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# PATENT OFFICE LEGISLATION

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## HEARINGS

BEFORE

## SUBCOMMITTEE NO. 3

OF THE

## COMMITTEE ON THE JUDICIARY
## HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

FIRST SESSION

ON

**S. 645 (H.R. 4564)**

TO PROVIDE RELIEF IN PATENT AND TRADEMARK CASES AFFECTED BY THE EMERGENCY SITUATION IN THE UNITED STATES POSTAL SERVICE WHICH BEGAN ON MARCH 18, 1970

**H.R. 5237**

TO CARRY INTO EFFECT A PROVISION OF THE CONVENTION OF PARIS FOR THE PROTECTION OF INDUSTRIAL PROPERTY, AS REVISED AT STOCKHOLM, SWEDEN, JULY 14, 1967

**S. 1253 (H.R. 5238)** → Public Law 92-132

TO AMEND SECTION 6 OF TITLE 35, UNITED STATES CODE, "PATENTS," TO AUTHORIZE DOMESTIC AND INTERNATIONAL STUDIES AND PROGRAMS RELATING TO PATENTS AND TRADEMARKS

**S. 1254**

TO AMEND TITLE 35, UNITED STATES CODE, "PATENTS," AND FOR OTHER PURPOSES

PLEASE RETURN TO
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# PATENT OFFICE LEGISLATION

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WEDNESDAY, MAY 5, 1971

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE NO. 3
OF THE COMMITTEE ON THE JUDICIARY,
*Washington, D.C.*

The Subcommittee met at 10 a.m., pursuant to call, in room 2226, Rayburn House Office Building, Hon. Robert W. Kastenmeier, Chairman of the Subcommittee, presiding.

Present: Representatives Kastenmeier, Mikva, Drinan, Railsback, Biester, and Coughlin.

Staff members present: Herbert Fuchs, counsel, and Samuel A. Garrison, III, associate counsel.

Mr. KASTENMEIER. The hearing will come to order.

The Subcommittee's business this morning involves consideration of four bills of interest to the Patent Office in the Department of Commerce. These are:

S. 645, an Act to provide relief in patent and trademark cases affected by the emergency situation in the United States Postal Service which began on March 18, 1970;

H.R. 5237, a bill to carry into effect a provision of the Convention of Paris for the Protection of Industrial Property, as revised at Stockholm, Sweden, July 14, 1967 (providing for a priority right for applications for inventors' certificates);

S. 1253, an Act to amend section 6 of title 35, United States Code, "Patents," to authorize domestic and international studies and programs relating to patents and trademarks;

S. 1254, an Act to amend title 35, United States Code, "Patents," and for other purposes.

(S. 645, H.R. 5237, S. 1253, and S. 1254 follow:)

92D CONGRESS
1ST SESSION

# S. 645

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1971
Referred to the Committee on the Judiciary

# AN ACT

To provide relief in patent and trademark cases affected by the emergency situation in the United States Postal Service which began on March 18, 1970.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. (a) A patent or trademark application shall be considered as having been filed in the United States Patent Office on the date that it would have been received by the Patent Office except for the delay caused by the emergency situation affecting the postal service which began on March 18, 1970, and ended on or about March 30, 1970, if a claim is made for the benefit of an earlier date in accordance with subsections (b) and (c) of this section. Patents

issued with earlier filing dates afforded by this section shall not be effective as prior art under subsection 102 (e) of title 35 of the United States Code as of such earlier filing dates.

(b) No patent or trademark application, patent, or trademark registration shall be entitled to an earlier filing date under this section unless a verified statement by the applicant or owner of record claiming the filing date to which the application is believed to be entitled is filed in the Patent Office within six months after enactment of this Act. Such statement shall be maintained in the file of the application in the Patent Office and shall be referred to in the patent or trademark registration when practicable.

(c) When a statement filed under subsection (b) of this section appears unreasonable or defective on its face, or when the filing date of the patent or trademark application, patent, or trademark registration is called into question or is material in any inter partes proceeding in the Patent Office or any proceeding in the courts, the applicant or owner of such application, patent, or trademark registration may be required to present evidence establishing the filing date to which the application is entitled. The filing date to which the application is entitled shall be determined on the basis of such evidence and any evidence introduced by an opposing party. The evidence shall be presented as directed by the

Commissioner of Patents in proceedings in the Patent Office or as directed by the courts in proceedings in the courts.

SEC. 2. (a) Except for the filing of a patent or trademark application, if any action is taken or any fee is paid in the United States Patent Office later than the end of a time period specified in the statutes set forth in subsection (b) of this section for taking such action or paying such fee, and no provision exists in law for excusing such delay, the delay may be excused if it is determined that it was caused by the emergency situation affecting postal service which began on March 18, 1970 and ended on or about March 30, 1970. Relief under this section must be requested by a verified statement filed in the Patent Office by the patent or trademark applicant or owner within six months after enactment of this Act.

(b) This section is applicable to title 35, United States Code, "Patents"; the Trademark Act of 1946, ch. 540, 60 Stat. 427, as amended; the Atomic Energy Act of 1954, Pub. L. 83–703, 68 Stat. 919, as amended; and the National Aeronautics and Space Act, Pub. L. 85–568, 72 Stat. 426 (1958), as amended. In cases involving the Atomic Energy Act of 1954 or the National Aeronautics and Space Act, determinations of relief shall be made by a Board of

Patent Interferences. In other cases determinations shall be made by the Commissioner of Patents.

SEC. 3. The Commissioner of Patents may establish regulations for administering this Act.

Passed the Senate April 22, 1971.

Attest: FRANCIS R. VALEO,
*Secretary.*

92D CONGRESS
1ST SESSION

# H. R. 5237

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1971

Mr. KASTENMEIER introduced the following bill; which was referred to the Committee on the Judiciary

# A BILL

To carry into effect a provision of the Convention of Paris for the Protection of Industrial Property, as revised at Stockholm, Sweden, July 14, 1967.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 119 of title 35 of the United States Code, entitled "Patents", is amended by adding at the end thereof the following paragraph:

"Applications for inventors' certificates filed in a foreign country in which applicants have a right to apply, at their discretion, either for a patent or for an inventor's certificate shall be treated in this country in the same manner and have the same effect for purpose of the right of priority under this section as applications for patents, subject to the same

conditions and requirements of this section as apply to applications for patents, provided such applicants are entitled to the benefits of the Stockholm Revision of the Paris Convention at the time of such filing."

SEC. 2. Subsection 102 (d) of title 35 of the United States Code is amended to read as follows:

"(d) The invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or".

SEC. 3. (a) Section 1 of this Act shall take effect on the date when Articles 1–12 of the Paris Convention of March 20, 1883, for the Protection of Industrial Property, as revised at Stockholm, July 14, 1967, come into force with respect to the United States and shall apply only to applications thereafter filed in the United States.

(b) Section 2 of this Act shall take effect six months from the date when Articles 1–12 of the Paris Convention of March 20, 1883, for the Protection of Industrial Property, as revised at Stockholm, July 14, 1967, come into force with respect to the United States and shall apply to applications thereafter filed in the United States.

92D CONGRESS
1ST SESSION

# S. 1253

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1971
Referred to the Committee on the Judiciary

# AN ACT

To amend section 6 of title 35, United States Code, "Patents", to authorize domestic and international studies and programs relating to patents and trademarks.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 6 of title 35, United States Code, is amended to read as follows:

**"§ 6. Duties of Commissioner**

"(a) The Commissioner, under the direction of the Secretary of Commerce, shall superintend or perform all duties required by law respecting the granting and issuing of patents and the registration of trademarks; shall have the authority to carry on studies and programs regarding do-

mestic and international patent and trademark law; and shall have charge of property belonging to the Patent Office. He may, subject to the approval of the Secretary of Commerce, establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office.

"(b) The Commissioner, under the direction of the Secretary of Commerce, may, in coordination with the Department of State, carry on programs and studies cooperatively with foreign patent offices and international intergovernmental organizations, or may authorize such programs and studies to be carried on, in connection with the performance of duties stated in subsection (a) of this section.

"(c) The Commissioner, under the direction of the Secretary of Commerce, may, with the concurrence of the Secretary of State, transfer funds appropriated to the Patent Office, not to exceed $100,000 in any year, to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and related matters. These special payments may be in addition to any other payments or contri-

butions to the international organization and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the Government of the United States."

Passed the Senate April 22, 1971.

Attest: FRANCIS R. VALEO,
*Secretary.*

92D CONGRESS
1ST SESSION

# S. 1254

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1971
Referred to the Committee on the Judiciary

# AN ACT

To amend title 35, United States Code, "Patents", and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3, title 35 of the United States Code is amended to read as follows:

**"§ 3. Officers and employees**

"(a) There shall be in the Patent Office a Commissioner of Patents, a deputy commissioner, two assistant commissioners, and not more than fifteen examiners-in-chief. The Assistant Secretary of Commerce for Patents and Trademarks, shall, ex officio, be the Commissioner of Patents. The deputy commissioner, or, in the event of a vacancy in that

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office, the assistant commissioner senior in date of appointment shall fill the office of Commissioner during a vacancy in that office until the Commissioner is appointed, and takes office. The Commissioner of Patents, the deputy commissioner, and the assistant commissioners shall be appointed by the President, by and with the advice and consent of the Senate. The Secretary of Commerce, upon the nomination of the Commissioner, in accordance with law, shall appoint all other officers and employees.

"(b) The Secretary of Commerce may vest in himself the functions of the Patent Office and its officers and employees specified in this title and may from time to time authorize their performance by any other officer or employee.

"(c) The Secretary of Commerce is authorized to fix the per annum rate of basic compensation of each examiner-in-chief in the Patent Office at not in excess of the maximum scheduled rate provided for positions in grade 17 of the General Schedule of the Classification Act of 1949, as amended."

SEC. 2. The first paragraph of section 7 of title 35 of the United States Code is amended to read as follows:

"The examiners-in-chief shall be persons of competent legal knowledge and scientific ability, who shall be appointed under the classified civil service. The Commissioner, the Deputy Commissioner, the assistant commissioners, and the ex-

aminers-in-chief shall constitute a Board of Appeals, which on written appeal of the applicant, shall review adverse decisions of examiners upon applications for patents. Each appeal shall be heard by at least three members of the Board of Appeals, the members hearing such appeal to be designated by the Commissioner. The Board of Appeals has sole power to grant rehearings."

SEC. 3. Section 151 of title 35 of the United States Code is amended to read as follows:

**"§ 151. Issue of patent**

"(a) If it is determined that an applicant is entitled to a patent under the law, a written notice of allowance of the application shall be given or mailed to the applicant. The notice shall specify a sum, constituting the issue fee or a portion thereof, which shall be paid within three months thereafter.

"(b) Upon payment of this sum the patent shall issue, but if payment is not timely made, the application shall be regarded as abandoned.

"(c) Any remaining balance of the issue fee shall be paid within three months from the sending of a notice thereof and, if not paid, the patent shall lapse at the termination of the three-month period. In calculating the amount of a remaining balance, charges for a page or less may be disregarded.

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"(d) If any payment required by this section is not timely made, but is submitted with the fee for delayed payment and the delay in payment is shown to have been unavoidable, it may be accepted by the Commissioner as though no abandonment or lapse had ever occurred."

