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Last Updated: 12/12/2024

THE WHITE HOUSE
WASHINGTON

August 25, 1982

MR. PRESIDENT:

Attached for your approval is
H.R. 6260 - Patent and Trademark
Office Authorization.

OMB, Commerce, Office of Science and
Technology Policy, Office of
Personnel Management, and Department
of State recommend approval. Small
Business Administration and Justice
have no objection.

Ken Duberstein and Office of Policy
Development also recommend approval.
Fred Fieldin as n l e al objection.

g h o g



Richard G. Darman

Submitted to Washington

Last Day for Action: August 30

President: This is a Dept of Commerce
bill. These recommend the attached
Serving Statement. If you approve
we will submit to Washington.
The statement is — approved — not approved

Statement
Issued: 8/28/82
APPROVED
AUG 27 1982

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 23 1982

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6260 - Patent and Trademark
Office Authorization
Sponsor - Rep. Kastenmeier (D) Wisconsin and 6 others

Last Day for Action

August 30, 1982 - Monday

Purpose

To authorize appropriations for the Patent and Trademark Office and to establish fee schedules for services performed by the Office.

Agency Recommendations

Office of Management and Budget	Approval
Department of Commerce	Approval (Signing statement attached)
Office of Science and Technology Policy	Approval (Signing statement attached)
Office of Personnel Management	Approval
Department of State	Approval
Small Business Administration	No objection (Informally)
Department of Justice	No objection

Discussion

The enrolled bill, which passed both Houses by voice vote, is a Congressional response to an Administration proposal transmitted to Congress by the Department of Commerce.

Current law authorizes the Commissioner of Patents to set fees by regulation for processing patent and trademark applications and for maintaining patents over their seventeen year life at a percentage level that recovers less than the cost of providing these services.

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'82 AUG 23 A11 :12

The Administration's bill proposed to amend existing law so that fees levied for these services would ultimately recover 100 percent of the costs of providing them.

Under the Administration's bill, in the case of patents other than design patents, 50 percent of the cost of processing applications would have been recovered by a combination of "front-end" fees (filing and issuance) and 50 percent through maintenance fees paid at three intervals during the life of a patent. Over time, the Patent and Trademark Office (PTO) would have been authorized to adjust the mix so that less than 50 percent of costs would have been recovered as "front-end" fees and more than 50 percent would have been recovered as maintenance fees, but the fee schedule would have been designed to recover 100 percent of costs in the aggregate. In the case of trademarks and design patents, fees would have been set to recover 100 percent of the cost of processing such applications at the outset with no maintenance fees.

The Administration's bill also included (a) an increase in the 1982 appropriation authorization for the PTO of \$2,500,000 for a total of \$121,461,000, to accommodate a supplemental request and (b) a 1983 appropriation authorization of \$68,086,000. It also included several technical amendments to existing law to provide greater flexibility in managing the PTO and to permit the more expeditious and efficient processing of patent and trademark applications.

The enrolled bill in responding to the Administration's proposal carries out its essential objectives with modifications agreed to by the Administration during congressional consideration.

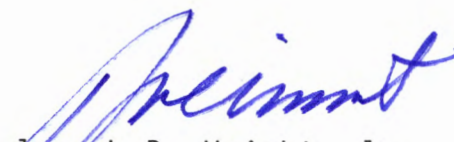
Rather than authorize the Commissioner to set fees by regulation to recover the full cost of activities related to processing patent applications and maintaining them, H.R. 6260 establishes fee schedules for these activities. It also stipulates that funds appropriated for the PTO are to be used to reduce by 50% the fees set for processing patent applications submitted by, and maintaining patents of, individuals, small businesses, and nonprofit organizations. Accordingly H.R. 6260 authorizes the 1983 appropriation of \$76,000,000, or \$7,914,000 more than requested; the increase is to cover the 50% subsidy. (The total cost of operating the PTO in 1983 is estimated at \$155,000,000. The difference between this figure and the appropriation authorization is to be provided by the fees levied for PTO services and materials.)

