

Remarks of

Q. TODD DICKINSON

**Acting Assistant Secretary of Commerce and
Acting Commissioner of Patents and Trademarks**

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THANKS

Thank you Fred, for that introduction, for your outstanding leadership during this year and also for those great ties. You are everything the good copyright lawyer should be. I'd also like to recognize your Chair-elect, Greg Maier, a neighbor in Crystal City, at least for the moment.

Let me also say that we will be honored to hear tomorrow from my colleague Mary Beth Peters, Register of Copyrights. Even though we are in different branches of the government, our offices work well together and we greatly value the Copyright Office's expertise in our copyright policy work.

And I am pleased to be joined by so many of our professional staff, they are the ones who do the work.

INTRODUCTION

I know that it has become traditional at this meeting for the Commissioner of Patents and Trademarks to summarize the events at the Patent and Trademark Office during the last year and to comment on the state of the Office. As Acting Commissioner, it is my honor to have the opportunity to undertake these duties. It is also a special privilege for me to do so in San Francisco, a city to which returning for me is always a welcome homecoming.

In fact, in many ways there is probably no more suitable place for a meeting of intellectual property practitioners than San Francisco. It will come as no surprise to you that our country's single greatest hotbed of intellectual property – at least on the patent side – is just down the road from this beautiful peninsula. And, as a member of the California bar for nearly 20 years, as well as the Section, I am personally aware of the importance of the intellectual property system to the economy and legal profession here, in California.

In fact, since 1994, Santa Clara County has replaced greater Boston as the U.S. metropolitan region producing the most utility patents every year. In 1997, we granted 3,255 patents to San Jose area inventors – a seven-percent increase from the prior year.

But what may (or may not) surprise you is that six of the top 15 patent-producing metropolitan areas in the Nation are in California.

Of course, the bad part of holding an IP practitioners' conference in San Francisco means so many of you don't get to get out of town.

THEN AND NOW

On the verge of a new millennium, the Year 1999 suggests a time for reflection, for looking back. In contemplating this year's speech, that chance to look back, coupled with the constant need to look forward, provides a unique opportunity to realize how far we have come in this century and where we might be heading in the next.

At the dawn of the 20th Century, the Patent Office was still a subordinate agency of the Interior Department, and was housed in the Old Patent Office Building between F and G Streets and 7th and 9th Streets in downtown Washington, having moved about 50 years earlier from Blodgett's Hotel.

At the dawn of the 21st Century, legislation is pending that would create the "United States Patent and Trademark Office" as an agency within the Department of Commerce, but one that would have substantially more independence than its predecessor, and, in the words of the legislation, "retaining responsibility for decisions regarding the management and administration of its operations and exercising independent control of its budget allocations and expenditures."

Far from Blodgett's Hotel, the General Services Administration (GSA) announced on June 14 that a site in Alexandria, the so-called Carlyle site, west of the "Old Town", has been selected for development of a five-building PTO campus with 2 million square feet of office space – the largest single lease ever entered by the Federal Government. The search for new office space has been subject to much criticism, most of which was undeserved. On behalf of the Office and its staff, I wish to thank you for your continued support.

As some of you know the GSA is facing a court challenge – mounted, in part, by our present landlord – alleging that the selection process including environmental criteria for the Alexandria site was conducted improperly. We believe there is no merit to these allegations and hope that they will be resolved soon and we hope to move forward with all due speed with these plans for new offices. The focus will clearly shift from the political to the logistic, and we will do everything we can to make sure the transition is as seamless as possible.

In 1900, the Patent Office only had several hundred employees. Even as late as the end of the Second World War (when the Patent Office moved back from the Richmond Virginia Tobacco Warehouse, incidentally), there were only 450 employees. Today, we employ almost 6,000 people and rely on over 1,000 contractors, and continue to grow significantly.

