THE NEW YORK PATENT LAW ASSOCIATION

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BULLETIN

January Trademark Forum

A Forum dinner-meeting will be held at the Hotel Piccadilly, 227 West 45th Street, on Tuesday evening, January 16th. Cocktails will be served at 5:30 and dinner an hour later. Under the chairmanship of Albert C. Nolte, Jr., the two committeemen in charge of arrangements are Cameron K. Wehringer and Joseph D. Garon.

The program has been prepared by Trenton Meredith and Victor D. Broman of the Committee on Foreign Patents and Trademarks. Three topics are scheduled as follows:

Compensating Employee-Investors Under European Law. This will be discussed by Burton P. Beatty.

Protection of Trademarks in Foreign Countries. Eric D. Offner, an Associate Editor of the BULLETIN, will discuss this problem. In the question and answer period he will be assisted by a panel comprising James E. Archer, Paul Hoffmann, and Eric H. Waters.

Licensing of Know-How in Foreign Licensing Agreements. This subject will be treated by Howard P. Peck.

All speakers are members of the NYPLA. Every effort will be made to permit an early adjournment for the convenience of those attending.

Copyright Revision Discussed

An NYPLA-ABA copyright symposium held in December reviewed the Report of the Register of Copyrights on the Copyright Law Revision of the 1909 Act.

Among other suggested changes, the Report would: restate the scope of works protected; recognize fair use; eliminate compulsory music licensing; begin statutory copyright with "public dissemination"; extend voluntary registration to all classes of disseminated works; increase the maximum copyright term, renewal becoming an extension of existing rights; limit lump-sum assignments; consider inadvertent error or ommission in copyright notice; encourage timely registration by linking to infringement remedies; clarify remedies; make copyright divisible; and affect certain international aspects. Immediate ending of the jukebox exemption from royalties is urged.

The Report is available for 45¢ from the Superintendent of Documents, Washington 25, D.C.

CALENDAR

Jan. 16th	Forum dinner-meeting at Hotel Piccadilly: "Protection of rights abroad of American patent and trademark owners."
Feb. —	Judicial Conference dinner-meeting.
Mar. 23rd	40th Annual Dinner in honor of the Federal Judiciary.

MAINTENANCE FEES PROPOSED FOR UNITED STATES PATENTS

Legislation to amend the patent law to provide for increased filing fees and new patent maintenance fees is now being considered. Because of its importance and its controversial nature, all aspects of this legislation should be considered carefully by the members of the patent profession.

Expression of Views Requested. While the proposed law has been formulated in H.R. 7731 (Celler) and S. 2225 (McClellan), which are based on the O'Mahoney subcommittee study S. Res. 236, No. 17, the profession still has an opportunity to express its views. Accordingly, the BULLETIN is making available its facilities as a forum for those members who may wish to express their criticism or comments on the proposed bills. If the membership of the Association feels strongly enough on any particular aspect of this question, the NYPLA will presumably take a stand on the matter. There is therefore good reason for the members to make their views known at this time.

Bill Supported by Patent Office. For those who are not familiar with the situation, the Commissioner of Patents and the Patent Office are said to espouse and vigorously support H.R. 7731 which proposes the payment of maintenance fees or taxes to the Government to keep a patent in force. The Commissioner states that, if enacted, the bill would provide charges which would cover 75% of the Patent Office operating costs.

In addition to increasing the present schedule of filing fees, the bill would call for the payment of maintenance taxes of $100 at the end of the 5th year, $300 at the end of the 9th year, and $500 at the end of the 13th year, from the date the patent is granted. If any one of these fees or taxes is not paid, the patent lapses. The fees and taxes would apply to patents owned both by the Government and by corporations, but it is apparently contemplated that individual inventors would be able to obtain deferment of the maintenance taxes.

It has been suggested that one of the reasons for instituting patent maintenance taxes is to clear the Patent Register of patents which may be considered to be "paper patents", or patents which have been superceded by later developments.

However, it is to be noted that this clearance of the register comes after the examination of the application has been made. Legislation under consideration in Europe would defer the examination of the application until a request for examination had been made and a special fee had been paid. This procedure is proposed there on the assumption that many applications would be abandoned before examination, and the patent office would in those instances be relieved of its most timetaking and expensive task, that of examining the application.

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MAINTENANCE FEES PROPOSED

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The idea of maintenance taxes is foreign to the thinking of United States practitioners who have a strictly domestic practice. However, patent practitioners in foreign countries and American attorneys who handle foreign work are accustomed to paying annual taxes in order to keep issued patents in force.

