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OFFICE OF ALIEN PROPERTY CUSTODIAN  
March 11, 1942 - June 30, 1943

The Alien Property Custodian has published a report covering his operations from the inception of his office March 11, 1942 to June 30, 1943. It is the policy of the Custodian at all times to make matters of public record appointments by the Office, seizures of property, sales of such property, and his activities as owner or supervisor of vested property.

1. The Custodian has now vested practically all the enemy property of types subject to his power.

Business enterprises vested by July 1, 1943 numbered 318 (p.36).

About 30,000 enemy patents had been seized. The enemy interest in approximately 200 contracts relating to patents had been vested (p. 39).

The Office assumed control of property other than patents, the total value of which is estimated at about \$375 million (p. 3). The net equity of enemy nationals in these assets is about \$125 million (p. 35); non-enemy interests in the assets account for the difference.

The value of enemy assets not subject to the vesting power of the Custodian but frozen by the Treasury is estimated at \$200 million.

The amount of enemy property in this country is probably smaller than has been commonly thought. The Axis countries through their totalitarian control for many years prevented their citizens from sending capital abroad and used what foreign assets they could lay their hands on to finance their pre-war rearmament program.

2. Of the 318 business enterprises vested by July 1, 1943, over 200 (p. 56) are in process of liquidation, while about 100 (p. 54) have been continued as going business concerns. Management of all these enterprises has been Americanized. Many of these businesses are important participants in our war program. Dyestuffs, photographic equipment, electrical apparatus, optical instruments and pharmaceuticals are among the products of the firms under the control of the Custodian. The going business concerns will be sold into private hands as rapidly as the public interest permits. Such businesses will be sold at public sale with each sale adequately advertised to contact prospective purchasers. Sealed bids in writing are to be opened in public and awards made to the highest qualified bidder. This method is best calculated to protect the interests of the United States and of purchasers (p. 68).

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3. A patent policy is being carried out which makes enemy inventions widely available to American industry, ruling out the use of these patents as restrictive checks upon production. In order that enemy inventions may be of maximum benefit to American industry, the United Nations war effort, and the consuming public, licenses have been granted on a non-exclusive, royalty free basis. Administrative efficiency has required such a policy. Furthermore, the purposes which justify royalties for patents held by private persons, for example, to provide incentives for inventions and their disclosure, are not pertinent in the case of enemy patents which have been seized by the Government.
4. The patent contracts of which the Custodian has vested the enemy interest have constituted an important element of the international cartel system. A policy which will obviate these cartel arrangements, handle the patents involved in a manner conducive to the public interest, and give due regard to lawful private American interests in the contracts and patents is now being developed.
5. Through December 31, 1943, 436 licenses involving 2,295 patents have been granted. Royalties under licenses outstanding before the Custodian took title to patents have been collected to the extent of \$3 million.
6. Patents owned by nationals of occupied countries have also been vested in order that they may be efficiently used in the United Nations war effort. Since the vesting of these patents is justified only by considerations of administrative efficiency, licenses are granted royalty free only for the duration and holders of exclusive licenses are not given the option for exchanging them for royalty free, non-exclusive licenses.
7. Through the vesting of enemy copyrights the republication of scientific writings important to the war effort was made possible. Works on physics and chemistry represent the bulk of reprints authorized by the Custodian.

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