

truths, politicians are eager to do their bidding, and the new year is full of promise.

S. C.

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## INCIDENTAL SUGGESTIONS

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### OUR PATENT LAWS.

#### A Letter to President Wilson.

New York, July 2.

I have seen occasional references in the press to proposed changes in the patent laws, as well as in the organization of the patent office, and I would like to lay before you some suggestions which would, I believe, correct the most serious evils of the present patent system, which evils group themselves, as far as the public is concerned, under the following heads:

(1) The retardation of industrial progress through the dog-in-the-manger privileges which the patent laws permit.

(2) The bulwarking of monopoly which the present patent laws make possible.

(3) The inhibitive legal processes which make a patent almost worthless to a poor inventor.

The first evil is to my mind the worst of them all, for we have no means of measuring the extent to which industrial progress is hampered by the innumerable interferences which it meets through patent privileges or claimed infringements. I fully believe that the patent laws as they now exist, far from promoting initiative, are a distinct hindrance to it.

Aside from the evils of patent law and court procedure, the other evils can, I believe, be corrected simply, easily and effectively by the following means:

(1) By compelling the patentee, when he takes out his patent or at any time within three years thereafter, to make a declaration of its value, which declaration becomes a matter of record and is conclusive evidence against the patentee in any litigation or proceedings.

(2) That upon such valuation a Federal tax be imposed, sufficiently burdensome to compel the patentee either to use or to forfeit his patent right, such tax however not to be imposed until three or five years after the issuance of the final papers to the patentee, in order that he may have an opportunity to find a market for his invention. That the tax be at a progressive rate, so as to prevent powerful corporations from placing a prohibitive value upon their patents as a means of preventing their use.

(3) That any individual may use such patent upon the payment of royalties to the patentee based upon the valuation so fixed by the owner.

(4) That this law be made retro-active as to all existing patents.

The first result of such a law would be to clean the decks. Thousands of patents would be forfeited. I know by my slight patent law experience that such dormant patents are used in a great variety of ways for blackmailing purposes; they are brought forward by some powerful interest to prevent the development of some device or commodity which is a substitute for, or will compete with, an existing product.

The opening of all patents to use by everybody will free the minds of manufacturers of the fear of being ruined after they have expended large sums of money in the development of an idea to its marketable stage. I have known this to happen in a number of cases. It is not improbable that industrial liberty is greatly thwarted by such fears and interferences.

Under such a plan the government would derive a revenue from a source which is not now taxable by the States, and upon which the Federal government levies no impost. Yet the patent rights of corporations are included in their assets; they are of great value, and in the case of many large corporations constitute a large part of their assets. Certainly they form the bulwark of monopoly in the larger electrical plants, in machine and tool industries, in the shoe business and probably in hundreds of other industries. Independent telephone development, with the great improvement which followed, had to wait for the termination of the telephone patents, by which time the Bell Telephone Company enjoyed practically a monopoly of the nation. There has been almost no advance in the whole field of telegraphic transmission by wire since the invention of the Morse instrument, which is still used by both the telegraph companies in face of the fact that scores of known inventions would have revolutionized the business. Further, the tax would not only produce a large revenue, it would establish the same basis for royalties as that existing for taxation; it would tend to prevent fictitious values and would establish outside of court proceedings the basis upon which all royalties should be paid.

Under this suggestion patents would become public property, subject to a royalty for their use. There would still remain every incentive to the inventor, and, I believe, far greater protection than he now enjoys. For in actual practice the individual inventor is no longer protected by the patent laws of the country.

New Zealand offers an analogy to this in her taxing system, under which the owner himself makes a return of his property, subject, however, to the right of the government to buy upon his valuation. Germany, too, has worked out a system of fees and taxes which is far in advance of our own.

FREDERIC C. HOWE.



### PRIVILEGE THE EVIL FACTOR IN BUSINESS.

Center Bridge Pa., October 31.

At a meeting of the American Iron and Steel Institute held at Chicago, October 25th-26th, President E. H. Gary of the United States Steel Company discussed the subject of "Why Does Business Halt?" He is quoted as saying that "the people of other nations are asking this of us, especially those foreigners who have money for investment. . . . That while there are exceptional cases in which mismanagement of American enterprises has caused distrust or dissatisfaction among foreign capitalists, this is not their principal reason for hesitancy at the present time. But that the principal reason that there is so much unnecessary agitation and ill-considered criticisms by those who