At the turn of the 20th Century, the first registration to practice before the Office had only issued two and a half years earlier, and, by 1900 there were only 2,500 people registered to represent inventors before the Office. In April 1999, 1,571 people sat in just one day for examination for registration to practice before the Office, over half of whom passed. And, we graded all of those examinations and got the results out in just six weeks – the fastest time in living memory. Today, the total number of attorneys and agents registered to practice will top 20,000.

In 1900, those practitioners filed about 42,000 patent applications and the Office granted 26,500 patents. Trademark owners received 1,721 registrations. In fiscal year 2000, we expect to receive 280,000 patent applications and to grant 165,000 patents, and to top 300,000 applications

in 2001. We expect to receive 281,000 trademark applications including additional classes and to register 140,500 marks including additional classes.

In 1900, more than one-third of all patent applications dealt with bicycle technology, important personal transportation technology at the dawn of the automotive age. Trademark registrations were limited to marks used on products in foreign commerce or with Indian tribes.

Today, we routinely examine patent applications in diverse technological areas which were unknown (and possibly unimaginable) in 1900, such as aeronautics, computers, and polymer chemistry, and are striving to cope with such emerging technological areas as bio-informatics, combinatorial chemistry, expressed sequence tags, and Internet business methods. We register trademarks, service marks, certification marks, and collective marks in all areas of commerce that can be regulated by the Congress. Marks are not limited to two-dimensional indicia, but may consist of sounds, smells, or even movements. And, we accept applications for marks that are merely "intended" for use in commerce.

In 1900, only paper files could be searched and those paper files were only available at the Patent Office in Washington. Today, paper searches are becoming a thing of the past. As of March 26, 1999, anyone in the world could search patent images of every page of every U.S. patent granted since 1976, and by the end of this year, all patents back to the first handwritten ones from 1790. The patent images are a massive file, now totaling over 1.4 terabytes of data with expansion planned to 2 terabytes, and would fill over two Sears Towers in paper. It provides our customers with copies, at their desktops, almost instantly, with approximately 3,000 new documents added each week, usually on the day they issue. Even better, it provides them at no cost to the customer.

We have also added all trademark applications and registrations of record back to the very first, and later this year we will add information concerning ownership, goods and services and file application. (By the way, perhaps not surprisingly, our "hottest" trademark registrations this year are for **Millennium**. This project is one I am personally very pleased by, as is was one I got advocated shortly after I came to the Office.

In 1900, patent and trademark applications were generally handwritten, as were our responses. The copying of patent and trademarks files was also done by hand. Now, we are capturing bibliographic data from patent applications electronically, scanning the applications in to our electronic databases, and preparing for the electronic filing of patent applications, the pilot of which will be initiated later this summer. On the trademark side, we started to accept applications electronically and received over 12,000 applications within the last nine months. It is interesting to note, however, that only five percent of these electronic applications originated from law firms. It is somewhat curious and disappointing that these customers are not taking advantage of this mechanism that will provide them with better service from the Office. We are hopeful that when the signature requirements are relaxed later this year due to the Trademark Law Treaty implementation, this will increase.

Withall of our automation, we are today the largest recipient of mail in all of the Washington DC area, and the largest single recipient of Express Mail in the world.

In 1900, the fee for filing a patent or trademark application was just a few dollars. Today, the patent filing fee for a large entity is \$760 and the trademark application fee is \$245 per class. Our budget program that will be recommended by the Senate Committee on Appropriations for the first fiscal year in the new Millennium is \$901,750,000, and we will be a billion-dollar business in 2001.

It is difficult to believe that only twenty years ago we faced a fiscal crisis. One so severe, that Congress made us a fee-funded agency and permitted our fees to be “indexed” to the Consumer Price Index.

Again last fall, we faced a similar crisis. As many of you know, the “surcharge” provisions of the Omnibus Budget Reconciliation Act of 1980 lapsed by operation of law. This lapse removed the major vehicle used to withhold patent-related fees payments from the U.S. Patent and Trademark Office in prior years. The Act also provided us with some additional revenues that we needed. Unfortunately, the authority to obtain these revenues also lapsed with the Act.