Effect Abroad, of U.S. Maintenance Fees. Some patent practitioners in the United States take the position that if the United States should enact into law provisions for maintenance taxes, this could have an unfavorable effect on United States inventors filing abroad, since it might encourage the imposition of more burdensome maintenance fees abroad.

It is also believed by some foreign patent specialists that those countries which now do not have any provisions for maintenance taxes would follow the initiative of the United States and impose maintenance fees or taxes.

With respect to foreign filing in the United States, doubt has been expressed that new maintenance fees would greatly decrease the number of applications filed. This view is based on the fact that foreign applicants are said to be already quite selective with respect to the inventions which they protect in this country.

A Self-Sustaining Patent Office? It is understood that the Bureau of the Budget has suggested that the Patent Office should be able to earn 75% of its expenses. The question has been asked by some persons as to why the Patent Office, out of all the Federal agencies, should be expected to be self-sustaining. They question the importance of the Patent Office paying its way from the proceeds from patent fees when it is well recognized that a good patent which stimulates industry brings in a larger return to the government in the form of general taxes. It has been pointed out also that maintenance taxes presumably will go into the general tax fund and will not be directly allocated to the support of the Patent Office.

The comment has been made in partial reply to those persons who visualize taxes as making the Patent Office essentially self-supporting, that there is no assurance that the income resulting from new maintenance legislation will keep pace with the income required to support the Patent Office.

Need for a Larger Budget. Supporters of the legislation, of course, cite the low budget on which the Patent Office is operating and the impossibility under such a budget of increasing salaries to the point necessary to attract and retain an adequate examining staff. They also stress the need for more funds to improve the physical conditions under which the examiners work, and supporters of the legislation feel that if substantial new revenue can be generated by the Patent Office, there will be a greater chance of being able to finally improve these basic conditions which have plagued the Office for many years.

There are of course other aspects of this proposed legislation and its probable effects on the operation of our Patent Office and on the future of our patent system which have not been mentioned here. It is hoped that comments from the members will serve to supplement this article and bring out all of the issues.

LIBRARY HOUSES HISTORICALLY VALUABLE RESEARCH COLLECTION

The Committee on the Library not only maintains the NYPLA library, but also is responsible for the preservation of files and for maintaining the NYPLA office, all of which are located in the Bar Building at 36 West 44th Street.

Includes Early Editions. In the opinion of W. Saxton Seward, vice chairman of the committee, the NYPLA library offers a most interesting and historically valuable collection of text books and materials relating to the patent profession. Early editions of important texts and out-of-print volumes are included. Some of these materials are of British and German origin, providing considerable breadth and scope for research purposes.

The library committee is conducting a search for the three volumes of Robinson's early text. Anyone having these out-of-date volumes and who would care to contribute them is asked to communicate with the library committee.

In addition to the materials described in the listings which the committee has already placed in the hands of the members, the library now contains recently acquired files of the Patent and Trademark Review, the Trade Mark Reporter, and the Industrial Property Quarterly, the first going back to 1902.

Use of Library. Facilities of the library of course are available to members of the Association for research purposes, although it is not intended as, and does not contain the material for, a current working library. Since the office containing the library is not staffed, it is necessary for members desiring to undertake research in the library to make suitable arrangements in advance with a member of the committee. For reference in this connection, the present members of the committee are Baldwin Guild, chairman, W. Saxton Seward, vice chairman, Hubert A. Howson, Edward S. Drake, and Robert J. Fluskey.

PATENT OFFICE SURVEY STARTED

Commissioner Ladd has initiated a management survey of the Patent Office with **Karl W. Kintner,** former F.T.C. Chairman, in charge of the survey. The bulk of the survey chores is being performed by Patent Office employees organized into various task forces to study selected aspects of the Office. The study is over half completed, and final recommendations are expected early in 1962.

Paul Samuel Bolger, 3rd

The Association's First Vice President, Paul Samuel Bolger, 3rd, died unexpectedly on the morning of December 12th. Mr. Bolger had entered the Greenwich Hospital for observation on December 8th.

A partner in the firm of Keith, Bolger, Isner and Byrne, Mr. Bolger specialized in patent trial work. He had been a member of the Association since 1948 and was very active in its affairs. As recently as October 18th, he appeared on behalf of the Association before the Senate Antitrust and Monopoly Subcommittee to present a brief in opposition to the Kefauver drug bill.

