventors, who schemed at their kitchen tables or out back in their garage and came up with a new invention, those ideas were protected by patent law.

Mr. Speaker, I rise this evening because we are about to give away American ingenuity. This administration, in its move to provide for a one-world global economy, is about to forsake the uniqueness that is American ideas. The uniqueness that is American ideas. Our patent system is about to be changed if Americans do not come to the defense of the existing patent system that protects American ideas. We call it the Moorhead-Schroeder Steal American Ingenuity Act.

Mr. Speaker, this is not one of those glamorous subjects that so enthralls the public that they sit captivated on every word. But like the American Revolution, like the Civil War, like the movement from an agrarian society into an industrial society, if we do not step forward and protect our right as Americans to have new ideas, to invent the kinds of products and services that have made America unique, we will move into the 21st century a lesser nation, as Japan and China and every other industrial world moves to steal American ideas.

Specifically, what am I talking about? Mr. Speaker, for over 100 years that young individual who was out back in the garage working on that new idea, and once that idea took root, would send in all of the schematics and all of the parts of that idea that made it unique to that person and file it in Washington with the U.S. Patent Office. The U.S. Patent Office would then have one of its examiners review that patent, that unique idea, that notion that was just so individual to that individual and their ability to invent a new product that nobody else had come up with that idea.

Well, as the examiner looks to that invention and the uniqueness of that intellectual property of that American citizen, the presumption has always been that it is owned by that American individual who was out back in the garage coming up with a new product.

As they reviewed the uniqueness of this American idea, prior to giving the patent, it was protected. No foreign nation could sneak in and grab that idea and copy that idea. No multinational corporation with a legal department of 100 lawyers could sneak in there and grab that idea, certainly not with the

complicity of the United States. That small individual's idea, that individual's idea that was a small idea to start with was unique and protected.

Now, in this global economy, this administration's move to make it a one-world relationship, we are about to hand off the uniqueness of the American patent system so that we can lower the standards of American ingenuity so that other nations will have benefit of the unique ideas that are so American.

Imagine if Henry Ford, in inventing the model A, had taken those ideas and sent them off to Washington, DC to the Patent Office, thinking that it was a unique idea of his, that he had this great idea for a motor car, a horseless motor car. But imagine if Henry Ford were doing that under the new Clinton administration policy that they so want to push, where in 18 months, before the patent had even been issued, all of those notions about Henry Ford's new model A would be in the public domain.

Here is poor Henry Ford, long before he had become famous. He did not have the capability to hire a battery of lawyers to protect himself or his idea that was uniquely his. He did not have that protection. But along came that multinational corporation, with their legal staff of 100 lawyers and there was Henry Ford's model A, 18 months out, published, for all the world to see, to copy.

No longer was Henry Ford's model A uniquely American. No, now they are going to produce them in Japan and in China and all over the world, where governments finance efforts to steal American technology. Governments step in and finance it in other parts of the world.

So here we are, something so uniquely American, where the presumption has always been that if Henry Ford had come up with the idea for a model A that was uniquely Henry Ford's idea, it was to be protected and it said so in the U.S. Constitution. But now we have the Commissioner of the United States Patent and Trade Office, who in negotiations said, you know what, we have to lower American standards so that we are fairer to the Japanese, so that we are fairer to the Chinese, so that we are fairer to all the other nations of the world; and no longer will Henry Ford's model A be unique to Henry Ford because here is poor Henry Ford, he is not a big corporation yet, he is just a private guy working in his garage.

He had a great idea, but along comes that battery of lawyers from another nation. In the past, under the patent system, the idea was always presumed to be Henry Ford's. No foreign government could steal it, no multinational corporation could steal it. It belonged to Henry Ford. It was his intellectual property, protected under the U.S. Constitution.

Well, as I said, the Commissioner of the U.S. Patent Office is moving this Nation into a new era. And it is a troubling era that I quite honestly believe, if it is allowed to stand, if the proposed legislation that will be coming to this floor in the next several weeks, the Moorhead-Schroeder Steal American Technology Act, if that is allowed to come to this floor and it is approved by this body, and approved by the other and signed into law, watch American ingenuity take a back seat, because it will no longer be protected.

The genius that has so defined this country in the last 100 years, that has been so uniquely American, will now be subject to invasion from abroad. No longer will that individual who came up with that great idea, once the Patent Office approved that person's application, no longer would there be a 17-year protection, because in 18 months, whether the patent has been approved or not, it will be published in the public domain for all to see, for all to copy, and we will be putting American ingenuity in jeopardy, as multinational corporations, as foreign governments are able to step forward and rob, and rob, Americans of their ideas.

Mr. Speaker, we have been discussing here the challenges that American ingenuity is facing: In 1868 the air brake, an American idea; 1911, air-conditioning; 1911, the self-starter automobile; 1972, the pocket calculator; 1925, the circuit breaker; 1852, the electronic brake, and we could go on and on and on about ideas that came about because a bright, forward thinking American sat down at their kitchen table and put their talent to work and came up with some creative ideas to make life easier in America, and those ideas were sold abroad.

A patent is an official document, Mr. Speaker, and it confers a right of privilege, ownership. It protects by a trademark or by a trade name so as to establish proprietary rights, private property. Someone's ideas belong to that someone. American ideas belong to Americans. The importance lies not in its definition but in the right we are protecting.