Our Congress fashioned, and President Clinton approved, a new fee schedule that provided the Office with the revenue it needed, but did not retain the surcharge mechanism used to withhold funds. As a result, our major patent-related fees dropped approximately eight percent – savings of approximately \$50,000,000 per year for inventors. Perhaps more importantly, this was the first major reduction of patent fees in living memory.

At present, we are deep in the throws of the fiscal year 2000 budget cycle. The Senate Appropriations Committee has recommended all of the funding that the President requested but did not support a fee surcharge of approximately \$20,000,000 to pay for the future retirement costs of our employees. The House Committee has not yet completed its deliberations and the budget process will probably not be completed until September, but we are optimistic of a similar outcome.

This does not mean that our fee structure is perfect or that it should remain fixed in concrete. We have augmented our accounting system by implementing activity-based cost accounting – the only Federal agency to do so on an agency-wide basis. We believe that this augmentation will provide our managers and our users with more information and more realistic information on costs and on the use of fees, as well as providing a better tool for making decisions on funding in the future.

Given our experience with this new system to date, it appears that the fees for some of our products and services do not reflect the costs associated with them. Some are higher than costs and some are lower. Also we found that the allocation of costs of certain projects was not accurate or equitable, including allocations between the patent and trademark sides of the Office. In fact, it would appear that trademark-related fees should increase, and there should be a corresponding additional decrease in patent-related fees. Consequently, we are considering proposing some changes to our fee schedule to make it more in tune with reality. This would potentially allow for some significant downward adjustments to fees, such as the first

maintenance fee, a source of continuing concern for independent inventors and others needing additional relief for commercial development.

THE FUTURE

We have obviously accomplished much since 1900. Yet, only twenty years ago, many people believed that the only valid patent was one that was not litigated. And, they were correct to a large degree. Before the creation of the Court of Appeals for the Federal Circuit, which is probably the single most important event for the intellectual property system in this Century, forum shopping was rampant, fueling this perception. Many even questioned whether the patent system had any utility or could be revived. The Federal Trade Commission attempted to rid the Trademark Register of marks that it considered “generic” such as Formica®.

At the dawn of the Millennium, we find ourselves a decidedly different place. The intellectual property “business” is booming. In no small part because the Clinton/Gore Administration has presided over the longest economic expansion in U.S. history. Furthermore, I think that the wealth of inventions, works of authorship, and need for new marks, are the direct fruits of its successful efforts to foster high-tech, high-wage jobs.

As I mentioned, the creation of the Court of Appeals for the Federal Circuit also contributed significantly in the area of patent law, as I am sure most of you appreciate. In particular, all of us in the patent field owe an enormous debt to the late Judge Giles Sutherland Rich, the seminal figure in intellectual property in the 20th Century. We not only owe him for his efforts as a mid-wife to the present patent statute in 1952, and one of the fathers of the CAFC as we know it today, but we owe him for his unflagging belief – even when unfashionable – that the patent system was one of the economic bulwarks of our Nation. His recent passing was one of tremendous loss. We are not likely to see someone of his stature and grace in our profession for a very long time, if ever.

As the author of *State Street*, perhaps his most significant case, was all too aware, the growth of the Internet is another factor. In essence, there really is no such thing as domestic commerce anymore. All commerce is international and all enterprises must protect themselves in all markets. They can no longer rely on de facto protection as they once could, and, as a result, must seek protection all over the world. Moreover, that business has, almost overnight, become one of the most significant. A recent PriceWaterhouseCoopers study, reported in the Washington Post just this week about to equal the automotive industry in scale. Patents have always been critical to that industry; who is to say intellectual property rights such as patents, should not protect and foster these industries.

Consequently, companies and individuals are realizing that more and more of their value is in *intellectual assets* and a major trend over the past quarter century has been for businesses to look at how they can protect more of those assets as **intellectual property**.

So as a field of **law**, as an area of **policy**, and as an arena for **business strategy**, we live – as the old Chinese proverb says – in “interesting times.” In reviewing the state of the Office in

these interesting times and considering our future, I believe that we should have the following three goals at the U.S. Patent and Trademark Office.