Mr. Bolger was a graduate of Williams College (1941), and the University of Michigan Law School (1943). His age was 42. Mr. Bolger was a resident of Riverside, Connecticut. He is survived by his wife, Virginia Neville Bolger, his mother, and a sister.

BARRON'S EDITORIAL ON PATENTS COMMENDED

During the past year we celebrated, on various occasions throughout the country, the 125th anniversary of the enactment of the Patent Act of 1836, the cornerstone of the present United States patent system and United States Patent Office. The purpose and function of each such occasion was to apprise the public of the invaluable contributions to the growth of our nation made by our patent system in providing a sound basis for stimulating the progress of science, and by our Patent Office in the administration of that system.

We do not represent either our patent system or our Patent Office as beyond the pale of improvement. We recognize that there are important and far-reaching problems and difficulties affecting the administration of the system and the functioning of the Patent Office. However, we do hold firmly to the view that the merits as well as the contributions of our present patent system should be recognized by the Congress and the Judiciary, as well as by industry and the public, and that suggestions designed to effect modifications or improvements should be weighed carefully and evaluated realistically to determine their immediate as well as their long-range effect on the well-being of our nation.

To that end, the Patent Bar has attempted to apprise the public in general of the progress that has been made under and the merits inherent in our system as it now exists. We have also spoken out as to our views concerning the merits or lack of merits in various proposals for legislative or rule amendments designed to correct real or imagined abuses of or inadequacies in this system and its administration.

We recognize that our efforts in this direction have fallen far short of our goal. We are the first to admit that notwithstanding our training as advocates we are inept in publicizing the values and importance of the patent system under which our country now operates. Too often we have been acused of speaking on such matters from a position of bias.

Against this background it is particularly refreshing to find a lay publication, which does not represent industry per se, and certainly is not the mouthpiece of the Patent Bar, speaking up with clarity and vigor on the critical nature of patents to the progress of our nation and the well-being of our people. We commend the editors of Barron's National Business and Financial Weekly for the public service they have rendered in giving front-page space in the November 20, 1961, issue to a forceful defense of the United States patent system.

We reprint the entire editorial with the earnest hope that it may inspire the members of this Association to speak up on this issue, even if they cannot be as eloquent or cogent as the editors of Barron's.

—Mark N. Donohue

"Two Blades of Grass"

"PATENT RIGHTS ARE INVALUABLE TO A FREE SOCIETY"

(By courtesy of Barron's National Business and Financial Weekly, its editorial from the issue of November 20, 1961)

"In the elaborate apparatus of the federal government, with its complex of levers, wires and wheels within wheels, the Patent Office is one of the tinier cogs. Crammed into the Department of Commerce, the agency, although its origins trace back to the early days of the Republic, boasts a permanent staff of barely 2,500, or several hundred fewer than the seven-year-old Small Business Administration. During the current fiscal year, it will spend around $24 million, about half again as much as the budget allots for the restoration of wild life. In the heyday of the mimeograph machine and press release, finally, the organization plainly suffers from inadequate public relations. Few events in the recent annals of bureaucracy have created less stir than the 125th anniversary of its founding.

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"In Wilmington, Del., however, if not in Washington, D.C., the occasion evoked a warm response. E. I. du Pont de Nemours & Co., which has had dealings with the agency (and its predecessors) off and on since 1804, threw a birthday party in its honor. During the festivities a du Pont vice president, Samuel Lenher, had some wise and witty things to say about the importance of patents and their contribution to the nation's scientific prowess. By rewarding personal excellence, he observed, the patent system fosters the progress of society. Added the du Pont executive drily: 'A look at the ratio of quid to quo over the past 125 years shows the system to have produced one of history's most breath-taking bargains.'

"Mr. Lenher undoubtedly was thinking of his own company's glittering record, which, since E. I. du Pont himself first won a patent on 'a machine for granulating gunpowder,' has included, among many other triumphs of the test-tube, cellophane, nylon, 'Teflon' and 'Delrin.' A complete list of patented inventions, of course, would number over three million and comprise such technological landmarks as the McCormick reaper, Westinghouse air brake, Baekeland's Bakelite (which ushered in the age of plastics), Owens' mass-produced bottle, Edison's incandescent lamp, and Marconi's wireless. Above and beyond the particulars, moreover, the U.S. patent system, by encouraging the disclosure and commercial exploitation of discoveries, has fostered a climate of open scientific inquiry which, on the whole, has proved vastly more productive and efficient than any other. These achievements would rate a celebration at almost any time. Today, in an era which is all too prone to deprecate the sources of its wealth and strength—to poison its own wellsprings, so to speak—they are especially worthy of acclaim.

