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PROPOSED INTERNATIONAL CONFERENCE ON A PATENT COOPERATION TREATY

JUNE 16, 1969.—Ordered to be printed

Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S.J. Res. 90]

The Committee on Foreign Relations, to which was referred the joint resolution (S.J. Res. 90) to enable the United States to organize and hold a diplomatic conference in the United States in fiscal year 1970 to negotiate a Patent Cooperation Treaty and authorize an appropriation therefor, having considered the same, reports favorably thereon without amendment and recommends that the joint resolution do pass.

PURPOSE

Senate Joint Resolution 90 authorizes the Secretary of State and the Secretary of Commerce, in consultation with other interested parties, to arrange to convene an international conference to negotiate a Patent Cooperation Treaty and further authorizes the appropriation of $175,000 for this purpose.

BACKGROUND

As a result of U.S. initiative, an international study to find means of simplifying the issuance of patents for any given invention in other countries was begun in 1966 and the drafting of a patent cooperation treaty started in 1967. According to the executive branch this process has now evolved to the point where it is feasible to plan an international conference in 1970 hopefully to conclude a final treaty on patent cooperation.

The executive branch feels that for a variety of reasons the United States should host this conference: (1) U.S. initiative started the process: (2) U.S. nationals file more patent applications abroad than the

nationals of any other countries; and (3) the United States has not hosted a conference in the industrial property field since 1911. Moreover, it can be expected that the delegations of 40 to 45 countries, plus interested international intergovernmental and nongovernmental organizations will, while in the United States, spend an amount equal to or more than the $175,000 provided in Senate Joint Resolution 90, thus providing a balance-of-payments benefit to the United States.

For budgetary reasons, it has become the practice of the Department of State to request special legislation in the case of major diplomatic conferences to be hosted by the United States, rather than funding these from its appropriation for international conferences and contingencies. Precedents, together with the amounts authorized, include the 11th World Health Assembly, 1958 ($400,000), the Fifth NATO Parliamentarians Conference, 1959 ($100,000), the World Food Congress, 1963 ($300,000), the 22d World Health Assembly, 1969 ($500,000), and the Water for Peace Conference, 1967 ($900,000).

The text of Senate Joint Resolution 90 corresponds to that of Public Law 89-799 which authorized the Water for Peace Conference.

COMMITTEE ACTION AND RECOMMENDATION

The proposed legislation was submitted by the Department of State by letter dated January 16, 1969, and referred to the Committee on Foreign Relations on January 21. On March 17 a further letter was received reaffirming the Department's interest in this legislation and accordingly it was introduced by Senator Fulbright (by request) on April 3.

On May 27, the committee held a public hearing which is printed in the appendix for the information of the Senate. Representatives of the Departments of State and Commerce were witnesses supporting the resolution. One witness, Mr. Leonard J. Robbins, speaking for himself, appeared in opposition to the proposed treaty and therefore the conference. The committee also received favorable communications from Senator John L. McClellan, chairman of the Subcommittee on Patents, Trademarks, and Copyrights of the Judiciary Committee and from the Chamber of Commerce of the United States.

On June 10, after considering the testimony, the committee ordered Senate Joint Resolution 90 reported favorably to the Senate. The committee stresses that the Senate is not being asked to pass on the draft treaty at this time. No draft treaty is before the Senate. If a treaty should be concluded at the proposed conference it will come before the Senate in due course and will then be judged on its own merits. All that is involved in Senate Joint Resolution 90 is to provide the authority to host a conference on this question. The committee was told that such a conference would take place in any case, whether the United States hosted it or not. The committee found the reasons advanced by the executive branch for having the conference in the United States valid and recommends that the Senate pass Senate Joint Resolution 90 at an early date.

APPENDIX

TUESDAY, MAY 27, 1969

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 4221, New Senate Office Building, Senator John Sparkman, presiding.

Present: Senators Sparkman, Symington, Dodd, and Pell.

Senator SPARKMAN. Let the committee come to order.

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Senator SPARKMAN. We will now consider Senate Joint Resolution 90, authoring $175,000 to defray expenses for holding a diplomatic conference in the United States in fiscal year 1970 to negotiate a patent cooperation treaty.

Mr. Eugene M. Braderman, Deputy Assistant Secretary for Commercial Affairs and Business Activities of the State Department is our witness. Mr. Braderman, will you, for the benefit of the record present the gentleman who is with you?

STATEMENT OF EUGENE M. BRADERMAN, DEPUTY ASSISTANT SECRETARY, COMMERCIAL AFFAIRS AND BUSINESS ACTIVITIES, STATE DEPARTMENT; ACCOMPANIED BY WILLIAM E. SCHUYLER, JR., THE COMMISSIONER OF PATENTS

Mr. BRADERMAN. Yes, sir; thank you, Mr. Chairman.

With me is Mr. William E. Schuyler, Jr., the Commissioner of Patents.

Senator SPARKMAN. Very good, we are glad to have both of you.

(Discussion off the record.)

Senator PELL (presiding). Do you have a statement that you would like to make for the record at this time? Please proceed as you wish.

Mr. BRADERMAN. Thank you kindly, Mr. Chairman. I am very pleased to appear before your committee to express the administration's support for Joint Resolution 90. Dr. Myron Tribus, Assistant Secretary of Commerce for Science and Technology has submitted a statement to the committee summarizing the principal features of the treaty and its benefits to patent applicants and patent offices so I won't go into these in my statement.

This resolution will enable the Departments of State and Commerce, on behalf of the United States as the host government, to organize and hold a diplomatic conference in the United States in fiscal year 1970 to negotiate a Patent Cooperation Treaty which is referred to in the trade as the PCT.

BACKGROUND OF CONFERENCE

I believe the committee may be interested in some background information on the conference and the relationship of the subject of the conference—the proposed Patent Cooperation Treaty—to U.S. interests.

As a result of a U.S. initiative in September 1966, the Executive Committee of the Convention of Paris for the Protection of Industrial Property unanimously approved a resolution asking the Secretariat for that Convention, the United International Bureau for the Protection of Intellectual Property, and because that name is so long it is normally referred to as BIRPI, it asked the Secretariat to undertake a study of practicable means to simplify the patenting of any given invention in a number of countries.

In the present situation, patenting in each country is a wholly independent affair and the national laws of most countries generally do not take account of the fact that protection for the same invention may be sought in other countries. For example, it is estimated that more than 50 percent of the 700,000 patent applications filed worldwide are duplicates of other applications. As a result, there is a great deal of duplication of effort and a considerable waste of time, talent, and money, both for the patent applicant and the national patent offices.

U.S. nationals file more patent applications abroad than the nationals of any other country. These foreign patent rights are important to U.S. industry in a number of ways. In the first place adequate foreign patent protection is very important as regards the protection of markets for the export of many products manufactured in the United States. Second, U.S. firms manufacturing overseas have a vital interest in effective patent systems to protect their products and processes. Finally, the growing number of U.S. firms which engage in international licensing of their technology also require patent protection abroad. Payments to U.S. firms from the use of intangible property in other countries—largely but not exclusively patent protected—were estimated, according to the latest available figures, at approximately $785 million in 1967.

PATENT COOPERATION TREATY DRAFT

In order to preserve the full economic benefits of the patent system for American inventors and businessmen at home and abroad, we are convinced that a worldwide cooperative effort along the lines of the Patent Cooperation Treaty is necessary and desirable.

On the basis of the 1966 resolution of the Executive Committee of the Paris Convention and after consultation with interested governments and international governmental and nongovernmental organizations, BIRPI released a first draft of a proposed Patent Cooperation Treaty at the end of May 1967.

In the United States, officials of the Patent Office and the Department of State discussed this draft in detail with bar and industry groups. In addition, a Coordination Committee on the Patent Cooperation Treaty composed of the major patent law and industrial associations in the United States has been and is studying the draft in depth. The input from all of these groups weighed heavily in developing the

position of U.S. Government representatives at several meetings of experts called by BIRPI to consider the draft. As a consequence, the United States proposed a number of significant revisions which were accepted and incorporated in a new draft of the treaty prepared by BIRPI and released in July 1968. I should like to note briefly some of the current concepts which reflect basic changes from the original treaty draft. This is important because there was a good deal of justified opposition to the first draft, and we think that the second draft has made corrections in those major issues.