SEC. 4. (a) There shall be in the Department of Commerce, in addition to the Assistant Secretaries now provided by law, one additional Assistant Secretary of Commerce who shall be known as the Assistant Secretary of Commerce for Patents and Trademarks, shall be appointed by the President by and with the advice and consent of the Senate, shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and shall perform such duties as the Secretary of Commerce shall prescribe.

(b) Section 5315 of title 5, United States Code, is amended by striking "(7)" at the end of item (12) and substituting "(8)".

(c) Section 5316 of title 5, United States Code, is amended by striking item (48).

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SEC. 5. This Act shall be effective upon enactment. Examiners-in-chief in office on the date of enactment shall continue in office under and in accordance with their then existing appointments.

Passed the Senate April 22, 1971.

Attest: FRANCIS R. VALEO,
*Secretary.*

Mr. KASTENMEIER. The three first mentioned measures were introduced at the request of the Secretary of Commerce. All except the second mentioned measure have already passed the Senate.

To explain these bills and the need for their enactment, we are fortunate in having with us the Commissioner of Patents, the Honorable William E. Schuyler, Jr.

Following Mr. Schuyler, representatives of the American Bar Association and of AIPPI—International Association for the Protection of Industrial Property—American Group—will testify concerning H.R. 5237 which, incidentally, has the support of the Department of State.

In addition, statements for the record are expected to be filed by former Patent Commissioner Edward J. Brenner and by the American Patent Law Association, the National Association of Manufacturers, and the Chamber of Commerce of the United States.

Commissioner Schuyler, the subcommittee is very glad to welcome you this morning. We invite you to come forward. I might also suggest to you, sir, and to others, that our Subcommittee is largely reconstituted since we last dealt with patent matters. I am sure you will be patient with us if our questions at times touch upon fundamentals of patents and the need for us to understand some of the background in fundamental terms.

In any event, sir, I am sure the whole Subcommittee welcomes you and we trust that we will have the honor of having you and the representatives of the Patent Office here from time to time concerning bills in your interest.

You may proceed, sir.

## STATEMENT OF WILLIAM E. SCHUYLER, JR., COMMISSIONER OF PATENTS, DEPARTMENT OF COMMERCE, ACCOMPANIED BY RENE D. TEGTMEYER, ASSISTANT COMMISSIONER OF PATENTS

Mr. SCHUYLER. With me is Assistant Commissioner of Patents, Mr. Rene Tegtmeyer.

Mr. KASTENMEIER. You, too, are most welcome, sir.

Mr. SCHUYLER. I have a prepared statement, Mr. Chairman. Before I go into it, I might mention that the bills which are before you this

morning concern matters which for the most part we felt should not be delayed while the patent law is under consideration. We are interested in the general revision of the patent laws and hope that the revision may be considered by the Senate and perhaps be back before this committee during the present Congress.

Mr. KASTENMEIER. We had, sir, as I recall, extensive hearings on the question of general revision in 1967 and 1968. I think no other Member of the Subcommittee was a member at that time. But in any event we will be most interested in that subject as well.

Mr. SCHUYLER. Thank you, sir.

I appreciate this opportunity to appear before your Subcommittee to express the support of the Department of Commerce for H.R. 4564, H.R. 5237 and H.R. 5238. As you know, these bills were introduced at the request of our Department.

## H.R. 4564, POSTAL EMERGENCY

H.R. 4564, which is the equivalent of S. 645, which has already passed the Senate, would provide relief to patent and trademark applicants and owners from delays caused by the emergency situation in the Postal Service which began on March 18, 1970. The bill was proposed after the Patent Office received a number of reports that because of the postal emergency, patent and trademark applicants lost rights that can be restored only by enactment of a bill like H.R. 4564 or through private relief legislation.

The main effect of the bill is to allow patent and trademark applicants to claim earlier filing dates than the dates when their applications were received at the Patent Office, provided that the delay in filing was caused by the postal emergency.

Under section 1 of the bill, such applications would be entitled to the filing dates that they normally would have received except for the postal emergency. Most of the situations which have been reported to the Patent Office concern loss of foreign priority rights under 35 United States Code 119 because a patent applicant was unable to file his U.S. application within the 1-year deadline after his foreign application was filed. The bill would permit restoration of priority rights and other rights dependent upon filing dates by providing for retroactive filing dates in appropriate cases.

The number of applications which could have been affected by the emergency is quite large. During a 2-week interval, approximately 4,000 patent applications and 1,200 trademark applications are filed in the Patent Office. However, the delay is likely to prove material only in a very few cases. For example, a foreign priority date is material only when an applicant is confronted with prior art or another application having a date earlier than his actual date of filing in the U.S. Patent Office, but later than his foreign priority date. In view of the large number of applications involved and the small percentage of cases in which the delay will prove to be material, the bill allows any applicant delayed by the postal emergency to make a claim for an earlier date, but provides for the validity of the claim to be examined only in cases where it is material. The bill would give applicants an opportunity to submit a verified statement within 6 months after enactment claiming an earlier filing date to which an application is believed to be entitled. In the majority of cases, the claim for an earlier date

would merely be placed in the application file after a cursory inspection for obvious defects, and the printed patent or trademark registration would contain a notice that a claim had been made for such earlier date. In inter partes cases in the Patent Office and in any cases in the courts where the date became important, the applicant would be required to submit evidence proving the number of days that his application was delayed by the postal emergency. It is expected that evidence sufficient to satisfy the Patent Office and the courts as to earlier filing dates would include records and affidavits of the applicant and other parties showing correspondence dates, normal mail delivery time for other applications, and the like.

Section 2 of the bill would authorize the Patent Office to excuse delays in taking actions in the Patent Office other than the filing of patent or trademark applications upon a determination that the delay was caused by the postal situation. Few, if any, situations are expected to require relief under this section, but it is included to enable relief to be provided for all circumstances which could have arisen during the emergency.

The bill defines the postal emergency as beginning on March 18, 1970, and ending "on or about March 30, 1970." We understand that March 30, 1970, was approximately the time when all post offices had returned to normal operation. Apparently, it is not possible to determine the exact date when all delays were eliminated. Therefore, the language of the bill is intended to permit relief for delays encountered a reasonable time after March 30, 1970.

We understand that in some localities mail boxes were closed during the postal emergency and some applicants may have attempted to use methods of delivery other than the postal service in order to transmit papers to the Patent Office. The language of the bill would permit retroactive filing dates in such situations where mail was never actually deposited in the Postal Service, if the delivery time to the Patent Office was longer than normal mailing time.

It is expected that only a small expense to the Patent Office would be required to administer H.R. 4564. It is difficult to estimate how many of the applicants affected by the emergency would file claims for earlier dates, but since only a quick inspection of the claims would be needed in nearly all cases, the expense of examining the claims would be slight. The largest cost would be the cost of printing a notice on issued patents and trademark registrations that a claim for an earlier date had been filed. It is estimated that the total cost of administration, including the cost of printing the notices, would be about $5,000.

That concludes my statement on H.R. 4564.

Do you want me to pause there for questions or do you want me to proceed?

Mr. KASTENMEIER. Insofar as you are really treating three matters, why don't we stop there. I don't think that the other two really are similar in character. At least I would have a question or two, and I am sure other Members of the Committee might as well.

You say that delay is likely to prove material in only a few cases. In what respect is the date of filing the application important?

Mr. SCHUYLER. Let me take the situation which we think will be the most prevalent, and that is where an applicant files a patent application in a foreign country, such as France, for example.

Under the Paris Convention, if he files the same application in the United States within 1 year, he has the benefit of his filing date in France. This is independent of any first inventor or first-to-file situation.

If because of the postal emergency, he filed it a year beyond the date, under the law today we cannot give him the benefit of his filing date. So he would lose a whole year vis-a-vis another applicant maybe in another country or maybe in the United States who filed during the year.

This really goes to the filing date part of our system and does not for the most part involve the first-inventor concept.

Mr. KASTENMEIER. Then, as between domestic applicants, it would have no relevance whatsoever?

Mr. SCHUYLER. Well, it could. Suppose we received one application that was not delayed by the postal strike and another one that was. So far as the conflict between the two is concerned, the filing date would determine which applicant would be the senior party in an interference proceeding and this is quite significant.

It would apply in the first-inventor situation, but I really don't think it affects the legal right of priority as between different parties in the first-inventor situation.

The new filing date would not be significant for what we call prior art purposes. If I may explain that: today when a U.S. patent application is filed and the patent ultimately issued, the filing date is the controlling date so far as what we call prior art effect to that patent is.

Now, conceivably, if we applied the provisions of the postal bill to that situation, we would have a sliding scale filing date and it would create a lot of uncertainty in applying the patents concerned as prior art. So we deliberately left such a provision out of this bill and so it would apply only in the rare instances where the filing date becomes significant.

We don't know at this stage, with some 4,000 cases involved, how many of them, maybe only 10, will have any significance.

Mr. KASTENMEIER. But presumably a very small number.

Mr. SCHUYLER. Very small, we are certain of that, yes.

Mr. KASTENMEIER. Is it expected, you say, that evidence sufficient to satisfy the Patent Office and courts as to earlier filing dates would include records and affidavits of the applicant and other parties showing correspondence, normal mailing delivery time for applications, and the like?

Would this be a determination in the first instance for your Office, the Patent Office, rather than the courts, I take it?

Mr. SCHUYLER. No, sir; the bill is drawn to avoid the necessity of making a determination in all 4,000 cases. Our Office would make it only where it became material in inter partes proceedings in the Patent Office.

For instance, if there was a prior art reference that came between the actual filing date and the date the man claimed and the filing date was material to an issue in an interference proceeding, we would then require evidence from him in the way of an affidavit or other evidence showing when his application would normally have reached the Patent Office except for the postal emergency. We might require some verification from the Post Office Department in that instance, but we expect that to happen in so few cases that our Office will not be involved very often.

My guess is that the situation will never come up in the courts because only 1 percent of all patents are litigated which would mean that only 40 of 4,000 patent applications are likely to become involved in litigation, and the probability that this question would come up in those 40 cases is infinitesimal.

Mr. KASTENMEIER. This happened 1 year ago, more or less, in March 1970. Do you know of specific instances where questions have already arisen?

Mr. SCHUYLER. Yes, sir; we have had some complaints from our public, from people who apply for patents, mainly where they lost their priority date based on a foreign application because of the postal situation. Those are the ones that have come to our attention.

When we found this, and knowing that the next step for these people, if they ultimately lost their priority date, would be to come and ask Congress for relief by way of a private bill, we felt it was better to take care of all such cases in one piece of legislation.

Mr. KASTENMEIER. I yield to the gentleman from Illinois.

Mr. MIKVA. I have no questions at this time.

Mr. KASTENMEIER. The gentleman from Massachusetts.

Mr. DRINAN. I want to commend you, Commissioner, for making out an airtight case. I think this is a desirable thing. Thank you for coming.

Mr. KASTENMEIER. The gentleman from Illinois.

Mr. RAILSBACK. I am a novice so you are going to have to excuse my ignorance and educate me a little bit.

Why would this not be drafted in a general manner rather than limited to the March 18–30 time period? In other words, why won't this be a good idea to make general law since we are apt to have more of these illegal strikes?

Mr. SCHUYLER. We felt that anything that was more general that is providing relief for any situation other than last year's emergency, should be considered as a matter of general revision of the patent law. One of the provisions of S. 1254 would provide most or all of the general relief that the everyday type of postal situation may require. This provision of S. 1254 is the same as provisions in the general patent law revision bills that have been and are under consideration.