- We need to **Manage Growth**. That is, we need to meet the challenges created by the dramatic growth in the number of patent and trademark applications that we receive. Old paradigms will not work.
- We need to **Manage Quality**. That is, we need to change the way we look at “quality” in the Office and improve the quality of our products and services we offer.
- We need to **Manage the Future**. That is, we need to prepare our intellectual property systems – domestic and international – for the demands of the new global electronic marketplace.

Managing Growth

We are inundated with work. Between 1990 and 1998, the number of annual utility patent applications increased 42 percent, 12 percent of which was in the last year. We projected that in 1999 the number of applications would increase 7.2 percent over the 1998 numbers, but in the year-to-date, we are seeing **11.5** percent growth. We keep projecting 8-9% percent to be prudent, especially in view of the Asian financial crisis, and we keep ending up underprojecting. Much of the increase will be in computer-related inventions. One cannot avoid such a conclusion given the estimates on the volume of commerce on the Internet, some as high as \$301 billion in the United States alone in 1998 – an amount that rivals the automotive industry. Furthermore, we also expect many more applications claiming methods of doing business as a byproduct of the Federal Circuit’s decision in *State Street Bank*. On recent significant event, which we welcomed, the Supreme Court’s decision in *Dickinson vs. Zurko*, we do not think will have any significant impact on our growth.

In trademarks, the number of trademark applications including additional classes rose 50 percent in the last four-year period. In 1998, we received a record number of trademark applications – over 232,000 – and we expect that to increase to about 270,000 trademark applications this year. That will be a 16-percent increase over the prior year. Again, given the increase of business via the Internet and the necessity to protect your mark in all markets, we expect the number of applications received to increase.

Obviously, it is a challenge just to accommodate these large increases. To handle this growth, we’re doing what any business would do: hire more people. Last year, we hired more than 700 new patent examiners and we are on track to hire 700 more this year, next year and the year after that. Of the new patent examiners we have hired, most are in computer and information processing technologies. Historically, the typical new hire examiner has had a bachelor’s degree in engineering, chemistry, or physical sciences, but I’m pleased to tell you that one-third of all examiners hired last year in the computer technology area have a Masters or a PhD in engineering, computer science, or mathematics. In light of the decision in *State Street*

Bank, we are also looking for, and finding, examiners with the appropriate scientific training that also have academic backgrounds or experience in the business arena.

In the trademark area, we also have an aggressive staff expansion underway – one that began in November 1997. Since then, 230 new examining attorneys have joined the trademark examining corps, almost doubling the size of the workforce in 18 months. Many of these new hires are experienced attorneys who seek to specialize in intellectual property.

The Examiner's we have now are highly skilled and highly educated; we have 450 PhD's and over 400 attorneys. However, we are also working hard to increase the amount of training these examiners and trademark attorneys receive – because that is key to increased productivity and higher quality of patent claims we allow and trademarks we register. In 1999, on the patent side, we will devote over 100,000 hours to training new examiners in PTO procedures. In addition to this training for new examiners, this year, we will provide our existing examiner corps with over 20,000 hours in legal training, over 30,000 hours in training in using our automated search systems, and over 5,000 hours in technical training. I have initiated a top to bottom review of our training by a Blue Ribbon panel of both internal and external experts, and we are actively considering even more substantial increases in training as we plan our 2001 budget.

Some of the on-duty training for examiners is directed at the new electronic research tools we are putting at their command. Today, from her desktop, a patent examiner can electronically access the full text of all U.S. patents going back to 1971 and the images of all U.S. patents since 1790. In addition, examiners can access English-language translations of abstracts of 3.5 million Japanese patents with images; English-language translations of abstracts of 2.2 million European patents with images; and over 5,200 non-patent literature journals available through commercial services and materials we load in-house. In August, we will add IBM technical disclosure bulletins to the desktop resources available to our examiners.