It is now agreed that the proposed treaty should not infringe on national patent laws. In the new draft, national patent offices will, under national patent laws, decide whether or not a patent shall issue.

It has been agreed that changes in national laws as a result of the treaty should be kept at a minimum.

The role of the Secretariat under the treaty was cut back severely thus making it unnecessary to establish a large international bureaucracy.

Existing qualified searching authorities, such as the U.S. Patent Office, will be utilized under the PCT for as long a period as appears desirable.

U.S. INTERESTS SERVED

In order to intensify our efforts to develop a treaty draft that would best serve U.S. interests the Department of State, in conjunction with the Patent Office, established in July 1968, an International Industrial Property Panel composed of representatives of all the important U.S. organizations interested in this field. We have consulted with this Panel about the proposed PCT in meetings in July and December 1968, and in March 1969. We will continue this consultation in connection with preparation for the diplomatic conference on the PCT.

Individual groups interested in patent matters, such as the American Group of the International Patent and Trademark Association and the American Patent Law Association, have also studied and made suggestions for changes in the PCT. In all cases the Patent Office and the Department have carefully considered these suggestions, and in almost every instance we have been successful in getting these changes incorporated in the treaty drafts.

In December 1968, there was a meeting of the Committee of Experts to which all Paris union members were invited. Forty states participated. These countries approved the basic concepts of the PCT and indicated clearly a desire to move ahead toward the final negotiation of the treaty at a diplomatic conference some time during the first half of 1970. It would seem most appropriate for the United States, which initiated this project and which stands to benefit substantially by it, to offer to host the diplomatic conference.

The PCT project is being carried out under the Paris Convention because it is the principal worldwide multilateral convention in the industrial property field and has a total of 79 member states, including the United States. All member states of the Paris Convention would be eligible to attend the Conference and we estimate that about 40 to 45 member states will attend. Interested international intergovernmental and nongovernmental organizations, as well as certain key national organizations would be invited as observers.

The latest draft of the PCT—a draft dated March 13, 1969—is being reworked at a series of meetings of experts this spring. A final draft for the diplomatic conference will be issued about July of this year. We will, of course, study the final draft carefully with a view to negotiations at the conference directed at obtaining a treaty in the overall interests of the United States. If the negotiations are successful and we determine—after further consultation with the interested U.S. groups and organizations—that such a treaty is in the overall interests of the United States, we would then submit the Patent Cooperation Treaty to the Senate for its advice and consent to ratification.

We are not, of course, asking this committee to take a position on the treaty at this time.

Thank you, Mr. Chairman, we would be pleased to answer any questions that the committee may wish to address to us.

(Statement of Mr. Tribus referred to follows:)

STATEMENT BY MYRON TRIBUS, ASSISTANT SECRETARY OF COMMERCE FOR SCIENCE AND TECHNOLOGY

Mr. Chairman, as Mr. Braderman has pointed out, some of our patent problems stem from duplicate filing of applications on the same invention throughout the world. Under present conditions, these applications must conform to a wide variety of formal requirements and are processed independently in each country selected by the applicant.

Both the U.S. Government and American inventors pay a price for this costly duplication of effort. In addition, the world's patent offices are staggering under the weight of growing backlogs of patent applications, thus delaying the issuance of important industrial property protection. Under current practices, the manpower and facilities available internationally to issue meaningful patents are just not sufficient to stay abreast of, much less make inroads in, the current heavy international backlogs. Some way is needed to coordinate available resources so that they may work in concert to the benefit of the inventor, industry and the public. We need a system which prevents unnecessary and wasteful duplication among the national patent offices while preserving our freedom to perform essential operations and tasks in our own interests. An international cooperative effort, such as the proposed Patent Cooperation Treaty is clearly in the interest of our inventors who file abroad.

FEATURES OF PROPOSED TREATY

The proposed Patent Cooperation Treaty consists of three principal features—the international application, the international search, and the international preliminary examination.

The Patent Cooperation Treaty will provide a set of uniform requirements for an international patent application. The national office with which the application was filed would check the minimum requirements of the international application. Each application would then undergo an international search which would result in an international search report.

The final feature of the Patent Cooperation Treaty, the international preliminary examination is optional. When completed, the international preliminary examination report would be purely an advisory document with no legal effect whatsoever. Nevertheless, it could be useful to the applicant, and subsequently to the countries in which the applicant elected to seek patent protection, in determining whether the claimed invention might be patentable.

As I see it, the major benefits to patent applicants under the proposed system would be the following:

(1) With a single filing it will be possible to secure a priority date which today requires as many applications in as many countries as an applicant seeks protection.

(2) The initial filing of an international application will be in one language—for the U.S. applicant it will be in English.

(3) The international application, accompanied by the required fee, will initially be filed in a single office—for the U.S. applicant it will be the U.S. Patent Office.

(4) The international application will be filed under a uniform format. There will no longer be any need to comply with the diverse formal requirements imposed by all countries.

(5) National processing will not begin prior to the expiration of 20 months from the priority date of the international application. Thus, with the additional time an applicant will be able to evaluate more carefully the commercial possibilities for his invention.

(6) The international search report which will be prepared under the treaty will permit the applicant to better assess his worldwide patent position. Should the search report be unfavorable the applicant can then decide not to proceed any further, saving the cost of filing in other countries.

EFFECT ON NATIONAL SOVEREIGNTY

The benefit of the Patent Cooperation Treaty to patent offices will probably vary from country to country depending upon the extent to which a particular office wishes to accept the search report or international preliminary examination report. At a minimum, the international search report should save some valuable examining time by reducing the scope of the national search. As the quality of international searches improves and confidence develops, we and other countries may increase the utilization of international search reports to save additional examiners' time. Trial bilateral search exchanges which we have conducted wih a number of foreign patent offices have indicated that the citations of foreign art in the international search report received under the Patent Cooperation Treaty will be helpful to the U.S. examiner and to the overall quality of his examination effort.

I would like to stress that the proposed Patent Cooperation Treaty will not infringe on national sovereignty. The U.S. Patent Office will continue to issue patents in accordance with the U.S. patent law whether the patent application originates within or outside the framework of the Patent Cooperation Treaty, and the validity of these patents will continue to be tested in the U.S. courts according to U.S. law. It is important that we be perfectly clear on this point. The Patent Cooperation Treaty in no way changes the substantive criteria for patentability under our laws. The major goal of this proposal is the creation of a more efficient and rational administrative mechanism to carry out these established laws so that our inventive citizens and corporations can be spared unnecessary complications and expense as they seek to protect their property rights.

Senator PELL. Thank you.

DETAILS OF CONFERENCE

To summarize your view then, what you are asking the committee for is the approval of the concept of the conference to take place here in the District of Columbia next year, but not taking a position at this time on the terms of the treaty itself; is that correct?

Mr. BRADERMAN. That is exactly right.

Senator PELL. Right.

And, in connection with the American delegation to the conference, has any thought been given to who would represent the United States? Would there be industry representation or how would that be worked out?

Mr. BRADERMAN. No precise determinations have been made with respect to specific delegates but, as I have indicated, Mr. Chairman, throughout this negotiation we have made it kind of an open book. We have been consulting not only with other countries in the normal

course of our activities but with all interested groups here in the United States, and have also kept the substantive committees of the Congress informed.

We have also included members from industry on our delegations in the past, and we would certainly intend to do so at the diplomatic conference.

Senator PELL. What building is it proposed to be held in?

Mr. BRADERMAN. It would be proposed to hold it in the International Conference Suite of the Department of State.

CONFERENCE AUTHORIZATION

Senator PELL. Why isn't the conference already covered under the regular authorization to the Department for international conferences? Why is this special sum required here?

Mr. BRADERMAN. There are two points I think that ought to be made here. First, with respect to the appropriation itself, the regular conference funds are not sufficiently large to cover it.

In addition, where it is considered desirable that the U.S. Government serve as host to a major intergovernmental meeting involving extraordinary expenditures, it has been the policy and the practice of the Department to request specific legislation and a separate appropriation.