It is someone's right to own their idea, their invention or their innovation. When we think in terms of ownership, we tend to visualize land or some kind of durable good defined as property rights. Mr. Speaker, someone's idea, their invention, their innovation is also property. It belongs to them. It is their intellectual property. Perhaps it is our greatest property because the ideas of men and women are limitless. Limitless. They are our past, they are our present and they are, more importantly, our future.

The right to intellectual property was recognized, as I have said earlier, by the Founding Fathers and they made sure, specifically outlined in the U.S. Constitution, that the inventors are the only class of people, the only class of people who enjoy protection in the Constitution. In article I, section 8, clause 8 it reads as follows:

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

This is their intellectual property, Mr. Speaker. This is American ideas, American ingenuity. In the middle of the last century Americans were given a guaranteed patent term of 17 years. Since that time the United States has risen to become the leader in patents throughout the world.

Invention is one of the things that America does best, and we have plenty of those examples just in the last several decades alone. By offering the strongest patent protection in the world, the United States has stimulated more creativity and new industries than anywhere else, and an annual $30 billion intellectual property surplus now exists. That is right, the United States is the leader in intellectual property.

For my colleagues that do not follow patent issues closely, and believe me, at first blush it seems rather dry, the importance of that statistic, however, cannot be lost.

□ 1615

Let me explain. We in the United States have more fundamental patents than any other country in the world. Fundamental patents are those patents most often cited in works worldwide.

In 1991, the United States had over 100,000 fundamental patents, basic patents. The 14 other industrialized countries combined barely matched that 100,000. Fundamental patents are used in measuring a nation's prosperity, because it is those patents that will continue to bring in income and those patents that will continue to generate new jobs for a nation.

This is no secret to the world. Foreign interests know that the United States has and will continue to have cutting-edge technology that adds to our Nation's economic power. They desperately want a piece of that action. They want our property for their prosperity.

Japan, for instance, acquired much of its base of technology, much of it American, perfectly legally through licensing, careful study of scientific papers and patents. But when the United States was not willing to share, some Japanese companies simply copied with little regard for our American patents and other intellectual property rights. IBM versus Fujitsu. Honeywell versus Minolta. Corning Glass versus Sumitomo Electric. These are just the latest complaints that Japan has stolen American technology.

I would be remiss if I did not talk about something that is even closer to home for this Member from New York State, privileged to represent Long Island in this House of Representatives.

About 25 years ago or so there was a university professor who came up with a technology. We know it commonly today as the MRI. Dr. Raymond Demadian, a man of very modest means who was a teacher, an educator, came up with this technology, and

working with his graduate students he perfected the technology called the MRI.

Because of commercial espionage, that MRI technology ended up in other hands. Dr. Demadian, for well over two decades, has been involved in a legal struggle to protect the rights of his own idea, the MRI. But he is a man, as I said, of modest means. He does not have the legal departments that multinational corporations had that went in there and stole his idea. He does not have the support of a whole government apparatus that foreign nations offered some of their own people when stealing the MRI technology.

So today, in what would be admittedly a several billion dollar industry, American exports have been stolen, and Dr. Demadian struggles to protect this intellectual property rights. It is a tragedy. It is a tragedy that this man who, like Henry Ford or Eli Whitney or so many of the other great Americans who sat down with a good idea and put it together, but because they did not have deep pockets to fund aggressive legal actions, because they were individuals of very modest means, some would say poor individuals, they were susceptible to the invasion by outsiders, multinational corporations that saw the promise of that American idea for their own companies, for their own nations, and they went in and they stole it.

What is going to happen with the Moorhead-Schroeder ''Steal American Technology Act'' is that no longer are we going to be able to protect American ideas. No longer.

If this legislation is allowed to become law, we are going to take American leadership in the world on the level of greatness, technological innovation, new and unique ideas, and we are going to hand it off to foreign nations that will fund the kind of espionage, the kind of stealing of American ideas that has been going on. We will be complicit in making it even easier for them to come in here and, after 18 months of an application being on file, we will publish for the whole world to see the wonderful ideas of Americans of modest means who came up with a good idea.

Within 20 years of having filed that application, even if it took 10 years of exhaustive examination on some of the more difficult patents, if it takes 10 years to examine that patent application and finally give that patent out, that inventor will only have 10 years of protection before the whole world can come in and steal American ideas.

In the war for global economic dominance the fiercest battles today are over intellectual property. Where nations once fought for control of trade routes and raw materials, they now fight for exclusive rights to ideas, innovations, and inventions. Economic power is what it is all about in today's world.

We are worried about the creation of jobs, about growing the American economic, about providing for a stable work environment, and about ingenuity and growing this Nation into the future. If we do not protect the sanctity of American ideas, of the ability of unknown individuals of modest means to go out in their garage or down in their basement and put together a unique concept that they can market, if we do not provide that kind of protection to American citizens, we will be moving into the 21st century and the United States will lose its place as the greatest Nation on the face of the Earth because we will have handed off the technology that is uniquely American, that has made us the leader in the world for over a century. We will be handing off this kind of technology to Third World nations that fund the kind of commercial espionage that Dr. Demadian and his Fonar company were subjected to when they invented the MRI. We will be handing that off for others.

Let us talk a minute about small business and those who create opportunity for America. They are the inventors. They are the small business people, the entrepreneurs who leave that salaried job and they say, ''You know what, I've got a great idea, and I'm going to invent something,'' and they go out and put it together.