Mr. RAILSBACK. What are the requirements of filing to protect an inventor? In other words, within what time period does he have to file in order to get the benefits of the first invention?

Mr. SCHUYLER. In the United States if he is a U.S. applicant, he must file within 1 year from the time his invention is first published or put into public use. We give him a year that is called a grace period. He has a year's time in which to proceed, and that would be another instance where this bill might be applied.

Mr. RAILSBACK. Right. It would apply in that case and then the only other case that it might apply would be within the 1-year period where an unusual circumstance, where maybe they both claimed to have invented about the same time, and then the only time it would apply to an international case would be, that is, where the date of filing would be important under international law.

Mr. SCHUYLER. Yes, sir; well, it is important in the United States. I don't want to minimize that, but interestingly, the main thrust of the bill is directed to the situation where the applicant could lose a whole year in his priority. There are only two dates available to him, his date

in the foreign country and his date in the United States. If he comes into the United States more than a year after filing in the foreign country, he has only the U.S. date.

Mr. RAILSBACK. At the present time, is there anything that does excuse somebody when the delay in filing is not his fault?

Mr. SCHUYLER. In this area, the Commissioner does not have any discretion as to the filing of an application. It is the date that is received in the Patent Office. The present patent law does not provide relief in this area, although it provides discretion in many other areas where dates are critical. But, because the rights of so many people are dependent upon it, there must be some certainty in this area. So I think that except in an emergency situation like this, I would not favor, at least at the moment, any general loosening up of the date requirement.

Mr. RAILSBACK. Even though they would have the same burden of proof that you have in this bill, they would actually have to prove the delay?

Mr. SCHUYLER. Well, I just think that in my practice before I assumed this position, that so many decisions are made on the basis of dates that appear on the record, that to provide that they could be changed, after the fact, so to speak, would place quite a burden on the public at large. And, if you decide each case when it is filed, you place quite a burden on the Patent Office, one that we are trying to avoid even in this small instance. I think it would be difficult administratively.

Mr. RAILSBACK. Thank you.

Mr. KASTENMEIER. The gentleman from Pennsylvania.

Mr. BIESTER. Would this legislation potentially affect any decisive interests among, let's say, equally disadvantaged parties, equally disadvantaged by the delay?

Mr. SCHUYLER. Well, I think in the situation where, again, I think it would be very unlikely among the 4,000 applications we received during the period, two people had applied for patent on the same invention, then each of them would probably say that his application should have been received 10 days earlier than it was, or something like that, and we would have the situation where we would have to decide the proper date for each party, and the Patent Office would make that decision in the first instance.

Mr. BIESTER. Suppose one man had a patent which he filed in France 1 year prior to, say, he filed it March 20, 1969. And another man filed a competing patent on the same date in London.

Now, to get advantage of the springback, they are competing with respect to who gains advantage of the springback here.

Supposing that the man who filed in France actually walked into the Patent Office and made his filing in person and the other man relied on the mails and it didn't get there. Would this legislation put the man who relied on the mails in the same condition as the man who actually came 3,000 miles and filed?

Mr. SCHUYLER. Yes, sir; since they had the same original date, this legislation would correct the injustice of the man who relied on the mails; yes, sir.

Mr. BIESTER. Does the supporting treaty, the treaty which creates this springback, does that contain any general language with respect to relief?

Mr. SCHUYLER. No, sir; it is a 1-year period and our statute strictly follows the treaty.

Mr. BIESTER. The treaty itself is very brittle on this point, is that right?

Mr. SCHUYLER. Yes, it is. It allows the member countries to set rigid time requirements, which, as I mentioned above, are desirable to provide certainty as to dates.

Mr. BIESTER. Do we find ourselves in any difficulty with any other government as a result of this loosening on this particular point?

Mr. SCHUYLER. I don't think so, but I think we owe it to our nationals to provide relief and find out how other countries will treat the filing date. Let's look at the possibility of perhaps someone who filed in the United States. We give him an earlier date in this legislation and then he files abroad; he may get effectively an earlier date there as well.

Mr. BIESTER. Than a local national might?

Mr. SCHUYLER. Our position on that is that we owe it to our nationals to provide such relief. It will be the law of another country that determines the extent of their relief in that country. They can decide what they want. We will tell them what our record shows and what our position is. They will administer their patent law according to their national law.

Mr. BIESTER. There have been postal problems in a number of countries, have there not, within the last 4 or 5 years? Britain is one example, and France is another example, and Italy is an example. We run a risk of those countries then adopting similar legislation which might affect our nationals also.

Mr. SCHUYLER. Yes, sir; I think we do.

Mr. BIESTER. I assume there was a certain policy decision behind making the treaty brittle. Is that policy decision subverted by this precedent, do you think, if the precedent becomes endemic as a result of these other postal strikes?

Mr. SCHUYLER. No, I don't believe so. I don't believe that the number of applications involved in any one situation will be great enough, where the date again becomes critical. I think it is a de minimis situation.

On the other hand, if we tried to loosen up generally, this would be another reason for not doing it. I can't give you the background necessary to determine the effect because this is one of the oldest multilateral treaties in existence which goes back to the 1880's.

Mr. BIESTER. I join with others in the hope that we will adopt general patent law reform in this Congress so that at least this member of the Subcommittee may have a patent law with which he is somewhat more conversant than the present one.

Mr. KASTENMEIER. The gentleman from Pennsylvania.

Mr. COUGHLIN. I guess all of us as Members of Congress are concerned about the vagaries of the mail, as I am. About what percentage of these patent applications are filed hand-delivered and what percentage are filed through the mail?

A careful practitioner, it seems to me, where dates are important, might file by hand.

Mr. SCHUYLER. Well, I don't know how many. I know a large number are filed by hand. One of the reasons is that we have problems in keeping up with our workload and sometimes we don't inform the applicant for several months of the date when we did receive his application. So some applicants who have attorneys in other parts of the coun-

try will actually send the application to a representative in this area who will personally deliver it to the Patent Office.

I would guess that at least 25 percent are handled that way, but under this bill, they would have suffered the mail problem anyway, even though it would have been hand-delivered to us, if it didn't reach the local representative in time, they would still have had a problem.

I don't know how many are hand-delivered, but I think it is about 25 percent. If you would like, I will be glad to supply a precise figure for the record.

Mr. COUGHLIN. The rest are all filed by mail?

Mr. SCHUYLER. Yes.

Mr. COUGHLIN. The last question I have, under the proposed legislation, as I understand it, you merely identify on the patent that there has been an earlier filing date requested for it. Do we have a situation that it might be 20 years later that you might have to prove that fact?

Mr. SCHUYLER. Probably not 20 years later, but probably 10 in a rare situation where a man then litigated the patent and for some reason the date became critical during the litigation. This would just give him the opportunity to prove his date at that time.

Mr. COUGHLIN. That would be subsequent to the original filing?

Mr. SCHUYLER. Yes, we weighed this and decided that that situation might not occur. If it does, it would be less of a burden than for the Patent Office to make a decision in every case at the present time.

It was in an effort to conserve our resources that we reached this conclusion.

Mr. COUGHLIN. Thank you, Mr. Chairman.

Mr. KASTENMEIER. Following up on what Mr. Biester said, I am wondering whether you considered that the law ought to guarantee deposit by mail any more than in any other method or whether we should tell a potential applicant that he has to assume that risk in modern times.

For example, you might have problems a year hence because those that would have delivered their applications by hand might say "Well, on May 7 I couldn't get across the river because of demonstrators."

We would need a special law to excuse or waive that inability to file the application and you might really want to take the position that we don't guarantee the ability either by use of the mails or physically to deliver a timely application. We would merely indicate whether or not we received the application at a specified time.

So in a sense there could be a broader question of whether you literally wanted to underwrite by law the ordinary general reliance on modes of filing applications. The Agency might take the position that it is not interested in whether an applicant has difficulties filing an application with it; that it does not in any sense seek to guarantee the ease or convenience with which one deposits his application.

Mr. SCHUYLER. I think that is the position we are in. We had this unusual situation that extended substantially throughout the United States, so we felt that to take care of this situation, we should have an exception, but I believe as you stated, Mr. Chairman, that it is our position not to extend relief to the general or everyday situation.

And the courts have said that must be our position, that we must be very rigid, and very brittle, that we do not have the discretion to grant relief. I think it may be just as well we don't have such discretion because, if we did, then we would have the question of whether it was applied fairly.

Mr. MIKVA. Mr. Chairman, if you will yield on that point.

Mr. KASTENMEIER. Yes.

Mr. MIKVA. The thought that keeps troubling me is are we setting a precedent for other areas of government?

I am thinking of various kinds of jurisdictional time requirements for appellate procedures. Now if we pass a bill like this, what are we telling litigants? Should they come in for a similar proposal to waive statutory time requirements that they might have lost out on due to mail delay?

There are other administrative agencies that have time limits. The Federal Communications Commission is one. I know the National Labor Relations Board is another. There again will they come in for similar legislation? I wonder whether we may be solving what the Commissioner indicates is the problem of very few in this field and at the same time opening a Pandora's box in a lot of other fields. I am not sure whose oxen are going to get gored, or ungored, by this procedure.

Mr. SCHUYLER. If I may, I would like to say to the extent that we have discretion by our own rules, we have relaxed them and frequently do where there is an unavoidable delay. I think many of the situations to which you referred might be handled in that way. I am not saying there aren't some other areas where problems were caused by the postal situation last year.

Mr. MIKVA. There are some very strict jurisdictional rules in the Taft-Hartley Act and certainly on appellate procedures, and I have read court decisions that said if you rely on the mail that is your problem. If there is a timetable you better deliver it in court or else.

Mr. KASTENMEIER. Well, in any event, let us proceed to the other two issues, and why don't you proceed to both of them. I think you might accomplish more that way.

Mr. SCHUYLER. Thank you, Mr. Chairman.

## H.R. 5237, INVENTORS' CERTIFICATES

The enactment of H.R. 5237 would enable the United States to adhere to articles 1–12 of the Stockholm revision of the Paris Convention for the Protection of Industrial Property, by recognizing the right of priority in patent cases for earlier filed inventors' certificates.

The industrial property laws of the Soviet Union and a few Eastern European countries have a dual system of rights in industrial property. An inventor, at his election, may receive either a patent or an inventor's certificate for a new invention. An inventor's certificate differs from a patent. It provides no right of exclusivity. Instead, it provides rewards for the inventor based upon any savings realized from the use of the invention.

The right of priority was one of the principal purposes behind establishment of the Paris Convention, and is often necessary in order for an inventor to obtain patents in countries other than his home country. The Paris Convention, to which some 78 countries adhere, requires member states to award a right of priority for foreign patent applications. It did not, however, prior to the 1967 Stockholm revision of articles 1–12, require the awarding of priority for inventors' certificates. The United States law has been interpreted to preclude the award of priority for inventors' certificates.

The United States on August 25, 1970, became a party to articles 13–30 of the Paris Convention as revised at Stockholm in 1967, relating to various matters other than inventors' certificates. However, with respect to articles 1–12, the Lisbon revision of 1958 is still currently in force in the United States. Articles 1–12 of the Stockholm revision cannot be ratified until the necessary implementing legislation is passed.