Senator PELL. In other words, in your view, this does not represent a departure from present policy?

Mr. BRADERMAN. No, sir; quite the contrary.

UNITED STATES AS HOST COUNTRY

Senator PELL. If, for the sake of argument, and I am not saying it is likely, but if Congress rejected this resolution, does that mean there would be no conference held for the purpose of negotiating this treaty? How would you handle the problem?

Mr. BRADERMAN. If unhappily, the Congress should reject this request, a diplomatic conference will be held but it will be held elsewhere. It will not be held in the United States.

Senator PELL. Why would that be such a bad thing from the viewpoint of the United States?

Mr. BRADERMAN. It has been the custom under the Paris Convention which has been in operation since 1883, that whenever a diplomatic conference for revisions of the convention or something of this order was held, that it be hosted by one of the member countries. The last time the United States hosted any conference in connection with the Paris Convention, I believe, was in 1911. We feel it is our turn. In addition to that, as I indicated, this particular subject is of such importance to U.S. inventors and U.S. industry that we feel it is only proper that we host the conference. We were the initiators.

There is also one other point. Because of the way our appropriations work, while we have made contributions to the organization for its regular functions, we have thus far been unable to make any cash contributions toward the expenses of the many meetings that have taken place during the last 3 years as this project has developed.

Other countries have made cash contributions, and we have not. So in addition to the other reasons this would be another way in which we could show our very real interest in this project.

Senator PELL. Personally I have some doubts about the United States always jumping in in so many different areas of responsibility? Why couldn't this be held under the auspices of the United Nations?

Mr. BRADERMAN. The Paris Convention which is the umbrella convention, is not a part of the United Nations. It has a separate, independent secretariat known as BIRPI. It has its headquarters in Geneva.

Senator PELL. Why wouldn't Geneva be an excellent place for this conference?

Mr. BRADERMAN. There is no problem about Geneva being an appropriate place to hold the conference and it is possible that this could be the result if we did not host it. It would require, however, that the Swiss Government undertake to host the conference since the secretariat in the normal course of proceedings could not do this on its own. The Swiss Government is subject to more pressure than most other countries to hold conferences in its own country. The costs of such a conference such as the amount we have indicated here, incidentally does not reflect the total costs but would only be the cost from appropriated funds. It is a very real question whether it would be fair for the 79 member countries to expect the Swiss Government to sponsor this conference.

In addition, the interest of the Swiss Government in science and technology and invention and in international business and international licensing is certainly much less than is ours.

MEMBERSHIP

Senator PELL. You say there are 79 members?

Mr. BRADERMAN. Yes, sir.

Senator PELL. To put it another way, what categories of nations are not members, the Communist nations?

Mr. BRADERMAN. No, the Communist nations are members.

Senator PELL. To the Soviet Union?

Mr. BRADERMAN. The Soviet Union joined in 1965.

Senator PELL. Mainland China, is she a member?

Mr. BRADERMAN. No, sir, mainland China is not a member.

Senator PELL. What in general would be the common denominator of those who are not members?

Mr. BRADERMAN. Really the membership represents all kinds of groups with the exception of Communist China, North Vietnam, North Korea, and so on. Not all of the developing countries are members but a good many of them are, so it isn't a body that is made up of developed countries as against developing countries. As a matter of fact, the whole idea of serving the interests of furthering the protection of private property rights abroad is encouraged by an action of this sort because developing countries which cannot afford to have patent offices of their own, through the facilities and procedures that would be provided in this treaty would be able to move ahead much faster than they otherwise could.

CONFERENCE EXPENSE

Senator PELL. I notice beginning on page 2 of the joint resolution, it says:

> Funds appropriated pursuant to this authorization shall be available for expenses incurred on behalf of the United States as host government, including without limitation personal services without regard to civil service classification laws . . .

What does "without limitation" mean?

Mr. BRADERMAN. My understanding is that this would permit us, as we cannot do under normal appropriations procedures, to employ interpreters, for example, wherever they may be found and personnel of that kind.

Senator PELL. I see. Thank you very much, indeed, and thank you for your response to these questions.

Mr. BRADERMAN. Thank you kindly.

Senator PELL. We have another witness, Mr. Leonard J. Robbins of New York.

Mr. ROBBINS. I notice you have quite a long statement. I wonder if you would submit it for the record and summarize it for us.

STATEMENT OF LEONARD J. ROBBINS, NEW YORK, N.Y.

Mr. ROBBINS. I certainly will, sir.

Senator PELL. Thank you.

Mr. ROBBINS. I regret I will have to disagree with Mr. Braderman for whom I have the highest regard. I am here as a private citizen with, I think I can say, considerable experience as a lawyer in the international patent field, and I feel a great mistake would be made if this particular treaty were rushed through.

Senator PELL. Excuse me, the hearing is not being held about a treaty, it is being held about an authorization for a conference.

Mr. ROBBINS. Well, I think, sir, that is involved.

Senator PELL. Right.

OBJECTIONS TO PROPOSED TREATY

Mr. ROBBINS. If I may say so, the object of my testimony will be to try to prove to the Committee on Foreign Relations that the proposed Patent Cooperation Treaty is highly controversial, and to submit (1) that to attempt final negotiation at a diplomatic conference next year in 1970 would be premature, (2) that the selection of the United States as the seat for such a conference would be inadvisable, and (3) that a sum of the order of $175,000 should not be disbursed at this time of budget stringency unless some definite benefit to U.S. interest has been clearly estblished.

BACKLOG IN PATENT OFFICES

Now, it is well known since World War II there has been an accumulation and backlog in patent offices in all the major countries and also that for those applicants who filed in large numbers of foreign countries there is a great duplication of work and waste and they may have to make expensive decisions on insufficient data.

Now, a number of countries in recent years have partly solved the backlog problem in the patent offices.

There is the problem of duplication and waste for applicants filing in many countries. There has been a very general agreement that some overriding international solution of a permanent character would be highly desirable provided it is practical and efficient.

As Mr. Braderman said, the general concept of this particular treaty, proposal, was initiated by the United States in 1965 and the drafting of the text was turned over to the BIRPI organization of Switzerland.

CONFLICTING VIEWS

There was no public discussion of the underlying principles on which a genuine international solution could be based. Actually there are two different schools of thought. According to the report of the President's Commission, the ultimate goal of reform should be the establishment of a universal patent system, which would presumably replace national systems. On the other hand, the Patent Section of the American Bar Association is on record that any international treaty must not conflict with the existing patent statutes. These positions appear irreconcilable. In fact, the drafters of PCT, the present proposal, apparently have tried to find a middle road.

VIEWS OF INDUSTRIAL AND LEGAL ORGANIZATIONS

The second draft of the treaty as it now stands has been carefully studied by a number of interested industrial and legal organizations both here and abroad. Some fundamental objections to the nature of the proposed treaty have been raised in reports of various committees of the New York Patent Law Association, the Illinois Manufacturers Association, the Patent Law Association of Chicago, and the Chicago Bar Association. A committee of the Patent Section of the American Bar Association has recently adopted a very comprehensive report in which a much simpler approach to international patent cooperation is suggested as being in the best interest of the United States. The ABA and the New York Patent Law Association committees also believe that the time is not ripe for a diplomatic conference on any basis comparable to the draft of the treaty proposed by BIRPI, and they specifically oppose any such diplomatic conference as early as 1970.

The highly controversial nature of this situation is evident from a report on a recent special meeting of the Patent Committee of NAM in the latest New York Patent Law Association Bulletin. If I may just read two very brief extracts:

> Observers from both industry and private practice expressed doubt that PCT would be a satisfactory or practical solution to the problem of increased expense and complexity of international filings. They noted that BIRPI has been reluctant to supply information on costs. Furthermore, no justification could be found for the elaborate structure of the draft treaty in preference to what they believed to be much simpler alternative proposals.

True international cooperation in this field could only be achieved if, as a beginning, a single and efficient search center of worldwide authority could be established. In view of the steady increase in the volume of patents and technical literature in many languages to be

examined, such a search center could only operate on a computerized data storage basis. Even if the formidable technical difficulties could be overcome, the cost would be enormous.