They have to find something somebody who is going to market it for them and somebody who is going to produce it for them, and they need time. But time will not be with them if the Moorhead-Schroeder steal-American-technology legislation is allowed to become law, because that time will not be available to that inventor. No, it will not, Mr. Speaker, because in 18 months it will be published for the whole international community to look at, to coy, to steal.

I might add, Mr. Speaker, and there is so much we could say about this unfortunate move to water down American ingenuity and American technology, and it is troubling, but let me just say this:

In addition to forcing publication for all the world to see, we are also going to weaken the protections, because under the current system, if Henry Ford gets that patent, his idea is protected. The only basis on which anybody could go back in and reexamine the issuance of that patent, find out if Henry Ford was really entitled to it, is if it comes about published in some kind of periodical somewhere that somebody else had the idea before he did. It has to be some kind of empirical evidence that was published and that idea predated Henry Ford. That is the only way you could go in there, under the current system and reexamine that patent. So the onus is on others to prove that that was not there, that that patent, that good idea, did not exist in the marketplace before.

Under the changes of the Moorhead-Schroeder ''Steal American Technology Act,'' the lawyers are going to have a field day because no longer will the presumption be that the one who came up with the good idea, the Henry Ford of today, no longer will the presumption be that is his property; that is her property; that the American ingenuity that brought about that idea is protected. No longer. The onus now will be on the inventor to prove in all kinds of courts of law that they in fact have a right to that idea.

So when the multinationals step in and they say, ''Oh, no, we are working on that back in our laboratory, and we have got a team of 100 lawyers here who will prove to you that Henry Ford did not invent the Model A. No, no, no, no, we were doing it out back. We just did not tell anybody,''.

Henry Ford, with no money, no big corporation, just a little inventor back in his garage, he is going to have to fight the legal department of XYZ multinational corporation. Or he is going to have to fight the Japanese Government or the Chinese or whomever else has been able, within that very short time frame, within the 18 months when we publish it for all the world to see, the inventor is going to have to prove that it really was his or her idea.

Now, I ask you, Mr. Speaker, does that not put American ingenuity into jeopardy? I suggest it does, and I suggest it will be a full employment act for the legal community like we have never seen.

One other aspect of the Schroeder-Moorhead ''Steal American Technology Act'' that is most troubling is the notion of privatizing the Patent Office. No longer will the patent examiners have civil service protections so that they are insulated from the influences of corporate America, multinational corporations, the pressures of lawyers. No longer.

We are going to privatize the Patent Office, privatize it, if ever there was a wrong-headed way to go about protecting American ingenuity. We should not be privatizing the Patent Office. We should not be taking dedicated public servants and making them subject to the marketplace and the pressures of the marketplace.

Mr. Speaker, this is a matter of troubling consequences for all of us. I understand that the subject is not the most glamorous. It is rather dry.

But if we are to protect American ingenuity, if we are to provide for an American climate that allows future Henry Fords and Eli Whitneys and all the other great inventors who have made America great, we must ensure that the current patent law is not compromised, that we do not move into this global, one-world atmosphere in which American ingenuity takes a back seat, in which multinational corporations are able to benefit at the expense of budding entrepreneurs, small business people, that mom or dad or young person who is sitting at a kitchen table with a great idea or out back in the garage working at their table trying to come up with a great idea

that some day will create tens of thousands of jobs, grow the American economy, and continue the United States of America's rightful place as the most technologically proficient, highly educated and sophisticated Nation in the world, where new ideas are our currency. New ideas are what makes America great. New ideas will protect our freedoms and our democracy.

If we allow the Moorhead-Schroeder ''Steal American Technology Act'' to be passed into law, the United States will relinquish its first place status as we move into the 21st century, and we can look forward to a very troubling, troubling time in American history.

Mr. Speaker, I rise tonight to alert millions of my fellow Americans about the importance of our country's patent system. I realize that it is not one of those glamorous, sexy issues like military operations or missing FBI files. And that as I speak, millions of people may be grabbing for their remote controls, searching for something—anything else to watch. However, it is vital to the public that they are aware there is a movement in Congress to destroy our Nation's patent system as we know it. It comes in the form of a bill, H.R. 3460—the Moorhead/Schroeder Patent Reform Act. Before I go into the devastating effects this legislation will have on our economy, I want to take a moment to illustrate the significance of our patent system and what it means to the United States economic stability.

It is U.S. discoveries and U.S. inventions that dominate the cultures of every country in the world. The pocket calculator, the minicomputer, frozen food, motion pictures and, the telephone are just a few of the patents granted for inventions that have made us smarter, our work easier and improved the quality of our lives. Who are the U.S. innovators that have created these modern miracles? The majority of the innovations are created by small independent inventors. People like you and me, who turned an idea into a product that we all can use and enjoy.

Examples of great U.S. inventions: 1868—the air brake; 1911—air conditioning; 1911—self-starter automobile; 1972—the pocket calculator; 1925—the circuit breaker; 1852—the electric brake; 1911—the gyrocompass; 1982—the artificial heart; 1928—the iron lung; 1937—nylon; 1868—the refrigerator rail car; and 1927—the television.

But, before I go any further, let me explain what a patent is. By definition, a patent is an official document, conferring a right or privilege. Ownership. It protects by a trademark or a trade name so as to establish proprietary rights—private property. The importance lies not in its definition but in the right we are protecting. It is someone's right to own their idea, invention or innovation. When we think in terms of ownership we tend to visualize land or some kind of durable good, defined as property rights. But someone's idea, invention or innovation is also property—it's called intellectual property. Perhaps it is our greatest property because the ideas of men are limitless. They are our past, our present, and more important, our future.