I might inject at this point that the Senate has given its advice and consent concerning ratification of the treaty but the ratification by the President is being deferred pending the enactment of legislation such as that proposed here.

Member states of the Paris Union find no reason to treat inventors' certificates differently than patents for priority purposes. The U.S. Government at various international meetings, including the Stockholm Revision Conference, has supported the inclusion of a priority provision for inventors' certificates. The granting of priority for inventors' certificates would be a significant contribution to the furthering of industrial property relations between the United States and Eastern European countries and would help to insure continuance and improvement of the rights which U.S. business may receive in obtaining property protection in the Soviet Union and certain other countries, including the priority benefit based on U.S. filed applications. The President's Commission on the Patent System in its 1966 report specifically recommended the recognition of a priority right for inventors' certificates to promote harmonious international relations.

Section 1 of H.R. 5237 amends section 119 of title 35, United States Code to make available a right of priority based on inventors' certificates, subject to the same conditions as now apply to foreign patent applications. Safeguards would be included for American inventors. The right of priority would be awarded under the bill only with respect to claims based on an application filed in states having a dual system of inventors' certificates and patents available on the same terms to their nationals and to foreigners. Thus, we would not find ourselves in the position of awarding priority for inventors' certificates from states where our citizens cannot receive patents.

Section 2 of H.R. 5237 would amend section 102(d) of title 35, United States Code. This section of present law states certain conditions which preclude the granting of a U.S. patent to an applicant who has already received a foreign patent when he files his application in this country. Under the bill, an inventor's certificate would bar the granting of a U.S. patent under the same conditions that a foreign patent does under present law.

The Patent Office anticipates no administrative difficulties in implementing H.R. 5237, and no significant changes in patent practice will be required.

### H.R. 5238, International Patent and Trademark Studies

H.R. 5238 would amend section 6, title 35, United States Code to explicitly state the already implied authority of the Commissioner of Patents to carry on studies and programs regarding domestic and international patent and trademark law. Under the direction of the Secretary of Commerce, and in coordination with the Department of State, these studies and programs could be conducted or authorized to be conducted by the Commissioner of Patents in cooperation with

foreign patent offices and international intergovernmental organizations. In pursuance of these studies and programs for advancing international cooperation concerning patents, trademarks and related matters, the amendment would authorize the Commissioner of Patents to transfer funds appropriated to the Patent Office, to the Department of State for the purpose of making special payments to international intergovernmental organizations. Such funds would be transferred by the Commissioner under the direction of the Secretary of Commerce, with the concurrence of the Secretary of State, and would be limited to $100,000 in any year.

Passage of this legislation is requested because the United States is not authorized at present to make special contributions to international intergovernmental organizations dealing with matters in the field of industrial property protection in furtherance of international cooperation.

United States participation in cooperative international efforts in the field of patents and trademarks is vitally important to the business community. Domestically owned foreign patents and trademarks increase the competitive strength of U.S. exports in foreign marketplaces and, thus, provide the additional trading opportunities which are vital in achieving a favorable balance of payments. To this end, the United States has assumed a leadership role in the international development regarding industrial property rights.

The World Intellectual Property Organization—WIPO—formerly known as the United International Bureau for the Protection of Intellectual Property—BIRPI—administers a number of international agreements on intellectual property. One of these agreements is the Paris Convention for the Protection of Industrial Property, which is the only one adhered to by the United States.

In 1966, within the context of the Paris Union, the United States proposed that BIRPI undertake a study of solutions tending to reduce the duplication of effort involved, both for applicants and for national patent offices, in the filing and processing of patent applications for the same invention in a number of different countries. To this end, the Patent Cooperation Treaty—PCT—was developed, negotiated and finally signed at the Washington Diplomatic Conference in June of 1970. The United States and 34 other countries signed the PCT. However, the development of the PCT, as well as preparations for its entry into force, cannot be supported by the normal Paris Union budget—to which the United States at this time contributes not more than $15,000 annually—and supplementary voluntary contributions by countries with a primary interest in the Patent Cooperation Treaty became necessary several years ago while the PCT was still in the development stage.

While other countries pledged and contributed cash, the United States, not having the authority to make the financial contribution requested, could only contribute equivalent services in the form of staff loans. Since many other expenses have to be absorbed which are not taken into account in equating services to financial assistance, the detailing of personnel is considerably more expensive to the United States than an equivalent cash contribution.

In addition to requests for voluntary contributions in connection with the PCT, WIPO is seeking voluntary cash contributions to support studies and projects in connection with ICIREPAT programs.

ICIREPAT, the Committee for International Cooperation in Information Retrieval Among Patent Offices, is an informal organization established some 9 years ago on the initiative of the United States. It coordinates the development of mechanized search systems within different patent offices as well as the exchange of information on these systems.

In March 1971, an Agreement on the International Patent Classification was negotiated and signed by the United States at a diplomatic conference in Strasbourg, France. The IPC Convention establishes a mechanism for international cooperative development of a universal system of classification for patent documents. This effort also cannot be covered by the Paris Union budget, and involves the payment of special contributions by those countries participating under the agreement.

Another area which may in the near future entail the payment of special contributions to WIPO involves the development of an agreement for the international registration of trademarks, which was begun this year at the behest of the United States.

The existing Madrid Agreement is, for various reasons, not adhered to by the United States, and international cooperation in the field of trademarks, which would include the United States, has become long overdue.

Since most of the international agreements mentioned here are designed to become self-supporting sometime after they have gone into force, the special contributions regarding these agreements would not have to be made indefinitely, but only during the period of their development and while they are under preparation for implementation.

The U.S. Government's lack of authority for making voluntary contributions in support of these programs has been a source of embarrassment in view of the cash contributions made by other countries. The leadership role which the United States plays in these programs, as well as its interest in their success, makes the passage of H.R. 5238 highly desirable.

I believe Mr. Chairman, you have a letter from the General Counsel of the Department of Commerce on S. 1254, which is the other bill being considered by the Subcommittee.

Mr. KASTENMEIER. Yes, Mr. Commissioner, I was going to say that by letter dated April 22 Chairman Celler requested that the witnesses on behalf of the Department of Commerce should present, in addition to the three other bills, the views of the Department on S. 1254. The chair is in receipt of the letter you referred to from acting general counsel, Mr. Letson, dated May 4. Copies of the letter have been distributed to the Members.

Is Mr. Letson here this morning? If not, Mr. Letson's letter will be placed in the record. In sum, it approves of all of the provisions of S. 1254 but one. It approves, one, the provision authorizing the Commissioner of Patents to accept late payment of final fees where delay was unavoidable. Two, it supports changing the title of first assistant commissioner to deputy commissioner.

Would that be you, sir?

Mr. TEGTMEYER. No, sir.

Mr. KASTENMEIER. Three, it supports the appointment of the 15 examiners-in-chief under classified Civil Service rather than having them subject to Senate confirmation of presidential appointment as at present.

On the other hand, the Department opposes the provision that would make Commissioner of Patents an Assistant Secretary of Commerce with classification at the fourth rather than the fifth executive level.

This opposition arises from an administration policy against the restructuring of executive positions in Departments such as Commerce that may be affected by the President's pending recommendations for reorganization of the executive branch presently being considered by the House Government Operations Committee.

I can appreciate why you, sir, would not desire to comment therefore on that particular aspect.

(Mr. Letson's letter follows:)

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,
*Washington, D.C., May 4, 1971.*

Hon. EMANUEL CELLER,
*Chairman, Committee on the Judiciary,*
*House of Representatives,*
*Washington, D.C.*

DEAR MR. CHAIRMAN: This letter is with reference to S. 1254 which has passed the Senate and is pending before your Committee. The bill provides for miscellaneous amendments relating to the patent laws and the Patent Office.

Section 3 of S. 1254 would amend section 151 of title 35 of the United States Code to authorize the Commissioner of Patents to accept a late payment of the patent issue fee upon a showing that the delay in payment was unavoidable. Title 35 presently authorizes the Commissioner to excuse late filing of papers during the examination of patent applications. The bill would provide analogous authority with respect to issue fees.

Several situations have arisen where a patent applicant failed to pay an issue fee within three months after the due date, and the Patent Office, under existing law, as interpreted in *Brenner* v. *Ebbert*, 398 F. 2d 762 (D.C. Cir.), *cert. denied*, 393 U.S. 926 (1968), has been unable to accept the late payment even though the delay may have been caused by circumstances beyond the applicant's control. The amendment proposed by Section 3 of S. 1254 would prevent such inequities, and would eliminate the need for private bills of the type that have been introduced recently to authorize the Commissioner to accept late payments in particular cases.

In addition, the passage of such legislation would relieve the Patent Office of the burden of processing a relatively large number of letters from applicants regarding the status of these applications. Many such letters are submitted by applicants as a protective measure against the loss of a patent for failure to submit the issue fee.

The same amendment of section 151 has been included in bills for general revision of the patent laws in the 91st and 92nd Congresses. However, it appears that Congress may need additional time to consider the general patent law revision effort. We believe that section 151 should be amended at an early date.

We are aware that the United States District Court for the District of Columbia in the recent case of *Delgar, Inc.* v. *Schuyler*, decided January 4, 1971, interpreted existing section 151 as authorizing the Patent Office in one situation to send a second notice of allowance, thereby extending the date for payment of the issue fee. But it appears that this decision would not authorize acceptance of a late issue fee in many situations involving unavoidable delay; a need still exists for an amendment to the statute. The Department of Commerce recommends amendment of section 151 as proposed by S. 1254.

The remaining sections of S. 1254 would make changes relating to positions in the Patent Office and the Department of Commerce which require appointment by the President with the advice and consent of the Senate.

The bill would change the title of the present "First Assistant Commissioner" to "Deputy Commissioner." This change would merely make the statute more descriptive concerning the duties of this position. The Department of Commerce supports this change.

The bill provides for the appointment of the fifteen examiners-in-chief in the Patent Office under the classified civil service, instead of being appointed by the President and confirmed by the Senate. This would reduce the number of positions in the Patent Office which require Senate confirmation from nineteen to four. The examiners-in-chief, who are members of the Patent Office Board of

Appeals, perform duties requiring unique legal and technical qualifications and experience. Accordingly, the Department of Commerce supports this provision.

Finally, the bill would provide that the Commissioner of Patents would be an Assistant Secretary of Commerce for Patents and Trademarks. It is the position of the Administration that while the President's recommendations for reorganization of the Executive Branch are under consideration, there should be no new proposals for restructuring of executive level positions in those Departments which would be affected by the reorganization. The Department of Commerce would be directly affected by the proposed reorganization and we, therefore, are opposed to enactment of this provision of S. 1254.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our letter to the Congress from the standpoint of the Administration's program.

Sincerely,

WILLIAM N. LETSON,
*Acting General Counsel.*

Mr. KASTENMEIER. I yield to my friend from Illinois, Mr. Railsback.

Mr. RAILSBACK. You mean as far as Senate bill 1254 or any of the others?

Mr. KASTENMEIER. Whether you have any questions of the Commissioner with respect to his testimony or with respect to any other matter.

Mr. RAILSBACK. I would like to just ask you, Mr. Commissioner, if you can tell me about these inventor certificates. As I understand your testimony, am I right that this would be applicable only in some States, in other words, when we agree to ratify the Stockholm Convention articles 1–12, and it is necessary to have this implementing legislation, but do I understand that we are actually ratifying only to the extent that it would be applicable in those States where there is a dual system?