The deputy director of BIRPI was at this meeting in New York and he admitted that that apparently would be impossible. That no government would pay for it and that commercial organizations would not, and so they would have to adopt a compromise of five different such authorities, United States, German, Russian, Japanese, and the Hague Institute, a permanent feature of this treaty.

Apart from this basic objection, the PCT proposal would require a substantial and expensive expansion of the BIRPI organization in Geneva. BIRPI officials would actually take over the normal function of domestic patent attorneys, and would initiate the filing of an international applicant's patent application. This may appeal to Patent Office officials but is certainly not in the best interest of applicants, whatever their nationality. Also BIRPI fees would have to be imposed in addition to those required by national patent offices, and there is little doubt that total costs in most cases would be increased and not reduced by following the treaty route.

I submit to you, sir, since an ideal system based on a single search center thus seems out of the question, that it would appear logical to avoid complexity and to adopt one or other of the simpler solutions that past experience indicates would be beneficial and efficient.

EUROPEAN PROPOSAL

The compromise proposal was put forward by the European-based International Federation of Patent Attorneys, known as the FICPI II plan, but that is being ignored.

A new development of considerable importance has recently occurred. Apparently European governments that sent delegates to the conference through which the treaty proposal has emerged, have had second thoughts about the role of the United States under PCT and the effect of a possibly increased number of American-owned patents in their countries. The long-dormant European patent proposal has suddenly been revived in a new form. Outsiders, including the United States, would only be admitted on a strict national treatment reciprocity basis; this in turn would apparently require revision of the U.S. patent law if U.S. nationals expect to have access to this proposed new European system. It is asserted that such European patent conventions would be compatible with PCT. However, it is obvious that they would have primary attraction for European applicants and PCT would be of little interest, assuming national patent systems elsewhere continue to exist. If this actually should occur, PCT might end up as a lopsided impractical structure with the United States as the principal adherent.

Some 2 weeks ago a group of leading U.S. patent lawyers visited Geneva for detailed discussions with the BIRPI staff. In particular the question was considered whether the draft treaty in its proposed form would conflict with the existing patent statutes and court decisions. At the request of the new Commissioner of Patents, Mr. Schuyler, this group will make a report to him that should be of great significance.

REJECTION OF RESOLUTION URGED

Very much more could be said about this very involved situation, in general and in detail. However, on the basis of these broad submissions, I urge that Senate Joint Resolution 90 should be rejected, to avoid placing the United States in a possibly ambiguous and anomalous position in an unsettled and controversial matter. Obviously the United States would not be positively committed to ratify the treaty, but other countries might well infer we were in favor, and in view of our immense influence, are likely to follow. If the official pressure for a diplomatic conference cannot be checked, then it should be held in a small neutral country where the host would not be influential and all expenses would be shared. But preferably, this final step should be deferred beyond 1970 and BIRPI should be instructed to carry out a total reexamination of the basic principles involved, to ascertain if a single international search center is really impossible, and to arrange for true participation by industry and the patent profession in all interested countries.

May I add, in conclusion, sir, at this very moment, today and tomorrow they are drafting the final text in Geneva and Government consultants will meet on June 16 and 17 to prepare the final text, and it would be that text that would be the subject matter of this diplomatic conference in 1970. I submit it is not efficient that a matter that affects American industry so much that the Senate should consider only the actual merits of the final statement when it comes up for advice and consent which means either ratification or nonratification. I think the matter is so important that there should be some congressional interest at the present time in the subject matter of this treaty. Thank you, sir.

(The full statement of Mr. Robbins follows:)

STATEMENT OF LEONARD J. ROBBINS

I am a citizen of the United States and a member of the New York bar. I was educated at Cambridge University and first entered the patent profession in England. I subsequently transferred to America and am a senior partner of Langner, Parry, Card & Langner. I am registered to practice in the U.S., Canadian and British Patent Offices, and have had some 40 years of experience in the preparation, filing, prosecuting and litigating of patents in countries throughout the world on behalf of U.S. clients. I am the author of many papers dealing with industrial property, and in particular "Patents and U.S. Foreign Policy", "PCT—The 1968 BIRPI draft compared with a simple new alternative proposal" and "The PCT Situation in 1969". These were published in IDEA, the Journal of the Patent, Trademark and Copyright Research Institute of The George Washington University and relate specifically to the development of this PCT treaty situation.

If Senate Joint Resolution 90 should be approved, the executive branch of the government would be authorized to organize and hold a Diplomatic Conference in the United States during fiscal year 1970 to negotiate a Patent Cooperation Treaty and $175,000 of the public funds would be appropriated for this purpose.

The object of my testimony is to try to prove to this Committee on Foreign Relations that the proposed Patent Cooperation Treaty is highly controversial, and to submit (1) that to attempt final negotiation at a Diplomatic Conference next year in 1970 would be premature, (2) that the selection of the United States as the seat for such a conference would be inadvisable, and (3) that a sum of the order of $175,000 should not be disbursed at this time of budget stringency unless some definite benefit to U.S. interests has been clearly established.

HEAVY BURDEN ON PATENT OFFICES

For the last 25 years or so, the expansion of technological research and development has placed a heavy burden on patent offices everywhere. Increasing numbers of patent applications have been filed each year and backlogs have grown: there has been delay in issuing patents and a tendency towards lower quality. Where applications covering the same invention are filed in numerous countries, in some instances wasteful duplication of effort occurs in the examining patent offices, and applicants may have to make expensive decisions on insufficient data.

Some countries have partly tackled this situation on a national basis. For example, the United States originated compact prosecution. The Netherlands, Germany, and Japan have adopted deferred examination, whereby an applicant can voluntarily postpone patent office action for a period of years. However, at the same time, there has been very general agreement that an overriding international solution of permanent character, provided it is practical and efficient, would be highly desirable.

The general concept of a Patent Cooperation Treaty (PCT) was evolved at an informal meeting in June, 1965 of U.S. State, Commerce and Patent Office officials with members of the Patents Committee of the National Association of Manufacturers (NAM). Shortly afterwards, at a meeting in Paris of the Executive Committee of the International Convention for the Protection of Industrial property, the proposal for PCT—introduced by former U.S. Patent Commissioner Brenner—was approved, and the Secretariat of the International Convention in Geneva, Switzerland, known as BIRPI, was authorized to work out the details.

The Director of BIRPI is Dr. G. H. C. Bodenhausen, formerly a well known Dutch professor of law. The Deputy Director, Dr. Arpad Bogsch, is mainly responsible for the preparation of the text of the draft treaty, with a staff comprising assistants from Germany, Russia, Japan and England. Officials of the U.S. Patent Office were also sent to Geneva from time to time to cooperate in the drafting work.

DIFFERENT SCHOOLS OF THOUGHT

There was no public discussion of the underlying principles on which a genuine international solution could be based. Actually there are two different schools of thought. According to the Report of the President's Commission, the ultimate goal of reform should be the establishment of a universal patent system, which would presumably replace national systems. On the other hand, the Patent Section of the American Bar Association is on record that any international treaty must not conflict with the existing patent statutes. These positions appear irreconcilable, but the drafters of the PCT proposal have tried to find a middle road.

When the first draft of the treaty was published, there was a rising tide of criticism here and abroad, and very much simpler alternatives were suggested. But in spite of official assertions that there has been full cooperation with the private sector, much of this criticism was entirely ignored. In the second draft published nearly a year ago, the structure of the treaty remains the same, and only relatively minor procedural changes have been made.

SECOND DRAFT OF TREATY

This second draft has now been carefully studied by a number of interested industrial and legal organizations. Some fundamental objections to the nature of the proposed treaty have been raised in reports of various committees of the New York Patent Law Association, the Illinois Manufacturers Association, the Patent Law Association of Chicago, and the Chicago Bar Association. A committee of the Patent Section of the American Bar Association has recently adopted a very comprehensive report in which a much simpler approach to international patent cooperation is suggested as being in the best interest of the United States. The ABA and the New York Patent Law Association committees also believe that the time is not ripe for a Diplomatic Conference on any basis comparable to the draft of the treaty proposed by BIRPI, and they specifically oppose any such Diplomatic Conference as early as 1970.

