

exercise their innovativeness more fully, to the overall benefit of the economy. This argument implies that this group should be paying fee amounts that are reduced to an even greater extent than is currently done for small entities; that is, a new fee category should be created for independent inventors and extremely small (micro) entities. How should the patent fee structure define and treat small entities?

#### *D. Electronic Filing*

The USPTO has the achievement of a totally electronic system for receiving applications as one of its major goals. In order to create incentives for customers to file electronically, it has been suggested that the fee structure charge more for paper applications, which are more costly to process. Should the patent and trademark fee structures differentiate between electronic and paper filings? If such a differentiation is determined to be an effective means of encouraging electronic filing, should it be imposed immediately or phased in over a period of years?

#### *E. Unity of Invention*

The European Patent Office, Japanese Patent Office, and USPTO reached a Trilateral agreement on harmonizing unity of invention practice at the Sixth Annual Trilateral Conference held in Tokyo in 1988. The Trilateral agreement allows a patent application to include a group of inventions so linked as to form a single general inventive concept,

termed unity of invention. This agreement, adopted for PCT practice, differs substantially from current U.S. restriction practice. While this is not primarily a fee structure issue, full adoption of unity of invention would mean that more inventions are contained in fewer applications, with a resultant increase in average examination costs per application. Under the current fee structure, this would significantly reduce revenue from application, issue, and maintenance fees and thereby necessitate an increase in these or other fee amounts. If unity of invention were adopted, how should the resulting excess of costs over revenue be recovered through the fee structure? For example, it is believed that within certain technology areas, the number of patent applications and issues and their associated fee revenue would decline substantially, although the examination workload would not change. Should such technologies bear the burden of resulting fee increases or should the excess cost increment be apportioned uniformly?

In light of the substantial fee level adjustments that unity of invention would require, what are its precise benefits to the inventor community?

Dated: September 26, 2000.

**Q. Todd Dickinson,**

*Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.*

[FR Doc. 00-25225 Filed 9-29-00; 8:45 am]

**BILLING CODE 3510-16-P**

## **DEPARTMENT OF DEFENSE**

### **Office of the Secretary**

[Transmittal No. 00-16]

#### **36(b)(1) Arms Sales Notification**

**AGENCY:** Department of Defense, Defense Security Cooperation Agency.

**ACTION:** Notice.

**SUMMARY:** The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of P.L. 104-164 dated 21 July 1996.

**FOR FURTHER INFORMATION CONTACT:** Ms. J. Hurd, DSCA/COMPT/RM, (703) 604-6575

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 00-16 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: September 26, 2000.

**L.M. Bynum,**

*Alternate OSD Federal Register Liaison Officer, Department of Defense.*



## DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

20 SEP 2000

In reply refer to:  
I-99/009903

Honorable J. Dennis Hastert  
Speaker of the House of  
Representatives  
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 00-16, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Bahrain for defense articles and services estimated to cost \$51 million. Soon after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

  
A.R. KELTZ  
ACTING DIRECTOR

**Attachments**

Same ltr to: House Committee on International Relations  
Senate Committee on Appropriations  
Senate Committee on Foreign Relations  
House Committee on National Security  
Senate Committee on Armed Services  
House Committee on Appropriations

**Transmittal No. 00-16****Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act**

- (i) **Prospective Purchaser: Bahrain**
- (ii) **Total Estimated Value:**  
**Major Defense Equipment\* \$ 41 million**  
**Other \$ 10 million**  
**TOTAL \$ 51 million**
- (iii) **Description of Articles or Services Offered: Thirty Guided Missile and Launching Assemblies M39 Army Tactical Missile System, spare and repair parts, personnel training and training equipment, software upgrade to the Multiple Launched Rocket System, U.S. Government and contractor engineering and logistics services and technical assistance, U.S. Government Quality Assurance Team, publications and technical data, Cooperative Logistics Supply Support Arrangement, special test sets and support equipment, maintenance support repairable material and other related elements of logistics support.**
- (iv) **Military Department: Army (UHM)**
- (v) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: none**
- (vi) **Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex attached**
- (vii) **Date Report Delivered to Congress: 20 SEP 2000**

\* as defined in Section 47(6) of the Arms Export Control Act.

## **POLICY JUSTIFICATION**

### **Bahrain - Army Tactical Missile and Launch Assemblies**

The Government of Bahrain has requested a possible sale of 30 Guided Missile and Launching Assemblies M39 Army Tactical Missile System (ATACMS), spare and repair parts, personnel training and training equipment, software upgrade to the Multiple Launched Rocket System, U.S. Government and contractor engineering and logistics services and technical assistance, U.S. Government Quality Assurance Team (QAT), publications and technical data, Cooperative Logistics Supply Support Arrangement, special test sets and support equipment, maintenance support repairable material and other related elements of logistics support. The estimated cost is \$51 million.

This proposed sale is consistent with the stated U.S. policy of assisting friendly nations to provide for their own defense by allowing the transfer of reasonable amounts of defense articles and services.

Bahrain will use these ATACMS to enhance their area fire system capability against hostile artillery, air defense and maneuver elements thereby strengthening their self-defense capability and interoperability with U.S. forces. ATACMS mounts on the multiple launch rocket system launcher which Bahrain previously purchased and, therefore, will have no difficulty absorbing these additional systems capabilities.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be Lockheed Martin Aeronautics Company of Fort Worth, Texas. There are no offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require the assignment in-country of an U.S. Government QAT and one contractor representative for a week to accomplish the initial deployment.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

**Transmittal No. 00-16****Notice of Proposed Issuance of Letter of Offer  
Pursuant to Section 36(b)(1)  
of the Arms Export Control Act****Annex  
Item No. vi****(vi) Sensitivity of Technology:**

**1. The highest level of classified information required to be released for training, operation and maintenance of the Army Tactical Missile System (ATACMS) is Secret. The highest level of classified information which could be revealed through reverse engineering or testing of the missile system is Secret. The hardware for the ATACMS is Unclassified while ATACMS software is Confidential.**

**2. Specific areas of ATACMS which are not classified but considered sensitive and contain critical technology include the application of low-radar-cross-section material to enhance system survivability, the armored and camouflaged ATACMS container which provides additional protection and reduces vulnerability, the Improved Stabilized Reference Package/Position Determining System (ISR/PDS), the Payload Interface Module, the Improved Electronics Unit in the launcher and the missile's guidance, payload, propulsion, and control sections.**

**3. If a technologically advanced adversary were to obtain knowledge of the specific hardware in this proposed sale, the information could be used to develop countermeasures which might reduce weapon system effectiveness or be used in the development of a system with similar or advance capabilities.**

**4. This proposed sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification. Moreover, the benefits to be derived from this proposed sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.**