Apart from the subsidy, the fee schedules specified in the bill are approximately the same as the Administration contemplated would have been set by PTO regulation. Moreover, H.R. 6260 authorizes the Commissioner (1) to adjust the fee schedules established in the bill every three years, beginning October 1, 1985, to reflect fluctuations in the Consumer Price Index; and (2) to establish by regulation fees for other PTO activities (including trademark application processing), which are not stipulated in the bill. With the exception of the 50% subsidy for individuals, small businesses, and nonprofit organizations, the bill permits the PTO ultimately to achieve full cost recovery for its processing activities.

In addition to the foregoing, H.R. 6260 authorizes the appropriation of \$121,461,000 for 1982, as requested, and such sums as may be necessary for 1984 and 1985.

Finally, H.R. 6260 includes all the technical amendments proposed in the Administration's bill plus two other acceptable amendments. One standardizes the life of design patents at fourteen years; the other authorizes voluntary binding arbitration of patent validity and infringement issues.

The Department of Commerce and the Office of Science and Technology Policy have each submitted a signing statement for your consideration.



Joseph R. Wright, Jr.
Acting Director

Enclosures

THE WHITE HOUSE
~~WASHINGTON~~

NOTE FOR THE RECORD:

Attached is the President's signature
approving the Signing Statement on
H.R. 6260 (California).

STATEMENT ON SIGNING H.R. 6260 INTO LAW

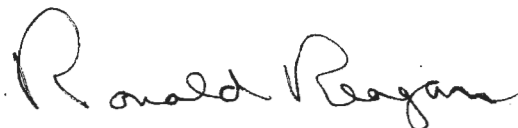
I am pleased to sign into law H.R. 6260 which authorizes appropriations for the Patent and Trademark Office for fiscal years 1983-1985. Throughout our Nation's history, the patent system has played a critically important role in stimulating technological advances. This legislation will make it possible for the Patent and Trademark Office to improve its operations and thus revitalize its traditional role of encouraging technical innovation.

This measure reflects the policy of this Administration that those who benefit most directly from services should pay their fair share for them. For years the Patent and Trademark Office has not had the resources to carry out its mission properly or to modernize its operations. Now that this legislation is in place, most users will pay the actual cost of processing patents and trademarks. This means that even though the expenditure of tax revenue in FY 1983 to support the Patent and Trademark Office will be \$21 million lower than in FY 1982, the total resources available to the Office through increased user fees will permit it to become a first-class service organization.

We neither want nor expect the increased user fees to discourage the ingenuity and creativity of individual inventors. Many of our most important inventions have come from individuals working alone. Accordingly, the bill provides that independent and small business inventors, as well as nonprofit corporations, will pay only fifty percent of the actual patent processing costs.

A major deterrent to using the patent system, especially by small businesses and independent inventors, is the inordinately high cost of patent litigation. This bill authorizes voluntary arbitration of patent validity and infringement disputes. This will not only improve the patent system and encourage innovation, but will help relieve the burden on the Federal courts.

Development of new technology is a vital ingredient in my Administration's plan for economic recovery. This measure is a significant step in this process. At the same time, it symbolizes our commitment to making the Federal Government more effective and efficient. It is an excellent example of how the Federal Government can provide better service at less cost to the taxpayers and I commend the Congress for enacting this important measure.


Ronald Reagan



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 23 1982

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6260 - Patent and Trademark
Office Authorization
Sponsor - Rep. Kastenmeier (D) Wisconsin and 6 others

Last Day for Action

August 30, 1982 - Monday

Purpose

To authorize appropriations for the Patent and Trademark Office and to establish fee schedules for services performed by the Office.

Agency Recommendations

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Department of Commerce	Approval (Signing statement attached) <i>approved</i>
Office of Science and Technology Policy	Approval (Signing statement attached)
Office of Personnel Management	Approval
Department of State	Approval
Small Business Administration	No objection (Informally)
Department of Justice	No objection

Discussion

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Current law authorizes the Commissioner of Patents to set fees by regulation for processing patent and trademark applications and for maintaining patents over their seventeen year life at a percentage level that recovers less than the cost of providing these services.