The highly controversial nature of this situation is evident from a report on a recent special meeting of the Patents Committee of NAM in the latest New York Patent Law Association Bulletin (Vol. 8, No. 6, March 1969), which states—

"Observers from both industry and private practice expressed doubt that PCT would be a satisfactory or practical solution to the problem of increased expense and complexity of international filings. They noted that BIRPI has been reluctant to supply information on costs. Furthermore, no justification could be found for the elaborate structure of the draft treaty in preference to what they believed to be much simpler alternative proposals."

EFFICIENT SEARCH CENTER

True international cooperation in this field could only be achieved if, as a beginning, a single and efficient search center of world wide authority could be established. In view of the steady increase in the volume of patents and technical literature in many languages to be examined, such a search center could only operate on a computerized data storage basis. Even if the formidable technical difficulties could be overcome, the cost would be enormous. Dr. Bogsch was present at the NAM meeting previously referred to, and his reply to a question on central searching was reported as follows:

"On the question of centralized search, Dr. Bogsch stated that the cost of a single computerized search organization which would be available to all patent offices throughout the world, even if practical, would be practically prohibitive. He felt that there was little hope that any government or industrial group would provide the funds for establishment or maintenance of such an organization. Furthermore, there would be political complications involving such items as location of the center, language to be used, etc. He therefore thought that it would be necessary to accept the five proposed Search Authorities—the U.S., German, Russian and Japanese patent offices plus I.I.B. (The Hague Institute)—as a permanent feature of PCT. He expressed the hope that the Search Authorities would gradually coordinate their search procedures."

This is a clear admission that the complex treaty proposal, with its numerous sections and still more numerous regulations, would be permanently based on an unsatisfactory compromise examination system. It is highly unlikely that search procedures in such different Patent Offices would ever be coordinated. Each examining country would still have to continue its own searching and its own examination for patent-ability—unless willing to accept a foreign based examination without comment. It seems unlikely that the U.S. Patent Office, for example, would automatically grant patents here in the United States on the basis of an examination made in Russian or Japan.

Apart from this basic objection, the PCT proposal would require a substantial and expensive expansion of the BIRPI organization in Geneva. (Parkinson's laws indicate that bureaucratic enlargement is irreversible). BIRPI officials would actually take over the normal function of domestic patent attorneys in all adhering countries at a most critical stage, and would initiate the filing of an international applicant's patent application in the selected patent offices, without possibility of last minute changes. This may appeal to patent office officials but is certainly not in the best interests of applicants, whatever their nationality. Also BIRPI fees would have to be imposed in addition to those required by national patent offices, and there is little doubt that total costs in most cases would be increased and not reduced by following the treaty route.

SIMPLER PAST SOLUTION

Since an ideal system, based on a single search center, thus seems out of the question, it would appear logical to avoid complexity and to adopt one or other of the simpler solutions that past experience indicates would be beneficial and efficient.

It has long been argued that the one year priority period permitted under the International Convention, which goes back to the 19th century, is insufficient under present conditions. It is now rare that a major examining patent office (unless, or sometimes even, operating on deferred examination) can produce a search report on a patent application in an active field, in much less than a year. This means that an applicant who intends to file in foreign countries, must gamble and incur the full expense of foreign filing before knowing whether his invention is materially affected by prior art he was not aware of.

A straightforward way of avoiding this would be to extend the Convention priority period to 2 years. A search in a major country would almost certainly then be available to enable an applicant to avoid wasting money on invalid antici-

pated foreign cases. However, government officials seem opposed to such an extension for reasons not clearly defined—even though they apparently approve the PCT proposal that in actual if disguised effect extends the Convention year to at least 20 months.

EUROPEAN PROPOSAL

A very reasonable compromise propsal was put forward by the European based International Federation of Patent Attorneys, known as the FICPI II Plan. This would also provide up to 20 months before foreign patent applications would have to be completed, but would avoid the expense and complications of intervention by BIRPI, except for centralizing publication information. But the FICPI II Plan has been ignored.

A new development of considerable importance has recently occurred. Apparently European governments that sent delegates to the conferences through which the treaty proposal has emerged, have had second thoughts about the role of the United States under PCT and the effect of a possibly increased number of American-owned patents in their countries. The long dormant European patent proposal has suddenly been revived in a new form. Actually two European Conventions are contemplated—according to Dr. K. Haertel, the President of the German Patent Office—having a single filing and examining office. On completion of examination, individual identical patents would be granted in the adhering countries, except that in the Common Market group a single supranational patent would issue. Outsiders, including the United States, would only be admitted on a strict national treatment reciprocity basis; this in turn would apparently require revision of the U.S. patent law if U.S. nationals expect to have access to this proposed new European system. It is asserted that such European Patent Conventions would be compatible with PCT. However it is obvious that they would have primary attraction for European applicants and PCT would be of little interest, assuming national patent systems elsewhere continue to exist. If this actually should occur, PCT might end up as a lopsided impractical structure with the U.S. as the principal adherent.

Some two weeks ago a group of leading U.S. patent lawyers visited Geneva for detailed discussions with the BIRPI staff. In particular the question was considered of whether the draft treaty in its proposed form would conflict with the existing patent statutes and court decisions. At the request of the new Commissioner of Patents, Mr. Schuyler, this group will make a report to him that should be of great significance.

REJECTION OF RESOLUTION URGED

Very much more could be said about this very involved situation, in general and in detail. However, on the basis of these broad submissions, I urge that Senate Joint Resolution 90 should be rejected, to avoid placing the U.S. in a possibly ambiguous and anomalous position in an unsettled and controversial matter. Obviously the U.S. would not be positively committed to ratify the Treaty, but other countries might well infer we were in favor. If the official pressure for a Diplomatic Conference cannot be checked, then it should be held in a small neutral country where the host would not be influential and all expenses would be shared. But preferably, this final step should be deferred beyond 1970 and BIRPI should be instructed to carry out a total reexamination of the basic principles involved, to ascertain if a single international search center is really impossible, and to arrange for true participation by industry and the patent profession in all interested countries.

POSITION OF AMERICAN BAR ASSOCIATION

Senator PELL. Did I hear correctly when you said the American Bar Association is opposed to ratification of this treaty and to this conference?

Mr. ROBBINS. You see, the trouble is the thing has been proceeding so much and the bar only has three meetings a year; at present it is in committee. The committee, Committee 102, has prepared a report

on this which is extremely lengthy. For the first time, I think, it goes into all merits of the things. But that won't be considered, really, until the August meeting of the ABA in Texas.

Senator PELL. I thought I heard you say that the ABA was opposed to it, didn't I; or a committee of the ABA was opposed to it?

Mr. ROBBINS. If I used the word "opposed" that was——

Senator PELL. Then I must have misheard you.

Mr. ROBBINS. Well, this report is opposed to the PCT. May I explain, sir, that everybody is in favor of international cooperation of some sort, particularly on the searching angle. It is this particular proposal and the wording of it that is objected to.

Senator PELL. Are you speaking before us for yourself or do you represent a group of other lawyers?

Mr. ROBBINS. No; I am speaking as a citizen. A number of people do agree with my position.

Senator PELL. How do you account for the fact that the committee has had no objections to this other than your own?

Mr. ROBBINS. I am very surprised, sir. I think it is because it was introduced, I think, only a few weeks ago. Everybody is very busy and they may not even have heard of it. I heard of it purely accidentally.

Senator PELL. But yours is a very tight little circle of lawyers where word usually spreads rather quickly.

Mr. ROBBINS. Apparently nobody else wrote. I was invited to testify because I wrote in.

Senator PELL. This is the custom of the committee to give an open hearing. As I reread your testimony I cannot find whether the ABA is against or for it; is that a fair statement?

Mr. ROBBINS. At the present moment they have taken no position. As I say, the APLA and the ABA are in favor of a treaty that has international cooperation but they have taken no definite positions on the wording of this treaty.

Senator PELL. Thank you. Thank you very much.

Now, before you go, I think as a matter of fairness we ought to give each of you a chance to rebut the other. Mr. Braderman, have you any particular point of disagreement with Mr. Robbins?

Mr. BRADERMAN. Yes, sir; quite a number.

Senator PELL. Stay where you are; let's just get them on the record.