The right to intellectual property was recognized by our country's founders and specifically written into the Constitution. In fact, inventors are the only class of people who enjoy protection in the Constitution. It's found in article 1, section 8, clause 8 and reads as follows: ''to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.''

In the middle of the 20th century, Americans were given a guaranteed patent term of 17 years. Since that time, the United States has risen to become the leader in patents in the world. Invention is one of the things America does best. By offering the strongest patent protection in the world, the United States has stimulated more creativity and new industries than anywhere else—and an annual $30-billion intellectual-property trade surplus. That's right, the United States is the leader in intellectual property. For my colleagues that do not follow patent issues closely, the importance of that statistic will be lost. Let me explain.

We, the United States, have more fundamental patents than any other country in the world. Fundamental patents are those patents most often cited in other works worldwide. In 1991, the United States had over 100,000 fundamental patents. The other 14 industrialized countries, combined, had only 127,000. Fundamental patents are used in measuring a nation's prosperity because it is those patents that will continue to bring in income and generate jobs for a nation.

This is no secret to the world. Foreign interests know that the United States has and will continue to develop cutting edge technology that add to a nation's economic power. They want a piece of the action. They want our property for their prosperity.

Japan, for instance, acquired much of its base of western technology, most of it American, perfectly legally through licensing, careful study of scientific papers and patents. But when the United States was not willing to share, some Japanese companies simply copied with little regard for patents or other intellectual property rights. IBM versus Fujitsu, Honeywell versus Minolta, and Corning Glass versus Sumitomo Electric—these are only the latest, best-publicized complaints that Japan has stolen American technology. A series of studies financed by the United State Government since 1984 warn that Japan has caught up with the United States or passed it in the development of integrated circuits, fiber optics, and computer hardware engineering.

Technology has been at the root of a number of recent diplomatic flaps between the United States and Japan: sanctions against Japanese electronic products in response to microchip dumping.

The Japanese buy patents rather than develop their own technology, which requires enormous investment. They buy the patent, perfect it, synthesize it, sell it, and reinvest the money in another patent. The numbers are there to prove it. The United States maintains a healthy and growing surplus with Japan in license fees and royalties. In 1986, Japanese companies paid $697 million to United States firms, up from $549 million in 1984.

Small wonder that foreign companies, particularly Japan and Europe dream of weakening patent laws and obtaining breakthrough technologies without rewarding American inventors. More alarming is the fact that many of my colleagues here in the House want to make it easier for foreign interests to get hold of U.S. technology. That's exactly what the Moorhead-Schroeder bill does.

Make no mistake, the American patent system is very different from the European and Japanese systems. In Japan and in countries covered by the European patent convention, inventors receive patents good for 20 years from the date that the patent application is filed. American patents are kept confidential during the application process and cannot be contested until after issuance.

I quote ''in the war for global economic dominance, the fiercest battles today are over intellectual property. Where nations once fought for control of trade routes and raw materials, they now fight for exclusive rights to ideas, innovations, and inventions.'' And, economic power is what it is all about in today's world.

America is under widespread economic attack from foreign predators. Technological espionage and patent infringement are serious problems.

Let me tell you about one of the most tragic stories of patent infringement—the MRI story. Dr. Raymond Damadian, president and chairman of the Fonar Corp. holds the first patent for the MRI scanning machine that was filed in 1972. He and his students built the first scanner and performed the first scan in 1977. However, Dr. Damadian's patent was not enforced and he was the victim of industrial espionage.

A gypsy company servicing medical equipment hired Fonar service engineers, thereby acquiring a full set of Fonar's top secret engineering drawings and multiple copiers of Fonar's copyrighted software. Fonar obtained a temporary restraining order from a Federal judge ordering this group not to use Fonar's schematics or software in the service of scanners. The judge's orders were ignored. Through a modem connection, Fonar secured hard proof that the gypsy service company was loading Fonar's diagnostic software onto a scanner, in clear violation of the judge's orders.

The judge cited the gypsy company for contempt of court. Fonar complained there were no sanctions beyond the citation. The judge said, ''What do you expect me to do, put them in jail?'' The irony is, if it had been someone's automobile instead of millions of dollars of technology, incarceration would have been automatic.

In another instance, a Japanese company reversed a sales contract for a Fonar scanner on which Fonar had already received a downpayment. The company site in Brooklyn was next to a large train track and they lacked the technology to cope with the trains. The passing trains were destroying the images. Fonar began receiving phone calls asking how Fonar coped with train interference. After about a year, the phone calls stopped and Fonar learned the customer's train problem was solved. Subsequently, a Fonar engineer visited the company site and found a copy of Fonar's train compensating apparatus installed on a Japanese scanner.

Altogether the conditions I have described do not portray a happy circumstance for the American inventor who must fend off gigantic foreign competitors engaged in a feeding frenzy on America's technology. In 1992 the United States suffered a medical equipment trade deficit with Japan of $320 million. If Fonar's MRI patents had been enforced, this would have been a trade surplus instead of a deficit.

The MRI is an American invention with an American patent. Today MRI is a multibillion dollar industry. Because Fonar's patent was

not enforced, of the eight companies engaged in MRI technology, there are only two left that are American, Fonar and GE. All the rest are foreign.