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The enrolled bill in responding to the Administration's proposal carries out its essential objectives with modifications agreed to by the Administration during congressional consideration.

Rather than authorize the Commissioner to set fees by regulation to recover the full cost of activities related to processing patent applications and maintaining them, H.R. 6260 establishes fee schedules for these activities. It also stipulates that funds appropriated for the PTO are to be used to reduce by 50% the fees set for processing patent applications submitted by, and maintaining patents of, individuals, small businesses, and nonprofit organizations. Accordingly H.R. 6260 authorizes the 1983 appropriation of \$76,000,000, or \$7,914,000 more than requested; the increase is to cover the 50% subsidy. (The total cost of operating the PTO in 1983 is estimated at \$155,000,000. The difference between this figure and the appropriation authorization is to be provided by the fees levied for PTO services and materials.)

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Finally, H.R. 6260 includes all the technical amendments proposed in the Administration's bill plus two other acceptable amendments. One standardizes the life of design patents at fourteen years; the other authorizes voluntary binding arbitration of patent validity and infringement issues.

The Department of Commerce and the Office of Science and Technology Policy have each submitted a signing statement for your consideration.



Joseph R. Wright, Jr.
Acting Director

Enclosures

THE WHITE HOUSE
WASHINGTON

August 28, 1982

NOTE FOR RON GEISLER

Per Karen Hart, the President signed H.R. 6260 and approved the signing statement prepared by the Department of Commerce.

Karen is giving copies of OMB's letter and the Commerce statement to Larry Speakes in California.

Sara

Signed by the President 8/27
per Karen Hart in Calif.
Statement released 8/28
Ron Geisler

STATEMENT ON SIGNING H.R. 6260 INTO LAW

I am pleased to sign into law H.R. 6260 which authorizes appropriations for the Patent and Trademark Office for fiscal years 1983-1985. Throughout our Nation's history, the patent system has played a critically important role in stimulating technological advances. This legislation will make it possible for the Patent and Trademark Office to improve its operations and thus revitalize its traditional role of encouraging technical innovation.

This measure reflects the policy of this Administration that those who benefit most directly from services should pay their fair share for them. For years the Patent and Trademark Office has not had the resources to carry out its mission properly or to modernize its operations. Now that this legislation is in place, most users will pay the actual cost of processing patents and trademarks. This means that even though the expenditure of tax revenue in FY 1983 to support the Patent and Trademark Office will be \$21 million lower than in FY 1982, the total resources available to the Office through increased user fees will permit it to become a first-class service organization.

We neither want nor expect the increased user fees to discourage the ingenuity and creativity of individual inventors. Many of our most important inventions have come from individuals working alone. Accordingly, the bill provides that independent and small business inventors, as well as nonprofit corporations, will pay only fifty percent of the actual patent processing costs.

A major deterrent to using the patent system, especially by small businesses and independent inventors, is the inordinately high cost of patent litigation. This bill authorizes voluntary arbitration of patent validity and infringement disputes. This will not only improve the patent system and encourage innovation, but will help relieve the burden on the Federal courts.

Development of new technology is a vital ingredient in my Administration's plan for economic recovery. This measure is a significant step in this process. At the same time, it symbolizes our commitment to making the Federal Government more effective and efficient. It is an excellent example of how the Federal Government can provide better service at less cost to the taxpayers and I commend the Congress for enacting this important measure.

Ronald Reagan

THE WHITE HOUSE
WASHINGTON

August 25, 1982

MR. PRESIDENT:

Attached for your approval is
H.R. 6260 - Patent and Trademark
Office Authorization.

OMB, Commerce, Office of Science and
Technology Policy, Office of
Personnel Management, and Department
of State recommend approval. Small
Business Administration and Justice
have no objection.

Ken Duberstein and Office of Policy
Development also recommend approval.
Fred Fielding has no legal objection.

Richard G. Darman

Last Day for Action: August 30

15/ 8/27/82

THE WHITE HOUSE
WASHINGTON

August 25, 1982

NOTE FOR RICHARD G. DARMAN

RGD, I'm in a quandry about the possible signing statement for this bill. It's my understanding that we normally attach signing statements when (a) the President signs a bill in ceremony, (b) the bill is sufficiently complicated that it needs an explanation, or (c) we want to hype it.