Will you cite the point where you would disagree and then I would be interested in rebuttal. We would then have it in the record so we can form an intelligent opinion.

WIDESPREAD SUPPORT MAINTAINED

Mr. BRADERMAN. One of the significant points is that there has been widespread support for the basic principles in such a treaty from many industry and bar groups. These include the Chamber of Commerce of the United States, which in addition has specifically supported Joint Resolution 90, which is before you today, and they have submitted a letter to the committee. The National Association of Manufacturers is also on record as favoring the idea of a PCT. The one point in which Mr. Robbins is correct is that in the process of

negotiation, while we go through draft after draft, and we have been through a dozen different drafts of this treaty there are specific provisions that are changed. It is therefore difficult for any group, and we don't expect any group, to take a definitive position on any particular provision and they haven't as yet. But the patent section of the American Bar Association as well went on record at its last meeting in Philadelphia a year ago as approving the PCT in principle.

Senator PELL. Excuse me, would you agree with this statement, Mr. Robbins?

Mr. ROBBINS. Well, you have to define what "in principle" means, sir. I mean to say we agree with international cooperation. I think everybody agrees. But my fundamental thinking is that a single search organization is the only sound basis to build on and this multiple basis of using five patent offices is permanently making a very impractical compromise solution as the basis of this treaty and that is what it is. It is built on this. You know when you have an organization with five offices functioning it's never likely to change.

Mr. BRADERMAN. There are, Mr. Chairman, other organizations, and I won't take the time of the committee to name them, but there are other organizations that are on record as being in favor of this.

(The following material was submitted later for the record:)

NEW YORK, N.Y., *May 28, 1969.*

Re Senate Joint Resolution 90.

Hon. CLAIBORNE PELL,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PELL: At the end of my testimony on May 27, 1969 in connection with this Joint Resolution, which you heard as acting chairman of the Committee on Foreign Relations, Deputy Assistant Secretary Braderman of the Department of State implied that the National Association of Manufacturers (NAM) was "in favor" of the proposed Patent Cooperation Treaty. The matter is handled by the Patent Committee of NAM which last year adopted a general resolution in favor of some form of international cooperation in this field. However the NAM Patent Committee is actually torn with dissension at the present time as regards the present BIRPI draft of PCT. I enclose copy of a revealing letter from Mr. Robert Gottschalk, Director of Patents of GAF Corporation, addressed to Mr. Frederic Hess, Chairman of the NAM Patent Committee, which quotes the dissenting views of many members. Mr. Gottschalk authorized me to send this copy to you and would like it to be made part of your Committee record.

As I pointed out in my testimony, the principal legal associations including the American Bar Association, have also adopted broad resolutions in favor of cooperation, but the working committees which are now studying the actual substance of the proposals have become exceedingly critical.

I again submit it is anomalous that the Department of State should wish to force through this proposed treaty when there is absolutely no consensus of opinion in industry or the patent profession, here or abroad, that as at present drafted it would be beneficial or even practical.

In view of the urgency, I am sending copies of this letter and enclosure to the other Committee members and to Senators not on your Committee who wrote to me expressing interest in reply to my original letter of April 10.

Yours sincerely,

LEONARD J. ROBBINS.

MAY 2, 1969.

Mr. FREDERIC O. HESS,
Chairman, NAM Patents Committee,
Selas Corp. of America, Dresher, Pa.

DEAR MR. HESS: Referring to your letter of April 18, 1969, I am sorry that you have chosen to read my letter of March 25 in terms of a personal affront to you. I assure you that I had no such intention.

It was, however, my intention to take sharp issue with the way in which the NAM Patents Committee, under your guidance and control, has handled the matter of the proposed international Patent Cooperation Treaty—for I felt, and continue to feel:

1. That this has not been done in a manner consistent with the best interests of American industry in this regard, or with the sound and traditional practices of NAM working committees dealing with matters of such major importance;

2. That in the course of our Committee activity, there has not been sufficient opportunity—

For the full and open discussion and debate which a matter of this complexity, technical nature and far-reaching importance requires; nor

To consider alternatives to PCT which might better serve the needs of American industry in attempting to attain the stated objectives of PCT; nor

To determine the views and positions of our members and their respective companies on the various issues involved;

3. That it is incorrect and misleading to assume, on the record to date, that our Committee is "overwhelmingly in favor" of these proposals; and

4. That it is wrong to so represent the position of NAM—to the public, the press, and in international conferences—and to thus add support and momentum to the drive for the early adoption of such proposals.

On such matters as these, we seem quite completely to disagree. In all of this, I do not question your good faith for an instant. But I do most seriously question whether the NAM Patents Committee, or American industry, can accept the procedures which have thus far been followed in this regard, or the results toward which they have been pointing.

In a recent letter to me, one of our members observed:

"I think the most unfortunate thing about the discussions of PCT up to now has been the reluctance (or even refusal) of our government, BIRPI and the NAM Committee to consider criticism of the fundamental approach of PCT. *They want us to jump from the general agreement that there is with the objectives of PCT to general agreement with the way in which PCT proposes to attain these objectives.* [Emphasis added.]

On this basis the only things that can be discussed are the paragraph-by-paragraph minutiae of PCT. Obviously, improvements in the details of a bad basis can always be suggested and, if these are adopted by BIRPI, they proudly proclaim that all sectors have been consulted and listened to. Of course this is true—as far as it goes—but they have been consulted and listened to only as to the details and not as to the basic procedures of PCT."

I agree—and I think this is precisely the point of our disagreement. For I submit that in your zeal to attain the general objectives of PCT, you have failed to appreciate the importance of carefully considering the means as well as the end. Your letter of April 18 amply confirms this, when it puts the question in these all-or-nothing terms:

"* * * either we ask questions as to principle involved—which we already have—or we go into a paragraph-by-paragraph question which then needs detailed study and explanation . . ."

Surely there is a vast area between these two extremes! It needs to be explored; and it is for this reason that I have urged a genuine effort to that end, starting with an open-minded and earnest inquiry as to the present position and thinking of the members of our Committee with respect to these matters.

That many of our members share these views is abundantly clear from letters which I have recently received in this connection. Here are some illustrative excerpts:

"I am of the opinion that the position of NAM on the Patent Cooperation Treaty has been taken prematurely and without an understanding on the part of the voting members of the merits thereof. The greatest merit of PCT, as I understand it, is that one does not have to avail himself of it. If there are any other advantages they are apparently hidden.

"Your comments on the manner in which this matter was handled before the NAM are very valid and long overdue. I trust that the committee's reaction thereto will bring a more practical approach to our study of future matters before the committee."

"I think it is most important that the NAM Patents Committee have an opportunity to discuss thoroughly all the issues concerning PCT to the end that a vote or votes concerning PCT by the Committee will be meaningful. I agree that no such opportunity has existed at the meetings which I attended—I missed the last one—and I commend you for your one-man campaign to do something about it.

"I would endorse a poll of the membership if the Committee, as proposed on page 3 of your letter to Mr. Hess, and I suspect that the results of the poll might surprise him. In any event, it should give a much better indication as to the feeling of the Committee re PCT than is now available.

"I have read your letter carefully and totally agree with your concept that the entire membership of our committee should be polled by a genuine questionnaire which would solicit in fair terms the viewpoints of all of the members. I personally have been very opposed to the manner in which the NAM Patents Committee, as headed up by Mr. Hess, has handled this matter. I feel that those of us who have been truly concerned with the PCT situation have really not been heard. Feel free to use this letter to indicate my concern * * * and my desire that the gist of your letter be put into action and that it be done at an early date."

"I have in the past agreed with those advocates of the PCT who have argued that the approach represented by this treaty is the best we can hope for at this time, and that it is a necessary step towards the desirable goal of international cooperation, and ultimately of cheaper and better international patent protection. I have reviewed the latest set of documents generated by BIRPI on the Patent Cooperation Treaty, and report at the outset that I find myself joining the ranks of the dissenters. * * * although I am in complete accord with the goals of a new international arrangement, I have profound reservations as to whether this treaty is the best way to accomplish its announced purposes."