Modern inventors, like Dr. Raymond Damadian, are now finding their constitutional right to patent protection threatened.

Our Founding Fathers would be rolling over in their graves if they knew that an inventor's rights were being violated. By enacting the Moorhead-Schroeder bill we will make this already bad situation worse.

That's why I can't understand why anyone would support this legislation. Before this horrendous bill comes to the floor for a vote, it is imperative that all of my colleagues, from both sides of the aisle, understand just how damaging it is. Essentially, all U.S. inventors and great American ingenuity will be penalized, if not completely stifled.

The Moorhead-Schroeder bill will grant foreign interests unrestricted access to the patent secrets of American inventors. It will give away our most sacred property—our ideas.

Put simply, the Moorhead-Schroeder bill will do the following:

First, it turns the Patent Office into a corporation where it is no longer subjected to congressional oversight. It removes patent examiners from civil service protection. This will rock the integrity of the entire U.S. patent system. Patent examiners should have civil service protection for the same reason that Federal judges have lifetime tenure. Their missions are quasi-judicial in nature, making them targets for pressure and influence.

Second, it destroys the confidential patent-pending relationship between the inventor and the Patent Office, exposing inventors' trade secrets to competitors before a patent is granted. Many companies keep an eye out for new ideas and new technology and then either steal it or design around it. Why should pending patent applications be one of the few areas where company confidential information must be published?

Third, it calls for publishing unissued patent applications at 18 months from filing. This is not in the U.S. interest. When the U.S. Patent System is a major reason that the United States is the most innovative country in the world, why would we want to expose our patents for the world to steal?

The Moorhead-Schroeder bill is so damaging to American technology, it begs the question, Why is Congress even considering it? The answer lies with the Patent Office Commissioner Lehman. In a 1994 agreement known as the Lehman-Asou Accord, Commissioner Lehman told the Japanese Ambassador that we would change our patent system to resemble the Japanese and European systems. Under the Constitution, Commissioner Lehman has no authority to make that promise. Now the Moorhead-Schroeder bill has been offered to clean up his mess. Never has the cliche ''two wrongs don't make a right,'' been more appropriate.

The Moorhead-Schroeder bill contains several other provisions that discredit inventors and favor copiers and thieves.

Writing in Electronic Design in October 1995, patent columnist John Trudel made the following observation after speaking with an official from the U.S. Patent Office regarding the 1994 Lehman-Asou agreement ''The administration promised the Japanese that we will make U.S. patent findings public information after 18 months. If that sticks, all your competitors can copy your idea before you are even granted a patent. The worst news is hidden. Embedded in the middle of the official's talks was the phrase ''reexamination rights.'' Alarm bells went off in my head. Did that mean that any U.S. firms fortunate enough to have patents will be subject to endlessly defending them against reexamination by the Japanese Keiretsus? Guarded in public, the official admitted that his worst fears were valid when he spoke privately with a patent official. He likened the event to Japan's World War II surrender on the *USS Missouri.* Some were gleefully calling Tokyo on their cellular phones to report, ''The United States has given us its patent system.'' He was referring to 1994 agreement Lehman signed with the Japanese. It says that is all right there folks. We are giving away our Patent System. We who serve in Congress have an obligation to stop ill-conceived international agreements entered into by political appointees. Mr. Lehman had no right, under the law, to give away our property rights. Is it not enough that we have a $40 billion trade deficit that he sees a need to give away any hope of future prosperity?

Three of Moorhead-Schroeder bill changes, when taken in combination, establish a disastrous scenario that illustrates why the Japanese are insisting that America adopt them.

The Moorhead-Schroeder bill weakens our Patent System by mandating that first, a patent term will be measured from the filing date—agreed to in the GATT Agreement. It scraps our 17-year patent protection in favor of a 20-year term extending from the day an application is filed. Under this arrangement, a patent that takes 15 years to grant—and many highly technical patents require an extensive review process—would be entitled to only 5 years of protection.

Second, patents—granted or not—will be made public within 18 months. Publishing patents 18 months after filing will allow companies, worldwide, to copy and to develop the breakthrough technology while the patent applications are still pending in the United States.

Third, three-party reexamination—the most egregious provision of the Moorhead-Schroeder bill may very well be this broadened reexamination proposal.

The broadened reexamination changes proposed in this legislation have the potential of being the most malignant of all the provisions. Let me explain the hidden consequences of changing the reexamination process.

Generally, the broadened powers of reexamination that the Moorhead-Schroeder bill grants now opens every patent holder to a full-scale litigation attack by lawyers anywhere in the world. H.R. 3460 says ''Any person, at any time, may file a request for reexamination.'' Under present law litigation can only be initiated by a patent holder as part of his enforcement against an infringer. An infringer may not initiate litigation. Under the proposed changes of Moorhead-Schroeder bill, a series of attacks by several foreign corporations, in rapid succession, can be used to cause most American inventors to succumb and abandon their patents for lack of financial resources to defend themselves.

The United States has a 200-year-old policy of protecting the American inventor. Patent reexamination was only granted under very restricted conditions. The Patent Office conducted the review on its own and the third party challenger was not involved in the review.

The Moorhead-Schroeder bill expands the reexamination process to question every component of the patent. At its best, the Moorhead-Schroeder bill invites all the world, and all of its lawyers, to repeat the process a second time and attempt to invalidate all U.S.-approved patents.