By no means do I think that the PTO has done all it can do to put prior art resources at the fingertips of our patent examiners. Quality is always a process of continuous improvement. To ensure that we have the most complete access to non-patent literature, especially in software areas, and that applicants are incented to comply with their disclosure obligations under rule, we will hold a hearing here, in San Francisco, in just a couple of days, focused on the issue of non-patent prior art, here on Monday and on July 14th in Washington. I hope that you will participate; we need your participation.

We has slashed cycle time from 18+ months a year and a half ago, to 10.9 months and dropping. Credit should go to Acting Assistant Commissioner for Patents, Nick Godici, and his team for that rather extraordinary effort. Our goal is 85% of patent in 12 months by 2001 and **all** patents in 12 months or less by 2003. You and your clients have demanded this and we are actually hoping this becomes a challenge on you and your clients to keep up with us.

In the trademark area, while we do not have the same challenges in acquiring and organizing prior art, we have been diligent about training programs for our new examining attorneys. New trademark attorneys take a four-week program organized into 15 modules

designed to improve consistency in examination and to prepare examiners to make consistent independent decisions. The four-week course leads up to a comprehensive examination and, then, the new trademark attorney works under a “mentor” attorney for six months. Even after that, a mentor reviews all final actions and publications from the new trademark attorney, until the attorney receives full signatory authority after about two years.

The Office is also working on a project to reduce the processing time for publishing trademarks in the *Official Gazette* and printing registration certificates by generating camera-ready text and images. If this is successful, it will reduce the time it takes to publish a trademark to begin the opposition period and also reduce the time to receive a registration certificate after the opposition period ends. As most of you know, we are also reducing the time it takes to print patent applications but starting the printing process immediately after mailing the notice of allowance. This has already shaved almost three months off of the time it takes to issue a patent.

I mentioned that we are working aggressively to make our data available to our customers via the Internet. We can manage our workload more effectively by communicating with our customers through Internet e-mail and file transfer functions. Consequently, we will accept many Internet communications, incorporate them in the patent file wrapper, and respond to them on the Internet when appropriate. As yet, we are limiting the use of Internet e-mail, on the patent side, to communications other than responses to a notice of rejection and documents that would otherwise require a signature, but we hope that this limitation and other security issues will be resolved in the near future.

This summer, we will begin piloting the electronic filing of patent applications and the automated status check, allowing you to find out the status on-line. Electronic filing is much more complex because patent applications are not standardized, applications are complex and the examination process more complicated. Nonetheless, we are committed to the development and implementation of a complete electronic filing system for patents by 2003.

More information on our practice in this area is contained in our Patent and Trademark Internet Usage Policies that can be found – where else – on our Web site, www.uspto.gov, one of the most honored and widely used government websites on the Internet. By the way, even we can be subject to cybersquatting – someone has registered the domain name www.uspto.com, apparently for trademark services.

Let me also mention everyone’s favorite millennium topic, Y2K. We have not started stockpiling food and water – to the contrary, we are in great shape. The Department of Commerce has had a very aggressive program of ensuring compliance, with constant monitoring. All of our mission-critical systems are fully Y2K compliant.

Managing Quality

Adding staff and improving our tools certainly solves many problems. But, they are insufficient unless the quality of our products and services remain high. When I arrived at the Office, I began to ask questions about the types of quality improvement efforts that the Office had in place. I found the patent and trademark quality review organizations and disparate efforts to improve the quality scattered around the organization. For example, the quality review organizations were only looking at the “end product.” By the standards of the late 1960s or early 1970s, these were probably model programs.

Today, however, most management experts agree that you cannot improve the quality of an organization and its products just by looking solely at the final product, particularly if you are trying to hold down costs. It was obvious that the Office needed an integrated quality management system.

Consequently, I established a new structure, the Office of Quality Management, that would report directly to me and would be headed by an Administrator assisted by a Deputy. The current Directors of the Offices of Patent Quality and of Trademark Quality Review will report to the Administrator, as would the Director of the Center for Quality Services.

