

To: Nels
From: Joe
Re: Patent Office Funding
March 2, 1979

You were right that the figures that I quoted for the level of funding needed by the Patent and Trademark Office were wrong. What we are talking about is increasing their funding by about \$14-15 million dollars. I still strongly believe that this is not only justified and important, but in the Senator's political interest to pursue.

I talked with Donald Banner the Commissioner of the Patent Office about this generally when I saw him in Atlanta. He said that they have been underfunded for at least 10 years. As I mentioned to you he gave a brilliant speech before the SUPA convention where he laid out how our weakening patent system is adversely affecting our balance of trade. For instance in the last two years we have gone from a \$8 billion dollar surplus in manufactured goods to a \$12 Billion deficit. I really think that the Senator could make a persuasive case that trying to save \$14 million at the expense of undermining our patent system is false economy at its worst. I already told you that the PTO's own estimate is that their files are from 2-28% incomplete for every subclass. This means that there is a good chance that any patent issued could be invalid if challenged in court.

Mr. Banner also said that the Japanese investigated what had made the Western world so successful in their economic competition and concluded that the secret of our success was our patent system. They now have a very strong patent system (as does

Europe) while ours is becoming more and more chaotic.

What I would like for the Senator to do is to write to Mr. Banner and ask how much they need to complete their patent files and to implement the Patent Cooperation Treaty which goes into effect this year and requires the Patent Office to process more foreign patents. Then I would like for the Senator to write to the members of the appropriate Appropriations subcommittee and alert them to this situation. I think that rather than trying to hide this request we should issue a press release outlining the situation and show how our patent system affects U.S. jobs and that we should not allow fiscal austerity to cripple our ability to compete in the international marketplace. I think that this is a good issue from the political and policy standpoint, and I think that it is a very serious error to automatically reject this type of activity because it costs money. I also do not think that we would need to tie up a great amount of the Senator's time, but can handle almost all of this effort on the staff level.

United States Senate

MEMORANDUM

3/6/79

Tom -

I hate to be on the spending side of 14 or 15 million dollars, but Joe makes a good argument & the senator is interested in continuing his role in this area. What do you think? Should we get more info & advice together?

Nels