

BILL S. 2547

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ACTION: Remarks by Mr. Dodd

to the House proposal, printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MANUFACTURING CHEMIST'S
ASSOCIATION, INC.,

Washington, D.C., March 20, 1964.

HON. JOHN L. McCLELLAN,
Chairman, Subcommittee on Patents, Trade-
marks and Copyrights, Committee on
the Judiciary, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: The Manufacturing Chemists' Association, Inc., would like to take this means of submitting its views on H.R. 8190 and S. 2547 for consideration by your subcommittee and inclusion in the record of the hearings held on these bills on February 27 and 28, 1964. With certain differences, both bills have for their purpose the increase of fees payable to the Patent Office.

In this connection, it may be of interest that the Manufacturing Chemists' Association, Inc., founded in 1872, is the country's oldest national chemical trade association, with 186 U.S. members, and represents more than 90 percent of the productive capacity of the U.S. chemical industry. The chemical industry spends more of its own money on research than any other single industry in the Nation. In 1960 some 10,200 chemical patents were issued, representing about 20 percent of all patents issued during the year. Thus, the chemical industry has a vital concern in any legislation affecting patents.

Our association realizes that over 30 years have passed since the fees for filing applications and issuing patents were last revised. Since that time, salaries and other costs have increased substantially. Inventors and their assignees should pay a fair share of the Patent Office costs and it is for this reason that our association in the past has supported a reasonable increase in Patent Office fees. In our letter of September 4, 1963 to the House Judiciary Committee we so stated our position. We were, therefore, quite pleased to see the introduction of S. 2547 by Senator Dodd, the provisions of which would increase Patent Office fees, making it more nearly self-sustaining. According to Senator Dodd, when he introduced his bill S. 2547 the proposed schedule of fees would produce slightly over \$22 million in revenue each year. This is about the same amount which would be produced by H.R. 8190 after scheduled maintenance fees become fully effective.

By far the most objectionable feature of H.R. 8190, and the one to which we most strongly object, is the provision authorizing the imposition of maintenance fees for patents. The imposition of maintenance fees would, in our opinion, also have the undesirable effect of lessening the protection and encouragement now given to inventive efforts by our patent system. The Acting Commissioner of Patents, in his testimony, indicated that the Patent Office expected that at the end of the 5th, 9th, and 13th year a large number of patents would become invalid for failure to pay the maintenance fees. It was estimated that on the 13th anniversary date of the issuance of the patent only 15 percent of the patents would be continued in force. Thus, it appears to us that maintenance fees will have the effect of reducing the life of patents, thereby seriously weakening our patent system.

The philosophy behind the attempts to reduce the life of the patent seems to be that the patents then will go into the public domain and will be utilized fully by a large number of manufacturers. We do not believe this would be the case. Let us consider a situation where a patent is allowed to lapse by failure to pay maintenance fees and

later it is discovered that the item covered could be utilized. There are very few manufacturers who would expend the considerable amount usually involved in the commercial development and marketing of a new product without patent protection. The public, thus, would be deprived of the benefits of many new developments.

In the House floor discussion on H.R. 8190, the assertion was frequently made that maintenance fees would save the Patent Office money by cutting out so-called deadwood, a term apparently used to indicate patents not being utilized commercially. The lapsing of a patent does not eliminate it as a reference by the Patent Office. In its consideration of new patent applications, such a lapsed patent is treated by the Patent Office in the same manner as is an article in a journal, or as is a foreign patent. Being a disclosure, it forms part of the art which has to be searched to determine if a later applicant has a "new" invention. The issued patent has to be searched, whether it is used or unused, valid or invalid, still alive or expired.

Another reason why we strongly object to the imposition of maintenance fees is because of the administrative burdens which will be placed on both industry and the Patent Office. To impose the maintenance fees provided by H.R. 8190, it will be necessary for the Patent Office to keep accurate records of the status of many thousands of issued patents, to send out many thousands of notices of maintenance fees due (sec. 6e), process requests for deferment (sec. 6f), and publish lists of patents expired for nonpayment of maintenance fees.