Mr. SCHUYLER. That is what the Stockholm text provides. The amendment to the treaty provides that those who adhere to the amendment would recognize inventors' certificates where there is a dual system available to all applicants and only in that situation.

Mr. RAILSBACK. In how many states do we have that dual system?

Mr. SCHUYLER. Only three, I believe, which meet all of the conditions set forth in the Stockholm Revision and which are members of the Paris Union. There are 78 members of the Paris Union and three of those members have the dual system. So, if we amend our statute, it would be available to nationals of those three nations.

Mr. RAILSBACK. What I am trying to see is how that would work in this country as far as priorities. How would it work in this country?

Mr. SCHUYLER. Today, as we were discussing a few minutes ago, the inventor applies for a patent in a foreign country. He has a year within which to file in the United States and he is given the priority right of his foreign filing date. Under present law, if he is in a country which grants either patents or inventors' certificates at the option of the applicant, and he applies for inventor's certificate, he has no way to get priority in the United States based on his application for an inventor's certificate, even though applications for patents and inventors' certificates are much the same. Under the bill, if he applied for a patent in that country, then he would have a priority right in this country. So it is in effect expanding our concepts slightly to accommodate those systems under which applicants have the option of applying for either a patent or an inventor's certificate. It doesn't change the U.S. patent law at all. The only thing it does is to give the applicant, who in one of the socialist countries applies for an inven-

tor's certificate instead of a patent, the same right in this country he would have had if he had applied for a patent in his home country.

Mr. RAILSBACK. I still don't quite follow. We are talking now about a foreign national?

Mr. SCHUYLER. Yes, sir. The Soviet Union is the major country involved. Let me use that as the example. The inventor in the Soviet Union has a choice. He can apply for an inventor's certificate or a patent. If he applies for a patent in the Soviet Union, he may then within a year apply for a patent in the United States. And we would, if we grant him a patent, give him the benefit of the filing date in the Soviet Union. But if he followed the other path in the Soviet Union he would not get priority when he filed in this country.

Mr. RAILSBACK. We haven't recognized that?

Mr. SCHUYLER. We do not give him the filing date. He can still file in the United States but he gets his actual filing date in the United States rather than the treaty date. Accordingly, the treaty was revised in 1967 and the Senate has given its advice and consent to ratification but we cannot ratify it unless we amend our basic law to accommodate the treaty.

Mr. RAILSBACK. Am I right that you are, in effect, according him a different kind of protection than he would have, well, you are according him benefits in the United States that he would not have under his Russian inventor's certificate?

Mr. SCHUYLER. Yes.

Mr. RAILSBACK. So you are treating his inventor's certificate for purposes in the United States as a patent?

Mr. SCHUYLER. Yes.

If I may enlarge upon that point, I have spent some time in Moscow studying their system. The applications for both inventors' certificates and patents are very much the same. There is just a difference in form. When an applicant files for an inventor's certificate he relinquishes his right to a patent in the Soviet Union for a possible monetary reward. Under their system an inventor's certificate for the most part is more advantageous to their nationals. But we generally prefer patents in the Soviet Union, and they have recognized our patent application for priority purposes. Because only the form of the application document rather than the substance or content is different, we feel that we should recognize the application for an inventor's certificate the same as an application for patent for priority purposes.

It discloses the invention in just as much detail as a patent application.

Mr. RAILSBACK. What we are doing, as I understand it, then we are not receiving anything in return but we are trying just to improve the general climate. Though we are not receiving anything in return, those three countries which have the dual system, their people are receiving something, which is, that we are recognizing their inventor's certificate as a patent.

Mr. SCHUYLER. I think maybe we have already received something. The Soviet Union adhered to the Paris Union only a few years ago. But they cannot make full use of it because they cannot, based on inventors' certificates, file here with the priority benefit. So really, in recognition of their adherence in spite of this drawback in the treaty, the treaty is being amended to accommodate some of the peculiarities of their system.

Mr. RAILSBACK. I see.

That is all I have.

Mr. KASTENMEIER. If the gentleman will yield, the basic question is, is there full reciprocity in terms of filing between their inventions of either type and ours? This legislation implements the treaty in that respect.

Mr. SCHUYLER. Yes, sir; that is correct.

Mr. KASTENMEIER. The "Statement of Purpose and Need" submitted by the Commerce Department on this bill indicates that industrial property laws in the Soviet Union, Bulgaria, Czechoslovakia, Poland, and Rumania, and some other Eastern European countries that are member states of the Paris Convention, provide for granting of either patents or inventors' certificates for new inventions, at the option of the inventor.

Mr. SCHUYLER. Czechoslovakia has discontinued their inventor's certificate system. To our knowledge the Soviet Union, Bulgaria and Rumania meet the required conditions among those countries having inventors' certificates. It is questionable as to whether Poland would qualify.

Of course, those countries or applicants who feel that they qualified, could raise the question with us. Ultimately, it is the courts which decide whether, under the law, a country qualifies and applicants are entitled to priority.

Mr. KASTENMEIER. The gentleman from Pennsylvania.

Mr. BIESTER. Something that you said in answer to Mr. Railsback's question intrigued me, and that is that it was more useful to have an inventor's certificate in the Soviet Union than to have a patent. Can you give me some idea of what ratio there is of inventors' certificates to patents in the Soviet Union?

Mr. SCHUYLER. In 1969 there were over 100,000 applications for inventors' certificates and six applications for patents filed by Soviet nationals in the Soviet Union. There were 102 applications for inventors' certificates and 4,400 applications for patents filed by foreign applicants in the Soviet Union.

Mr. BIESTER. There must be something which eludes me here, then. Why would an inventor's certificate be worth more to a Soviet national, and a patent would be worth more to the American national in the Soviet Union?

Mr. SCHUYLER. I am not sure I can give a complete answer. I have some thoughts on it. The first is that in the Soviet system the inventor benefits more from a material recognition of his invention than from trying to enjoin the Soviet Government from using his invention, if that were his recourse. He would end up, perhaps, getting the same compensation by way of a royalty payment or something like that from the Government as he would get for the inventor's certificate. So I think from the point of view of the Soviet citizen, the return he would get in their system would be not any better under the patent than it is under the inventor's certificate. And I am not sure but I think the Government does most of the work for him when he applies for an inventor's certificate.

Mr. BIESTER. Again coming back to patents, I take it therefore an American national who files for a patent does have certain injunctive rights and does by dint of that patent generate certain obligations on the part of the Soviet Government to him, is that right?

Mr. SCHUYLER. Well, I would have to qualify my answer because

U.S. industry is only beginning to license the Soviet Government and the Government-controlled industry to use American-owned inventions which are the subject of American-owned Russian patents. But I think that the patent in such case may be more desirable from the point of view of the American because it gives him a continuing income and the possibility of expanding his licensees and deriving more income.

I am not too sure what the licensing possibilities are in the Soviet Union. But I am going with a team of industrialists at the end of this month to spend almost 3 weeks in the Soviet Union investigating the possibilities of expanding licensing opportunities for Americans there. Although we believe it is better for Americans to obtain patents in the Soviet Union, I am not certain of that. They might get the same thing with an inventor's certificate. This is one thing we want to find out. We have had some feedback. We have some information, but I am not sure it is up to date.

Mr. RAILSBACK. If you will yield, if I may, up to now have American patentees been able to get inventors' certificates in the Soviet Union?

Mr. SCHUYLER. Yes, sir.

Mr. BIESTER. Well, I think you have helped me to understand better the complexity of this, but not necessarily understand exactly where the interest of American nationals might lie. I guess under these circumstances it is really impossible for you at this moment to spell out precisely what new advantage American nationals would experience through greater reciprocity in this situation.

Mr. SCHUYLER. I don't see any specific benefit flowing directly from this particular legislation. As I said, I think our benefit came when the Soviet Union adhered to the Paris Union and we are now saying, "You become a full member."

Mr. BIESTER. But implicit in the Soviet Union's adhering to the Paris Union, wasn't there, if not an express understanding, certainly reciprocity implies that we would extend the priority to their kind of special patent system in this country?

Mr. SCHUYLER. I am sure they joined it with the hope that all countries would provide reciprocity for inventors' certificates. It isn't just the United States involved; some other countries already have granted reciprocity.

Mr. BIESTER. Is there any rational basis for a distinction in the extension of priority to inventors' certificates as opposed to patents? Is there any real basis for distinguishing?

Mr. SCHUYLER. Well, it has been argued that the patent system is a property right system and there is no property right in an inventor's certificate. I come back to the point that I think we are talking about the form of the document and in my experience, I feel that there is no difference warranting different treatment for applications for inventors' certificates and applications for patents. A Russian inventor today could apply for a patent, then come to the United States and apply for a patent, convert his application in the Soviet Union to an inventor's certificate and get around the distinction in present law.

Mr. BIESTER. Really, we are only talking about concept when we are talking about property rights.

Mr. SCHUYLER. That is right.

Mr. BIESTER. In terms of equity between the parties there is no distinction, is there?

Mr. SCHUYLER. Not as I understand it.

Mr. BIESTER. So in terms of equity, for us to grant priority status to these certificates really doesn't create any significant difference so far as the rights of American nationals are concerned. It is really neutral in terms of their rights.

Mr. SCHUYLER. In my opinion it is. I would not be advocating it if there were any adverse effect that I could see.

Mr. BIESTER. Well, it is neutral in terms of our rights here and it is potentially advantageous in the continuation of the Soviet adherence to the Paris Union.

Mr. SCHUYLER. Yes, sir.

Mr. KASTENMEIER. The gentleman from Pennsylvania.

Mr. COUGHLIN. I have only one question, Mr. Chairman.

On H.R. 5238, your testimony indicated that this would give you permission to transfer funds that are appropriated to the Patent Office to the Department of State for transfer to WIPO, BIRPI, and so forth. Why can't you do that directly? Why do you have to do it through State?

Mr. SCHUYLER. It is a matter of policy of the Office of Management and Budget that any contributions to international organizations be handled through the State Department.

Mr. COUGHLIN. And one question for my own edification. About what percentage of the Patent Office's funds are through appropriations and what percentage are through fees and things like that?

Mr. SCHUYLER. A hundred percent of the funds that we spend are appropriated, but all fees we collect, and the fees amount to a little over 50 percent of our total expenses, at present go to the general fund of the Treasury.

Mr. COUGHLIN. But they are about 50 percent of your total?

Mr. SCHUYLER. Yes, sir.

Mr. COUGHLIN. I have no other questions.

Mr. KASTENMEIER. That has been in the past and may be again subject of legislation before this committee.

Mr. SCHUYLER. Yes, sir. The Senate is having hearings next week on a fee revision.

Mr. KASTENMEIER. The gentleman from Illinois.

Mr. MIKVA. Commissioner, I have one question which is slightly off the subject, but was there any possibility to use our graciousness in extending this recognition to Russians who are holding inventors' certificates to getting them to apply a more gracious attitude toward our copyright holders? We have been having trouble protecting American nationals in this respect.

Mr. SCHUYLER. That is not within my responsibility, but I certainly feel that in my dealings with the Russians, and I have had quite a few international meetings with them in this field, that they recognize these things have to be a two-way street. They are trying, if I can use the patent parallel, to license patents in the United States and they recognize that there is going to have to be reciprocity. This is a trading situation, and I am hopeful, although I haven't any information on which to base it, that they would gradually begin to recognize the copyright situation. And I am quite confident, that if they do in the copyright case, as in the patent case, that their government will stand behind the right.

