

the patentee to grant licences in certain special situations which are fully dealt with below." (i.e. where the exclusive rights are being abused by the owner).

The restrictions imposed upon Canada by existing laws relating to patents and intangible technological property were discussed by Professor Safarian in his testimony before the committee.

"Yes, it is a matter of importance. Ten years ago I tried to get the Government of Canada to do a study of the restrictions on export franchises of subsidiary companies. The Government of Canada has never done the study. The Government of Australia, however, did such a study, and it is very interesting. I made my own private survey, which has all the limitations of a private survey, that showed that a significant minority of firms involved in exports had export limitations, franchises that were limited. Either they could not export at all, or only to Commonwealth countries, or certain other selected countries. There were quite a few other firms, by the way, which had world-wide franchises; they could export anywhere. That particular approach is covered in my book.

The really pressing problem, the one that I had most difficulty with, was the question of the patent system. Very often the limitation on the export franchise takes this form: the Canadian subsidiary is given the patent rights to a certain product or process but only for the Canadian market. The reason is that the parent company has given the patent rights for the German market to a German subsidiary, or an independent firm; for the British market to a British subsidiary, or independent firm. The other side of the coin, of course is that none of the other firms, or the independent firms can export to Canada, because in almost all cases the patent rights are exclusive. The Canadian subsidiary get exclusive rights to Canadian market.

Really, Mr. Chairman, the question we have to face is this: At this point in our development as a nation and particularly our industrial development, would we be willing to give up the protection that exclusive patents give, against imports into the Canadian market, in return for more access to foreign markets? I think, by and large, we ought to go in that direction because our industries are becoming more efficient and, with appropriate industrial policies, they will be more efficient; and our interests have changed. For a long time, it may have been in our interest simply to have that patent protection for certain limited purposes; but, now, I think many firms are finding themselves in a position where they would like to export to countries where there are export restrictions; incidentally, not only foreign-owned firms—but independent Canadian-owned firms which get access to a foreign patent: they have no ownership relationship with the foreign firm, they get a licensing agreement. But the restriction is that they cannot export the product; it is a restriction on them as well. The real question is: in which direction should we go? I think we should push for reducing these restrictions, even though it would give us less protection on the import side: I think that might not be a bad thing.

I would like to see some sort of agency which had information on this, and which could in particular cases get the private firm and the Canadian government to negotiate access to the foreign market which is covered by a contractual patent. This raises very important issues with respect to our adherence to the International Convention for Protection of Industrial Property. But, as I say, I think we ought to go in that direction; and, from time to time, I think we could negotiate ourselves in some of these restrictive patent agreements, and the foreign-owned firm as