Commerce and OSTP both submitted signing statements to OMB. OMB forwarded them on to us without any specific recommendation. We pointedly asked the staff when commenting on this bill to indicate which statement, if either, they preferred. Duberstein responded that the "Commerce draft is preferable, but it's a close call." Fielding recommended that OSTP's statement be used. And OPD had no problem with the bill, but didn't comment on the statement.

Now what?


Sara

8/27
Hold for
file
6260
OC
statement
sent
OK

STATEMENT ON SIGNING H.R.6260 INTO LAW

I am pleased to sign into law H.R.6260, which authorizes appropriations for the Patent and Trademark Office for fiscal years 1983-85.

I consider this measure to be an integral part of our efforts to revitalize the economy. There is virtually nothing more important to the health of our economy than the invention, innovation, and technological development on which the productivity and competitiveness of American industries so much depend. This Bill promotes the discovery and commercialization of new technologies by enhancing the effectiveness of this country's patent and trademark systems, a goal we are pursuing through several legislative and administrative means.

This legislation is also a critical first step in Administration efforts to establish user fees as a means of shifting the burden of paying for government services, where appropriate, from the taxpayer to those who benefit most directly from the services. For years the Patent and Trademark Office has not had the resources to carry out its mission properly and to modernize its operations. Now,

with this legislation in place, most users will pay the actual cost of processing patents and trademarks. This means that the expenditure of tax revenues in FY 1983 to support the Patent and Trademark Office will be \$21 million lower than in FY 1982. But the total resources available to the Office through increased user fees will permit it to become the first-class service organization this nation needs and deserves.

We do not, of course, want increased fees to discourage the ingenuity and creativity of individual inventors responsible for many of our most important inventions. For this reason, the Bill provides that independent and small business inventors, as well as nonprofit organizations, will pay only 50% of the actual patent processing costs.

A major deterrent to using the patent system, especially by small businesses and independent inventors, is the inordinately high cost of patent litigation. This Bill authorizes voluntary arbitration of patent validity and infringement disputes. This will not only improve the patent system and encourage innovation, but will help relieve the burdens on the Federal courts.

Thus, my personal interest in seeing this Bill become law is understandable. In addition to its role in encouraging innovation -- a vital ingredient in this Administration's plan for economic recovery -- this act symbolizes this Administration's commitment to make the Federal Government more effective and efficient. This is one clear example of the government being able to provide better service to the public at less cost to the taxpayers.

I commend the Congress for its action on this important measure and urge that it take similar quick action on bills pending in both the House and Senate to grant the private sector rights to inventions resulting from research funded by the Federal Government, and to restore to full term the life of patents shortened because of federal regulatory requirements.

I also wish to commend my Commissioner of Patents and Trademarks, Gerry Mossinghoff, for his leadership and diligence in getting this legislation through the Congress.

WHITE HOUSE STAFFING MEMORANDUMDATE: 8/23/82 ACTION/CONCURRENCE/COMMENT DUE BY: 8/25/82SUBJECT: H.R. 6260 - PATENT AND TRADEMARK OFFICE AUTHORIZATION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
STOCKMAN	<input type="checkbox"/>	<input type="checkbox"/>	MURPHY	<input type="checkbox"/>	<input type="checkbox"/>
CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/> P	<input checked="" type="checkbox"/> SS	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Please provide any comments/recommendations by Wednesday, August 25.
 Also, please indicate your preference on which, if either, of the signing statements should be issued.

Thank you.

OK

Richard G. Darman
 Assistant to the President
 (x2702)

Response:

Commerce draft is preferable but
 it's a close call!

For D-

THE WHITE HOUSE

WASHINGTON

August 25, 1982

MEMORANDUM FOR RICHARD G. DARMAN
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: H.R. 6260 - Patent and Trademark
Office Authorization

Counsel's Office finds no objection from a legal perspective to the above-referenced enrolled bill. Additionally, I recommend that the signing statement prepared by OSTP be utilized.