"I am mildly in favor of the P.C.T. mainly because it might give me more time in which to decide on a foreign program. * * * I do share your concern about the costs of the proposed system as well as about the impact of the system on the regular work of the United States Patent Office.

"As you may know, I have also criticized the NAM Patent Committee particularly in the past for what I call its orientation towards "public relations". I would much prefer that the group returned to a working committee system where considered decisions could be reached, without outside "help", on important issues. Glamorous lunches and receptions * * * just don't develop sound positions for the NAM to push. Let's hope you have more luck than I."

"I have carefully read and re-read Mr. Gottschalk's letter * * * of March 25 * * *. I agree wholeheartedly with each and every statement in Mr. Gottschalk's letter. In fact I would have been more brutally frank that Mr. Gottschalk as to the operations of this committee over the past two years. I strongly recommend * * * a truly representative committee to prepare a questionnaire * * * to the full membership of our N.A.M. Patents Committee."

"Not only do I agree with every word of your letter but I am very pleased indeed that you wrote this letter at all. Some such protest was long overdue and I hope it will have a salutary effect for the future."

"I personally feel the same as you. I was quite pleased with your remarks, as well as those of * * * others. The Committee is certainly not functioning as it did in the old days when it was smaller and the meetings were of a more intimate nature."

"The position in your letter is well taken, I think, and a questionnaire should give us a more accurate measure of the Committee's attitude. We should be better informed especially in respect of the increased expense for patent applicants should they choose the PCT route."

"We do agree that there has been a lot of doubt and uncertainty about the PCT within the profession and within the NAM Committee. * * * I agree that the prior action of the Committee should not be relied upon as an item-by-item approval of PCT.

We are willing to respond to a questionnaire designed to elicit our views. * * *

I do yearn for the old days when the Committee had time for a shorter program and a longer open-floor discussion."

"* * * we are in agreement with your comments in your letter of March 25."

"The impression prevalent overseas, according to my sources, is that the Patent Cooperation Treaty is being sought by Amreican industry, while we in the States are being told it is desirable for international relations. Well known Canadian practitioners such as Messrs. C. Robinson and A. Swabey of Canada have indicated surprise that "American industry" was in favor of the proposed treaty.

Although there is a willingness in this country to regard with favor international harmonizing efforts, there has never been a blank check written to speed any specific recommendations. A nose count would certainly be helpful. * * *"

"* * * I certainly endorse the thinking which the letter sets forth, not only with regard to PCT but also with regard to the manner in which NAM seems to handle these things."

Surely the message of these comments is crystal-clear. And that many other members of our Committee feel much the same way, I have little doubt!

There is one aspect of this matter which becomes more clear with each passing day: *If* our Committee were indeed overwhelmingly in favor of the principles of PCT, it would stand virtually alone—in marked contrast with practically all of the other promessional and industrial groups which have been considering this matter, both in the United States and abroad.

For exampe, the Foreign Patent Practice Committee of the New York Patent Law Association has recently proposed the following resolution:

"RESOLVED that the NYPLA requests the State and Commerce Departments to urge the officials of BIRPI to convene not earlier than 1970, at least one further meeting of a Committee of Experts comparable to the one held in Geneva in 1968, for the purpose of studying any further revision of the plan for a Patent Cooperation Treaty as a necessary precedent to a diplomatic conference pertaining to such Treaty (and a consequent deferral of any diplomatic conference, at least to the fall of 1971), so that this Association and other interested segments of the American public can study the draft further and express their views to those Departments and to members of the Senate (having regard to the need for Senate ratification if the Treaty is signed) as to whether the basic features of the Treaty are desirable or not."

The American Bar Association's 41-man Committee on Foreign Patent Treaties and Laws (Committee 102) has just prepared a very extensive report, based on a most complete analysis of this situation. In transmitting a copy of that report to me, the Chairman's letter included a "summary of Committee vote on the more important resolutions," and also certain additional comments, as follows:

"A large majority of the Committee agree that more time is needed for a meaningful study of PCT '68. In other words, why the rush . . . believe we should have some idea what it will cost the U.S. Patent Office to participate in PCT '68. . . . disapproves the concept of a standard international application as to substantial matters, such as the claim structure. . . . . disapproves retaining in PCT '68. Chapter II concerning the international preliminary examination, even as an option. . . . disapproves extensive involvement of BIRPI in PCT '68, as being completely unnecessary and only adding to the complexity and expense of obtaining patents in several countries for the same invention. . . .

"A majority of the Committee prefers a simpler approach to achieving whatever is possible through PCT '68, by either simply extending the Paris Convention priority period, or extending it in return for applicant furnishing an international-type search carried out on the basis of a national application; and this either alone or in combination with a separate and meaningful international treaty pertaining to the standardization of formal matters and applying to all national applications. . . .

"It must be concluded that a majority of the Committee does not favor PCT '68 or anything like it. . . .

This report substantiates the previous position against PCT '68 which has been adopted by the Illinois Manufacturers Association, the Patent Law Association of Chicago and the Patent Committee of the Chicago Bar Association.

"So much attention in this country has been devoted to the U.S. Patent Reform Act, that there has been little opportunity for considering this international treaty. It seems evident, that when there is opportunity for study of the treaty, it is not as favorably received as we have been told it would be by Officials of the U.S. State and Commerce Departments."

I understand that the Electrical Manufacturers Association and the Aircraft Manufacturers Association, among others, have also adopted positions in opposition to PCT.

There are, of course, many aspects of this total matter which cry out for careful and thorough consideration. And although I have no desire to prolong this letter, or to debate these matters on a personal basis with you, there are several additional comments which perhaps I should briefly add:

1. You say that you "have yet to hear or learn of a single pertinent harmful or detrimental effect" which PCT might have on American industry. I find this statement most amazing, in view of the extent to which such matters have been frequently and publicly discussed. Nevertheless, let me direct your attention briefly to just a few "points to ponder":

Increased cost of a vastly extended BIRPI that must be met to a large extent by U.S. industry and other U.S. taxpayers;

General lowering of patent quality by reliance on search reports (and preliminary examination reports under Chapter II) issued by authorities less careful or reliable than the U.S. Patent Office;

Deleterious effect on substantive U.S. Patent law by standardization requirements going beyond format (e.g. rules for unity, form of claims, nature and adequacy of disclosure);

Harassment of U.S. industry by foreign-owned patents filed through the PCT route and issued on the basis of search and preliminary examination reports of foreign authorities;

Loss of control of their patent position by U.S. industry if they rely on BIRPI for transmittal of foreign applications;

Danger of U.S. industry's foreign patents being invalid because the international application which BIRPI will transmit for them may not comply with the substantive foreign requirements and the effective date of any subsequent amendment to meet such requirements may be too late; and

Imposition on U.S. industry of a system having a government agency deals with patent offices "on behalf of" the applicant, thus destroying the attorney-client relationship characteristic of a free enterprise society.

2. You have railed against "guest members"—i.e. members of "the international law firms"—who, you say, "regrettably use our platform to confuse industry's interest with theirs". And you complain that they take up much "discussion time". I disagree. The interests of such firms are far more in harmony than in conflict with American industry. They have actually much to gain in a selfish way from the *adoption* of PCT because PCT would require their continued services on an even greater scale. And, unlike yourself, I feel they have contributed substantially—through their expert knowledge and experience—to a better understanding of the true nature and implications of the PCT proposals.

I would be much more inclined to criticize the constant presence, at our Committee meetings, of numerous government officials and other outsiders. Some of their presentations have been informative, of course. But their presence at virtually all of our meetings has inhibited free and open discusssion, and substantially reduced the time available for open discussions. As noted above, many of our Committee members share these objections.

3. Throughout the past two years, PCT and related foreign patent matters have been permitted to virtually monopolize the time and concern of the Committee. Consequently, other patent matters of great urgency and importance to American industry have been largely neglected. These include, for example, such major matters as proposed revisions of our basic U.S. patent law, and the development of new antitrust doctrine in relation to various aspects of patent activity.

4. It can only be regretted that the entire question of U.S. participation in PCT was initiated in the manner and under the circumstances that it was—with the result that we were deeply involved in international conferences and quasi-

commitments *before* any significant portion of American industry or the patent profession was even aware of what was going on.

