

BRIEF

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This is a brief supporting the view that the Government should compensate inventors who are employees when they are entitled to commercial rights to their patents but cannot realize any commercial benefits within a reasonable time in the future in view of secrecy provisions. This brief proposes two solutions to the basic problem, (1) by purchasing the rights to the patent outright, and (2) by compensation under the provisions of 35 U.S.C. 42, 54 Stat. 710.

THE WAR DEPARTMENT HAS AUTHORITY TO BUY
PATENTS FROM ITS EMPLOYEES

Public Law 515, 79th Congress, Chapter 585, 2nd Session (H.R. 6337), an Act "Making Military Appropriations for the Military Establishing for the fiscal year ending June 30, 1947, and for other purposes." provides:

"Sec. 14. The appropriations contained in this Act which are available for the procurement or manufacture of munitions of war of special or technical design * * * may also be used for the purchase of letters patent, applications for letters patent, and licenses under letters patent and applications for letters patent that pertain to such equipment, or material for which the appropriations are made."

Under the provisions of the above-quoted law, it would be clearly possible for the Government to buy the commercial rights in an application for patent filed by an employee.

THE PATENT SECRECY LAW, 35 U.S.C. 42, 54 STAT. 710,
MIGHT PROVIDE A BASIS FOR COMPENSATING AN EMPLOYEE
FOR DAMAGE DUE TO HOLDING THE INVENTION SECRET.

The Act in question reads as follows:

"Whenever the publication or disclosure of an invention by the granting of a patent right, in the opinion of the Commissioner of Patents, be detrimental to the public safety or defense he may order that the invention be kept secret and withhold the grant of a patent for such period or periods as in his opinion the national interest requires: Provided, That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the Commissioner that in violation of said order said invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor or his assigns or legal representatives, without the consent or approval of the Commissioner of Patents.

"When an applicant whose patent is withheld as herein provided and who faithfully obeys the order of the Commissioner of Patents above referred to shall tender his invention to the Government of the United States for its use, he shall, if and when he ultimately receives a patent, have the right to sue for compensation in the Court of Claims, such right to compensation to begin from the date of the use of the invention by the Government: Provided, That the Secretary of War or the Secretary of the Navy or the chief officer of any established defense agency in the United States, as the case may be, is authorized to enter into an agreement with the said applicant in full settlement and compromise for the damage accruing to him by reason of the order of secrecy, and for the use of the invention by the Government."

In order to make compensation under this Act it would be necessary to ask the Commissioner of Patents to enter a secrecy order in the application in question, for the invention to be used by the Government, and for the inventor to tender the application to the Government. In view of the wording of this Act, it might be held necessary for the inventor to actually receive the patent before compensation could be awarded. However, a literal reading of the Act would seem to permit annual payments from year to year for the damage occurring during such year to the inventor.

POLICY OF THE WAR DEPARTMENT

It is not inconsistent with the policy of the War Department to reward an inventor when he has been deprived of his commercial patent rights. On 27 January 1947 Acting Secretary of War Kenneth C. Royall wrote the President of the United States objecting to a proposal of the Department of Justice that the inventor be deprived of his commercial rights. Among other things, he said,

"In my letter of September 24, 1945, mentioned above, I pointed out the value to the War Department of encouraging ingenuity on the part of employees. In my opinion, the hope of financial reward offers the strongest incentive to invent. Unless a system of cash bonuses or promotions and salary increases is provided which would substantially replace the financial returns that might be realized from patent rights, the incentive to invent will be destroyed and many valuable men will be led to enter private employment rather than Government service."

As inclosures in the aforesaid letter, the Acting Secretary of War quoted as an inclosure a letter by Robert P. Patterson, when the latter was Under Secretary of War, as follows:

"With respect to Government employees, it is to be observed that they, like development contractors, must be dealt with on the basis of fair dealing in the individual case. The circumstances of employment vary widely between the several Departments. In many laboratories, arsenals, proving grounds and engineering installations of the War Department it has been found that the ingenuity of the employee has been usefully stimulated by leaving commercial rights in him. I appreciate fully the force of your suggestion that this creates a contingency in which the employee may profit personally. It must not be overlooked, however, that in War Department establishments, engaged in perfecting the weapons and armaments of warfare, many notable contributions of vital importance to the national defense have been evolved under the practice of leaving commercial rights in the inventor, and that this system of incentive may be worth more to all the people than what it costs some of them."