I feel that they recognize the need of incentives to authors, and inventors, just as we do.

Mr. MIKVA. Thank you.

Mr. KASTENMEIER. The gentleman from Massachusetts.

Mr. DRINAN. No questions.

Mr. KASTENMEIER. I have just a question or two.

On H.R. 5238, I note that legislation was introduced last year involving $50,000, and this year $100,000. Surely, knowing the House as I do, we will be asked why, and I would like you to prepare this committee for that inquiry.

Mr. SCHUYLER. Well, I think that the main change in the position is due not only to inflation but the fact that when the legislation was originally introduced, we did not then have the Patent Cooperation Treaty. That Treaty was signed last June. The total requested in 1968 by BIRPI, the international organization then involved, was $50,000. In 1969 and 1970 it was $190,000. In 1971, their budget is $200,000, and they are asking for $33,000 from the United States for that item alone.

The amount to be requested from the United States in 1972, we understand, will be $42,000 for the Patent Cooperation Treaty and $19,000 for ICIREPAT, for a total of over $60,000. It has been indicated by WIPO that this amount could be expected to rise further.

Mr. KASTENMEIER. Another question on that point: Can the United States accommodate itself to the requirements of cooperation in these matters presently with any lesser sum, say $60,000 or $75,000?

Mr. SCHUYLER. The two major items for 1972 could probably be accommodated within $75,000, but the reason we have $100,000 in there is hopefully we won't have to come back and amend this in the next 5 years. If we had some leeway we would still have to justify our appropriation and justify the expenditures.

Mr. KASTENMEIER. One other question in that respect. In the Office of Copyrights, is there any overlap here? Does the Office of Copyrights have an interest in the various programs that we have talked about here? I notice that they are generally considered to be patent and trademark law but I am wondering whether BIRPI and WIPO also involve copyright and whether the programs in fact do involve some programs that affect copyright.

Mr. SCHUYLER. BIRPI, now WIPO does cover copyright. The United States is not contributing anything in that area because it does not adhere to the Bern Convention, which has been administered by BIRPI and now WIPO. As you know, there is a diplomatic conference later this year which may change that situation, hopefully it will. However, the particular programs in which we are now involved with WIPO are patent or trademark oriented. But I see an overlap coming, for example, in the consideration of protection of computer programs.

We have the copyright theory, the patent theory, and those who think there should be something in between for computer programs. This is a matter that WIPO is beginning to study and they may, as their studies develop, be asking for contributions to support them. So there may well be some overlap coming in this area if we desire their studies to continue.

Mr. KASTENMEIER. I might parenthetically suggest that there might well be a need for the Congress, or this Committee to exercise occasional oversight in a 5-year period with respect to these programs insofar as they are changing in character, and that is one of the reasons for my question, at least involving copyright, because they appear to be equally concerned with information retrieval, and such systems.

Are there other questions?

The Committee stands indebted to you for your appearance here this morning, Mr. Commissioner, and we look forward to hearing from you again.

Mr. SCHUYLER. Thank you much.

Mr. KASTENMEIER. Next, the chair would like to call on Mr. Andrew B. Beveridge, chairman of the Section of Patent, Trademark and Copyright Law, American Bar Association.

## STATEMENT OF ANDREW B. BEVERIDGE, CHAIRMAN, SECTION OF PATENT, TRADEMARK AND COPYRIGHT LAW OF THE AMERICAN BAR ASSOCIATION

Mr. BEVERIDGE. Mr. Chairman, I have submitted my statement. Do you wish me to read it through?

Mr. KASTENMEIER. I note that your statement is relatively brief so I think you might read it, sir.

Mr. BEVERIDGE. All right, sir.

My name is Andrew B. Beveridge. I am an attorney at law specializing in the practice of patent, trademark and copyright law, and I have been engaged in such practice since I was admitted to the Bar of the District of Columbia in 1941. My offices are located at Federal Bar Building West, 1819 H Street, NW., Washington, D.C.

I testify before you today on behalf of the American Bar Association as the chairman of that association's section of patent, trademark and copyright law. This section has approximately 4,000 members, and the association has approximately 150,000 members.

My authority to speak on behalf of the American Bar Association is expressed in the following resolution which was approved by the association in 1970 and sets forth the official position of the association:

RESOLVED, That the American Bar Association approves in principle, the Revision of the Paris Convention to qualify Inventors' Certificates with respect to the right of priority under the same conditions and with the same effect as applications for patent.

Specifically, the American Bar Association approves Articles 1–12 of the Revision of the Paris Convention signed at Stockholm, Sweden on July 14, 1967.

BE IT FURTHER RESOLVED, That the Section of Patent, Trademark and Copyright Law is authorized to communicate this action to Members and committees of Congress and to others concerned with enactment of legislation to which the subject matter of this resolution is directed.

The foregoing resolution was approved by the Association following prior approval of the resolution by the section of Patent, Trademark and Copyright Law at the annual meeting of the Association in 1968. In the deliberations of the section which preceded approval of the resolution, it was brought out that the question of according the right of priority to inventors' certificates had first arisen at the Diplomatic Conference of Member States of the Convention of Paris for the Protection of Industrial Property which took place in Lisbon, Portugal in October 1958. At that time not enough was known about the practice in nations which provide for inventors' certificates, notably the Soviet Union, wherefore the revision which took place in Lisbon did not accord the right of priority to inventors' certificates. The matter was studied further by international experts, was approved by a committee of such experts, and was made a part of the agenda at the Diplomatic Conference held in Stockholm, Sweden, in July 1967. The revision which took place in Stockholm did accord such a right of priority.

Speaking generally, and taking the Soviet Union as an example, an inventor's certificate differs from a patent in that the right to use the invention belongs exclusively to the government, the government assumes responsibility for the exploitation of the invention, and the inventor is entitled to remuneration, dependent on the invention to be exploited, which is determined in accordance with certain government regulations. Applications for inventors' certificates are examined for utility and novelty of the inventions involved, as are applications for patents, and the examination can be quite rigorous to establish the proper remuneration of the inventor's contribution to the art involved. Inventors' certificates can, therefore, be equated with patents insofar as the difficulty of obtaining an inventor's certificate is concerned.

Speaking on behalf of the American Bar Association, I therefore recommend that this subcommittee approve H.R. 5237; 92d Congress, and that this bill be reported favorably by the subcommittee to the full Committee on the Judiciary.

That concludes my statement.

Mr. KASTENMIER. Thank you for a very precise, clear statement, Mr. Beveridge.

If you were representing a client 6 months ago for a patent in this country, and your client felt that, let's assume it was an industrial patent, it might have some value in the Soviet Union, what would be the general practice? Would he ask you to obtain a patent or inventor's certificate in the Soviet Union, or would he go to the Soviet Union and negotiate to see whether his idea has value to them before or as you make application for one or the other? Practicably speaking, what is the common course of action here?

Mr. BEVERIDGE. In the first place, your client ordinarily would be an industrial concern rather than an individual, so I think you can eliminate most individuals. Secondly, the client would have through his own international operations department some feel for whether or not he could do business in the Soviet Union in regard to the particular subject matter involved. Once he had made that determination, and, incidentally, he would not ask us to make that determination because we would not know how to make that, really; but once he made that determination, and in all of the cases we have handled, and we haven't handled a great many, he would go for the patent, not the inventor's certificate.

I think for many reasons, I suppose one is they are more familiar with patents and not with inventors' certificates, and secondly, under a hopefully better climate, shall we say, a business relation, he might get the business potential which could be better controlled by the patent than by the inventor's certificate so far as he is concerned. He would come to us. We would prepare the necessary formal papers and get the matter translated. It is all handled, at least in the experience we have had, it is handled through a government bureau over there. They do not have patent attorneys such as we know them. We would handle the prosecution back and forth and he would ultimately obtain a patent. What good the patents have done with clients we have represented, I don't know how much they are exploited yet. It is somewhat new.

Mr. KASTENMEIER. My question is, does he then—I think your answer is normally he would get the patent before he would attempt to exploit it with the Soviet Government.

Mr. BEVERIDGE. Before he attempts to exploit it, that is correct. The time factor can control, in certain instances where you have to take action before you realize the full international potential of something. You may, for example, be publishing an article about it to stimulate domestic interest and if you do not act within proper time limits, you forfeit your rights to get these patents ultimately so you gamble a bit. You have a hot product and you think it has business potential not only in the United States but in many other countries so you go ahead and say we will pick these likely targets and you go ahead and file. Then your job is to find someone to do the business.

Mr. KASTENMEIER. The beneficiary, on the other hand, in the Soviet Union, the holder of the inventor's certificate would really be the Soviet Government itself, would it not, in terms of its application to this country?

After all, the holder of the certificate retains no property right. He retains no ability to exploit the invention. That is wholly within the purview of the Soviet Union.

Mr. BEVERIDGE. As I understand it. I don't claim to be an expert on inventors' certificates. I would liken it somewhat very loosely to an employee suggestion box which we have in an industrial plant where you get certain cash awards for meritorious suggestions.

Mr. KASTENMEIER. One further question: You have heard testimony on S. 645, emergency postal situation, and S. 1253, studies and programs. Do you or the American Bar Association patent section have any point of view on those, or even S. 1254, as far as your testimony this morning?

Mr. BEVERIDGE. Well, under the rules of the American Bar Association, I am not permitted to testify unless the matter has been approved by the house of delegates and represents an official position.

These other bills that you referred to are so new that we have not been able to get that official position because we only have delegates meeting twice a year normally, one this February and the next one will be in New York this coming July.

With respect to all of those bills, I would say that from my opinion, being the chairman of the section, I would conclude that ultimately they would be approved. That is just my appraisal of the situation.

In regard to S. 1254, since it was passed by the Senate, I did take the step of polling the Council of our section to get their reaction to that bill. As you know, it has two parts, the administrative changing of the secretary, and also the payment of issue fees. The late payment of these fees is something that has plagued practicing attorneys in our field in different ways and in our firm which has had cases where it has been quite difficult.

As to the other part, the poll that I had completed with about 15 members of our Council, every reply was overwhelmingly in favor of S. 1254.

Mr. KASTENMEIER. Thank you very much. We understand that you have been invited this morning to testify on H.R. 5237.

The gentleman from Illinois.

Mr. MIKVA. No questions. Thank you for your statement, Mr. Beveridge.

Mr. KASTENMEIER. The gentleman from Illinois.

Mr. RAILSBACK. No questions.

Mr. BIESTER. I have no questions.

Mr. KASTENMEIER. Thank you very much, Mr. Beveridge.

Our last witness this morning is George R. Clark, International Patent and Trademark Association, American Group of the International Association for the Protection of Industrial Property.

## STATEMENT OF GEORGE R. CLARK, PRESIDENT, INTERNATIONAL PATENT AND TRADEMARK ASSOCIATION, AMERICAN GROUP OF THE INTERNATIONAL ASSOCIATION FOR PROTECTION OF INDUSTRIAL PROPERTY (AIPPI)

Mr. CLARK. Good morning, Mr. Chairman.

Mr. KASTENMEIER. You too, sir; I note you have a brief statement and if you care to deliver it, we would be very pleased to hear it.