The imposition of maintenance fees also seems to be an effort to eliminate so-called defensive patents. There are very few actually defensive patent applications filed. To call a large number of patent applications "defensive" indicates a lack of understanding of the way research is conducted and products often developed, especially in the chemical industry. Many times new chemical compounds are discovered for which no immediate use is apparent. With additional experiments, sometimes taking many years, a use for the compound is discovered. Thus, if the attempt is being made by the use of maintenance fees to eliminate the filing of patent applications of this type, the result will only be greater secrecy.

There are several other provisions in H.R. 8190 which we view with concern and strongly oppose. Sections 1, 2, 3, and 4 of H.R. 8190 provide for increased fees for filing, prosecuting, issuing, and reissuing patents, and for recording assignments. We are somewhat apprehensive that the extra filing fee in H.R. 8190 for each independent claim beyond one may deter inventors from adequately claiming their inventions, and that the fees for printing the patents and drawings may deter inventors from fully disclosing their inventions.

As a matter of fact, Assistant Secretary of Commerce Hollomon and Acting Commissioner of Patents Reynolds emphasized in their testimony before your subcommittee on H.R. 8190 that the bill was drafted with provision for only one claim for the filing fee of \$50 to encourage the submission of "dependent" claims, rather than a large number of independent claims. Patent attorneys today, in general, believe that for most inventions a series of independent claims are necessary to adequately spell out the area of discovery. The reason for this is that in case one claim in a patent is declared invalid by the courts, other claims will still be valid, protecting the invention.

The fee schedule of H.R. 8190 would be especially heavy on independent inventors. The independent inventor makes very important contributions to our society. The

FEES PAYABLE TO COMMISSIONER
OF PATENTS

Mr. DODD. Mr. President, on February 25, I introduced S. 2547, as an alternative to H.R. 8190, which was approved by the House earlier this year, to fix certain fees payable to the Commissioner of Patents.

The bills will produce slightly over \$22 million a year in revenue, making the Patent Office more nearly self-sustaining than it is at present.

At the time I introduced it, I stated that my bill had been endorsed by the Connecticut Bar Association, as well as by individual patent attorneys and businessmen.

I learned a few days ago that the Manufacturing Chemists' Association, Inc., which represents 186 member companies with 90 percent of the productive capacity of the U.S. chemical industry, has also endorsed my bill.

The association did this in a letter which it filed with the Senate Judiciary Subcommittee on Patents, Trademarks, and Copyrights commenting on both S. 2547 and H.R. 8190.

This endorsement is of particular interest, I think, since the chemical industry spends more of its own money on research than any other single industry in the United States. These research efforts are reflected in the patent activity of the industry. For example, in 1960 approximately 20 percent of all the patents issued were chemical patents.

I ask unanimous consent to have this letter, which is an expert and able argument in support of my bill in preference

impact of this bill on the independent inventor would be considerably softened if he could present several independent claims for his filing fee instead of just one, and if for his issue fee he could have several pages printed without additional printing fees.

Today an inventor may file 20 or less independent claims for a filing fee of \$30. H.R. 8190 would provide for a filing fee of \$50 and \$10 for each independent claim in excess of one and \$2 for each claim (independent or dependent) in excess of 10. It has been estimated that the average patent application today contains about 15 or 16 independent claims. Thus, the filing fee, rather than being increased from \$30 to \$50, would be increased from \$30 to about \$200. It would appear to us to be better to provide, as Senator Dobb has in S. 2547, a filing fee of \$70 and \$5 for each claim in excess of 10.

The Manufacturing Chemists' Association, Inc., appreciates this opportunity of presenting our views on S. 2547 and H.R. 8190. In summary, it is apparent that S. 2547 does not contain the objectionable features which are found in H.R. 8190. Also, S. 2547 would produce some \$22 million in annual revenue making the Patent Office more nearly self-sustaining. We would, therefore, like to go on record formally as endorsing S. 2547 and we respectfully urge that this bill be reported favorably and that H.R. 8190 be rejected.

Sincerely,

G. H. DECKER.