Our Acting Administrator is putting together an aggressive review of our entire operation and is examining a number of criteria that affect the quality of the products we produce – not just the products themselves. We are starting to measure our performance against defined goals and to reengineer our processes where necessary. We are, in conjunction with you, our customers and clients, developing clear, detailed, performance management scorecards to allow us and you to better assess our quality against clearly defined metrics. We consider the customer’s view of quality, both internal and external. We are surveying extensively, for example, and I want to thank you for your participation in those surveys. I expect that these efforts will significantly benefit all of our users not only in terms of a better product but a less-expensive one in many cases.

Managing the Future

Today, goods and information can flow with unprecedented ease across borders. Effective protection for inventions, trademarks, works of authorship, and confidential business information must be available in all markets at a reasonable price.

As to patents and trademark protection, our current model of essentially national and regional systems does not meet the needs of today’s inventors or businesses whether they are small or large. Clearly, they are not the paradigms for tomorrow’s patent and trademark systems.

Increasingly, the international patent system – or lack thereof – is too cumbersome and expensive. Inventors cannot afford to obtain protection in all of the necessary markets around the world. Larger enterprises are now forced to forego protection for some markets or for some inventions, and will have to forego more unless relief is provided. For smaller enterprises and individuals, the situation may be worse. Protection for their inventions in critical markets may not be possible financially in the time frames dictated by law. At best, this situation will lead to

decreased profitability for all and, at worst, extinction for smaller enterprises that traditionally supply significant technological advances.

To date, however, there is no universally accepted definition of a global patent. That is not to say that I believe that a global patent system is unattainable. On the contrary, I support the concept in principle and I believe that there are a number of market forces that are now propelling us toward a global patent, albeit an undefined one.

The increasing pressure on industrial property offices to decrease costs is probably the most significant force that spurs the convergence of patent systems. Our users want us to reduce directly the amounts we charge. Also, our users want us to reduce the costs they incur by having to use patent systems with differing requirements. As a result, we will be forced to adopt cost-saving measures such as taking advantage of the search and examination results of other industrial property offices to the maximum extent reasonable. This will first spur procedural convergence and then substantive convergence.

Secondly, advances in the areas of information and communication technology are not only making it easier to administer a global system, but these advances prompt many changes and are spurring convergence. As I mentioned, our users now want electronic systems for accessing patent information and filing patent applications. Moreover, they want systems that are compatible from industrial property office to office. Thus, there is pressure on us to make our electronic systems converge. This pressure obviously will drive some of our substantive domestic decisions. We are working with our Trilateral Partners to exploit these advances and are promoting the so-called “wire-the-world” initiatives in the World Intellectual Property Organization, particularly the efforts to automate the processes under the PCT (Patent Cooperation Treaty).

Lastly, competition for technological advantages in the marketplace and for investment is promoting the evolution to a global patent. The quantum of patent protection in a given market is an important criterion in any business strategy. As competition increases, national governments will feel compelled to adopt the positive features of the laws of others, as the Japanese are suggesting.

It seems to me that we should take advantage of these market forces to promote the natural “evolution” of a global patent, rather than to construct an artificial new global system. This would ensure that the global patent would more accurately reflect current marketplace realities and technological possibilities.

This does not mean that we should adopt a “laissez-faire” approach. Rather, we need:

- To continue the development of an Intranet between industrial property offices and the World Intellectual Property Organization;
- To exchange search and examination results and use them to the maximum extent possible to reduce costs and promote convergence;

- To improve the PCT (Patent Cooperation Treaty) system by lowering costs, reducing complexity, increasing participation, and strengthening benefits conferred; In fact, the Trilateral Partners, the USPTO, the JPO and the EPO, recently agreed to make PCT simplification a major priority, and we have begun work to that end in preparation for our Trilateral Meeting in Berlin this November.
- To ensure that fees associated with national and international applications are used primarily to underwrite the costs of processing applications, not to subsidize other or unrelated activities;
- To conclude and implement the Patent Law Treaty that will standardize some formal matters; and
- To improve our “local” regimes in a manner that promotes international conformity.