Furthermore, under the Moorhead-Schroeder bill foreign corporations are now given the right to appeal any decision they don't like. The international challengers and their attorneys are invited to enter the process and continue to the very end. This is the scenario the Moorhead-Schroeder bill creates. The challenger submits his patent challenge, which may be a several-hundred-page legal brief. There is no restriction. The patent applicant/holder then submits a written response. The challenger in turn submits a final response. The challenger can tactically reserve his most severe challengers for his final written response which the patentee cannot respond to. The reexamination process has become full blown litigation complete with attorneys. The Moorhead/Schroeder bill will make the re-examination process so difficult that no independent inventors will have the means or time to fight for his idea. The incentive to create will be lost the right of ownership will go to the highest bidder.

You've got to worry about American technology when everyone seems to tell you there's less of it everyday. What can be done to stop the invasion on our patents? Some people advocate altering our Patent System, arguing that we should do it to harmonize with the new world order. Those people support the Moorhead/Schroeder bill. Others, including myself, insist that the United States Government should work to identify and support critical technologies. We support the alternative piece of legislation to the Moorhead/Schroeder bill—we support H.R. 359.

H.R. 359, also known as the Rohrabacher substitute, has wide bipartisan support with over 200 cosponsors. The Moorhead/Schroeder bill has only 18 cosponsors.

Through the Rohrabacher bill we have the change to strengthen the U.S. patent term to 17 years from grant or to 20 years from filing, whichever is longer. All patentee's inventions will be published 60 months after initial application is filed. The Moorhead/Schroeder bill would publish it 18 months after the initial application is filed.

The Rohrabacher substitute maintains current law is regard to the term of the Commissioner. The Commissioner will continue to serve at the pleasure of the President. The Patent and Trademark Office will continue to be located in Washington, DC. This is the system that has worked for over a century. In that time, we have grown to become the leader in fundamental patents. The system obviously works. Why change it? If H.R. 3460 is passed, the Patent and Trademark Office could be established anywhere, even in Japan or China.

As I see it, all the evidence points to the Rohrabacher substitute being the better bill. It is in compliance with the GATT Treaty. Furthermore, Mickey Kantor in a letter to Senator Dole has pledged not to oppose it.

A piece of silicon may cost just a few dollars, but the knowledge of how to design and make complex integrated circuits is worth hundreds of millions. Fighting theft of intellectual

property is difficult, but the payoff can be incalculable.

If the Moorhead/Schroeder bill passes, it will signal an open invitation for foreign corporations to come and take our property. That is why I implore my colleagues to vote down the Moorhead/Schroeder bill and support the Rohrabacher substitute measure, H.R. 359.

One who believed in the necessity of private property was Abraham Lincoln, who said: ''Property is the fruit of labor; property is desirable; it is a positive good in the world. That some should be rich shows that others may become rich and hence is just encouragement to industry and enterprise.''

Giving away the property of our inventors is nothing short of killing the creative spirit that has made us the greatest country in the world. If you doubt this, ask yourself why foreign governments are now pressuring us to abandon our tried-and-true American Patent System?

Mr. Speaker, I submit the following for the RECORD:

FONAR CORPORATION,
Melville, NY, May 22, 1996.

The Honorable MICHAEL P. FORBES,
House of Representatives, Cannon House Office Building, Washington, DC.

MIKE, Moorhead's Intellectual Property Committee is marking up an extremely MALIGNANT omnibus anti-patent bill, H.R. 3460, for immediate introduction to the floor. It contains:

A: Forced publication to the world of all patentee patent applications before their patents are granted and whether or not they are ever granted (formerly Moorhead's HR 1733).

B: Broadened reexamination (formerly HR 1732) to broaden the powers of foreign entities to challenge (incognito) all existing patents in the hope of invalidating them. The new power now expands the power to challenge inventions and get them removed even before they become patents while they are in the application process. Eighteen month publication ''cocks the trigger'' for HR 1732 by advertising to all foreign entities what America's new patent applications are.

C: Privitize the patent office (formerly HR 1659) putting Corporate America in charge of the PTO and removing the government's traditional protection of America's inventors and their applications from Corporate mistreatment.

Please stop the bill.

Please talk to your friends in Judiciary to stop it.

Please talk to your fellow Congressmen on the Hill to stop it.

The bill is extremely dangerous to America's inventors and the American system of free enterprise.

Sincerely yours,

RAYMOND DAMADIAN,
President and Chairman.

TESTIMONY OF RAYMOND DAMADIAN, M.D., PRESIDENT AND CHAIRMAN, FONAR CORP., BEFORE THE HOUSE JUDICIARY COMMITTEE

Mr. Chairman, by way of introduction, I am the President of Fonar Corporation, a Long Island company that employs 300 and manufacturers MRI machines.

I hold the first patent for the MR scanning machine which was filed in 1972, and my students and I built the first scanner and performed the first scan in 1977.

The path has not always been easy, Mr. Chairman. My patent was not enforced. That, coupled with severe losses of the rest of our proprietary technology by industrial espionage, has made it impossible for us to build a prospering manufacturing company. Our experience has taught us that America's current industrial environment is not supportive of new companies trying to bring new inventions to market. Patent enforcement and freedom from espionage, the fundamental ingredients of such ventures, are all but non-existent.

A few examples from our company's experience make the point best.

