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Patent and Trademark Office Appropriations for Fiscal Years 1987 and 1988

Statement on Signing H.R. 2434 Into Law. November 6, 1986

I have approved H.R. 2434, an act that authorizes appropriations for the Patent and Trademark Office through fiscal years 1987 and 1988. I have done so despite certain concerns.

Our ability to compete in world markets has come to depend more and more on the creative talents of our citizens and the extent to which we and our trading partners respect and protect intellectual property. A nation's respect for such property is measured in large part by its willingness to devote the necessary resources to the administration of its patent and trademark systems.

Recognizing this, my administration, with the Congress' support and cooperation, has developed a comprehensive plan for improving the patent and trademark examination processes, reducing the pendency periods for both patent and trademark applications, and increasing the likelihood that issued patents and registered trademarks will withstand challenges. Complete automation of the Office's operations by the mid–1990's and increased reliance on user fees are essential ingredients of this ambitious undertaking. H.R. 2434 ensures that the Department of Commerce will have sufficient funds to continue implementing its master plan for automating the patent and trademark search files.

Unfortunately, the act contains some troublesome features. My approval of this bill does not signify that I would necessarily sign a similar bill for any fiscal year beyond 1988. I am particularly disturbed by a provision that prohibits the use of fee revenue to defray more than 30 percent of the automation costs in each of fiscal years 1987 and 1988. The effect of the provision will be to make the automation initiative more dependent on scarce general revenues supplied by the public at large and less dependent on funds supplied by those who use and benefit from the automated systems. Should this be repeated, the future of the automation project will be jeopardized. The continuing need for fiscal restraint will permit no other result. Fortunately, we have been assured by Members of both Houses that the act is intended to establish no precedent for future years in this regard.

In addition, I am concerned about provisions that subject key management decisions on the deployment of the automation system to an intrusive degree of congressional supervision. These 90-day report-and-wait provisions come unduly close to crossing that fine line between legitimate oversight and interference in the management prerogatives of the executive branch. However, under the particular circumstances of this bill, I view the report-and-wait provision less as a challenge than as a genuine desire to understand more about the automation project and to participate with the executive branch in helping the Patent and Trademark Office prepare itself for the challenges of the next century.

Despite these reservations, the act clearly has many desirable features. It makes the current policy of reducing fees for small businesses, independent inventors, and nonprofit organizations a permanent feature of the patent law. It makes it clear that the Patent and Trademark Office may, except for the limitation previously noted, use fees to support any of its programs. In sum, the act provides the needed support to continue implementing the automation master plan.

Note: The law will be assigned a number when it has been received by the Office of the Federal Register. The law number will appear in the "Acts Approved by the President" section of next week's issue.