Mr. CLARK. Thank you, sir. Also I have made several revisions to my prepared statement because I drafted it on the way back from a business trip in Europe on Friday and I would appreciate the opportunity of filing a revised copy with the Committee.

Mr. KASTENMEIER. Without objection, the revised copy will be received.

(Mr. Clark's revised statement follows:)

STATEMENT OF GEORGE R. CLARK, PRESIDENT, INTERNATIONAL PATENT & TRADEMARK ASSOCIATION

My name is George R. Clark. I am an officer of Sunbeam Corporation of Chicago, Illinois, Oster Corporation of Milwaukee, Wisconsin, and Sunbeam Equipment Corporation of Meadville, Pennsylvania and I am General Patent and Trademark Counsel of these companies. I testify before you today as to H.R. 5237, in my capacity as President of the International Patent and Trademark Association.

Organized in 1930, the International Patent and Trademark Association is the American Group of the International Association for the Protection of Industrial Property, usually referred to as AIPPI. The interational organization is world-wide and has 37 national groups of which the American Group is one of the largest. The American Group is composed of both individual members as well as corporate members represented by designated individuals, and its membership is in excess of 600, comprised of business executives, lawyers and inventors interested in the protection of patents, designs, trademarks and know-how and in the elimination of unfair trade practices in international commerce.

Our association is interested in and its members participate as fully as possible in keeping abreast of all international developments which may effect industrial property and related rights of American business and inventors. One of our association's primary functions continues to be the constant improvement of the Paris Convention of 1883 for the Protection of Industrial Property.

H.R. 5237, introduced by Congressman Kastenmeier on March 1, 1971, would revise Section 119 of Title 35 of the United States Code to carry into effect a provision of the Paris Convention as that convention was revised at the Diplomatic Conference held in Stockholm in July, 1967. In essence, H.R. 5237 would give an applicant who has filed for an inventor's certificate in a foreign country a right of priority in the United States on the same basis as if he had filed an application for patent abroad. It is true, of course, that this right of priority is available only to qualified applicants who have a right to apply, at their discretion, either for a patent or for an inventor's certificate.

Our association has given careful consideration to the so-called Stockholm Revision of the Paris Convention and has supported the amendments to Article 4 as agreed upon at the Stockholm Diplomatic Conference. It is our opinion that H.R. 5237 represents necessary and desirable legislation to implement the Stockholm Revision.

It was my privilege to serve as the alternate co-chairman of the United States Delegation to the Washington Diplomatic Conference on the Patent Cooperation Treaty during May and June of 1970. During those deliberations there was considerable debate as to whether an inventor's certificate should be given the same status as a patent. In my opinion, this question is not involved in the legislation under discussion here today. In PCT the question was "avoided" simply by saying in Article 2(ii) that "references to a 'patent' shall be con-

strued as references to patents for inventions, inventor's certificates—." Nowhere in PCT is the statement made that an inventor's certificate must be equated to a patent. By the same token, H.R. 5237 deals only with the right of *priority* to be accorded patent applications based on applications for inventor's certificates, and properly so. It would be a mistake to confuse the question of the right of priority with the question of philosophical differences between patents as property rights as we know them in this country and inventor's certificates as they are known in countries such as the Soviet Union.

The proposed amendment to Section 119 of Title 35 of the United States Code is precisely worded and if enacted into law would afford no more than a reasonable right of priority to inventor's certificates.

My association recommends enactment of H.R. 5237.

If I may be permitted, I would also like to say a brief word in support of S. 1254—not in my capacity as President of the American Group of AIPPI but as a businessman interested in the orderly and efficient operation of the United States Patent Office.

I support the bill as passed by the Senate and align myself with the views expressed in Senate Report No. 92–73 and, in particular, with those portions of the Report printed in the Congressional Record for April 22, 1971 at pages S5341–S5342.

Moreover, I would respectfully draw this Committee's attention to an as yet untouched upon benefit which one might hope would flow from enactment of S. 1254—the return to the Commissioner of Patents of his rightful role as spokesman for the United States in matters relating to patents and trademarks in international negotiations on these important subjects. Suffice it to say that the best interests of the United States are *not* served when such highly technical matters are left in the hands of basically unqualified spokesmen from the Department of State—spokesmen, unfortunately, who have been acting as such *not* by virtue of their level of demonstrated expertise but principally by virtue of their higher level of comparative interdepartmental *rank*.

In my opinion, S. 1254 could well provide a vehicle to correct this unfortunate practice.

Mr. CLARK. I also feel in a way I am a constituent of everyone on the Subcommittee.

My name is George R. Clark. I am an officer of Sunbeam Corp. of Chicago, Ill., Sunbeam Equipment Corp. of Meadville, Pa., and John Oster Manufacturing Co. of Milwaukee, Wis.

I testify before you today, however, in my capacity as president of the International Patent and Trademark Association.

Organized in 1930, the International Patent and Trademark Association is the American Group of the International Association for the Protection of Industrial Property, usually referred to as AIPPI. The international organization is worldwide and has 37 national groups of which the American group is one of the largest. The American group is composed of both individual members as well as corporate members represented by designated individuals. The membership is in excess of 600, comprised of business executives, lawyers, and inventors interested in the protection of patents, designs, trademarks and knowhow and in the elimination of unfair trade practices in international commerce.

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filed for an inventor's certificate in a foreign country a right of priority in the United States on the same basis as if he had filed an application for patent abroad. It is true, of course, that this right of priority is available only to those qualified applicants who have a right to apply, at their discretion, either for a patent or for an inventor's certificate.

Our association has given careful consideration to the so-called Stockholm revision of the Paris Convention and supported the amendments to article 4, as agreed upon at the Stockholm Diplomatic Conference. It is our opinion that H.R. 5237 represents necessary and desirable legislation to implement the Stockholm revision.

It was my privilege to serve as the alternate cochairman of the U.S. delegation to the Washington Diplomatic Conference on the Patent Cooperation Treaty during May and June of 1970. During these deliberations, there was considerable debate as to whether an inventor's certificate should be given the same status as a patent. In my opinion, this question is not involved in the legislation under discussion here today. In PCT the question was avoided simply by saying in article 2(ii) that "reference to a 'patent' shall be construed as references to patents for inventions, inventors' certificates * * *." Nowhere in PCT is the statement made that an inventor's certificate must be equated to a patent. By the same token, H.R. 5237 deals only with the right of priority to be accorded patent applications based on applications for inventors' certificates, and properly so. It would be a mistake to confuse the question of the right of priority with the question of philosophical differences between patents as we know them in this country and inventors' certificates as they are known in countries such as the Soviet Union.

The proposed amendment to section 119 of title 35 of the United States Code is precisely worded and if enacted into law would afford no more than a reasonable right of priority to inventors' certificates.

My association recommends enactment of H.R. 5237.

If I may be permitted to also say a brief word in support of S. 1254.

Mr. KASTENMEIER. Proceed, sir.

Mr. CLARK. Not in my capacity as president of the American group of AIPPI but as a businessman interested in the orderly, efficient operation of the U.S. Patent Office, I support the bill as passed by the Senate and aline myself with the views expressed in Senate Report No. 92–73, and in particular with those portions of the report printed in the Congressional Record for April 22, 1971, at pages 5341 and 5342. Moreover, I would respectfully draw this Committee's attention to an as yet untouched upon benefit which one might hope would flow from enactment of S. 1254; the return to the Commissioner of Patents of his rightful role as spokesman for the United States relating to patents and trademarks in internal negotiations on this important subject.

Suffice it to say that the best interests of the United States are not always served when such highly technical matters are left in the hands of basically unqualified spokesmen from the Department of State, spokesmen, unfortunately, who have been acting as such not by virtue of their level of demonstrated expertise, but principally by virtue of their higher level of comparative interdepartmental rank.

In my opinion, S. 1254 could well provide the vehicle to correct this unfortunate practice.

I might also volunteer, Mr. Chairman, with respect to the postal emergency matter, a question was raised by one of the members of the Subcommittee as to action that might be taken in other countries.

Last week I had a meeting with the comptroller general of the Board of Trade of the United Kingdom who is the equivalent of our Commissioner of Patents and he did by rule what we must do here by statute.

Thank you very much, Mr. Chairman.

Mr. KASTENMEIER. Thank you, Mr. Clark, for a very lucid presentation. I take it you personally approve S. 1254 in each respect, that is to say, both in terms of its reorganization and its section 151 on issue of patents.

Mr. CLARK. Yes, sir; I do. I believe it simplifies the operation of the Patent Office. I don't believe in the necessity of going before the Senate with presidential appointments on 15 examiners-in-chief, and I am very much in favor of raising the status of the Commissioner of Patents to Assistant Secretary of Commerce. I think that the patent system is equally as important, if not more important, than some of the Bureaus of Commerce which have been raised to that status, some having as few as, I believe, 73 employees as compared to the almost 3,000 in the U.S. Patent Office in a professional capacity.

Mr. KASTENMEIER. One of the problems we have, and I don't know whether you have a point of view about it, is whether in the present form the President would veto S. 1254.

Mr. CLARK. Mr. Chairman, I can only say as an observer on the scene that I have seen governmental reorganizational plans drag along for many, many years. You, yourself, sir, are well aware of even how long a relatively simple thing like copyright revision or patent law revision takes because of the time that is spent and well spent, I believe, by this Committee. Even if it were an interim step, and by interim I will use the period 5 to 10 years or less, I think that our system, our patent system, the interest of inventors and the interest of business would benefit by the change in the interim period, sir.

Mr. KASTENMEIER. We are confronted with the fact that the administration has advanced a very comprehensive executive reorganization proposal dealing in part with the Department of Commerce. To the extent that this bill contravenes administration policy against restructuring executive level classifications in affected Departments, the executive branch does not support it.

We might run into difficulties by viewing this legislation as dealing with business and patents alone, rather than as part of an overall executive reorganization advanced by the White House. This is one of the problems I see.

Mr. CLARK. I understand your comments, sir.

Mr. KASTENMEIER. I yield to my friend from Illinois.

Mr. RAILSBACK. Thank you. I have no questions.

Mr. KASTENMEIER. The gentleman from Pennsylvania.

Mr. BIESTER. I really don't have any questions relative to the testimony you have given. I wonder, and perhaps this question is premature, but I wonder if the witness has any information with respect to the laws of the People's Republic of China with respect to their disposition of patents and certificates of invention.

Mr. KASTENMEIER. I am not so sure that is premature.

Mr. CLARK. I don't even play ping-pong, sorry. I have no information on that subject.

Mr. KASTENMEIER. The gentleman from Illinois.

Mr. MIKVA. I have no questions. I hope you don't vote in all of those places that you rattled off in the beginning.

Thank you.

Mr. KASTENMEIER. Thank you very much, Mr. Clark.

That concludes the testimony this morning on the four bills before us. Unless there is a suggestion that further testimony on any of the four bills be received, this does conclude the testimony and the Committee will stand adjourned to the executive session attending disposition of these four bills.

Mr. MIKVA. Before we adjourn, will the record be kept open in the event that we wish to request reports from other Departments relating to the proposal?

Mr. KASTENMEIER. Yes, the first proposal on the postal matter, I think it might be well for counsel to consult the Justice Department certainly, and perhaps the Post Office Department and the Copyright Office.

Are there any other suggestions?

Mr. RAILSBACK. May I ask if the letter from the General Counsel of the Department of Commerce is going to be considered as part of the record?