"Instead of acclaim, however, the Patent Office and all its works, for a generation or more, have become the object of mounting suspicion, not to say abuse. The notion of granting an inventor exclusive rights to his own discovery for a period of seventeen years has been widely assailed as a device of monopoly. In case after case the Supreme Court has upheld attacks on specific patents, to the point indeed where one dissenter bitterly observed a few years ago: 'The only patent which is valid is one which this court has not been able to get its hands on.' By denying patent protection in such important areas of research as atomic energy and space, Congress also has dealt the system a blow.

"The biggest threat of all now looms in the form of a measure introduced in the last session by Sen. Estes

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BARRON'S EDITORIAL IN SUPPORT OF AMERICAN PATENT SYSTEM

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Kefauver (D., Tenn.) and Rep. Emanuel Celler (D., N.Y.). Among other things, the proposed legislation would make all drug patents subject to a ruling by the Secretary of Health, Education and Welfare; limit exclusive patent rights on new pharmaceuticals to three years from the date an application was filed; and outlaw agreements under which applicants for identical or overlapping patents, rather than indulging in lengthy litigation, reach an amicable agreement.

"These drastic provisions are designed to remedy alleged abuses in the drug industry (which, by the way, a Senate investigating committee, after two years of biased probing, never was able to document). In any case the disease would be infinitely preferable to the cure. To begin with, since the process of winning a patent frequently takes more than three years from the date of filing, the legislation, instead of merely curtailing the period of exclusive use, in effect would abolish it. Even this scant protection, moreover, would rest upon an official finding that a new formulation represented a 'significant' advance in the art of healing, and not merely what the measure contemptuously dismisses as a 'molecular change,' an arbitrary yardstick which, incidentally, would have withheld a patent from cortisone. Perhaps most irresponsible of all is the bill's insistence that patent disputes be litigated rather than settled. For the provision not only lacks all justification—in the famous tetracycline case, on which it was based, a hearing examiner of the Federal Trade Commission has just recommended that charges be dropped—but it also could lead to sweeping inroads on all patent rights.

"The bill's sponsors presumably would applaud such an outcome. Before joining in, however, the rest of the country would do well to reflect for a moment on the unique merits of the U.S. patent system. Because of the protection it affords, and the opportunities it opens up, investors, instead of seeking to keep their discoveries a closely guarded secret, are encouraged to reveal them. Thereby the system helps to preserve knowledge which, like many skills of the medieval guilds, or the famous method of coloring Chinaware which perished with its owners in the Taiping Rebellion, otherwise might be lost to the world.

"By stimulating the free and open exchange of ideas, moreover, the patent system confers other major benefits upon the nation. For example, it serves to prevent the waste of time and talent on a search for something already known, a futile exercise in which Soviet scientists, several of whom have won Stalin Prizes for 'discoveries' long familiar in the West, sometimes have engaged. Thus it tends to make the most efficient use of what are, after all, scarce resources. Finally, it creates a climate which not only furthers the material progress of a free society but also meshes neatly with its values.

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"On this theme Mr. Lenher has been most eloquent of all. 'What are the alternatives? Without a functioning patent system we would inevitably reward not those who innovate but those who imitate; the fruits of one borne away by the other. Or we would develop a technology of closed lips and furtive movements, an environment built on espionage, bribery and piracy. We know that the fertility of our technology derives from the warm sunshine of freedom and open communication; without these blessings it would shrink back into the shadows. No society so handicapped could long remain free; no society so burdened could indeed remain tolerable. . . .

" 'If we can agree, with Jonathan Swift, that humanity's largest debt is to that man who makes two blades of grass grow where one grew before, then it would seem that the cause of human advancement has been served nobly by such efforts as we have described here. Under the aegis of the patent system, the blade of grass with which America began has been multiplied many times over. So long as the system continues to provide the climate in which discovery can flourish, we can expect a continual rate of progress and a continual harvest of common benefits.' "

FILM ON PATENT SYSTEM AVAILABLE

"Fuel to the Fire", a color motion picture on the nation's patent system, was released recently by The George Washington University's Patent, Trademark, and Copyright Foundation. The film, produced by Washington Video Productions under the supervision of the Foundation, is part of the Foundation's public education program and will be made available to educational institutions, television stations, businesses, and other interested organizations for showings throughout the country.

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