

# THE VALUE OF INNOVATION IN CALIFORNIA

## ▶ Manufacturers' Economic Impact and the Value of Innovation



Our nation's manufacturers are driving an innovation revolution, creating economic growth and jobs.

- Total output from manufacturing in California was \$255.53 billion in 2014.
- In addition, there were 1,271,000 manufacturing employees in California in 2015, with an average annual compensation of \$92,801 in 2014.

Manufacturers in the United States perform more than three-quarters of all private-sector research and development (R&D) in the nation, driving more innovation than any other sector.

- In California alone, the manufacturing industry spent \$81.7 billion on R&D in 2012—ranking it first nationally.
- For the United States as a whole, the industry spent \$292.7 billion in 2012, suggesting that California accounted for 27.9 percent of industry R&D in the country.<sup>1</sup>

This investment creates valuable intellectual property (IP), the lifeblood of manufacturing.

- Manufacturers of all sizes depend on patents to spur investment and foster innovation. There were 43,679 patents issued in California in 2014.
- Of those patents, 40,661 were utility patents or “patents for invention”—issued for the invention of a new and useful process, machine, manufacture or composition of matter, or a new and useful improvement thereof.<sup>2</sup>

In a recent NAM survey, respondents were asked about measures in state legislatures across the country aimed at requiring certain manufacturers to turn over IP, including highly sensitive operation information, such as production, marketing and research costs, that supports new innovative development.

- **These targeted measures threaten manufacturing competitiveness for all.** More than 83 percent of respondents would consider these actions a threat to their competitiveness.
- **These measures, if enacted, threaten investment.** More importantly, 46.7 percent felt that such measures would force them to curtail investments in R&D of now-proprietary technologies and products.

To secure manufacturing competitiveness, it is crucial to create a policy environment in the United States designed to attract and retain investment and encourage innovation with strong IP protections.

<sup>1</sup> <http://www.nsf.gov/statistics/states/interactive/show.cfm?stated=53,5&year=0>

<sup>2</sup> [http://www.uspto.gov/web/offices/ac/ido/oeip/taf/st\\_co\\_14.htm](http://www.uspto.gov/web/offices/ac/ido/oeip/taf/st_co_14.htm)