

SUMMARY OF STATEMENT OF DONALD W. BANNER, PRESIDENT  
INTELLECTUAL PROPERTY OWNERS, INC.  
before  
SENATE JUDICIARY SUBCOMMITTEE ON  
PATENTS, COPYRIGHTS AND TRADEMARKS

October 23, 1985

IPO STRONGLY SUPPORTS S. 1543. IT WILL HELP STOP THE LOSS  
OF MANUFACTURING JOBS FROM THE UNITED STATES.

- o The decline in U.S. competitiveness is attributable in part to weaknesses in the patent system which have weakened the incentives for R&D.
- o Stronger U.S. patent rights will benefit U.S. companies most because U.S. companies still own some 70 percent of U.S. patents currently in force and U.S. companies are closest to the U.S. market.
- o S. 1543 will help preserve jobs in the United States by prohibiting competitors of the patent owner from manufacturing offshore using the patented process. The patent owner is more likely to manufacture in the U.S. if protected in the U.S. from offshore free riders.
- o Our major trading partners, including Japan, West Germany, France, and the United Kingdom, have provisions in their laws similar to S. 1543. We should provide at least as much protection for manufacturing processes as other countries provide.
- o The only remedy currently available to U.S. process patent owners -- an exclusion order from the U.S. International Trade Commission under section 337 of the Tariff Act -- is inadequate.
- o S. 1543 is entirely consistent with the aims of the Drug Price Competition and Patent Term Restoration Act of 1984.
- o S. 1543 contains a safeguard to protect innocent infringers, including retailers. Moreover, retailers almost always are protected by hold-harmless clauses and the Uniform Commercial Code.
- o IPO suggests a few refinements in the language of the bill.