Understandably, it is now perhaps embarrassing or painful—particularly for those personally involved—to contemplate disengagement from, or correction of, such a program. Nevertheless, this can hardly justify persisting in any course of action contrary to the best interests of American industry.

In the last analysis, there is really only one basic point that I have been trying to make: It makes no sense to barrel ahead toward the finalization of PCT *unless* we are reasonably convinced (i) that we know what we are doing, and (ii) that PCT is what we want.

And my basic complaint is that we have been doing just the opposite. See, for example, the last paragraph of Bill Woodward's letter to me of April 18:

"As for your proposal of a questionnaire, I am not opposed to it, but I note that your letter correctly remarks on the care and effort required to frame a good one. At the present time, most of the persons I know who are interested in the PCT proposal have been using up all their spare time in considering a variety of ideas and proposals that might make the PCT more effective or more widely acceptable. In another month, most of the results of that work will have been transmitted to those (at BIRPI) engaged in the current redrafting effort. There will then be more time available for participation in preparing a questionnaire."

I think it is high time that we started to put the horse before the cart.

Yours very truly,

ROBERT GOTTSCHALK,
Director of Patents.

SINGLE SEARCH AUTHORITY

Mr. BRADERMAN. On the point of a single search authority, this was one of the critical issues that has been under discussion in the various meetings that have been held in the past 3 years. Ideally, I suppose most everybody would like to see a single search authority but we are dealing with a realistic world, we are dealing with a world in which the major countries such as Federal Republic of Germany and the Soviet Union and Japan as well as the United States all have sizable patent offices.

We also, as a result of opposition from some of the bar groups, initially decided not to try to seek an ideal solution because it would mean harmonization of law, it would mean infringements on national sovereignty, it would mean basic changes in our own U.S. law, and you can't have it both ways, and this is the reason for compromise. The compromises have been laboriously worked out with the major countries around the world and while we are not committed to the present draft or to any single draft the provisions of the present draft as they are being developed seem to have the general support of all of the major countries.

Senator PELL. Thank you very much. Mr. Robbins, any further views?

EXPENSE TO APPLICANTS

Mr. ROBBINS. Well, the one thing further I would say, Senator, was in the question of expense to the applicants. After all the applicants are important. They are the people who get the patents. There have been absolutely no cost figures of any significance at all, and people are getting very concerned with this. It has now become so late; we are practically at the last stage of this, and there is no indication of what the cost to the applicant is going to be. And the indications are that, in fact there was an admission by the director of BIRPI that the costs undoubtedly would be more. He alleges that the applicant would get more benefits.

Senator PELL. Costs are rather high in this world unfortunately.

Mr. ROBBINS. But that is such a controversial matter since they have no figures whatever.

Senator PELL. Yes; thank you.

SUPPORT FOR LEGISLATION

I would also like to put in the record at this time a letter from Senator McClellan, chairman of the Subcommittee on Patents, Trademarks, and Copyrights of the Judiciary Committee, strongly supporting this conference and this resolution. I would also like to submit an acknowledging letter from the chairman of our own committee, and a letter from the Chamber of Commerce strongly supporting this resolution. I would ask that these letters be printed in full in the record at this point.

(The letters follow:)

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
SUBCOMMITTEE ON PATENTS, TRADE-MARKS, AND COPYRIGHTS
Washington, D.C., March 24, 1969.

Senator J. WILLIAM FULBRIGHT,
Chairman, Senate Foreign Relations Committee,
Senate Office Building, Washington, D.C.

DEAR BILL: President Nixon has transmitted to the Senate for its advice and consent, the Convention Establishing the World Intellectual Property Organization, and the Paris Convention for the Protection of Industrial Property, as revised at Stockholm on July 14, 1967.

As Chairman of the Subcommittee having jurisdiction over the substantive domestic law in the subject matter of these Conventions, I have been periodically briefed by the Department of State and the Department of Commerce. In my opinion both of these Conventions appear to be in the best interests of the United States and may contribute to the strengthening of international protection for industrial and intellecual property. I, therefore, commend them to the early and favorable consideration of the Foreign Relations Committee.

The Department of State has transmitted to the Senate a proposed joint resolution, which has been referred to the Foreign Relations Committee, to authorize the appropriation of a sum not to exceed $175,000 for the purpose of defraying the expenses necessary to organize and hold a Diplomatic Conference to negotiate a Patent Cooperation Treaty in Washington during fiscal year 1970. I have for some time felt that greater international cooperation in patent matters is essential if the operations of the American Patent System are not to be severely obstructed in future years because of the rapid advance of technology and the increased complexity of many inventions. I support the efforts of the current and former Administration to draft a Patent Cooperation Treaty and I recommend favorable action by the Foreign Relations Committee on the proposed joint resolution.

With kindest personal regards, I am
Sincerely,

JOHN L. MCCLELLAN,
Chairman.

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D.C., May 26, 1969.

Hon. J. WILLIAM FULBRIGHT,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Committee will hold hearings on Tuesday, May 27, 1969, on S.J. Res. 90, which would enable the United States to organize and hold a diplomatic conference in the United States in the fiscal year 1970 to negotiate a Patent Cooperation Treaty.

The proposed Patent Cooperation Treaty, which would be negotiated at the diplomatic conference to be authorized by S.J. Res. 90, is a matter of particular

interest to the Chamber of Commerce of the United States. Therefore, I want to take this opportunity to convey the support of the National Chamber for this resolution, urge its approval by your committee and request that this letter be read into the record of the hearings.

The National Chamber keeps abreast of all matters relating to patents through its Patent System Advisory Panel. This Panel is made up of 23 representatives of Chamber members, 14 of whom are corporate patent counsels or engaged in the private practice of patent law. The remaining nine members are experts in non-patent, business-related fields.

The legal, scientific, research, business, manufacturing and academic fields are all represented on the Panel, as you will see from the appended roster. (See committee files.) The Panel is, therefore, able to look at the patent issues from the disparate points of view of these representatives. It does not approach these issues merely as a group of patent lawyers, of rather narrow interests—nor merely as a group of businessmen, unskilled in the intricacies of patent law—but, rather, as representatives of a broad-based membership of wide-ranging interests.

The National Chamber's position on S.J. Res. 90—based on recommendations of the Panel, which have been approved by the Chamber's Board of Directors—reflects the balanced interests of that membership.

We have followed quite closely the developments relating to the Patent Cooperation Treaty since September, 1966, when the United States proposed to the Executive Committee of the Paris Union that a study be undertaken of "solutions tending to reduce the duplication of efforts both for applicants and national patent offices" involved in the protection of the same invention in more than one country.

Our Patent Panel has studied the many documents that have been released relating to the treaty drafts. Some members of the Panel have attended the meetings of the Committee of Experts on the Patent Cooperation Treaty in Geneva, which have so effectively moved the participating countries toward a meaningful and responsive final draft of the treaty.

The momentum has been building over the past several years toward the diplomatic negotiating conference proposed in S.J. Res. 90. We believe that the holding of such a conference within fiscal year 1970 will serve to maintain this momentum and bring to fruition the weeks and months of dedicated efforts of our Department of State and Patent Office, as well as similar administrative bodies in the many countries that have participated in these efforts to draft this treaty. We are pleased that our Departments of State and Commerce have agreed to undertake the arduous task of hosting this important diplomatic conference in the nation's capital.

We believe that businesses, large and small—and inventors, be they individuals in basements or technicians in gleaming research facilities—all will reap the rewards of increased international cooperation in the protection of inventions, which is the goal of this negotiating conference. And, as the world leader in technological skill, in research and in the means of developing new inventions here and all over the world, the United States shall surely benefit from such cooperative efforts.

The proposed diplomatic negotiating conference—and its timing—will move us toward this goal at a critical point for this treaty. Therefore, the Chamber of Commerce of the United States supports S.J. Res. 90 and urges the favorable action of the Committee on Foreign Relations in reporting it to the Senate.

Cordially,

DON A. GOODALL,
General Manager, Legislative Action.

Senator PELL. If there are no further matters before the committee at this time, the meeting is adjourned.

(Whereupon, at 11:25 a.m., the hearing was adjourned.)

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