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Serial:

Armed Forces Security Agency, Washington 25, D. C.

TO: Judge Advocate General, Department of the Army, ^{ATTENTION:}
~~Lieutenant Colonel Willard J. Hedges, Jr., Chief, Patents
 Division~~

1. An investigation of the background of the subject bills has been completed.

2. Reference is first made to the letter of 5 July 1951, from the Judge Advocate General, Department of the Army, to the Director, Armed Forces Security Agency, and particularly paragraph 10 thereof, and the information and comments below relate thereto.

a. Whether Mr. Friedman has accomplished anything which "warrants" compensation beyond what he has already received in the form of salary and commendations is impossible to say. It is this question that the Congress must determine. It can, however, be said that his inventions over a period of years have been of very substantial value to this Government and its allies. It can also be said that this situation differs from the Garand case in its secrecy aspects; classification was not involved in the Garand matter.

b. The problem of ownership of the inventions has been in question on several occasions not only in the Army Security Agency, but in the Signal Corps and, it is believed, in your office as well, but no final determination has ever been made. During a large part of Mr. Friedman's employment, he has been ^a party to various agreements declaring that he was "employed to invent" but seldom, if ever, has there been direction to invent any specific thing. His duties have, by and large, been those of a chief cryptologist.

c. Estimation of the commercial possibilities of the Friedman inventions is difficult. As far as is known here, relatively little commercial use is made of privacy systems in this country, ~~except~~ ^{EXCEPT} those in banks and other financial organizations, and their use of business

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codes is commonly dictated as much by economy considerations as security; nevertheless, it cannot be said that a market for high-grade ciphering machines could not have been developed. Moreover, in the absence of security considerations, it is likely that a substantial market for the inventions could have been developed among foreign governments. Future commercialization is subject to the same difficulties of evaluation.

d. So far as is known, there has been no commercial use abroad of Mr. Friedman's inventions, none at least by or in behalf of the United States Government. Foreign use, in other words, has been confined to the military services of the United States and its allies, and, thus, within the scope of the usual Government licenses.

3. Referring generally to compensation for Mr. Friedman on account of his inventions, I feel very strongly that it should not partake of the nature of a reward, notwithstanding the virtues of his inventions and their unquestioned value to the United States and its allies over a period of many years.

on the other hand,
It does appear to me, ~~however~~, that, if the inventor has been denied an opportunity to realize commercial benefit only because his inventions were in a sensitive field and, more significantly, only because they were important in that field, then his treatment, relative to the treatment of other Government inventors, has not been equitable.

4. Mr. Friedman's salary over a period of years, as will be seen from Inclosure 3, has been above the average for Government employees, but to base an adverse decision on this circumstance would be equivalent to penalizing an outstanding employee since salaries in the field are no higher than elsewhere in the Government.

5. I feel that Public Law 700 provides little basis for any claim by Mr. Friedman. Such a claim, as I understand it, must represent compensation for use by the Government, and the Government has had, by license or assignment, the right to use all of the inventions. It is furthermore true in any case that a claim under Public Law 700 must be based upon a patent, and no patents covering significant inventions have as yet issued. There has been, in other words, no use or at most inconsequential use of the inventions of any patents. It may be noted that Mr. Friedman has consistently disclaimed any intention to bring suit under Public Law 700 or any other statute.

6. A complete statement of Mr. Friedman's military and civilian Government service is inclosed. The record shows that he is not now receiving, and has never received, any pension for disability.

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7. Based upon the facts before me, and in the absence of any Government policy generally covering situations such as this, it is my feeling that, while I should not vigorously support the inventor's position, I should also not take strong action to defeat his course of action.

RALPH J. CANINE
Major General, U. S. Army
Director, Armed Forces Security Agency

- 3 Incls.
- 1. n/e
- 2. n/e
- Added 1 Incl
- 3. Record of Service

*OK'd by 12 - 25 Jan. 52
11 - 28 Jan. 52*

Ret'd file - 28 Jan 52

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RECORD OF SERVICE
Civilian (Government)

WILLIAM FREDERICK FRIEDMAN

NATURE OF ACTION	POSITION AND GRADE	BASIC SALARY	EFFECTIVE DATE	DEPARTMENT, BUREAU, AND LOCATION
Excepted appointment in Civil Service	Cryptanalyst	\$4500	31 Dec 21	OCSigO, Wash., D. C.
Reclassification	Cryptanalyst	\$5200	1 Jul 24	Same as above
Promotion	Cryptanalyst	\$5600	1 Jul 28	Same as above
Promotion	Cryptanalyst	\$5800	1 Jul 38	Same as above
Furlough to Military Service	—	—	23 Dec 40	U. S. Army
Return from Military Service	Cryptanalyst P-6	\$5800	16 Apr 41	OCSigO, Wash., D. C.
Administrative Promotion under Namepeak Act	Cryptanalyst P-6	\$6000	1 Oct 41	Same as above
Promotion	Head Cryptanalyst P-7	\$6500	9 Apr 42	Same as above
Promotion	Director of Comm Research P-8	\$8000	24 Nov 42	Same as above
Meritorious Within-Grade Classification authorized	Same as above	\$8250	16 Mar 44	Same as above
		\$9275	21 Jan 47	Army Security Agency Washington, D. C.
Excepted Apptmt Schedule B-4-III	Chief, Comm Research	\$10000	4 May 47	Same as above
Excepted Apptmt	Cryptologic Consultant P-8	\$10330	29 Apr 49	Same as above
Step Increase	Cryptologic Consultant	\$10750	30 Oct 49	Same as above

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RECORD OF SERVICE
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WILLIAM FREDERICK FRIEDMAN

Civilian (Government)

NATURE OF ACTION	POSITION AND GRADE	BASIC SALARY	EFFECTIVE DATE	DEPARTMENT, BUREAU, AND LOCATION
Excepted Apptst	Research Consultant GS-15	\$10750	25 Dec 49	Armed Forces Security Agency, Wash., D. C.

Military

Service	Rank	Period of Service		Active Duty	
National Army	1st Lt.	3 Jun 18	15 Apr 19	3 Jun 18	5 Apr 19
Signal Reserve, ORC	Captain	4 May 22	6 Dec 25	9 Dec 24	23 Dec 24
				8 Dec 25	22 Dec 25
				8 Dec 26	22 Dec 26
				6 Dec 27	19 Dec 27
				5 Dec 28	18 Dec 28
				2 Dec 29	15 Dec 29
				14 Sep 30	27 Sep 30
	Lt. Col.	3 Nov 36	15 Apr 41	12 Jun 38	25 Jun 38
				23 Dec 40	15 Apr 41
Officers' Honorary Retired List	Lt. Col.	2 Jun 49	Date		