OFFICE OF POLICY DEVELOPMENT

STAFFING MEMORANDUM

DATE: 8/23/82 ACTION/CONCURRENCE/COMMENT DUE BY: 8/25/82

SUBJECT: H.R. 6260 - PATENT AND TRADEMARK OFFICE AUTHORIZATION

	ACTION	FYI		ACTION	FYI
HARPER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	DRUG POLICY	<input type="checkbox"/>	<input type="checkbox"/>
PORTER	<input type="checkbox"/>	<input type="checkbox"/>	TURNER	<input type="checkbox"/>	<input type="checkbox"/>
BARR	<input type="checkbox"/>	<input type="checkbox"/>	D. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>
BAUER	<input type="checkbox"/>	<input type="checkbox"/>	OFFICE OF POLICY INFORMATION		
BOGGS	<input type="checkbox"/>	<input type="checkbox"/>	GRAY	<input type="checkbox"/>	<input type="checkbox"/>
BRADLEY	<input type="checkbox"/>	<input type="checkbox"/>	HOPKINS	<input type="checkbox"/>	<input type="checkbox"/>
CABLESON	<input type="checkbox"/>	<input type="checkbox"/>	PROPERTY REVIEW BOARD	<input type="checkbox"/>	<input type="checkbox"/>
DEWEND	<input type="checkbox"/>	<input type="checkbox"/>	OTHER	<input type="checkbox"/>	<input type="checkbox"/>
FAIRBANKS	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
FERRARA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
GUNN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
B. LEONARD	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MALOLEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MONTOYA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
SMITH	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
UHLMANN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
ADMINISTRATION	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Remarks:

Mike Uhlmann: Could we have your comments before COB 8/25/82.

Please return this tracking sheet with your response.

Edwin L. Harper
Assistant to the President
for Policy Development
(x6515)

WHITE HOUSE STAFFING MEMORANDUMDATE: 8/23/82 ACTION/CONCURRENCE/COMMENT DUE BY: 8/25/82SUBJECT: H.R. 6260 - PATENT AND TRADEMARK OFFICE AUTHORIZATION

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MEESE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HARPER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JAMES	<input type="checkbox"/>	<input type="checkbox"/>
DEAVER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	JENKINS	<input type="checkbox"/>	<input type="checkbox"/>
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CLARK	<input type="checkbox"/>	<input type="checkbox"/>	ROLLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WILLIAMSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DOLE	<input type="checkbox"/>	<input type="checkbox"/>	WEIDENBAUM	<input type="checkbox"/>	<input type="checkbox"/>
DUBERSTEIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BRADY/SPEAKES	<input type="checkbox"/>	<input type="checkbox"/>
FIELDING	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input type="checkbox"/>
FULLER	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

Handwritten notes:
 - Top left: *APS 8/25*
 - Middle left: *Call 8/25*
 - Middle right: *NO problem 8/25*
 - Bottom left: *Call 8/25*
 - Middle: *concur & sign! ok 8/25 see notes*
 - Bottom left: *No legal obj 8/25*

Remarks:

Please provide any comments/recommendations by Wednesday, August 25. Also, please indicate your preference on which, if either, of the signing statements should be issued.

Thank you.

Richard G. Darman
 Assistant to the President
 (x2702)

Response:



**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

18 AUG 1982

Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Stockman:

This is in response to your request for the views of the Department concerning H.R. 6260, an enrolled enactment

"To authorize appropriations to the Patent and Trademark Office in the Department of Commerce, and for other purposes."

This legislation is especially significant to the programs of this Administration. It is the first of President Reagan's legislative initiatives regarding user fees to be passed by the Congress. Moreover, H.R. 6260 is the centerpiece of this Administration's program to upgrade the U.S. Patent and Trademark Office. This legislation not only establishes the user fees necessary to achieve our goals of acceptable patent and trademark processing time in the 1980s and a fully automated Patent and Trademark Office in the 1990s, it also assures adequate and stable funding for the Office for the foreseeable future.