Mr. KASTENMEIER. Yes, I noted earlier that it would be a part of the record because it is the one comment on that piece of legislation which is official and the Commissioner this morning understandably did not deal with it.

If there are no other comments, the Committee stands adjourned.

(Whereupon, at 11:45 a.m., the Committee was recessed subject to call.)

STATEMENT OF AMERICAN PATENT LAW ASSOCIATION

ARLINGTON, VA., *May 21, 1971.*

Hon. ROBERT W. KASTENMEIER,
*Chairman, Subcommittee No. 3, House Committee on the Judiciary, House of of Representatives, Washington, D.C.*

DEAR MR. KASTENMEIER: Some weeks ago when talking with Mr. Fuchs he advised me that Subcommittee No. 3 of the House Committee on the Judiciary would hold hearings on May 5 on patent matters pending before the Committee. Unfortunately, we had scheduled a meeting for Los Angeles, California, May 5–7 and, for that reason, could not attend the aforementioned hearings. However, Mr. Fuchs invited us to submit to you any statement that we might wish to make with respect to the items upon which the hearings were held.

We, of course, could not have any objection to the passage of H.R. 4564, affording relief required by the postal emergency of March, 1970.

With respect to H.R. 5238, we find no objection to the participation by Patent Office officials in studies and programs on the national and international level dealing with patents and trademarks. However, we question the advisability of transferring $100,000 of Patent Office funds to the Department of State for these purposes. We feel that more study should be given to the availability of these funds to determine whether they are needed more for the purposes of these studies than they are for other Patent Office operations.

Our Board of Managers has considered S. 1254 which has been passed by the Senate, referred to the House, and is now pending before Subcommittee No. 3 and we strongly urge its passage by the House in order that it may be enacted into law.

Again, with respect to H.R. 5237 relating to inventors' certificates, our Board of Managers supports this legislation and urges its passage in order that it may become law.

Respectfully submitted,

CHARLOTTE E. GAUER,
*Executive Director.*

STATEMENT OF EDWARD J. BRENNER (FORMER COMMISSIONER OF PATENTS)

PATENT OFFICE ORGANIZATION—ISSUE FEES (S—1254)

S. 1254 proposes certain organizational changes for the Patent Office and the Department of Commerce. I fully support these changes since I believe they are in the public interest and are most important for the future of the U.S. patent and trademark systems.

The patent system is inter-related with the economic, scientific and legal systems of our country, and the trademark system is inter-related with the economic and legal systems of the country. Thus, in my judgment, the U.S. Patent Office is appropriately placed in the Department of Commerce or the proposed new Department of Economic Development. On the other hand, I believe that the operations of the U.S. Patent Office are not appropriately placed directly within either the economic wing or the science and technology wing of the Department of Commerce because of their inter-relationship with the other fields mentioned above. Thus, in my judgment, the U.S. Patent Office would more appropriately report to an Assistant Secretary of Commerce for Patents and Trademarks. Among other things, such an organizational arrangement would be more efficient, since it would eliminate an un-needed level of management and reporting.

I support the proposed organizational arrangement for another important reason. A position of Assistant Secretary of Commerce for Patents and Trademarks will improve communications and policy making functions in the fields of patents and trademarks as they relate to other governmental areas, such as the economic and science and technology wings of the Department of Commerce from an intra-departmental standpoint. The same benefits will be realized in the case of inter-Departmental matters such as, for example, in day-to-day and long range relationships with the Department of Justice in the area of patent and anti-trust policy and the Department of State in the area of international patent and trademark treaties and other affairs.

The patent and trademark systems of our country have a most important role to play in the future of our country with respect to important matters such as national productivity, international competition, balance of payments and those inventions and innovations required to meet national needs in the fields of housing, transportation, health, safety and environmental protection. Thus, the U.S. Patent Office needs to have a voice at an appropriate policy-making level, namely Assistant Secretary of Commerce for Patents and Trademarks, in order for the patent and trademark systems of our country to make their full contribution to the economic, scientific and legal development of the country in the future.

I am also in favor of the provisions of the proposed legislation which would remove the Examiners-in-Chief from the political arena by changing these positions from ones of Presidential appointment. These positions are now, and always have been, positions of a professional character, rather than political-type appointments.

S. 1254 also proposes an amendment relating to delayed payment of issue fees for United States patents. Based upon my experience as Commissioner of Patents as well as a practicing patent attorney, I would strongly support these proposed changes. At the time the patent statutes were revised in 1965, I supported the basic concept of amending the law to provide for a shorter period of time in which patent issue fees should be paid in order to expedite the issuance of patents. It was not anticipated at that time that there would be any undue hardships or problems which would be encountered by applicants with regard to the delayed payment of issue fees. However, experience has shown that problems have arisen for patent applicants resulting in the complete loss of patent rights as a result of delayed payment of issue fees. Thus, I believe the revision of paragraph (c) and (d) will accomplish the purpose of assuring that issue fees will be paid within a reasonable period of time in essentially all cases, yet providing a safeguard against a complete loss of patent rights in the event of unavoidable delays in paying the issue fee.

INTERNATIONAL PROGRAMS (S. 1253)

S. 1253 provides authority for the Commissioner of Patents to conduct studies and programs relating to international patent and trademark law, to carry out such programs in cooperation with foreign patent offices and inter-governmental organizations, and to provide funds, not to exceed $100,000 per year, to be paid to inter-governmental organizations for such studies. I strongly support the provisions of S. 1253 in view of the growing dimensions and importance of interna-

tional patent and trademark affairs. The benefits which can be realized from international cooperation in both the patent and trademark fields will be important to United States citizens who are applying for patent and trademark coverage throughout the world. These benefits will be realized by both large and small corporations as well as independent inventors and entrepreneurs. In my judgment the benefits to be gained by the smaller corporations or individuals, relatively speaking, may well be greater than in the case of large corporations, since generally the latter are more likely to be able to afford to maintain an international program of protection whereas the smaller companies or individuals are less likely to have the economic resources necessary to obtain the type of patent or trademark protection they really need for their business operations. Also, there are advantages to be gained in reducing the expense of operating the United States Patent Office as a result of savings in documentation, searching and examination which can be realized through international cooperation.

INVENTOR'S CERTIFICATES (S. 1252)

S. 1252 relates to an amendment to our patent law to provide for a right of priority under the Paris Convention for Inventor's certificates. I fully support this particular amendment since I believe it is a step in the direction of international patent cooperation. Some opponents of this provision have argued that since the rights granted under a patent and an inventor's certificate are different, this particular amendment of the Paris Convention should not be approved. However, basically all that this amendment relates to is the disclosure of an invention, which disclosure is independent of the form of protection involved. Thus, the amendment of the Paris Convention provides that the right of priority of a disclosure in an inventor's certificate will be treated in the same manner as a disclosure of a patent application. Further, in view of the fact that the amendment to the Paris Convention provides that this right of priority for inventor's certificate shall only apply in the case of those countries which provide a system of both inventor's certificates and patents, I am satisfied that United States citizens are adequately protected with respect to this particular change in our law.

STATEMENT OF CHAMBER OF COMMERCE OF THE UNITED STATES ON H.R. 5237

WASHINGTON, D.C., *May 5, 1971.*

cc: Members of Subcommittee No. 3
Herbert Fuchs, Subcommittee Counsel

The Honorable EMANUEL CELLER,
*Chairman, Committee on the Judiciary,*
*House of Representatives,*
*Washington, D.C.*

DEAR MR. CHAIRMAN: This is a follow-up to Chamber President Shumway's letter of April 20, concerning the Chamber position on H.R. 5237, a bill to carry into effect a provision of the Convention of Paris for the Protection of Industrial Property, as revised at Stockholm, Sweden, July 14, 1967.

We support passage of this bill which would (1) recognize an inventor's certificate as a form of protection for industrial property in a major industrial nation (the USSR), and (2) give applications for inventors' certificates in foreign countries the same right of priority as is now given to applications for patents under Section 119 of the Patent Code.

Essentially there are two reasons for our position.

*First,* we feel that recognition of inventors' certificates as the basis for a claim of priority may accelerate the flow of new technology from the USSR by facilitating filings for patent protection in other countries of the world by the creators of such new technology.

*Second,* passage of the pending bill is a desirable step in facilitating ratification of the 1967 Stockholm Revision and the Patent Cooperation Treaty signed at Washington, D.C. in June, 1970.

In considering a priority based on an application for an inventor's certificate we recognize that the inventor's rights under the certificate differ from those granted by a United States patent or a patent granted by the USSR. We observe, however, that the requirement for disclosure of new technology in an application for a certificate is essentially the same as that involved in an application for a United States patent and that the safeguards as to the date and authenticity of disclosure are essentially the same in both cases.

Thank you for giving us an opportunity to express our views. We will appreciate your consideration of these recommendations, and we request that this letter be made a part of the hearing record on this legislation.

Cordially,

HILTON DAVIS,
*General Manager, Legislative Action.*

STATEMENT OF MANUFACTURING CHEMISTS ASSOCIATION

WASHINGTON, D.C.

Hon. ROBERT W. KASTENMEIER,
*Chairman, Subcommittee Number Three, Committee on the Judiciary, U.S. House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: On behalf of the Manufacturing Chemists Association, I would like to take the opportunity to comment on one of the provisions of S. 1254, a bill to amend Title 35 of the United States Code, presently under consideration by your Subcommittee. The Manufacturing Chemists Association is a nonprofit trade association of 171 United States company members representing more than 90 percent of the production capacity of basic industrial chemicals within this country.

Section 4 of S. 1254 would increase the number of assistant secretaries of Commerce from seven to eight by establishing the position of Assistant Secretary of Commerce for Patents and Trademarks. This bill also provides that the Assistant Secretary of Commerce for Patents and Trademarks would, ex officio, be the Commissioner of Patents.

The Manufacturing Chemists Association wholeheartedly supports this proposed amendment. This change would elevate the Commissioner of Patents to a policy level position within the Executive Branch of the Federal Government and would enhance substantially the prestige of this office. The proper administration of the U.S. Patent Office and the efficient handling of domestic and international patent problems are subjects of direct concern to the chemical industry. It is our considered opinion that the Government's principal patent official will be better able to carry out his responsibilities in these areas if he has the prestige and authority of the position of assistant secretary. We respectfully urge, therefore, that your Subcommittee act favorably on this proposed amendment.

Sincerely,

W. J. DRIVER.

STATEMENT OF NATIONAL ASSOCIATION OF MANUFACTURERS

MAY 12, 1971.

The Honorable ROBERT W. KASTENMEIER,
*Chairman, Subcommittee No. 3, Committee on Judiciary, 2137 Rayburn House Office Building, Washington, D.C.*

DEAR MR. CHAIRMAN: On behalf of the National Association of Manufacturers we would like to express our general support of the concept of international cooperation embodied in S. 1252, relating to inventors' certification, and S. 1253, dealing with an international studies program. We believe that these proposals are in keeping with the valuable objective of furthering intellectual industrial property relations without impairing the rights of American inventors and industry.

We also are in agreement with the objective embodied in S. 1254 that would accord more fully a necessary recognition of patents and trademarks administration by our government. We believe such a move is increasingly necessary from an international as well as a domestic standpoint.

Very truly yours,

A. P. FONTAINE,
*Chairman, NAM Patents Committee,*
*(Chairman and President, The Bendix Corp.).*

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