A gypsy service company servicing medical equipment hired Fonar service engineers, thereby acquiring a full set of our top secret engineering drawings and multiple copies of our copyrighted software. We obtained a temporary restraining order from a federal judge ordering this group not to use Fonar's schematics or software in the service of scanners. They ignored the judge's order. Through a modem connection, we secured hard proof of them loading our diagnostic software on our scanner, in violation of the judge's order. The judge cited them for contempt of court. When we complained there were no sanctions beyond the citation, the judge said ''What do you expect me to do, put them in jail?'' The irony is, if it had been someone's automobile instead of millions of dollars of technology, incarceration would have been automatic.

In another instance, a Japanese manufacturer of MRI and a direct competitor of Fonar's hired one of our service engineers. We reminded the employee that he had signed a non-compete at the time of employment, in return for his training. He ignored his commitment and joined the Japanese company. When we brought an action to enforce our contract, we learned that the Japanese company had indemnified him and was paying all his legal bills.

In another case, we learned how we lost valuable technology to a German Company. To protect the technology of our magnets, which was precious to the company, we required that all of our magnet installations take place behind locked doors. An executive of the company proudly told me that that precaution was easily overcome. He reported that he took the technician out to dinner, filled him with alcoholic beverages and thereby secured an invitation to enter the room and inspect the scanner for as long as he wished, which he did.

In another case, a Japanese company reversed a sales contract on a scanner on which we had already received a downpayment. The Brooklyn scanner site was next to a large train track and the Japanese company lacked the technology to cope with trains. Our company began receiving phone calls asking how Fonar coped with trains. We learned the customer was angry that the passing trains were destroying his images. After about a year, the phone calls stopped and we learned the customer's train problem was solved. One of our engineers visited the site. He found a copy of our train compensating apparatus installed on the Japanese scanner.

Altogether the conditions described do not portray a happy circumstance for the American manufacturer who must fend off gigantic foreign competitors engaged in a feeding frenzy on America's internal markets. The combined effects of these adverse circumstances can be seen on the chart I have attached. In 1992 the U.S. suffered a medical equipment trade deficit with Japan of $320,000,000. If my MRI patents had been enforced, this would have been a trade surplus instead of a deficit. Destructive espionage tilts the scales even more sharply against us.

The MRI is an American invention with an American patent. Today MRI is a multi-billion dollar industry. Because Fonar's patent was not enforced, of the eight companies taking sales out of the American market today, there are only two left are American, Fonar and GE. All the rest are foreign. They are Hitachi, Tosiba, Shimadzu, Siemens, Philips and Picker.

Our experience as a company has been that civil remedies are wholly inadequate in dealing with industrial espionage.

The proposed legislation for effective criminal sanctions appears to be the only means by which these noxious practices and the enormous economic destruction they bring upon America each year can be deterred.

Finally, Mr. Chairman, I wanted fervently in the development of the MRI to use my invention to build a great new multi-billion dollar manufacturing enterprise for America in the same way the Edison and Bell did. I have found that even though I have now labored diligently for more than a quarter of a century, the tools for doing what Edison, Bell, Eastman and others did, no longer exist. Indeed we have had the disheartening experience that no amount of toil at creating new innovations could reverse the process, but that by a combination of willful patent infringements and industrial espionage our innovations were stripped from us as fast as we could create them. Moreover, I believe you will not find my experience unique. Indeed I believe you will find it universal. I have sadly concluded, Mr. Chairman, that unless America quickly restores to its innovators the basic tools they need to build businesses, such as patent enforcement and protection from espionage, America will soon cease to exist as a manufacturing nation.

The economic cratering and threat to our national security that the loss of our manufacturing base to foreign nations will create, will be dire enough. The social upheaval that can be expected to follow in he wake of such a manufacturing demise can be expected to jeopardize the very republic on which we stand.

I have come to Washington not to regale Congress with this sad message on the unfortunate outcome of MRI, but to persuade Congress and the American people of the urgency of the matter and of the urgent need to restore the tools of patent enforcement and protection from espionage that our nation's manufacturers must have to compete.

A great host of foreign nations are helping themselves to the inventions of American innovators by means of industrial espionage and willful patent infringement. Through their use, they are devouring our internal markets and leaving us unemployed. America must rise up to protect her property. If she does not, it will be natural for foreign interests to construe that American puts little material value on these properties and that she can be counted on to look the other way as her properties are illegally devoured.

DIAGNOSTIC IMAGING AND THERAPY SYSTEMS—TRADE BALANCE—CALENDAR YEAR 1992

[In U.S. dollars]

Country	Exports	Percent share	Imports	Percent share	Balance
Germany	301,638,699	14.95	578,026,441	32.55	(276,387,742)

DIAGNOSTIC IMAGING AND THERAPY SYSTEMS—TRADE BALANCE—CALENDAR YEAR 1992—Continued

[In U.S. dollars]