Enactment of H.R. 6260 has shifted the financial responsibility for maintaining and improving our patent and trademark systems from the taxpayer to the direct beneficiaries of those systems, the users. In addition to authorizing a greatly expanded PTO program and increasing the user fees we will charge, enactment of H.R. 6260 will also eliminate needless technicalities and introduce a number of cost-saving proposals into the patent and trademark law. Under H.R. 6260, we can accord filing dates for a patent or a trademark application based on a showing of when it was deposited in the U.S. mail. We can revive unintentionally abandoned patent applications upon payment of a \$500 statutory fee. This legislation will allow us to substitute one sole inventor for another, provided the mistake was not due to deceit. The current bureaucratic hassles involved in granting time extensions to pursue patent protection and the need for verification of trademark oppositions and cancellations will be eliminated. These are only a few of the changes this legislation will bring.

During deliberations on the original version of this legislation, several important amendments were added by the House Judiciary Committee. Responding to concerns expressed about the continued

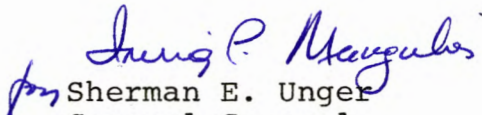
availability of the patent system to individual inventors, small businesses and nonprofit organizations, a 50% subsidy of patent fees was added for these users. While this will reduce the increase in revenue by an estimated \$7 to \$8 million, it is a desirable compromise aimed at encouraging continued innovation by such entities. Also, responding to inventor and bar groups, Congress chose not to give the Patent and Trademark Office the authority to set patent fees administratively; rather major patent fees were written into H.R. 6260. Significantly, those fees can be adjusted administratively every three years, but only to keep pace with inflation.

Finally, and most significantly, the House Judiciary Committee amended H.R. 6260 to specifically authorize voluntary binding arbitration of patent validity and infringement issues. That authority will provide business executives with an attractive and cost-effective alternative to protracted and complex Federal litigation in patent cases.

Enactment of H.R. 6260 has been recommended by the National Productivity Advisory Committee and by the Cabinet Council on Economic Affairs.

The Department of Commerce strongly endorses H.R. 6260 and recommends that it be signed by the President. A proposed signing statement for the President's consideration is also enclosed.

Sincerely,


for Sherman E. Unger
General Counsel

STATEMENT ON SIGNING H.R. 6260 INTO LAW

I am pleased to sign into law H.R. 6260 which authorizes appropriations for the Patent and Trademark Office for fiscal years 1983-1985. Throughout our Nation's history, the patent system has played a critically important role in stimulating technological advances. This legislation will make it possible for the Patent and Trademark Office to improve its operations and thus revitalize its traditional role of encouraging technical innovation.

This measure reflects the policy of this Administration that those who benefit most directly from services should pay their fair share for them. For years the Patent and Trademark Office has not had the resources to carry out its mission properly or to modernize its operations. Now that this legislation is in place, most users will pay the actual cost of processing patents and trademarks. This means that even though the expenditure of tax revenue in FY 1983 to support the Patent and Trademark Office will be \$21 million lower than in FY 1982, the total resources available to the Office through increased user fees will permit it to become a first-class service organization.

We neither want nor expect the increased user fees to discourage the ingenuity and creativity of individual inventors. Many of our most important inventions have come from individuals working alone. Accordingly, the bill provides that independent and small business inventors, as well as nonprofit corporations, will pay only fifty percent of the actual patent processing costs.

A major deterrent to using the patent system, especially by small businesses and independent inventors, is the inordinately high cost of patent litigation. This bill authorizes voluntary arbitration of patent validity and infringement disputes. This will not only improve the patent system and encourage innovation, but will help relieve the burden on the Federal courts.

Development of new technology is a vital ingredient in my Administration's plan for economic recovery. This measure is a significant step in this process. At the same time, it symbolizes our commitment to making the Federal Government more effective and efficient. It is an excellent example of how the Federal Government can provide better service at less cost to the taxpayers and I commend the Congress for enacting this important measure.

Ronald Reagan