As to the trademark system of the future, I do not think that there has been as much discussion of a global trademark registration as there has been on a global patent. I believe, however, that the interest in a global trademark registration is growing. Obviously, a global trademark registration would decrease costs and increase effectiveness, like its patent counterpart. Also, some of the same market forces that drive inventors will drive trademark owners.

The most important driver on the trademark side, however, is the Internet. Increasingly, businesses are using the Internet to advertise and offer for sale in what essentially is a worldwide market for which worldwide trademark rights are necessary. The nation-by-nation approach will no longer be acceptable or affordable to all but the largest businesses. Small businesses will face enormous barriers to market entry. Without a global system, their trade off will be high costs for protection or counterfeits. Thus, a global system will be necessary.

We should start by striving to create an international trademark regime where registration requirements are the same in each country and we should promote mechanisms that facilitate registering a mark with more than one industrial property office simultaneously. With regard to the first goal, the Trademark Law Treaty is a good step in the right direction. Our Congress has given its advice and consent to the ratification of the Treaty and we are now publishing our implementing regulations for comment. Consequently, we hope to have final regulations in place and to deposit our instrument of ratification this fall.

As to the second goal, the Madrid Protocol is likewise a good step in the right direction. Unfortunately, there are political problems associated with adherence to any agreement or treaty such as the Protocol that provides a vote to an entity that is not a sovereign state. As a result, the United States cannot accede at present. Well over one-year ago, the United States Government negotiated an informal agreement with the European Commission on the use of their vote that would permit the U.S. to accede. We are now being told, however, that the Commission is

repudiating their agreement alleging that their Member States will not give them permission to agree.

Let me also suggest that, imitation being the sincerest form of flattery, we recently participated in a meeting of the G-7 patent commissioners in Tokyo, called by Commissioner Isayama of the JPO. We were asked to comment expanding subject matter patentability and others addressed the World Patent and other issues. It became clear to me at that meeting, that the Japanese are seeking to increasingly emulate our systems. They see the success of the U.S. economy, the productivity gains that are resulting from increased automation and the information age, and they firmly believe that our IP systems, as they have developed over the last two decades are one of the key factors in this current success. In particular, they point to a relatively obscure report from the mid-1980's, the so-called Young Report, chaired by John Young, CEO of Hewlett-Packard at the time, which, if you go back and read it, serves as a road map for the development of our current system. I commend it to you; it is fascinating to see how prescient it was.

We still have work to do, however. As you know, there are many pieces of legislation pending in the Congress that would seek to improve our system even further. In particular, the Patent Improvement Act of 1999, would make among the most significant changes to our patent law since the 1952 act. The Administration supports many provisions of that Act and has been working hard to bring the various interests surrounding this legislation together to find common ground. I am very pleased that we have been very successful in that effort. We will continue to work to shape this bill even further, so ensure that it meets the needs of all of the users of the system, and the public.

CONCLUSION

I believe that with some hard work and good will we can build systems that will serve our citizens during the next century. These systems need to reflect, however, the realities of a new marketplace – one that is increasing electronic. We should ride the wave of technological change and global integration. We should not seek merely to perpetuate old concepts or institutions that serve no purpose in the new marketplace.

Finally, let me reflect on of the enduring myths of the U.S. Patent system, which concerns one of my predecessors: Charles Duell. He is falsely reputed to have said, hundred years ago this year in fact, that “Everything that can be invented has been invented.”

What was stated in this vein was actually penned by the very first to hold the office of Patent Commissioner, Henry Leavitt Ellsworth. In his 1843 report, Ellsworth stated: “The advancement of the arts, from year to year, taxes our credulity, and seems to presage the arrival of that period when human improvement must end.”

While I certainly agree with Commissioner Ellsworth that the advancement of technology is incredible, let me offer another opinion on the future of our mutual enterprise. The U.S. Patent and Trademark Office will remain open so long as the promise of American democracy and the

ingenuity of the American inventor continue to exist; deep into the next millennium, and hopefully, forever.