Country	Exports	Percent share	Imports	Percent share	Balance
Japan	264,670,735	13.12	585,495,403	32.97	(320,824,668)
Canada	167,714,703	8.31	22,832,903	1.29	144,881,800
Netherlands	143,067,845	7.09	168,253,096	9.47	(25,185,251)
France	139,053,469	6.89	123,562,901	6.96	15,490,568
United Kingdom	112,547,658	5.58	75,174,628	4.23	37,373,030
Italy	90,432,792	4.48	25,967,958	1.46	84,484,834
Australia	68,713,260	3.41	3,955,211	0.22	64,758,049
China	65,697,608	3.26	230,093	0.01	65,467,515
Brazil	59,351,337	2.94	6,928	0.00	59,344,409
Mexico	58,427,919	2.90	3,873,607	0.22	54,554,312
South Korea	52,492,524	2.60	3,653,817	0.21	48,838,707
Hong Kong	38,993,025	1.93	12,000,784	0.68	26,992,241
Belgium	35,464,619	1.76	22,388,550	1.26	13,076,069
Switzerland	34,039,311	1.69	15,763,755	0.89	18,275,556
Taiwan	29,607,240	1.47	2,268,816	0.13	27,338,424
Spain	29,148,523	1.45	9,970,803	0.56	19,177,720
Sweden	26,178,428	1.50	23,025,472	1.30	5,152,968
Argentina	24,046,114	1.19	10,100	0.00	24,036,014
Austria	20,289,187	1.01	7,862,878	0.44	12,426,309

Data Source: U.S. Department of Commerce, Bureau of the Census.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Edwin Thomas, one of his secretaries.

□ 1630

THE FAMILIES FIRST AGENDA AND A FURTHER DISCUSSION ON SUPREME COURT JUSTICE CLARENCE THOMAS

The SPEAKER pro tempore (Mr. SHAW). Under the Speaker's announced policy of May 12, 1995, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes as the designee of the minority leader.

Mr. OWENS. Mr. Speaker, I would like to talk today about the families first agenda of the Democrats, recently announced. Of course we have between now and November to really get to understand and fully digest what this agenda is all about, but I am very excited about it because it does crystallize and place in one package some of the very important points that I have been trying to get across for the last 18 months.

I think the families first agenda is a good statement as to what is most important that is going on here in Washington at this point. It talks about what is happening with working families and workers in the workplace and what we need to do to deal with guaranteeing that we place families first by seeing to it that working families have an opportunity to survive with dignity and that people in the workplace have a fair chance to make a living. That is one very important part of it. Another part of the families first agenda, of course, deals with education. Nothing is more important than education at this particular point in the history of this Nation.

We are in a critical transition period. This is a period where high tech know-how has taken over. It is a period where skills that were relevant and useful and could command a great price in the marketplace 30, 40 years ago are no longer able to command that price. For that reason we have a great gap in our income structure, and more and more people are sinking to lower and lower levels in terms of their income while the country is really prospering and a handful of people are getting richer and richer. The families first agenda was developed by the Democratic Caucus under the leadership of Minority Leader GEPHARDT. I think he did a great job, and we certainly would expect from Democrats that kind of agenda.

I want to start by indicating that there is an editorial that appeared in the Atlanta Constitution that was not developed by Democrats, was not developed by the Democratic Caucus. In fact I do not think you could ever accuse the Atlanta Constitution of being a group of wild-eyed liberals. This editorial, I think, could very well be an introduction to the families first agenda. The families first agenda could benefit greatly from this editorial, which is labeled the ''Shrinking Middle Class.'' It appeared in the Atlanta Constitution of Friday, June 21. I am going to talk about this editorial and then move into the families first agenda.

Before I do that, I did want to make a few comments about the topic that I discussed just before we adjourned for the July 4th holiday. I got a lot of comments as a result of my last 60-minute presentation. I talked at that time about another subject which was close to education, educating children. I used the situation with respect to Clarence Thomas, Supreme Court Justice Clarence Thomas who has been the focus of a controversy in Prince George's County. There were some board members of the local school board who objected to Justice Thomas addressing a group of youngsters who were receiving awards.

Prince George's County and this particular school in particular is predominantly black, overwhelmingly black. The board member, Mr. Kenneth Johnson, had raised the issue of considering the kinds of positions that Justice Thomas has taken, which have hurt black people so much, have hurt the African-Americans in this country so very much, should he be allowed to come to a school of predominantly black children and not have a situation where he could be questioned or there could be a discussion. Should he be allowed to come in and serve as a role model without anybody making any effort to see to it that youngsters understand that there is a controversy surrounding Mr. Thomas which definitely impacts on their lives and that you ought to have some different kind of format.

I praised Mr. Johnson's action, and he was not trying to deny Supreme Court Justice Thomas the right to speak. He wanted a different format. I think it was most appropriate.

I got a lot of criticism for that. A lot of people called in. One lady called in teary-eyed, saying that she never thought she would see the day where a black Congressman would sit on the floor of the House and criticize a black Supreme Court Justice. My answer to that is it is very difficult, I assure you, but these are very difficult times. These are very complex times. The world is not simple anymore with respect to civil rights. The fact is that everybody who fought in the civil rights struggle had a common goal and you had clear objectives, people were being denied the right to drink at water fountains. They were being denied hotel accommodations. They were being denied the right to take a job even when they were qualified for the job. They were openly discriminated against.

It was all very obvious, very blatant, and we were all marching to the tune of one drum against these insults and against the disadvantages that they posed. It was much clearer. Now, you have a situation where people who are the beneficiaries of affirmative action, like Supreme Court Justice Thomas, have attacked the same affirmative action that he was a beneficiary of. Supreme Court Justice Thomas has begun to help turn back the clock on many of the progressive steps that were taken and made by African-Americans in this country.

So, if he is handing down decisions which attack the Voting Rights Act, decisions which attack affirmative action, decisions which make new law and that law is very much to the disadvantage and the detriment of black people in general and certainly black